

ELEXON

MODERN SLAVERY ACT TRANSPARENCY STATEMENT

2021-22

Public

Introduction

This statement is made and published pursuant to section 54(1) of the [Modern Slavery Act 2015 \(the 'Act'\)](#) and constitutes the slavery and human trafficking statement for Elexon Limited ('Elexon') for the financial year ending 31 March 2022. It sets out the steps we have taken to address any risk of modern slavery or human trafficking taking place within the operations or supply chains of Elexon and its subsidiaries.

Elexon is committed to preventing slavery and human trafficking within our business and our supply chains. We fully support the aims of the Act and recognise that slavery, human trafficking and other forms of labour exploitation are a significant global problem that require action at an organisational level.

Our Business and Structure

About Elexon

Elexon delivers settlement services defined in the Balancing and Settlement Code (BSC), one of the main energy industry codes, which underpin the electricity wholesale and retail markets. We are the Code Manager responsible for managing and delivering the end-to-end services set out in the BSC: code administration, service delivery, and policy support.

Our Business

Elexon is a data platform and data services company that is vital to the smooth operation of the wholesale electricity market. Elexon compares how much electricity generators and suppliers said they would produce or consume with actual volumes. We work out a price for the difference and transfer funds accordingly.

The rules are set out in the BSC. We administer the Code and provide and procure the services needed to implement it. Our customers, known as BSC Parties, cover the entire wholesale electricity sector in Great Britain and include suppliers, generators, distributors, traders, and energy importers and exporters.

In addition, the Elexon Group provides other services for the industry. Most significant of which is the settlement services provided by EMR Settlement Limited to the Low Carbon Contracts Company (LCCC) and the Electricity Settlements Company (ESC), to enable the development of low carbon generation via contracts for difference and to maintain security of supply via the capacity market. This activity is ring fenced from BSC activities and is conducted via a separate subsidiary of Elexon — EMR Settlement Limited.

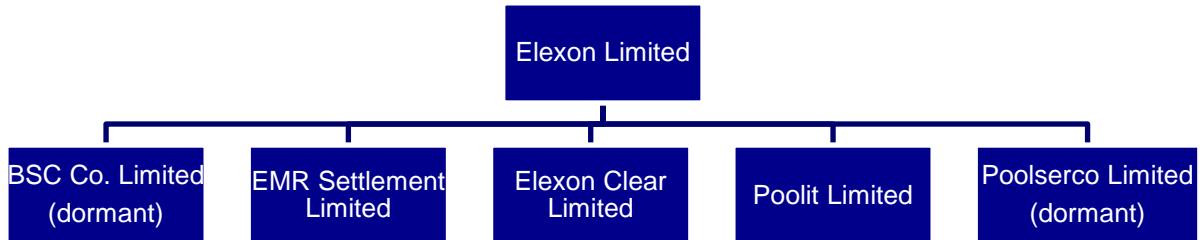
Turnover

Elexon and its subsidiaries form a not-for-profit group which (save for our subsidiary EMR Settlement) recoups its costs from BSC Parties in accordance with the terms of the BSC. EMR Settlement recoups its costs under a contract for services with LCCC and ESC.

As the Group is not for profit, costs and interest charges are exactly matched by turnover for the year. All turnover arises from activities in the UK.

Our Structure

Elxon is the parent company of a group of companies whose principal role, as set out in the BSC, is to provide and procure the facilities, resources and services required for the implementation of the BSC. Our subsidiaries are set out below.



More information about Elxon’s structure and governance are available from our corporate website, at: <https://www.elxon.com/about-elxon/elxon-board/>

Our People

As a business, we believe our people are our greatest asset, and we depend on the skills and commitment that they bring to the organisation. Elxon and its subsidiaries employ approximately 246 people, all within the UK. Elxon and its subsidiaries only operate within the UK, however some parties that use Elxon’s services may be based outside the UK.

Elxon is committed to supporting and developing its staff and providing a safe workplace. Our remuneration policy is based on the following principles:

- Ensuring equal treatment as regards pay and benefits;
- Taking into account the costs to the workforce of living and working in London; and
- Endeavouring to reflect remuneration best practice.

Where we use employment agencies to source new employees, we use reputable agencies that have gone through our procurement process for preferred suppliers.

Elxon is required by law to ensure that all employees are entitled to work in the UK. All prospective employees and contractors, regardless of nationality, are asked to demonstrate they have a right to work in the UK before employment starts, to satisfy current immigration legislation, and to reduce the risk of any form of labour exploitation where employees are recruited through an external agency.

Our Supply Chains

We work with a number of service providers and suppliers, who provide necessary equipment and services for Elxon to perform its functions under the BSC, and provide services to our subsidiaries. Our major contracts in 2021-22 were for the provision of software, technology platforms and related services. These major contracts were all with suppliers registered and operating within the UK, which is considered to have low levels of prevalence of slavery and human trafficking (according to the [Global Slavery Index](#)). Some of our ICT providers’ operations, or those of their subsidiaries, however, are located outside the UK, in India and the Philippines.

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We look to ensure that all our suppliers and vendors follow ethical practices. This includes considering their values, Corporate Social Responsibility (CSR) policies and environmental practices. We actively look to raise awareness of CSR and influence the practices of our own suppliers. We also insist that contractors pay their staff in the UK at least the London Living Wage. We aim to continually improve our CSR ambitions with existing suppliers so that we can make sure we are aligned. This includes early adoption of new technologies, staying informed and implementing any new requirements resulting from legislation changes.

