
Policy

Elexon Code of Ethics

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1. Introduction from the CEO

- 1.1 Elexon sits at the centre of the electricity market arrangements and it is essential that we maintain the trust of everyone that we do business with, and our wider stakeholders.
- 1.2 We are committed to acting in strict compliance with the law, and according to the highest standards of ethics, professionalism and business conduct. This Code of Ethics aims to ensure that we all understand what we need to do in order to uphold the highest standards of ethical behaviour, and what we should do if we have any concerns.
- 1.3 It is everyone's responsibility to ensure that they have read and understood this Code. If you are unclear about any aspect of it, please contact your manager or the Company Secretary for assistance.

2. What does this Code cover?

- 2.1 This Code of Ethics applies to Elexon's directors, its employees and its contractors. It contains policies and guidance on the following:
 - **Section A** - Conflicts of Interests Policy
 - **Section B** – Corruption Policy
 - **Section C** – Gifts and Hospitality Policy
 - **Section D** – Market Abuse Policy
 - **Section E** – Our People
 - **Section F** – Stakeholders and Communities
 - **Section G** – Protecting Information, Company Resources and Reputation

3. Elexon Values

- 3.1 We have five corporate values, which guide the way we work together, how we run our business, the decisions we make and our relationship with our customers, suppliers and other stakeholders.
 - **We are one team** - We support, collaborate and are inclusive of one another. .
 - **We think customer first** – We are trusted and responsive. Our decisions are underpinned by the value we bring to customers and industry.
 - **We work at pace** – This requires us to be courageous in making decisions and being agile and accountable in our delivery.
 - **We think beyond** – By using our sector expertise to be more innovative and continuously challenging ourselves to learn and grow.
 - **We focus on what matters** – By being proportionate in our approach and focussed on outcomes.

4. Raising Concerns

- 4.1 It is a fundamental part of being an ethical business that we feel able to ask questions or raise concerns without fear that we will suffer detriment as a result.
- 4.2 If you want to raise a concern then we recommend that you talk to your manager. If you feel uncomfortable speaking to them there are other options such as contacting the Company Secretary.
- 4.3 Elexon has a Whistleblowing Policy available on the policies and procedures page on The Hive. This will provide you with more detail on how to raise concerns in confidence, what to expect and how we will protect you from suffering any detriment when you have raised a concern.

5. Policies

Section A: Conflicts of Interest Policy

Our Policy

- 5.1 We are trusted by our stakeholders to provide our services independently and impartially.
- 5.2 In order to maintain this independence and impartiality, our policy is to:
 - where possible, avoid conflicts of interest;
 - declare any actual or potential conflicts of interest in accordance with this Code of Ethics.

What are conflicts of interest?

- 5.3 Conflicts of interests exist when our personal interests, or those of our family and friends, influence the decisions we make on behalf of Elexon.
- 5.4 Even if you genuinely believe that you are not conflicted, you need to be aware of situations that may appear to others to be a conflict of interest. In both cases, our reputation is at risk.

When do conflicts arise?

- 5.5 Conflicts of interest may arise in various circumstances, for example where:
 - you, or a family member or a close friend, have a financial interest in a BSC Party, a supplier or any other company with whom we do business;
 - a family member or a close friend hold a position in a BSC Party, a supplier or any other company that does business with us;
 - you used to work for, or are promised a future job with, a BSC Party, a supplier or any other company with whom we do business.

Recognising a conflict of interest

- 5.6 Asking yourself the following questions will help you to recognise if you have a conflict of interest:
 - Could the situation affect, or appear to affect, a decision that I must make on behalf of Elexon?
 - Could I, my family, or a close friend gain anything because of my relationship with the third party doing business with Elexon, or vice versa? How might the situation look to a colleague or someone outside Elexon?
 - Would I feel under any obligation due to the relationship with a third party?

What must you do?

