



Internal discussions have taken place among Eurelectric and EFET members over the last year about a possible voluntary statement by the two energy industry associations on the conduct of energy trading. The discussions resulted in broad agreement about the need for us to address ethical and governance issues in trading.

We have not underestimated the difficulty of defining common standards on some sensitive issues, nor of retaining sight of how our members use the principles we are now publishing. Nonetheless, we think that this set of agreed principles can help support overall confidence in wholesale market intermediation in European power and gas markets and the promotion of healthy competition across the continent at the wholesale level, while also helping underpin a stable business and corporate environment for trading.

The principles, consisting of an introduction explaining our commitment, followed by ten “pillars”, provide high-level guidance for good practice to all member companies, which regularly deal in wholesale energy markets. Member companies and their complimentary national or sector associations are naturally welcome to develop more specific or detailed codes and procedures based on these pillars, designed with the characteristics of their particular markets in mind.



**EFET Board**

**EURELECTRIC WG Trading**

## **Principles of Good Conduct for Energy Trading**

## **EURELECTRIC and EFET Principles of Good Conduct for Energy Trading**

### **Our Commitment**

**Wholesale trading occupies a pivotal position in the energy value chain, as it brings supply and demand together in commodities that are critical to the European economy and to European society. As a consequence, a general responsibility on the part of traders to contribute to the proper functioning and sustainability of energy and related product markets across the continent is understood. It is our intention that companies affiliated to EURELECTRIC and EFET should adhere in their energy trading business to the highest standards of probity, honesty and fair dealing. These standards should be applied throughout a trading unit's front, middle and back offices and professional or support functions. They must also fit seamlessly with any governance arrangements or ethical guidance in force in other corporate units or relevant affiliated companies. We expect such standards to be built around the "10 pillars" set out below.**

## **Principles of Good Conduct for Energy Trading**

### **The “10 Pillars”**

Companies engaged in trading in energy markets will:

1. Respect free and fair competition as the basis for trading energy.
2. Not engage in any activities which would amount to market abuse, market manipulation or fraud, nor relay information known or strongly suspected to be false or misleading.
3. Deal with each other in accordance with established market practices and the standards expected of professional market counterparties.
4. Deal with customers fairly and with integrity and manage any conflicts of interest that may arise appropriately.
5. Organise their energy trading business effectively, respecting appropriate segregation of staff duties, and exercise diligent control over trading functions.
6. Establish effective risk management policies and control procedures governing the key risks managed by their energy trading functions.
7. Establish compliance policies setting out the company’s procedures for fulfilling all legal and regulatory obligations and any related corporate governance rules relating to their energy trading functions.
8. Ensure that their traders are suitably qualified and properly supervised to carry out their duties, including where appropriate to have taken relevant industry examinations.
9. Prohibit their employees from giving or receiving bribes and from indulging in other corrupt behaviour in all circumstances; and establish policies governing gifts and hospitality, highlighting acceptable and unacceptable practices.
10. Maintain accounts related to trading transactions and risk books in accordance with relevant accounting standards, and respecting normal audit practices.