

S.172 Directors Duties Statement (incl. Workforce & Stakeholder Engagement Statements) 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.

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 and demonstrates that the Company is compliant with the requirements of Section 172 of the Companies Act 2006 (the Act).

This statement describes the actions taken by the Directors to fulfil their responsibilities to promote the success of the Company in accordance with the Act for the financial year ending 2023. The Directors have considered the following Section 172 factors:

- The likely consequences of any decision in the long term,
- Employee interests,
- Fostering business relationships with suppliers, customers and others,
- The impact of operations on the community and the environment,
- Maintaining a reputation for high standards of business conduct, and
- Acting fairly between members of the Company.

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 of the Companies Act 2006. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the Directors Report and Corporate Governance Statement.

Stakeholder Engagement Statement

The Company's key stakeholders, and the ways in which it engages with them, are set out in the wider Strategic Report and Corporate Governance Statement. The table below provides a summary of these relationships which are fostered by the Company and, in turn, have shaped the way the Board took principal decisions over the year.

STAKEHOLDER GROUPS

ENGAGEMENT OPPORTUNITIES

Employees and Trade Unions

Having people who bring a diverse range of talents and perspectives, and who feel engaged in their roles, is fundamental to the long-term success of our business. It is crucial that we understand their values and what motivates them - and reflect this in the way we operate.

We are committed to recruiting and retaining great people - so listening to our employees remains a top priority. We communicate with them regularly through employee surveys, team meetings, learning sessions, briefings (including quarterly town hall sessions), our internal social networking site (Yammer) and our intranet, eNZO". We also frequently engage with Company Councils and Trade Unions about matters affecting employees.

Suppliers

How we conduct our business, and the impact and influence we have through our supply chain, is an important aspect of our work. We know that we need to manage and mitigate the environmental and social impacts, so we work closely with all of our suppliers and partners to make sure they keep to our ethical business principles throughout their own operations.

We set high expectations for ethical conduct in our supply chain. This includes whether our ethical principles are embedded across our supply chain and suppliers comply with the United Nations Global Compact (UNGC).

The Company complied with its various statutory reporting obligations in 2023 including Modern Slavery, Gender Pay

Gap and Payment Practices and Reporting. The Company actively engages with all material suppliers and takes part in regular oversight, monitoring and feedback with them. The Company aims to ensure all suppliers are paid promptly.

In 2023, the Company participated in a review of EDF UK's supply chain policy, providing feedback and input. As a result, a consolidated and aligned policy was updated, creating a framework of minimum standards for EDF Supply Chain activities, across each business unit. The Nuclear Operations supply chain department is 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.

Government and Regulators

We engage with political and regulatory stakeholders to help them understand our business better, and so shape the policy and the environment where we operate.

We have a role to play in sustainability, enabling Britain to achieve Net Zero by championing the transition to a low-carbon future through safe operation and defuelling of our stations.

We have been proactive in working with the Office for Nuclear Regulation, Environment Agency, Scottish Environmental Protection Agency, Government and other agencies such as the Department for Energy Security and Net Zero, Ofgem, etc. to continue to generate electricity safely and securely. We also protect the people and environment around our sites. These sites are situated in some of the most beautiful and environmentally sensitive parts of the UK; we have an obligation to look after those areas, for current and future generations.

Communities

We want to make a positive contribution to the communities we operate in. We work in partnership with local organisations, schools and colleges to support our projects and goals.

As a company we have outlined our commitment to be open and transparent in our business dealings.

We aim to be the best neighbour possible with the communities we operate in around the coastline of Scotland and England. Many of our employees and contract partners live locally, their children go to local schools and colleges and we recruit young people as apprentices and graduates at all our sites. Many local businesses and services engage with us professionally every day and local politicians, media and community organisations are interested in the work we do.

Impact on Principal Decisions

Mark Hartley as Managing Director of the Company, together with the Company's leadership team, continues to implement the EDF UK vision which is "Helping Britain 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.

We are also committed to zero harm which includes harm to the environment, harm to the public and harm to those on site. The Company strives to avoid causing harm in any way. This ties into the overriding principle that nuclear safety is our number one priority at the heart of the business. The vision continues to be supported through dialogue with employees to ensure that the Company is transformed to maximise the existing and future value of the Company's unique capability. In order to maximise opportunities in this area, the Company continues to engage with various stakeholders including industry and regulators. The focus of the Company's vision promotes the success of the Company for the benefit of its shareholders.