We expect all our suppliers to be compliant with the Modern Slavery Act 2015 and to publish a transparency statement if required.

Our Policies and Procedures

Elexon has in place, and is working to further develop, a number of policies and procedures that are relevant to the prevention of slavery, labour exploitation and human trafficking. We have recently ensured that all our mandatory policies are aligned to our culture and values, logged in a single place as a useful resource tool, updated as necessary and published on our internal platform.

These policies and procedures include:

- Our Code of Ethics, which includes policies and procedures in relation to conflicts of interest, corruption, bribery, fraud, and market abuse. Our Code of Ethics applies to all employees and Board Members. It sets out our recently-updated values and expectations as to how employees should behave while working at Elexon to ensure we uphold the highest standards of ethical behaviour.
- Our CSR commitment, which sets out Elexon's commitment to act as a good corporate citizen and behave as a socially responsible business and employer.
- Our Equality, Diversity and Inclusion Policy, which sets out Elexon's commitment to promoting equality, diversity and inclusion and eliminating all forms of discrimination.
- Our Health and Safety Policy, which ensures we provide a healthy, safe and secure working environment for our employees and for all those who use our offices.
- Our Flexible Working Policy, which demonstrates Elexon's commitment to improving the work/life balance of all colleagues, enabling them to achieve the right balance between the demands of their role and their personal lives.
- Our Equal Opportunities Policy, Anti-Harassment, Victimisation and Bullying Policy, which ensures we create a work environment that is safe and free from discrimination, and where our people are treated with dignity and respect.
- Our Disciplinary Policy and Procedure ensures we can address any issues related to unacceptable conduct.
- Our Whistleblowing Policy, which encourages staff to report any concerns about the company and provides a clear and confidential process for doing so.
- Our Grievance Policy and Procedure, which aims to resolve any problems or concerns a colleague may have about their employment or working conditions as quickly and fairly as possible.
- Our policies on recruitment and remuneration, which implement our commitment to providing staff with a salary benchmarked to sector standards. They also ensure recruitment using third party agencies meets our standards and accords with our values.
- Our procurement processes require potential suppliers to confirm they have in place a modern slavery statement (where required) and provide information in relation to any previous incidents of modern slavery identified within their supply chain when responding to our tenders. Our procurement strategy incorporates our commitment to ensuring that service providers and suppliers comply with CSR objectives that are compatible with ours.
- Regular internal audit of our policies and processes to ensure we follow best practice.

Our risks and due diligence process

As a code administrator and provider of BSC Systems, the majority of our employees are highly skilled and are directly employed by Elexon. Consequently, we consider the risk of any form of slavery or labour exploitation within our own organisation to be low.

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We do, however, engage outside suppliers, service providers and contractors where necessary to deliver robust and reliable services to our customers, in accordance with our obligations under the BSC. We consider our most significant exposure to any practices involving slavery or human trafficking to be outside Elexon, within our supply chain.

We have taken a risk-based approach in our review of our own business and our suppliers, to ensure we can identify and prioritise different levels of risk. We have undertaken a high-level assessment of the approaches our major suppliers have in place to address modern slavery, to ensure there is a low risk of any practices involving slavery or human trafficking taking place within our supply chain. We continue to actively monitor our supply chain risks, and will implement appropriate mitigations where necessary.

Training

We are committed to increasing awareness of the risks and prevalence of slavery and human trafficking. All staff undertake training on our procurement policies and practices, and we are working to further integrate information about modern slavery into our training.

Effectiveness and progress in ensuring Modern Slavery is not in our supply chain

Our focus has been to ensure we have measures, policies and processes in place to effectively prevent slavery and exploitation within our own business. We have also undertaken work to ensure our supply chain is free from practices involving slavery; this work is ongoing, and will continue to be a focus into the future.

Within our business, we have:

- Incorporated into our business-wide procurement training a focus on the risks of slavery and human trafficking within our supply chain.
- Reviewed our policies, practices and processes to ensure they are appropriate to prevent slavery, exploitation and trafficking within our own business, and updated these as necessary.
- Worked internally to raise awareness of our whistleblowing policy within the business, to ensure staff understand avenues available to report any concerns and foster a culture of openness and accountability.

In relation to our supply chains, we have:

- We continue to keep our procurement documents and processes under review regarding to identifying and mitigating the risk of modern slavery within our suppliers' businesses or supply chains.
- We include standard contractual terms in all new contracts that address risks specifically related to slavery and human trafficking and we continue to amend existing contracts to incorporate similar terms.
- Undertaken a desk based audit of our supply chain and our suppliers' compliance with the Act, which did not give rise to any concerns.

Focus of Future Actions

Elexon is committed to continuing to improve our processes and policies so we can identify and prevent the risk of slavery and human trafficking occurring within our business and supply chains. We consider that this is an ongoing process, requiring regular review and assessment. Our focus for the future will include further work to refine areas of higher risk for analysis and developing measures to mitigate risk in these areas. We will also continue to build on progress to date to ensure our policies fully integrate our commitment to preventing slavery, and to extend staff awareness of the risks of modern slavery.

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This Statement was approved by the Board of Directors of Elexon Limited on 31 August 2022 and has been signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Simon', with a long horizontal line extending to the right.

Simon McCalla

Chief Executive Officer