

S.172 Directors' Duties Statement

EDF Energy Nuclear Generation Limited (2024)



Section 172 (1) Statement

This statement describes the actions taken by the Directors to fulfil their responsibilities to promote the success of the Company in accordance with Section 172(1) of the Companies Act 2006 (the Act) for the financial year ending 31 December 2024. 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.

This report sets out how the Directors have complied with the above Section 172 requirements. Further information on the Board's composition and the Directors' responsibilities in respect of its corporate governance arrangements can be found within the Company's 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 statement 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

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. During 2024, we engaged fully with our Trade Unions and employees on any relevant issues.

ENGAGEMENT OPPORTUNITIES

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 (Viva Engage) and our intranet, "eNZO". We also frequently engage with Company Councils and Trade Unions about matters affecting employees.

For more information on how the Company engages with its employees and promotes their interests, please see the Company's Corporate Governance Statement.

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).

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The Company complied with its various statutory reporting obligations in 2024 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.

To closely monitor its supply chain, in 2023, the Company participated in a review of EDF UK's supply chain policy, providing feedback and input. This resulted in an updated policy, establishing a framework of minimum standards for supply chain activities across EDF UK. By conducting such reviews, EDF UK seeks to maintain high ethical standards throughout the supply chain and reinforces employee engagement with this crucial aspect of the business. 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.

Government, Regulators and Public Bodies

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 defueling of our stations.

We remain 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.

We continue to develop collaborative relationships with the Nuclear Liabilities Fund (NLF), the Nuclear Decommissioning Authority (NDA) and Nuclear Restoration Services (NRS) in connection with the defueling and decommissioning of those of the Company's nuclear power stations that have permanently ceased generation. These close working relationships support the transfer of these nuclear assets to the NDA (or the relevant entity in its group it selects to receive them) in a way that promotes efficiencies, with the aim of securing better value for the taxpayer.

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.

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.

As a Company, we have outlined our commitment to be open and transparent in our business dealings. This is exemplified by our engagement with our local communities through our site stakeholder groups which meet regularly.

All eight sites take part in community groups which give local stakeholders the opportunity to engage directly with station management.

EDF sites with a Magnox neighbour (Hunterston B, Hinkley Point B, Dungeness B and Sizewell B) participate in Site Stakeholder Groups. These groups are funded by the Nuclear Decommissioning Authority and are chaired by a local community representative.

Torness has a Local Liaison Committee and Hartlepool and the Heysham sites have a Local Community Liaison Committee. Despite the slightly different names, these groups have a very similar format and are run and chaired by the EDF Station Directors.

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Each group meets at least twice a year with membership made up of representatives from the local communities, like local authority councillors, parish and community councillors, council officials, Scottish Government (at Hunterston and Torness), the emergency services, the National Farmers Union, local landowners, and local business and interest groups.

Updates are usually given by way of a Station Director's report, which covers issues like: generation/defueling performance, safety performance, emergency arrangements (changes to, or activation of), local community activity (charity donations, volunteer days etc). Attendees can discuss the reports, ask questions and raise issues of concern in an open forum. Reports are also delivered by ONR and EA/SEPA site inspectors giving community representatives the opportunity to hear from and ask questions of the independent regulators.

If an issue of interest to the local community arises between meetings the stations will also communicate with members by letter (e.g. life extension decisions, incidents at site that generate local interest like releases of steam during unplanned trips or certain regulatory activity). EDF will also use local media to ensure the public is aware of activities at the site.

In addition to the local community groups, since the start of defueling at Hunterston B and Hinkley Point B several rounds of public consultation have been carried out as the EDF has prepared its applications to the ONR for permission to decommission the sites. This involved an online consultation space as well as public information events at local community halls to give the public the opportunity to review the decommissioning plan for the site and ask questions or raise areas of concern. For example, at Hunterston B, there was particular interest in what that Safe Store might look like with a strong preference from respondents that any cladding fitted not be white like the neighbouring Hunterston A site. This feedback was taken into account on the decommissioning plan for the site, which has now been published. The intention is to use the same approach for each station as applications are prepared for decommissioning permission.

Environment

As the UK's largest producer of power which is zero carbon at the point of generation we play a significant role in combating climate change. The efficient management of our nuclear power stations in 2024 resulted in us delivering over 37 TWh of energy thereby avoiding millions of tonnes of CO₂e emissions from other generation assets. In 2024 several of our nuclear power stations were working though defueling as the first stage of decommissioning providing a further opportunity to act sustainably and maintain focus on lowering the station lifecycle footprint.

We're committed to reducing our own carbon emissions, waste and water usage all whilst enhancing biodiversity and adhering to all relevant environmental regulations, permits and requirements. We also collaborate with suppliers and explore routes to decarbonise the activities which support our operations including those associated with the nuclear fuel cycle.

The Company benefits from teams across the whole business managing sustainability risks and opportunities in relation to their working activities. These teams are supported by specialists with a shared passion to maximise the sustainability of our business who create engaging discussions and opportunities to share knowledge though groups such as our Environmental Professionals Network and senior stakeholder Net Zero Steering Group. We're all proud to play our part in helping Britain achieve Net Zero.

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". 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.

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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, stakeholders 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. When undertaking its lifetime review in December 2024, the Board considered all of these factors in detail to reach appropriate conclusions on lifetime for Hartlepool, Heysham 1, Heysham 2 and Torness.

The performance of the Company's nuclear power stations and progress on decommissioning are key factors considered by the Board during Board meetings, from a safety perspective, staff experience 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

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 work practices.

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 e-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.

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'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.

We Engage...

With Company Councils and Trade Unions.

Having a dialogue with our employee representative bodies is also embedded in our work practices and we had positive engagement throughout 2024.

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...

Diversity & Inclusion

Having a diverse and inclusive 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 in an inclusive organisation 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.