

# Corporate Governance Statement

## EDF Energy Nuclear Generation Limited

### (2023)



Statement approved by the Board of Directors on 14 June 2024 as part of the Company's Annual Report & Financial Statements (2023) and signed on its behalf by David Tomblin, Director, on 14 June 2024

#### Introduction

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code using the Wates Principles for Large Private Companies. Such an approach ensures that decisions taken by the Board support the long-term success of the Company and its stakeholders.

This approach allows the Company to maintain robust corporate governance arrangements whilst continuing to support the corporate governance practices of its ultimate parent company, EDF Group.

The Company purpose and strategy is set out in the Strategic Report and published on the EDF UK website. EDF UK's purpose is "Helping Britain to achieve Net Zero -Together". The purpose is supported by the Company strategy, and both are guided by: i) feedback from stakeholder engagement; ii) consideration of the long-term impact of strategic decisions on the long-term objectives of the Company and the wider Group, being EDF Energy Holdings Limited and its subsidiaries (the Group); and iii) the environmental impact of those decisions.

The Company continues to support the corporate governance practices of its parent company, EDF Group. The purpose is a UK articulation of the EDF Group Raison d'Atre. It underpins strategy setting and decision making by the Board and ensures activity within the Company is compatible with achieving these objectives in order to promote long term success.

Although EDF is no longer publicly listed, to ensure strong corporate governance practices are maintained, the EDF UK Group (EDF Energy (UK) Limited and its subsidiaries) acts in accordance with multiple overarching internal policies.

EDF UK's Chief Executive Officer (CEO) is the UK member of the EDF Group Executive Committee, and the Director of Strategy & Corporate Affairs is the UK Executive Team representative for the EDF Group CSR Strategic Committee, which provides strategic management and coordination of all Corporate Social Responsibility (CSR) issues.

The Company is committed to sustainability and published a Helping Britain Achieve Net Zero Progress Update in 2023 (available online). The update sets out how EDF UK is helping the transition to a secure, reliable, affordable and resilient decarbonised energy system through our business activities, which include generating zero carbon electricity, helping our customers to achieve net zero, decreasing our carbon footprint and contributing to environmental and societal improvements, all of which is underpinned by our commitment to health and safety. EDF UK also published its latest Carbon Reduction Plan (available online).

#### Taking Decisions

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#### Board of Directors

The overriding objective of the Board is to discharge all of the Company's statutory and regulatory requirements as a holder of a Nuclear Site Licence granted by the Office for Nuclear Regulation. Additionally, the Board is required to set the strategy established within the Group, approve plans to achieve objectives in furtherance of the strategy and monitor the Company's performance against its objectives. The Board receives standing reports at each meeting to monitor business as usual activities and current trends, whilst also focusing on forward strategy and discussing ad-hoc matters of focus as they arise. The main areas of responsibility are as follows:

- To ensure nuclear safety and security in discharge of its licensee obligations;
  - To ensure and monitor the safety and operational performance of the business;
  - To monitor health, safety, security and environmental protection policies;
  - To monitor compliance with Government and regulatory requirements;
  - To monitor the Company's organisational structure and approve modifications;
  - To approve contributions to the Nuclear Liabilities Fund and the budget for decommissioning works;
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- To approve all policies and strategies applicable to the Company's business;
- To receive and approve capital Investment programmes;
- To ensure that changes to Company organisation, resources and processes are properly justified and managed; and
- To review power station security arrangements.

## Board Composition and Training

The Directors of the Company have given careful consideration to the size and structure of the Board to ensure it possesses the knowledge and expertise to meet the Company's strategic needs and challenges of the organisation. There are regular Board evaluations undertaken with input from the Board's Independent Advisors. Structurally, the business of the Group is transacted at either operational Board level or at a holding group Board level. In addition, the Group has adopted and acts in accordance with a Financial Authority Limit (FALs) framework which means contracts and transactions up to a certain financial threshold are not required to be presented to a board for approval (unless otherwise required).

As at 31 December 2023, the Board was comprised of a mix of Executive Directors, four Independent Advisors (David Waboso, Tom Smith, Sian Leyden and Tamer Albishawi) and other attendees, bringing oversight from other aspects of the business including HR, Legal and Technical directorates. In 2023, the Board appointed Technical Director, Michelle Hoy, as a Director of the Board. All Directors appointed have a strong background in the relevant sector(s). Improvements have been made to diversity during 2023 and the Company's Board remains committed to further improving the diversity on the Board, however, the roles in which the Directors are appointed are sufficient to satisfy the need of this particular Board.

