

PUBLIC

Modern Slavery Act Transparency Statement 2018/19



November 2019

MODERN SLAVERY ACT TRANSPARENCY STATEMENT MODERN SLAVERY ACT TRANSPARENCY STATEMENT HUMAN TRAFFICKING STATEMENT

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 2019. 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 fully supports the aims of the Act and recognises that slavery, human trafficking and other form of labour exploitation are a significant global problem. We are committed to preventing slavery and human trafficking within our business and our supply chains.

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 Balancing and Settlement Code. 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

ELEXON 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 ELEXON's structure and governance are available from our website, at: <https://www.elexon.co.uk/about/who-we-are/>

Our People and our Supply Chains

ELEXON and its subsidiaries employ approximately 194 people, all within the UK. ELEXON and its subsidiaries only operate within the UK, however some parties that use ELEXON's services may be based outside the UK.

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

ELEXON 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.

We work with a number of service providers and suppliers, who provide necessary equipment and services for ELEXON to perform its functions under the BSC, and provide services to our subsidiaries. Our major contracts in 2018-19 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.

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.

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 and sets out our values and our expectations as to how employees behave while working at ELEXON to ensure we uphold the highest standards of ethical behaviour.
- Our Corporate Social Responsibility commitment, which sets out ELEXON's commitment to act as a good corporate citizen and behave as a socially responsible business and employer.
- 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 Equal Opportunities Policy and Harassment, Victimisation and Bullying Policy, which ensure 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.

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- Our Whistleblowing Policy, which encourages staff to report any concerns about the company and provides a clear and confidential process for doing so.
 - 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 Policy and processes, which require potential suppliers to provide information about their compliance with the Act 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. 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 initial review of our own business and our suppliers, to ensure we can identify and prioritise different levels of risk. We have undertaken an initial 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 will build on this work in the future to further develop our risk assessment process and a more detailed picture of our supply chain risks, and will continue to implement appropriate mitigations.

Training

We have begun to review and revise training provided to staff. We are committed to increasing awareness of the risks and prevalence of slavery and human trafficking, and are working to ingrate this into training for all staff members on procurement policies and practices.

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

Our initial 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 begun work to ensure our supply chain is free from practices involving slavery; this work is ongoing, and will continue to be a focus over the next year.

Within our business, we have:

- Undertaken reviews to ensure we have appropriate policies, processes and practices in place to prevent slavery, exploitation and trafficking within our own business.
- Begun work to roll out procurement training to the business that includes a focus on the risks of slavery and human trafficking within our supply chain.
- Done significant work to implement and 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:

- Updated our procurement documents and processes to ensure any suppliers bidding for a tender must confirm they have in place a modern slavery statement and provide information in relation to any previous incidents of modern slavery identified within their supply chain.

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- Begun a review of standard contractual terms to ensure they appropriately address risks related to slavery and human trafficking.
 - Started undertaking supplier assessments to better identify any key areas of risk.

Focus of Future Actions

ELEXON is committed to continuing to improve our processes and policies to prevent all forms of slavery and human trafficking within our business and supply chains, and recognises that this is an ongoing process. We will build on our progress so far to further improve our supply chain governance. Our focus for the year ahead will be on refining key areas for further risk analysis and developing measures to improve performance or mitigate risk in these areas. We will also build on work undertaken this year to ensure our policies fully integrate our commitment to preventing slavery, and to extend staff awareness of modern slavery through revised procurement training.

This Statement was approved by the Board of Directors of ELEXON Limited on 6 November 2019 and has been signed on behalf of the Board by:



Mark Bygraves
Chief Executive Officer