



PUBLIC

Item 5: Review Conflict of Interest Disclosures Submitted by Employees and Directors

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and Assistant Corporate Secretary

Human Resources and
Governance Committee Meeting

September 22, 2025

- **Purpose**
The Committee Charter mandates regular review of conflict-of-interest reports from the Board of Directors and ERCOT employees
- **For Information Only**
No action is currently requested; for discussion only

Key Takeaways

- The Committee last reviewed conflict-of-interest disclosures in June 2024
- The HR&G Committee reviewed the Company's ethics agreement forms in February 2025
- The 2025 annual employee ethics agreement renewal and conflict disclosure process is planned for October 1 to 31, 2025

Handling of Board Conflicts of Interest

Governance rules require Directors to remedy conflicts of interest in matters before the Board.

Authority	Section	Interest	Remedy
Public Utility Regulatory Act (PURA)	39.1512	“Direct interest” in a matter before the Board	<ul style="list-style-type: none">• <u>Disclose interest at a public meeting</u>• Do not participate in discussion of matter• Do not vote on matter.
ERCOT Bylaws	9.2(a)	“Actual or potential conflicts” that “directly or indirectly affect any matter that comes before the Board”	<ul style="list-style-type: none">• <u>Disclose to Board</u>• Do not participate in discussion of matter• Do not vote on matter
Ethics Agreement	Potential Conflicts of Interest	“Actual or potential conflicts of interest”	<ul style="list-style-type: none">• <u>Disclose to Board</u>

Key Takeaways: PURA requires disclosure and recusal from matters involving direct interests (i.e., relationship with a Vendor in a matter subject to a vote). ERCOT additionally requires disclosure of actual and potential conflicts of interest (i.e., business relationship within the past two years).

Since the 2024 review, no Director disclosed an interest that required recusal.

Ethics Agreement for Directors

Electric Reliability Council of Texas, Inc. (“ERCOT”) is a Texas non-profit corporation organized pursuant to the Texas Business Organizations Code. ERCOT has been formed for the limited purpose of: (a) ensuring open access to the transmission and distribution systems within the ERCOT region for all buyers and sellers of electricity on non-discriminatory basis terms, ensuring the reliability and adequacy of the regional electrical network, ensuring that information relating to a customer’s choice of retail electric provider is conveyed in a timely manner to the persons who need that information, and ensuring that electricity production and delivery are accurately accounted for among the generators and wholesale buyers and sellers within the ERCOT region; (b) coordinating activities within the region of ERCOT to fulfill these purposes; (c) performing the functions of an Independent Organization as certified by the Public Utility Commission of Texas (“PUCT”) and provided by the Public Utility Regulatory Act and PUCT Rules; and (d) engaging in any lawful act or activity consistent with the foregoing for which nonprofit corporations may be formed under the Texas Business Organizations Code. ERCOT is certified as the Independent Organization for the ERCOT region by the PUCT.

The management of ERCOT is vested in a Board of Directors (“Board”) and such committees of the Board that the Board may, from time to time, establish. It is the duty of the Board to initiate any specific action required, in their opinion, to fulfill the purposes of ERCOT as stated above, within the limitations of the Certificate of Formation, applicable laws and the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.* (Bylaws), as may be amended from time to time.

Potential Conflicts of Interest

Each Director of ERCOT shall have an affirmative duty to disclose to the Board, any actual or potential conflicts of interest as required by Article 9 of the Bylaws.

Each Director must disclose all personal relationships (including household member or family member (spouse, parent, child, or sibling, including step and adoptive relatives) relationships) with ERCOT vendors to the Board. Such relationships include: current ties (within the last two years) as a director, officer, or employee of an ERCOT vendor; direct business relationships, other than retail customer relationships, with an ERCOT vendor; and directly or indirectly owning or holding at least five percent (5%) of voting securities of an ERCOT vendor.

If a Director or member of their immediate family is an officer or director, is employed by, or owns or has a beneficial interest in more than ten percent of the stock in a bank or other financial institution that would otherwise be a Qualified Institution (as defined in ERCOT’s Investment Corporate Standard), such Director shall provide full disclosure of such stock holdings or relationship in documented form to be filed with the permanent records of ERCOT.



Handling of Employee Conflicts of Interest

Governance rules require Employees to remedy conflicts of interest.

Authority	Section	Interest	Remedy
CS5.18, Conflict of Interest Corporate Standard	5.18.5	Ownership of securities of a Market Participant (MP) or Vendor	<ul style="list-style-type: none">• Proof of sale of the MP securities• Do not participate in Vendor selection
	5.18.6	Employment by an MP or Vendor of: Dependent (child, spouse) or Related Party (non-dependent child, parent, sibling, household member)	<ul style="list-style-type: none">• Do not share Confidential information and manager notified for oversight
CS5.21, Outside Employment Corporate Standard	5.21.2	Employment by a Market Participant or Vendor	<ul style="list-style-type: none">• Generally prohibited
CS5.16, Nepotism Corporate Standard	5.16.3	Family member employment ultimately reporting to the same Director or Executive	<ul style="list-style-type: none">• Not considered for employment or promotion

Key Takeaways: 76 employees disclosed conflicts in Workday during the 2024 annual ethics renewal period (a decrease of 3 disclosures from 2023 renewal period). ERCOT Legal addressed each conflict disclosed.

In 2024, 100% of Employees completed Ethics Training, Ethics Agreement, and Outside Employment Attestation.

Disclosure of Potential Conflicts of Interest

ERCOT company policy requires all employees to disclose any employment or independent contracting services for a Market Participant that involve an employee's child, spouse or domestic partner, parent, sibling, or any other individual who lives in the employee's household. A listing of ERCOT Market Participants is available at: <https://www.ercot.com/committees/mktparticipants>.

ERCOT also encourages employees to disclose other potential conflicts that may call into question an employee's ability to conduct ERCOT's business without the appearance of Conflicts of Interest with Market Participants or Vendors to ERCOT. Examples of potential conflicts are discussed in CS5.18, *ERCOT's Conflict of Interest Corporate Standard*. Management evaluates employee disclosures to determine whether, based upon the employee's job responsibilities, any Conflict of Interest exists (and whether to take any steps to address it).

(Please complete this Disclosure section even if you have no potential conflicts to disclose.)

☐ Check this box if you have no Conflicts of Interest to report.

Potential Conflicts of Interest:
Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

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Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

Employee Agreement

By checking the box below, I confirm that have read and understand the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and have participated in any associated ethics training required by ERCOT. I agree to conduct myself in accordance with the principles and standards discussed in the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and I have made any required disclosures below.

☐ I agree to the foregoing terms.

Signature _____ Date _____