All changes to the Board composition, particularly appointments, are approved in accordance with the 'Politique Gouvernance des filiales' policy mandated by EDF for the worldwide EDF Group before being approved by the Company.

On appointment, Directors are provided with the EDF UK Directors Training and Induction Manual which outlines their obligations as a Director, including those in the Act, compliance, and EDF UK's corporate governance framework. Directors are encouraged to participate in bespoke training and are encouraged to update their skills and knowledge of the EDF UK Group by meeting with senior management, visiting sites (such as the power stations), undertaking external training, and engaging with stakeholders across the business and its operations.

To ensure that potential conflicts of interest are identified and duly authorised, newly appointed Directors are required to complete a Conflicts of Interest Questionnaire and sign a declaration to this effect. This information is collected by the Company Secretary of the Company and if a conflict is considered to have arisen, appropriate advice on how to proceed is provided to the Director concerned. Directors are aware that new conflicts arising thereafter must be declared and authorised in advance by the board of Directors or by the shareholders. The EDF UK Employee Code of Conduct on the EDF internal Internet, 'eNZO', also sets out the restrictions in relation to outside employment/interests and our Director training specifically covers conflict of interest.

The Office for Nuclear Regulation undertakes periodic reviews of the Board's governance arrangements through observations of Board meetings and through meetings with the Board's Independent Advisors. The Board also receives reports from the Company's Independent Nuclear Assurance function which enables the Company to meet its obligations to have a strong internal regulator and the Nuclear Safety Committee which acts on its behalf in respect of Licence Condition 13. In addition, the Company receives further assurance with regards to its governance arrangements and performance from Lloyd's Register Quality Assurance Reports and from the oversight of the Nuclear Safety Review Board.

The Company is also part of the World Association of Nuclear Operators (WANO), which is a nuclear industry body established to ensure standards of nuclear safety governance across the nuclear industry, including processes, procedures and behaviours. The Company shares in their good practices around governance and organisational effectiveness. Additionally, the Company receives peer reviews from WANO and secondments employees into WANO which enables learning and best practice to be shared. The Company

also adheres to the standards set by the International Atomic Energy Agency in respect of nuclear safety, design authorities and safety management principles.

The Company is also assessed by the Inspector General for Nuclear Safety and Radiation Protection, which produces annual reports on nuclear safety and radiation protection performance within the Group. The report confirms whether the Company is operating within the Group's nuclear safety policy and is published annually for analysis by the public.

The Board is scheduled to meet six (6) times a year.

### **Scope of the Board and Delegations of Authority**

The Company's constitutional documents set out the authority, role and conduct of Directors. As Executive Directors, the Board and individual Directors understand their fiduciary accountabilities and responsibilities to the Company in addition to those of the wider Group. As at 31 December 2023, the Board was subject to appropriate independent challenge from four Independent Advisors and a Shadow Board.

The Directors receive regular updates on all aspects of the Nuclear Operations' business ahead of each Board meeting and are confident in the integrity of the information used for decision-making. There are also deep dive sessions with each of the Independent Advisors to enable them to more effectively challenge the strategic issues considered by the Board. The Board's agenda is dictated by the Company's internal procedures relating to financial reporting, key performance Indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data. Information provided to the Board as part of its Board pack or appended to any written resolution of the Board is verified by the respective Leadership Team member before presentation or circulation to the Board.

The Board recognises its continued limited level of diversity and continues to utilise the input of the Shadow Board to further improve diversity. The Shadow Board continues to be made up of individuals from the Company's Early Talent and Diversity and Inclusion groups. The Shadow Board reviews the Board pack ahead of the Board meeting and a representative attends the Board meeting to provide feedback and help to inform discussions. This has provided the Board with an opportunity to take on more views from a diverse selection of the workforce, thus demonstrating the Board's commitment to diversity and inclusion.

Key financial information is collated from SAP, the Group's accounting system. The Group's finance function is appropriately qualified to ensure the integrity of this information is provided with the necessary training to keep up to date with regulatory changes.

The Company uses Financial Authority Limits (FALs) (as detailed in the Group Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into. The Company formally adopts the FALs annually. There are set principles of delegation for each high-level authority. In 2023, the FALs were reviewed at EDF Energy Holdings Board level, with amendments being approved in light of the ongoing, increased energy market volatility to ensure that decisions could be made at the right level of the organisation, in a timely manner and are specific enough to enable the business to undertake the relevant activities required.