Further, the Company makes all decisions in respect of the fleet considering the impact of the Company's operations on the community and environment and the need to maintain high standards of business conduct. In taking decisions in respect of the fleet, the Board also considers the impact on its supply chain, which is key to the continued successful generation and decommissioning of the fleet.

At Board meetings throughout the year, the Directors are presented with papers and discuss updates in relation to the Company's strategic priorities. The Board's priority in making strategic decisions is about what it considers to be in the long-term success of the Company, from both a financial, security and safety perspective as safety remains the Company's overriding priority. The Company uses information from stakeholder engagement, including employees, regulators, suppliers, together with community and environmental factors to make these strategic decisions.

The performance of the Company's nuclear power stations is a key factor considered by the Board during Board meetings, from both a safety perspective and a financial perspective. The feedback from stakeholders, particularly regulators and employees, is paramount to the Board when making decisions in relation to the future of the stations. The Board also regularly reviews the Company's safety performance to ensure that the Company's zero harm ambition is met. This commitment means making sure that our workplaces are safe and healthy for everyone, including our employees and anyone working on our behalf.

Workforce Engagement Statement

The Group engages, informs and consults with its workforce on matters affecting them. This is carried out in a number of ways which gives the workforce a voice and in which our senior leaders actively participate. Some of the key mechanisms are included below:

ENGAGEMENT OPPORTUNITIES

SUMMARY

We Communicate...

With our people.

We strive to maintain a healthy employee environment in which dialogue between management and our employees is embedded in our workplace.

Management engages with employees through formal and informal channels, including emails from the Chief Executive Officer, team meetings, face-to-face gatherings, lunch and learns, open forums, interviews and via eNZO.

eNZO is an a-platform for sharing company newsletters, announcements and accessing a wide variety of materials, i.e. company policies, company contacts and information on well-being and company benefits etc.

We Listen...

Through various channels including conducting annual employee engagement surveys.

Strong employee engagement is especially important in maintaining strong business delivery in times of change.

'My EDF', is the Employee Engagement Survey conducted annually which gathers the views and opinions of all employees with regard to their work situation, at local level and within the EDF Group. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the EDF Group.

The results of the 'My EDF' Survey are discussed at Executive level and are used to support the setting of company strategy, realign company purposes / values (where identified as being required) and define individual team objectives. This filters down to discussion on wider strategy of the Company and the wider Group and impacts the principal decisions taken by the directors.

The nuclear safety culture survey is conducted every two years. The survey has been developed with World Association of Nuclear Operators (WANO) and checks that the nuclear safety culture is embedded throughout the Company. The results compare performance against ten nuclear safety traits and are reported within the industry. WANO is a nuclear industry body established to ensure standards of nuclear safety governance across the global nuclear industry, including processes, procedures and behaviours.

The nuclear safety culture survey is conducted every two years. The survey has been developed with World Association of Nuclear Operators (WANO) and checks that the nuclear safety culture is embedded throughout the Company. The results compare performance against ten nuclear safety traits and are reported within the industry. WANO is a nuclear industry body established to ensure standards of

nuclear safety governance across the global nuclear industry, including processes, procedures and behaviours.

We Engage...

With Company Councils, Trade Unions and Employee Networks.

Having a dialogue with our employee representative bodies is also embedded in our work practices.

We also engage with a number of other bodies with representatives from the Company and workplace to ensure that they are consulted on matters such as corporate social responsibility, personal contracts and strategy.

We Support...

Equity, Diversity & Inclusion.

Having a diverse workforce at all levels of our company will ensure we make better decisions - for our business and for our stakeholders. We believe that employing a diverse mix of people makes us a stronger and more sustainable business, and one that reflects the diverse society around us. We also value and encourage diversity of thought, perspective and experience in all respects.

The Group promotes diversity through a number of diversity and inclusion networks for its workforce which are sponsored by senior management and provide environments for employee feedback and comments. These include LGBTQ+ Supporters; Women's; RACE; Disability and Carers; Working Parent; Forces Supporters; Young Professionals; Cancer Support; and Mental Health Supporters. They help us build cultural awareness and understanding of identity, and how different demographic groups face different challenges.