

NESO
(National Energy System Operator)
Supplier Code of Conduct

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

Our Future values; Together we share the same values which enables 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.



Foreword

Welcome to the first edition of the newly created NESO Supplier Code of Conduct, launched in October 2024. Following industry consultation; Ofgem and the UK Government decided our country needed a new, independent organisation that would take a whole system approach to **strengthen energy security**, help **deliver net zero** and ensure household bills are **affordable** in the long-term.

At NESO, we believe that conducting business with integrity is not just a requirement, but a fundamental principle that guides our actions. Our Supplier Code of Conduct policy outlines the standards and expectations we have for our suppliers, ensuring that we uphold the highest levels of ethical behaviour, transparency, and respect for all stakeholders involved.

Suppliers are an extension of NESO and supplier employees will interact with the members of the public and businesses on our behalf. We will work with you to build a trusting and open relationship to drive improved performance and deliver added value throughout the supply chain.

We want to work with suppliers who are proud of their reputation for fair dealing and quality delivery. We want working with NESO to be seen as reputationally enhancing for the supplier. We expect all parties to be mindful of the need to maintain public confidence and protect NESO's reputation, and ensure that neither they, nor any of their subcontractors bring NESO into disrepute by engaging in any act or omission which is reasonably likely to diminish the trust that members of the public put in NESO. This is not intended to limit any suppliers' legal obligations or constrain whistleblowing or their ability to fairly criticise NESO policies.

Our Code of Conduct policy is not only a set of guidelines but a reflection of our shared commitment to ethical conduct and responsible business practices. I encourage you to review our Supplier Code of Conduct policy in detail, ensuring that your organisation fully understands and complies with its provisions.

As valued suppliers, both existing and potential, your commitment to ethical business practices aligns with our core values and is essential to maintaining strong and sustainable partnerships. Together, we can foster a business environment built on trust, respect, and ethical behaviour.

Best regards,
Dheeraj Choudhary, Head of Procurement

Compliance

NESO expects our suppliers to act in accordance with legislation in force at all times. The Supplier Code of Conduct is intended to set out the way in which we and our suppliers will behave towards each other. It is not intended to be legally enforceable, to create any legal obligations or rights, or to undermine our contracts with suppliers or the rules we set out when we procure our goods, works or services, which always shall take precedence. For the avoidance of doubt, the Supplier Code of Conduct does not take precedence where the courts or other institutions such as UK Law, regulatory agency, authority, or body have jurisdiction.

NESO and suppliers who have entered into a contractual relationship to provide goods, works or services, either directly or through subcontractors, are expected to comply with all aspects of this Supplier Code of Conduct.

Both parties should be open and transparent with each other and report any instances of non-compliance. In these circumstances, the first step is for NESO and the supplier to discuss and, where appropriate, agree suitable remedial actions. If a party considers that an issue has not been resolved by discussion, it may escalate it to the NESO's Procurement Centre of Excellence.

SECTION ONE – Regulatory and Legislative Framework

At NESO we are committed to providing a safe, transparent, and progressive working environment, aligning our ways of working to the legislative employment framework and supporting Laws to 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 establish trust with our staff, and with other suppliers involved in the delivery of our business. We also expect suppliers to be able to speak out when NESO employees or other suppliers are not upholding the values embedded in our Code of Conduct or this Supplier Code of Conduct. We also expect suppliers to speak out, without fear of consequences, when a project or service is unlikely to succeed because of our behaviours or a lack of good governance. We expect the same behaviour when a contract is no longer fit for purpose, for example, in its contractual stipulations, obligations, or measures.

International Sanctions

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 its operations and that apply to NESO, its affiliates, and subsidiaries, and have a programme in place to prevent, detect and respond to activities that may cause or contribute to a violation. Should you identify a breach or potential breach of such 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) to consider how we can improve society and promote equality in every aspect of our day-to-day business. Our employees, those of our suppliers, 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, including to their own employees and their subcontractors. The Equality Act (2010) protects against discrimination, harassment or victimisation relating to one of the Equality Act protected characteristics.

