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Item 6: Annual Ethics and Conflict-of-Interest Program Report

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Human Resources and Governance Committee Meeting

September 14, 2026

Purpose

To present the annual report on Employee and Board Director conflict-of-interest governance and program results.

Related Board Action

Proposed Board Policies and Procedures amendments establishing a Selected Director Term Retention Compensation Program.

Key Takeaways

- Last disclosure review: **September 2025**
- Ethics Agreement forms reviewed: **February 2026**
- 2026 annual ethics renewal: **October 1–31**

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2025 Employee Conflict Standards and Ethics Program Results

Governance Standards Reviewed During Legal Assessment

What Employees Report	Authority	Legal Response
Ownership of securities of a Market Participant (MP) or Vendor	CS 5.18 Conflict of Interest Corporate Standard	Divest securities Recuse from vendor selection or decisions
Employment by a Market Participant (MP) or Vendor	CS 5.21 Outside Employment Corporate Standard	Generally prohibited
Employment by an MP or Vendor of a Family Member or Related Party	CS 5.18 Conflict of Interest Corporate Standard	Do not share confidential information Manager notified for oversight
Family member employment ultimately reporting to the same Director or Executive	CS 5.16 Nepotism Corporate Standard	Not considered for employment or promotion if it creates a reporting relationship

2025 Ethics Program Results

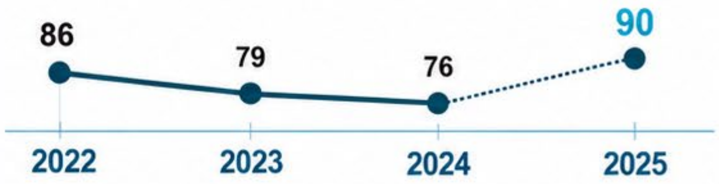
100% of Employees completed Ethics Training, Ethics Agreement, and Outside Employment Attestation

90 potential conflict-of-interest disclosures submitted by Employees during the 2025 annual renewal period

18% increase in potential disclosures compared to 2024

18 (20%) disclosures did not require corrective action under ERCOT governance standards following Legal review

Disclosure Trend (Potential Conflict-of-Interest Disclosures)



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Board Conflict-of-Interest Governance and Annual Report

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

Director Conflict-of-Interest Framework

1. Direct interest in a Board matter	Public Utility Regulatory Act (PURA) §39.1512	Disclose interest at a public meeting Do not participate in discussion of matter Do not vote on matter
2. Actual or potential conflict of interest	ERCOT Bylaws §9.2(a)	Disclose to the Board Do not participate in discussion of matter Do not vote on matter
3. Ethics Agreement Disclosure	Director Ethics Agreement	Disclose as required by the Ethics Agreement

2025 Legislative Report Highlights

0 — Director recusals required (2025).
No member of the ERCOT Board of Directors (Board) disclosed a conflict in a matter before the Board requiring recusal from deliberation or voting during 2025.

3 — Selected Director resignations (2025).
- All three resigned to pursue opportunities in the electricity market for the ERCOT region.
- Two served on the Board for less than one year.
- One completed a first three-year term.

7 — Selected Director resignations since SB2 (June 8, 2021).
Since June 8, 2021, seven Selected Directors have resigned.

ERCOT continues to report annually on the effects of conflicts-of-interest rules on its ability to fulfill duties.