- 5.7 If you think that you might have a conflict of interest, or if you think that it could appear to an independent bystander that you might have a conflict, you should report it in accordance with the procedure set out below. Transparency is key.
- 5.8 Some situations may not result in a material conflict of interest and do not need to be reported. For example:
 - If your financial interest is worth less than £5,000.
 - If your family member (other than your spouse or partner) or close friend works for a BSC Party, or other company with whom we do business, but has no dealings, or influence over dealings, with Elexon.

- If your family member (other than your spouse or partner) or close friend works for a BSC Party or one of Elexon's suppliers but you have no dealings or influence over our dealings with that Party or supplier.
- If you have no control over the investments, for example if you invest in an investment fund where you have no control over which securities the fund manager invests in.

5.9 For the avoidance of doubt, you will always be expected to make a declaration where your spouse or partner works for a BSC Party or any other entity with which Elexon has business relations, regardless of whether there is business contact.

Procedure for declaring interests

5.10 If you are an employee or contractor and you believe you have a conflict of interest that falls within the scope of this policy then you must:

- Inform your line manager who will discuss with you how the conflict can be removed or, if appropriate, managed; and
- Notify the company secretary by emailing declarations@elexon.co.uk who will include the conflict on Elexon's Register of Interests;

5.11 Employees who are considering taking outside employment or a directorship must always obtain prior written approval from your line manager and HR.

5.12 Directors and the Executive must:

- Keep the Company Secretary informed of outside interests. The Company Secretary maintains a Register of Directors Interests and will circulate it at least annually to the Board and Executive team.
- Declare any interests at the start of any meeting of the Directors or the Executive, or as soon as they become aware during a meeting that they may have a conflict.

5.13 Failure by employees to comply with this policy may amount to gross misconduct and result in internal disciplinary action.

5.14 Failure by contractors to comply with this policy will amount to a material breach of contract.

Monitoring

5.15 Each Department Head will review the register of interests relating to their own department on a quarterly basis.

5.16 The Chief Executive will review the register of interests relating to the Executive team on a quarterly basis.

5.17 The Chairman and Company Secretary will review the Directors' Register of Interests on a quarterly basis.

Scenarios

Your wife holds a management position in a company that is bidding for a contract with Elexon. You are involved in Elexon's procurement of that contract. What should you do?

Given that the appearance of a conflict of interest is enough, you should disclose this to your line manager who will take steps in assessing whether a conflict of interest exists. It may be that you will be allocated to a different project in order to avoid the appearance of a conflict of interest.

Your partner works for a service provider but you do not have any dealing with that company at all either directly or indirectly, for instance where your partner is an assistant account manager never dealing with third parties, and you are a market analyst at Elexon. What should you do?

You will be required to disclose this. Although there is not necessarily any actual conflict of interest, the risk of a perceived conflict of interest is such that this should be declared.

Your husband works for a BSC Party and participates in that company's share incentive scheme. Through that scheme he owns shares in the company worth £10,000. What should you do?

The shares constitute a financial interest in a BSC Party so you could be perceived as indirectly benefiting from any decisions made by Elexon that benefit that company. You should report this.

Section B: Corruption Policy

Our Policy

- 5.18 Elexon administers hundreds of millions of pounds of our customers' funds annually. It is therefore vital that we maintain our reputation for honesty and integrity.
- 5.19 Our policy is to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to fraud, bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings.

What is corruption?

- 5.20 Corruption can take a number of forms:
- **Fraud:** Fraud is a deception that's designed to benefit someone or cause a loss to someone else.
 - **Bribery:** A bribe is a benefit offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
 - **Corruption:** Corruption is the abuse of a position of trust in order to gain a benefit for yourself.
 - **Benefits** can include: cash, gifts, hospitality, invitation to events, coverage of travel expenses and loans not only to or from you but also to family members or friends.

What are the penalties for fraud and bribery?

- 5.21 Failure by employees to comply with this policy may amount to gross misconduct and result in internal disciplinary action.
- 5.22 Failure by contractors to comply with this policy will amount to a material breach of contract.
- 5.23 Fraud and bribery are both criminal offences. Elexon could be subject to significant fines under the [Bribery Act 2010](#). In addition, if you are found guilty of fraud or bribery you could also be subject to a criminal conviction.