### **Risk Management**

The Company has a robust risk management culture that is enabled through policies, reporting and internal audit and assurance, enabling Directors to make robust decisions concerning principal risks to the Company. The Group has a Risk & Resilience Policy (covering Risk Management, Internal Control, Business Continuity and Crisis Management), which defines the minimum standards that business units (BUs) within the company need to meet. The Company self-assesses against these standards and the EDF UK Group is audited against policy standards to provide assurance that those companies have an appropriate risk culture.

BU risks are identified by management, with each BU having their own risk governance structure and risk reporting arrangements. Directors agree how their principal risks should be managed or mitigated to reduce the likelihood of their incidence or magnitude of their impact. The key risks to the Group's objectives are set out in the 'Principal risks and uncertainties' section of the Strategic Report and in the Annual Risk and Internal Controls Report. Each company level risk has an Executive Sponsor. This review provides an opportunity for the Directors to consider any emerging risks and have a forum to devise solutions to minimise their impact.

The Company has processes in place to ensure that all significant risks are effectively managed, at an appropriate level in the business, ensuring risks are 'communicated and escalated' and 'trends and interfaces are monitored' providing visibility of risks from a local level (power station or BU) right through to company level. As the significance of the risk increases so does the level of communication and escalation in order to ensure significant risks are appropriately reviewed and stress tested, supporting effective decision making by key stakeholders at the appropriate level in the business. Risk reviews on progress against delivering mitigation plans and controls are conducted on a regular basis. On a quarterly basis, the business-level risk committees conduct a holistic review of the significant risks as well as the linkages to other risks challenging the effectiveness of the deployed risk strategies. Membership includes senior management from across the organisation providing diverse, independent and intrusive challenge of risks.

The day-to-day management and the implementation of strategies agreed by the Board are delegated to the relevant Director(s), who are also members of the Company's Leadership Team. The reporting structure below board level is designed so that decisions are made by the most appropriate people in a timely manner. This is underpinned by the Management System Manual (MSM) of which the processes within detail the internal procedures in relation to all aspects of the business. An annual assessment of the controls of each process within the MSM is undertaken to ensure they remain fit for purpose at site and fleet level. There are periodic deep dives on the performance of the company processes and key performance indicators are monitored through both line management and functional oversight. The annual process control effectiveness assessments are reviewed and challenged and action plans to address gaps in controls are monitored on a regular basis. The overall outcome of the annual process control assessment is presented to the Company's Leadership Team and is submitted to EDF Energy Limited for information.

In addition, the EDF UK Group Internal Control Self-Assessment is carried out annually to assess EDF UK's compliance with the policies of its parent, EDF. These results are then included in the Annual Risk and Internal Controls Report. This report is reviewed and approved by the ET and the Audit Committee, before being submitted to the EDF Group Risk department. Where any improvements are identified, actions are agreed in response and implemented where required, to facilitate continuous improvement.

The EDF Group Audit Charter provides internal audit with authority to independently assess the effectiveness of risk management, control and governance processes of the Company and its subsidiaries. The findings of any such review are reported to the Audit Committee of the Company and, if necessary, presented to the Board for discussion.

## Executive Remuneration

The Group's executive remuneration structures and policies are set and implemented within the wider framework of EDF Group policies for Senior Leaders and operate under the supervision and governance of the Remuneration Committee of the main governance board of the Group, EDF Energy Holdings Limited (EDF Energy Remuneration Committee). Although the purpose of the EDF Energy Remuneration Committee is to provide a forum for considering the level and composition of the remuneration of the EDF Energy Holdings Board and Executive Team, its responsibilities are wide and go beyond that. One of its responsibilities is to make recommendations about the overall remuneration policy of the Group having due regard to the practices adopted by comparator UK companies and the need to attract, retain and motivate employees of the experience and calibre required, including detailed elements of the remuneration packages, pension arrangements and service contracts for the above Group.

The Company is committed to building a sustainable future for all employees. Honouring this commitment means fostering a work environment where everyone is rewarded fairly for the work they do and the contributions they make to the Company's success.

The Group is also an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit. The Company publishes its annual Gender Pay Gap report on its website.

## Stakeholder Engagement

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The Company's key stakeholders, and the ways in which It engages with them, are set out in the Strategic Report.

