

Public

Effective: 24 January 2025

## Terms of Reference

# Terms applicable to all Board Committees

## Reference to:

“Company” and “Licensee” shall mean National Electricity System Operator Limited;

“Licence” shall mean the Electricity System Operator Licence and Gas System Planner Licence for the Company;

“Ofgem” or shall mean the Office of Gas and Electricity Markets;

“Board” shall mean the Board of Directors of the Company; and

“Non-Executive Directors” or “NEDs” shall mean those Directors of the Company appointed pursuant to the Licence and notified as such to Ofgem.

“Shareholder” shall mean the Secretary of State for Energy Security and Net Zero.

“Shareholder Representative” shall mean UK Government Investments (“UKGI”).

“Shareholder Director” shall mean the Non-Executive Director of the Company appointed from UKGI, or their alternate, pursuant to the NESO Framework Document.

## Authorisations

A Committee may, at its absolute discretion:

- Seek any information or assistance it requires from any NESO employee of the Company to perform its duties.
- Obtain independent legal, financial, accounting or other professional advice, at the Company’s expense, if it believes it is necessary to do so.
- Request any NESO employee to attend a meeting, as and when required.
- Visit any NESO site or place of business, subject to any regulatory and safety restrictions.

## Engagement

The committee chair is responsible for maintaining a dialogue with key stakeholders involved in NESO’s governance, including the Chair of the Board, other independent Non-Executive Directors, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and, where applicable the external Audit Partner and/or Internal Audit.

## Membership

All committee memberships will be reviewed at least annually, led by the Board Chair in consultation with the People & Governance Committee. The Board shall appoint the chair of the committee, who must be a Non-Executive Director. Each committee should comprise at least a majority of Non-Executive Directors. If a member is unable to act for any reason, the relevant committee chair may appoint another Non-Executive Director of the Company to serve as an alternate member on a short-term basis.

## Chair

1. As appointed by the Board, or in the absence of the Committee Chair the remaining members present will elect one of themselves, who must be a Non-Executive Director member, to chair the meeting.

## Secretary

2. The Company Secretary of the Company, or their nominee, acts as the secretary of the committee, delivering information and papers in a timely manner to enable the committee to conduct a full and proper consideration of the issues and preparing minutes of the meeting.

## Notice of Meetings

3. Meetings shall be convened by the secretary of the committee at the request of the relevant committee chair or any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time, and date together with an agenda of items to be discussed, will be made available electronically to each member of the relevant committee and any other person required to attend, no later than five working days before the date of the meeting.
4. Supporting papers will be sent to the committee members and other attendees, as appropriate, at the same time.
5. Meeting agendas are prepared by the committee secretary in collaboration with the relevant committee chair and contributors, as applicable.

## Conflicts of Interest

6. The committee chair should ascertain the existence of any conflict of interest at the start of each meeting. Any identified conflicts should be recorded in the minutes and the item either removed from the agenda or those individuals associated with the conflict of interest be asked to leave the meeting for that agenda item.

## Other Matters

7. Each Committee will:
  - I. Have access to sufficient resources in order to carry out its duties, including access to the company secretary's office for advice and assistance, as required.
  - II. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
  - III. Give due consideration to all applicable laws and regulations, relevant provisions of the UK Corporate Governance Code and associated best practice guidance, as appropriate.

## Public – Terms of Reference: Terms applicable to all Board Committees

- IV. Oversee any investigation of any activities that fall within its terms of reference, or otherwise requested by the Board.
- V. Work, and liaise, as necessary, with all other Board committees.
- VI. Report to the Board on its proceedings after each meeting.
- VII. Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.
- VIII. Where applicable, compile a report on its activities to be included in the annual report.
- IX. Conduct a periodic evaluation of the Committee's performance, at least annually, to confirm they enable it to function effectively and recommend any changes it considers necessary to the board for approval.