What you must do and not do?

- 5.24 When you suspect certain behaviour could amount to fraud, bribery or corruption, you must communicate your concerns to your line manager. Alternatively, you can raise your concerns with the Company Secretary under the Whistleblowing Policy.
- 5.25 You must under no circumstance:
- Falsify any company records, such as time sheets, expense reports, mileage reports or inspection reports
 - Accept or demand a benefit in order to further yours or Elexon's interests.
 - Hand out or promise benefits to obtain a benefit for yourself or Elexon.
 - Give or receive any monetary gifts.
- 5.26 For those involved in procuring large contracts, such as BSC Agent contracts, you should always request details of the bidders' bribery policy and compliance processes. If a supplier were to bribe someone on our behalf, even if we have no knowledge, this could be a breach of the Bribery Act 2010. The Act requires us to take steps to satisfy ourselves that our suppliers have appropriate anti-bribery procedures in place.

Scenarios

You are involved in procuring a new contract for Elexon. During the procurement a bidder offers you tickets to a major rugby match. Can you accept them?

No. A professional bidder should not offer hospitality or gifts whilst participating in an active procurement in accordance with their own bribery policy. You should decline acceptance of the tickets and you should raise this matter with your line manager as this might have an impact on the bidder's participation in the procurement process. If the hospitality is unconnected with a procurement then please refer to the Gifts and Hospitality Policy below.

You become aware that one of Elexon's suppliers is making payments to a government official in another country in order to accelerate the grant of a local permit needed to perform the contract. It is that official's job to process permit applications and no additional payment should be necessary. What should you do?

You should immediately inform your line manager and the Company Secretary. This payment constitutes a bribe and because it is being made for Elexon's benefit may be an offence under the Bribery Act 2010.

Section C: Gifts and Hospitality Policy

Our Policy

- 5.27 You must act responsibly, openly and with integrity at all times.
- 5.28 Gifts and hospitality:
- may only be accepted if they comply with the rules below; and
 - must be openly declared (even if the gifts or hospitality are declined).
- 5.29 You must not allow your decisions to be influenced, or appear to be influenced, by gifts or hospitality. Similarly, you should not try to influence or appear to be trying to influence others by providing gifts or hospitality.

Rules for gifts and hospitality

- 5.30 Some gifts and hospitality can be accepted if it is reasonable and proportionate but it is important you apply the following rules:
- Do not accept any gift or hospitality that may influence, or may be perceived as influencing, a business decision.
 - Never accept gifts or hospitality from a bidder or potential bidder for an Elexon contract whilst a tender is ongoing.
 - Never accept cash or cash equivalents such as vouchers.
 - Where you are offered hospitality or a gift, you must comply with the rules in Tables 1 and 2, subject always to the rules above.
 - When in doubt speak to your line manager prior to accepting.
- 5.31 If you intend to offer a gift or hospitality in the course of business then:
- Ensure the gift or hospitality is given in the name of Elexon, and not your own name;
 - Ensure you are complying with the Travel and Expenses Policy;
 - Where you intend to offer a gift or hospitality to a public official (e.g. individuals who work for the Government or Ofgem), prior approval from a member of the Executive team is required;
 - The gift or hospitality must be declared in accordance with this Code.
- 5.32 Failure by employees to comply with this policy (including the rules for giving and accepting gifts and hospitality) may amount to gross misconduct and result in internal disciplinary action.
- 5.33 Failure by contractors to comply with this policy (including the rules for giving and accepting gifts and hospitality) will amount to a material breach of contract.

Making Declarations

- 5.34 Where this Code requires you to declare any gifts or hospitality, please do so by emailing declarations@elexon.co.uk describing the nature of the gift or hospitality, the likely value, the name and title of the individual offering (or offered) the gift/hospitality, the company name, the date (either that the gift was offered or the date of the hospitality) and whether the gift was accepted or declined.
- 5.35 Gifts and hospitality must be declared in accordance with this policy even if declined.
- 5.36 A copy of any approvals that you are required to obtain under this policy should also be included in the declaration email.