Good governance and effective communication are essential to deliver the purpose, the Raison d' tre of EDF, and to protect EDF UK's reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers, regulators and local communities. The Directors are committed to the wider EDF UK policies, aimed at protecting these stakeholders, with policies in place in relation to Health, Safety & Wellbeing, People, the Environment, Ethics & Business Conduct and Supply Chain (policies are available to view online). These EDF UK policies align with the EDF Group policies, which includes the Group Corporate Social Responsibility policy. The Company purpose was developed with input from both employees and customers to ensure its relevance for stakeholders and secure their buy-in. By maintaining a dialogue with stakeholders, not only are the Directors having due consideration for stakeholders' interests, but they can ensure their views are being considered in decision making. This means such decisions are aligned with the Company purpose and support the long term success of the Company.

To ensure the strategy, objective and purpose of the Company is articulated and implemented throughout the organisation, the EDF UK Group has a communications team to support the Company with issuing tailored communications to employees. The Group engages, informs and consults with its employees on matters affecting them and has regard to their Interests In decision making. Employees who possess a diverse range of talents and perspectives, that feel engaged In their roles, is fundamental to the long-term success of the Company. Public and political opinion with regard to EDF UK is monitored and the team frequently engages with political parties and other stakeholders. To review and manage public perception, the Group has a social media team who have an active listening, response and monitoring strategy to gauge market perception of the EDF UK Group as a whole, as well as more specifically, the delivery of the Company purpose and strategy. These various forms of listening and communication ensures that teams across the Company can provide management with contemporaneous feedback, which in turn informs how the Company, through its Directors, adapts and improves its ways of communicating and engaging with a broad range of stakeholders. The Directors understand that acknowledging and considering constructive public feedback is necessary for the overall development of the Company.

The Company maintains four levels of interaction with the Office for Nuclear Regulation. These meetings, coupled with workshops when required, take place on a regular basis and ensure effective communication between the Company and its regulator. The Company adopts a similar approach to its engagement with the Environment Agency and the Scottish Environment Protection Agency.

In addition, as part of its work on the future defueling and decommissioning of its AGR power stations, the Company is proactively engaging with the Department for Energy Security and Net Zero, the Nuclear Liabilities Fund and the Non NOA Liabilities Assurance department.

The Company takes a proactive approach to communications with the public, regulators and stakeholders through communications on its website. The Company also engages with communities local to its power stations through its Site Stakeholder Groups and uses this as an alternative forum for communications. It is essential that the Company provides a range of opportunities to engage with the people in local communities, from constituency MPs and MSPs to local schoolchildren. Each nuclear site has a fully-equipped visitor centre and hosts school visits and station tours by appointment. The Company also hosts community meetings throughout the year when the station director provides information about operations and takes questions from attendees. The

Company ensures that it keeps in touch with the community between meetings and issues written updates from the station director as required. Employees select an employee charity every three years and from 2023 that is Alzheimer's Society. Each site works with local branches of this and other local charities to raise funds and help their cause.

In mid-2023, the Company launched its 10 Year Priorities to employees and stakeholders, along with changing the business unit name from Generation to Nuclear Operations. Our priorities for the next decade are to deliver value from Sizewell B with the ambition to continue generating out to 2055 and beyond, continue to maximise AGR output for as long as It Is safe and reliable to do so, defuel efficiently, consistently shipping flasks to Sellafield and then enabling a seamless transfer to Nuclear Restoration Services for decommissioning. Alongside all of these big responsibilities, we will do more to develop our future by working with Government and industry to Identify new opportunities and strengthen our nuclear skills and capabilities.

### Employees and Trade Unions

The EDF UK Group engages, informs and consults with its employees on matters affecting them and has regard to their interests in decision making. At EDF UK, we recognise that employing individuals who represent the breadth of the society which we serve and operate in, and who possess a diverse range of talents and perspectives, that feel engaged in their roles, is fundamental to the long-term success of the Company. A key topic for the Directors this year has been around harnessing employee talent and ensuring that EDF UK stands out as an employer for existing and future employees, especially in light of challenging labour markets.

The Group conducts its EDF Group Employee Engagement Survey, 'My EDF', annually which gathers the views and opinions of all employees with regard to their work situation, as well as their impression of the relevant company they work for, at local level or EDF Group-wide. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the Group and to implement action plans within the different teams. The results of the My EDF survey are used to support the setting of company strategy, realign company purposes / values (where identified as being required) and define individual team objectives to help deliver the 2030 strategy.