Human Rights and Employment Law

NESO and its suppliers must both comply with all applicable Human Rights Act (1998) and Employment Laws in the jurisdictions in which they work to legally protect our basic human rights. The legislation ensures that the rights set out are enjoyed by us all, which includes things like dignity, fairness, equality, tolerance, and respect. This incorporates alignment to the United Nations Guiding Principles on Business and Human Rights Standards. Complying with the provisions of the Modern Slavery Act 2015 and Procurement Policy Note (PPN) 02/23: Tackling Modern Slavery in Government Supply Chains. In addition, suppliers must have robust means of ensuring that the subcontractors in their supply chain also comply.

Health and Safety at Work Act (1974)

In line with our key values, ensuring 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 is fundamental to our core values.

Environmental Information Regulations (2024)

The EIR (2024) gives access to information that NESO holds about the environment. The objective is to increase openness, accountability, and transparency and increase members of the public 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, enhancing energy security, minimising cost to consumers and promoting innovation. We have a duty to respond to requests for advice, analysis, or information from Government or Ofgem.

Climate Change Act (2008)

NESO is committed to delivering a whole system approach to energy, taking into consideration 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 the environment and members of the public and support Government in reducing greenhouse gas emissions to net zero by 2050. NESO will work with its suppliers to develop a clean power plan for 2030 to sit renewable generation, energy storage facilities and low carbon generation relative to each other.

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 (2000).

Bribery Act (2010)

NESO has a zero-tolerance approach to any type of bribery, fraud or corrupt business practices within the organisation, suppliers, and 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.

Hospitality and Gifts

NESO requires the support of our suppliers to enforce our rules on business rewards, such as gifts, hospitality, and entertainment. Employees working in Commercial 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 gifts, hospitality, entertainment, or cash rewards. Employees outside of this remit may accept hospitality and entertainment if it is appropriate, proportionate and has a genuine business purpose and is within the guidelines set out in the NESO Code of Ethics. The best way to avoid a potential Conflict of Interest is for suppliers to avoid offering gifts, rewards, hospitality, or entertainment to our employees altogether.

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.

Social Media

NESO does not approve the use of our brand for any supplier and supply chain marketing communications on any platform, both digital and nondigital without the express permission from 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 in order to provide integrity, confidentiality, and availability.

Cyber Security

It is essential that suppliers safeguard the integrity and security of their systems and comply with the relevant government standards and guidance. Suppliers must inform NESO if they become aware of any cyber security incident that affects or has the potential to affect NESO data.

Asset Management

NESO is committed to ensuring effective controls are in place to protect our employees and company assets, including physical and tangible assets such as information. Any significant compromise of personnel information, physical information, or Information Technology (IT) security could result in disruption, with potentially serious economic, delivery, safety, and social consequences. We expect our suppliers and subcontractors to have a similar 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, people, or information assets will also be required to review and understand NESO's security policies.

Data Protection Act (2018) incorporating the General Data Protection Regulations (GDPR) (2021)

We expect suppliers and subcontractors to adhere to the DPA and GDPR framework for data protection and privacy laws regulating the collection, storage, use, disclosure, retention, and disposal of personal information, which can identify a living person.

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, and with due regard to risks and opportunities. As NESO increases its adoption of AI, it is essential to take steps to identify and manage associated risks and opportunities, as part of our commercial activities.

We require all our suppliers to disclose if they are using any AI system in the direct provision of goods, works or services to NESO. NESO will work with you to understand whether any legal or ethical considerations will need to be addressed.

SECTION THREE – Supply Chain

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

Treatment of Supply Chain

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

Prompt Payment

As with NESO payment practices, we expect suppliers to be fair and reasonable in their payment practices. Suppliers should pay subcontractors within 30 days on NESO contracts.

NESO Helpline

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

Business conduct helpline: 0800 0260477*

Email: box.soa.Ethics@nationalEnergySO.com

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

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