Monitoring

- 5.37 Each Department Head will review the register of gifts and hospitality relating to their own department on a quarterly basis.
- 5.38 The Chief Executive will review the register of gifts and hospitality relating to the Executive team on a quarterly basis.
- 5.39 The Chairman and Company Secretary will review any gifts and hospitality accepted by Directors on behalf of the Company on a quarterly basis.

Rules on seeking approval for and declaring gifts and hospitality

Table 1: Hospitality

Category 1 Hospitality that can be accepted without approval. No declarations are required	Category 2 Hospitality that can be accepted if approved by your line manager. This hospitality must be declared	Category 3 Hospitality that can be accepted if approved by a member of the Executive Team or a Board member. This hospitality must be declared	Category 4 Hospitality that must be declined other than in exceptional circumstances where approved by the CEO or Chair. This must be declared
Working lunches or refreshments served at a business contact's offices during or after a meeting Business lunches or dinners with an estimated value of less than £100 per head Invitations to industry events or seminars	Any hospitality that does not fall within Categories 1 or 3 but which has a value of less than £200 per head	Corporate hospitality at a sporting or cultural event which is likely to have a value of more than £200 per head. This may include food and drink but travel and accommodation costs should not be accepted	Hospitality with a value of more than £200 per head, unless within Category 3

Table 2: Gifts

Gifts that can be accepted without approval. No declarations are required	Gifts that can be accepted if approved by your line manager. These gifts must be declared	Gifts that must be declined other than in exceptional circumstances where approved by a member of the Executive team. This must be declared
Gifts of minimal value e.g. a promotional pen or calendar	Gifts up to a value of £50	Gifts with a value in excess of £50

Scenarios

One of our suppliers has invited me to a major sports event. Can I accept?

You can accept if (i) you are satisfied that by attending you are serving a legitimate business purpose, and that it is proportionate to the business purpose; (ii) the invitation does not coincide with a procurement which the supplier may be bidding for; (iii) a member of the Executive Team or a Board member has agreed in advance; and (iv) you have notified declarations@elexon.co.uk.

I have a close friend who happens to work for a supplier. This friend has invited me to a major sports event in a personal capacity. Does the Gifts and Hospitality Policy still apply?

Yes, the Gifts and Hospitality Policy still applies. So, for example, you should not accept this invitation from your friend if the supplier that he works for is bidding for a contract with Elexon. If the hospitality can be accepted under this policy then the same rules apply regarding approvals and declarations. You may also need to declare this relationship under the Conflicts of Interests policy.

I attended a conference where there were more than 200 attendees. My name was drawn from a raffle and I won an iPad. Can I keep it?

Yes. Everyone had an equal chance to win the prize, so you can keep it. However, you should notify your line manager and declare the prize.

I attended a meeting at a supplier's office and was given a branded pen. Can I keep it?

You can accept low value gifts such as branded pens, coffee mugs, T-shirts, diaries or calendars.

I am attending an all-day meeting at a supplier's offices and the meeting finishes late so they offer to take me out for a meal. Can I accept this even though I cannot declare the offered hospitality in advance?

You can accept if the invitation does not coincide with a procurement which the supplier may be bidding and the value of the meal is lower than £100. If the hospitality is likely to exceed this value then, unless you have prior line manager approval, you should either decline the invitation or pay your own bill.

Me and some colleagues have attended a meeting at a business contact's offices and, after the meeting has finished, the contact had offered to take us to a pub and buy us a drink. Can we accept?

The Code does not prevent you from accepting modest hospitality or require you to declare hospitality that is very low in value.

I have offered to take a business contact out for a coffee so we can have a chat in a more informal environment. Is this allowed and do I need to declare this?

Normally, any gifts and hospitality offered to a business contact would need to be offered in the name of Elexon, rather than your own name, and would need to be declared. The Code does not prohibit this kind of activity and, because this is very modest in value, it also does not need to be declared.