The EDF UK Group aims to provide a great place to work, by enhancing equity, diversity and inclusion for our colleagues and supply chain. In 2021, the EDF UK Group started monitoring the diversity of senior leadership in terms of Gender, Ethnicity, Sexual Orientation and Disability. The EDF UK Group is aiming for 50% of senior leaders to have one or more of these diverse characteristics by 2030. At the end of 2023, the EDF UK Group senior leadership was 30.20% diverse, with this statistic being continually being monitored and set to be reviewed again at the end of 2024. Further to this in 2023, to ensure the EDF UK Group is always striving to be better, a review was carried out to revise its ethnicity ambitions, with the aim being to have 12% of our people from Black, Asian & Minority Ethnic backgrounds by 2030.

Furthermore, the Company believes all harm, both physical and psychological, is preventable and thus has an ambition to strive for zero harm at the workplace. This means ensuring workplaces are safe and healthy for everyone: both employees and anyone working on the Company's behalf. Through-out 2023, the Directors have discussed the Company's zero harm ambition and considered the latest incident reports and statistics, engaging in dialogue to discuss how these latest statistics can be improved and what further training can be implemented through- out the business.

The Company and wider Group proactively engages with relevant external stakeholders including trade associations (such as Confederation of British Industry, Energy UK, Nuclear Industry Association and Renewable UK, etc). Directors and other attendees share feedback from these external discussions with internal stakeholders to support decision making and facilitate transparency.

The Company and its customers have continued to face serious challenges during 2023 due to the impact of the ongoing UK affordability and energy market crisis. The Directors have advised that the mental health and wellbeing of employees, particularly those in customer facing roles, should remain a top priority for management and as such, extra training has been provided to frontline staff in call centres currently facing an increased number of calls from customers as a direct result of the affordability and energy crisis.

Employee engagement mechanisms include:

- The development and roll out of our UK country strategy in 2023, which includes mechanisms designed to encourage team discussion as well as to cascade the information.
- Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the EDF UK intranet.
- A sustainability engagement plan, including items such as a sustainability segment in the Company's monthly internal, employee-led podcast, 'Connect'. The podcast is used to bring employees from across the business, both at a management and executive level, together to discuss relevant topics, and to showcase the Company's passion and ambition in relation to sustainability. Employees can email in their stories and Ideas to Connect and then share them through the written magazine or on the podcast, allowing employees to raise awareness on topics such as climate change.
- The Company engages with Trade Unions to help understand our business better and shape policy with Company Council, European Works Council, Corporate Social Responsibility Forum, strategy meetings, and BU specific forums. After constructive conversations with Trade Unions in 2023, the Company was able to roll out an annual cash bonus to personal contract holders - see section below on 'Stakeholder concerns identified'.
- Employee networks sponsored by senior management which provide diverse and inclusive environments for employee support, feedback, comment, and consultation. They help build cultural awareness and understanding of identity, and how different demographic groups face different challenges.
- Diversity and Inclusion Strategy Group (DISG) chaired by the EDF UK CEO sets and reviews the EDF UK Group strategy, monitors progress and actions taken to promote Equity, Diversity and Inclusion (E,D&I). It discusses items raised via the employee networks to guide Company policy development.
- Regular employee surveys where senior leaders gather feedback on employee wellbeing which inform policy, for example the EDF UK Group and wider EDF Group employee engagement surveys discussed further below, see 'Stakeholder concerns identified'
- EDF UK launched its Everyone's Welcome vision for being a positive, inclusive place to work. Following the launch of such, and after engagement with employee networks, EDF UK then issued a Standards of Behaviour statement in September 2021. The statement outlines the Company's expectation that all EDF UK employees have access to a respectful working environment and that behaviour which is not in line with the Everyone's Welcome vision will not be tolerated.
- The Company has worked closely with the employee networks during 2023. "Alongside You"- a support hub for Mental Health and Well-being has continued to bring together resources to support employees during the energy market crisis.

## Communities and Environment

The Board is committed to social responsibility, community engagement and environmental sustainability, which is demonstrated, through the Helping Britain achieve Net Zero - 2023 Progress Update (available online). EDF UK supports a decarbonised future and is committed to leading the UK's transition to a secure, low-carbon electricity system. As the UK's largest low-carbon generator, EDF UK is helping support the reduction in carbon emissions enacted by the Climate Change Act 2008 (amended in 2019 to set a Net Zero target by 2050) and the Paris Agreement on Climate Change.

The Group is further supported by various teams across the business specifically in managing sustainability risks and opportunities. This includes those that focus wholly on identifying and reporting on sustainability and climate-related risks or, more generally, those in roles where they need to be engaged in sustainability risks which may present themselves in the ordinary course of business, for example in procurement and supply chain management.