Section D: Market Abuse Policy

Our Market Abuse Policy

5.40 Our role as a central market body means that we sometimes hold price sensitive confidential information.

5.41 Employees and contractors must not:

- **deal** in (i) the **securities** of any company; or (ii) any **wholesale energy products**, in either case where you are aware of any **inside information** about that company or product;
- pass on **inside information** other than in the normal course of your professional duties;
- encourage a third party to use **inside information**.

What are the penalties for market abuse?

5.42 Failure by employees to comply with this policy may amount to gross misconduct and result in internal disciplinary action.

5.43 Failure by contractors to comply with this policy will amount to a material breach of contract.

5.44 Non-compliance may also mean that you have committed a civil and/or criminal offence.

What must you do?

5.45 If you have any questions about this policy please contact the Company Secretary.

Glossary

5.46 **Deal** or **dealing** covers:

- any type of transaction in a company's **securities**, including purchases, sales, the exercise of options and using securities as collateral for a loan; and/or
- any type of transaction involving **wholesale energy products**, including purchases and sales.

5.47 **Securities** are any publicly traded or quoted shares or debt instruments, and any linked derivatives or financial instruments. This would include company shares, depositary receipts, options and bonds.

5.48 **Wholesale Energy Products** include any energy commodities traded on wholesale markets i.e. electricity and gas.

5.49 **Inside information** is any information that is:

- precise;
- not in the public domain; and
- in respect of **wholesale energy products**: relates, directly or indirectly, to one or more **wholesale energy products** and, if it were made public, would be likely to significantly affect the prices of those **wholesale energy products**; or

- in respect of **securities**: relates, directly or indirectly, to one or more companies or their **securities** and, if it was made public, would be likely to have a significant effect on the prices of those **securities**.

Scenarios

You take a call from a contact at Ofgem who informs you that a medium sized supplier is in financial difficulty and Ofgem are considering instigating the Supplier of Last Resort process. You are aware that a friend own shares in the supplier and you consider warning him. Is this acceptable?

No. The fact that the supplier is experiencing financial difficulties and may need to cease operations is inside information and should be kept strictly confidential.

During a major procurement for one of Elexon's BSC Agent contracts one of the bidders discloses his interim management statements showing a major improvement in its business performance that have not been published yet. You discuss this with your husband and consider purchasing shares as you expect their share price to rise. Is this acceptable?

No. At this point you hold inside information and buying shares on this basis amounts to market abuse.

A BSC Party discloses to you that it has experienced a major outage at one of its sites, before such information has been published on BMRS. Given your brother works for one of the big energy traders you quickly call him to let him know so he can sign up contracts with different providers at the current buy price. Is this legal?

This is illegal because the information you hold is inside information, which can influence the price of electricity. By disclosing this to your brother and encouraging him to enter into energy trades with other generators you have engaged in insider trading. Once information is published under REMIT it is no longer considered inside information.

Section E: Our People

5.50 We all want to work in an environment that is safe and which is free from discrimination, bullying, harassment and victimisation. Elexon has a number of policies which support this commitment.

Health and Safety

5.51 Elexon is committed to providing a healthy, safe and secure working environment for staff and for all those who use our offices. For more information, please refer to our Health and Safety Policy which is available on the policies and procedures page of The Hive.

Equal Opportunities

5.52 Elexon believes in promoting equal opportunities in employment. Elexon 's entire staff and all job applicants will receive equal treatment regardless of age, disability, gender, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. For more information, please refer to our Equal Opportunities Policy, which is available on the policies and procedures page of The Hive.

Harassment, Victimisation and Bullying

5.53 Elexon does not condone any form of harassment, victimisation or bullying. We are committed to creating an environment where you are treated with dignity and respect and can work without fear of harassment, victimisation or bullying. For more information, please refer to the Staff Handbook.