Furthermore, the Group has set up various groups across the business to help support sustainability. The Net Zero Steering Group, for example, is made up of a range of senior stakeholders from different BUs and functions across EDF UK, providing a forum to discuss and share knowledge and learnings on climate-related topics.

The EDF UK Group has also set up the Environmental Professional Network, which provides a link between business activities and individual professional development within the environmental sector across the different BUs. The network provides a forum for individuals to hear from each other build a professional network, mentor, and support development, with a focus on sustainability.

Membership is open to all environmental professionals working within an EDF UK team, at all levels of the organisation and at all levels of experience. By having a range of employees coming together to form this network, it allows those with a diverse range of thoughts and experiences to be able to connect and share knowledge across the business, furthering the development of a climate-conscious future across the Company.

EDF UK aims to protect the natural environment and biodiversity through stewardship of land around its power stations and the commitments made through its renewables and new nuclear projects. Extensive consultation with local communities is undertaken to enable better decision-making.

UK Fuel mix disclosure Information, published by Government, recognises from wind, solar and nuclear fuel produces zero carbon dioxide emissions at the point of generation.

The Company continues to support local communities through various fundraising initiatives. The Company was in partnership with Prostate Cancer UK for almost four years, during which time, the Company raised a significant amount of money for the charity. During 2023, the Company's four-year partnership with the charity came to an end and the Company engaged with employees through a company-wide survey to determine the next charity partner. This process allowed for a meaningful, transparent engagement process with employees to select the next charity partner, Alzheimer's Society. The Company's dedication to, and focus on, fundraising continues to be a key priority and in the long-term will continue to support the Company's positive relationships with the wider community.

## Suppliers

The Company partners with a wide range of organisations to ensure safe, secure, and responsible energy generation and to deliver fair value, better service and simplicity for customers. The diversity and wellbeing of suppliers is a key priority for the Company and the Board recognises the key role partners and suppliers play in enabling EDF UK to remain competitive and profitable, ensuring the longevity of the business.

Day-to-day decisions on supply chain matters are largely taken at a working level, with management being empowered to make appropriate decisions via the FAL procedure. The Board, however, will oversee key decision making and is regularly updated on high profile contract negotiations. Over the past year, the Directors have continued to remain abreast of key matters concerning suppliers across the Company, whether that be by way of formal presentations from relevant personnel at Board meetings or through general discussions during routine business activities. These conversations provide the Directors with an opportunity to give direction to the relevant individuals embedded within the Nuclear Operations business on how to overcome difficulties, together with any key considerations for such negotiations. Supply chain processes continue to be a topical point of discussion for the Directors as questions on key projects are brought to their attention for consideration as and when they arise.

One of the ways EDF UK supports its suppliers is by offering a Santander backed Supply Chain Financing scheme which allows suppliers to get early access to payment for invoices which have been cleared and approved through the payment process. The Board will review and approve the implementation of new processes such as this. As a result, the Directors can ensure that decisions to implement new processes align with the Company's purpose and the best interests of stakeholders, including suppliers.

In 2023, the Company carried out a review of its EDF UK supply chain policy, having considered feedback and input from each BU. As a result, a consolidated and aligned policy was updated, creating a framework of minimum standards for EDF Supply Chain activities, across each BU. Management and BU supply chain departments have each agreed to be responsible for implementing this policy to ensure such standards are applied appropriately and that all employees are engaged. The EDF UK CEO has had review and sign off of this policy.

## Other stakeholders

The Company and its subsidiaries proactively engage with relevant external stakeholders including trade associations (such as Energy UK, Nuclear Industry Association and Renewable UK, etc.). The Company's participation with these groups supports stakeholders' relations and provides a channel to engage with government and regulators.

The Company and Its subsidiaries also engage directly with central government (including officials within the Department for Energy Security and Net Zero) and industry and environmental regulators (such as Ofgem, the Environment Agency and the Scottish Environmental Protection Agency).

Through-out 2023, the Directors have been conscious to take into account a range of different stakeholders, whilst balancing the Company's long term financial success. The importance of these various factors has been subject to ongoing conversations amongst the Board, with great value being placed on how decisions are considered and put into practice.

## Other reporting

The Company, in addition to other companies within the EDF UK Group that meet the applicable threshold, publishes its Modern Slavery Act Statement, Gender Pay Gap Report and Payment Practices and Report in accordance with UK law and regulation. Each of these is published externally and gives consideration to EDF UK's relationships with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes this transparency and uses these reports to help EDF UK continue to improve its performance in these areas.