Drugs and Alcohol

5.54 Elexon has a strict non-consumption policy about the use of drugs and alcohol:

- Never take illegal drugs on Elexon's premises or whilst on Elexon business.
- Never consume alcohol whilst on company business unless the CEO has given prior approval.

5.55 For more information, please refer to the Drugs and Alcohol Policy in the Staff Handbook.

Section F: Stakeholders and Communities

Our Stakeholders

5.56 Elexon's stakeholders include BSC Parties, other participants (or potential participants) in the balancing and settlement arrangements, Ofgem and the Government. We believe that it is important to:

- perform our obligations, including under the BSC, impartially, efficiently and accurately.
- behave with respect, integrity and transparency to our stakeholders.

Our Suppliers

5.57 Suppliers are our partners and an essential part of our ability to deliver our business objectives. We act fairly in our selection of suppliers and, once appointed, treat them with respect and honesty. For more information, please refer to our Procurement Policy on the policies and procedures page of The Hive.

The Community

5.58 Elexon is committed to behaving as a socially responsible business. Elexon's approach to Corporate Social Responsibility (CSR) consists of four spheres: **Community, Marketplace, Workplace and Environment.**

- **Community:** We believe it is important that we contribute to the local community. We do this through a programme of charitable donations and employee volunteering. For more information, see the CSR page on The Hive or speak to the Communications Team.
- **Marketplace:** Having many different service providers we are committed to ensuring that they comply with CSR objectives compatible with ours and this forms part of our procurement strategy.
- **Workplace:** We want to create a work environment that encourages and supports employees to excel in their roles and enjoy their work.
- **Environment:** We aim to reduce any harmful effects that our activities have on the environment. For more information, please see the Elexon Environmental Policy on the policies page of The Hive.

Section G: Protecting Information, Company Resources and Elexon's Reputation

Confidential Information

5.59 Confidential information is a highly valuable asset of any business. Working at Elexon, we will all have access to confidential information that belongs both to Elexon and to third parties, including BSC Parties and our suppliers.

5.60 We are under both legal and ethical obligations to:

- only use this information for work purposes;
- only use others' information for the purpose they gave it to us; and
- keep this information confidential and secure.

5.61 In order to support these obligations, Elexon has an Information Security Policy and a Clear Desk Policy both of which can be viewed on The Hive and MyStuff.

5.62 In order to keep information secure, please always remember to:

- Lock your laptop and ensure your work smartphone is not left on your desk;
- Ensure that computer screens are locked and confidential information is locked away in accordance with the Clear Desk Policy;
- Change your password as requested;
- Dispose of confidential papers in the confidential waste bins;
- Collect information from printers as soon as it is printed;
- Beware of phishing emails.

Use of Company Resources

5.63 The company assets you rely on for your work (for example, our computers, internet access, emails and phones) are intended to be used for our business. Occasional private use may be acceptable but it must never interfere with your work or breach any of Elexon's policies, or the law. Any abuse of such resources is prohibited, including:

- sending offensive, inappropriate or defamatory messages;

- sending or soliciting explicit messages and images; and
- accessing or downloading any material which is pornographic, offensive, unlawful or which Elexon may consider to be inappropriate.

5.64 You are also responsible for company property whilst it is under your control. You should take reasonable steps to protect it from theft, misuse, loss or damage.

5.65 For more information, please refer to the Staff Handbook and the Mobile Phones Policy.

Elexon's Reputation

5.66 We are proud of Elexon's reputation. However, as with any other business, a reputation built up over many years can easily be damaged. It is important that we protect our reputation by communicating in an ethical way.

5.67 Information posted on social media sites is public and may be viewed by colleagues, stakeholders, or the press. You have general obligations to act in the best interests of Elexon. It would be a breach of these obligations to post inappropriate comments on blogs and social networking sites, for example about stakeholders and colleagues.

5.68 Only those persons who have been specifically authorised to do so may communicate with the media on behalf of Elexon. If you are contacted with an enquiry by a third party, you should make no comment and refer the caller to the Head of Communications.

5.69 For more information, please refer to the Staff Handbook.