

Company Number: 02264251

MAGNOX LIMITED (the “Company”)

MINUTES of a meeting of the Directors of the Company

HELD by videoconference on 21 July 2021 at 09:00

PRESENT: See appended attendance list

IN ATTENDANCE: See appended attendance list

APOLOGIES: None

1. Introduction

The Chair opened the meeting, noting that all Directors were present. The Chair welcomed [Minute redacted – s.40 Personal] to the meeting as observers.

Declaration of Directors' Interests

It was agreed that Susan Jee would leave the meeting when the Board considered an extension to her term of office as a Non-Executive Director.

The Chair and Pam Duerden each declared that they were a pensioner under the CNPP Defined Benefits pension plan referred to in the Annual Report and Accounts, that the Board would be asked to approve later in the meeting.

It was also noted that Dounreay would be discussed during the meeting. As previously declared, the Chair was also Chair of Dounreay Site Restoration Limited ('DSRL') and Susan, Paul Vallance and Gwen Parry-Jones were also Non-Executive Directors of DSRL. Paul, Gwen and Frank Rainford had also participated in discussions at the NDA GLT on Dounreay and Future Missions. Paul and Frank had also declared their interests in leadership forums at the NDA that had considered and helped develop options for Dounreay within the NDA estate.

Since the Chair had himself declared interests, he asked Simon Haben to lead the meeting in considering the Directors' interests.

With regard to Dounreay, Simon noted that interests in other NDA Group entities were deemed to be permitted conflicts under Magnox's Articles of Association and affected Directors were therefore permitted to participate fully, count in the quorum and vote despite such interests. The Board agreed that the interests should not prevent the affected Directors from exercising their statutory duties with regard to Magnox.

With regard to the CNPP scheme, it was noted that the accounts disclosures regarding the scheme were factual in nature, the scheme was administered by a separate trustee body and the commercial risk in the scheme was carried by the NDA rather than Magnox. The Board (acting without the Chair and Pam) agreed that there was no conflict with regard to the Chair and Pam participating in discussions and decisions on the Annual Report and Accounts.

Gwen declared that she supported the UKAEA and over the last two weeks had been sitting on its Engineering & Science Research Council Joint Committee to look at programmes over the next 6-7 years. There were no perceived conflicts but if conversations turned to the Spherical Tokamak for Energy Production ('STEP') programme then her conflicts position would need to be considered. Rob Fletcher also declared that he supported UKAEA on the STEP programme but did not perceive any conflict. The Board agreed these interests did not present any conflicts at this time.

It was noted that later in the meeting the Board would receive an update from the Nominations & Remuneration Committee where certain executive remuneration matters would be reported. The Executive Directors (other than the CEO) and Mark Cooper would recuse themselves from this part of the meeting. The CEO and John Vickerman would attend to support this item as members of the Committee with prior knowledge of the subject matter.

2. D&O Insurance Declaration

The Chair reminded the Directors of their obligation to report to NDA Group Insurance (via Company Secretariat) any situation that they consider may result in a claim against any of them and which may therefore require notification to the Group's D&O insurers. There were no insurance declarations made.

3. Chairman's Introduction

The Chair praised the continuing efforts of the Executive Team who were working in difficult circumstances including ongoing COVID-19 challenges to operations. He commended the recent 'This Can Happen' award achieved by the Company in recognition of work on mental health and wellbeing across the organisation and enabling staff to volunteer to support work in local communities. The Chair reported that he had recently received a call from the Chair of the Stakeholder Group to express thanks for the Board's support.

4. Safety Moment

[Minute redacted – s.40 Personal], Site Director: Sizewell A & Bradwell, then joined the meeting and was introduced by Paul Winkle. [Minute redacted – s.40 Personal] gave a presentation explaining the recent falling from height incident at Hinkley Point A and the findings of the root cause investigation that he had led [Minute redacted – s.40 Personal] had briefed the other Site Directors collectively and was conducting 1:1 sessions to ensure sharing of lessons across all sites.

The Board discussed the enforcement letter from the regulator and the importance of ensuring that all of the actions were taken forward to conclusion. Mark Cooper referred to the privileged legal advice in this regard that had been made available to the Board. The Chair asked that this topic be brought back to the Board at a future meeting to allow for a progress review.

Action: *Pam Duerden to present to the Board at an appropriate time on progress with the actions following the Hinkley Point A falling from height incident.*

Peter Webster confirmed that the matter would be reviewed in detail at the next meeting of the Safety, Security, Health and Environment Committee ('SSHEC'), including the actions following the Hinkley Point A incident, Magnox's overall approach with regard to the CDM Regulations and lessons that could be learnt from incidents at other organisations.

[Minute redacted – s.40 Personal] shared his view on cultural factors. He observed that there was a general desire to do the right thing, but that it was important to review the relevant processes and check how well they are understood to ensure a consistent interpretation of the CDM Regulations.

The Board thanked [Minute redacted – s.40 Personal] for his presentation and for his work on the root cause investigation, emphasising that the Board took safety incredibly seriously and offered its full support.

[Minute redacted – s.40 Personal] *then left the meeting.*

5. CEO Report

Gwen Parry-Jones updated the Board on developments since the last meeting.

On safety, TRI trends continued to be monitored closely as more people returned to site. The robustness of internal incident investigations was considered a key factor in regulators not seeking stronger enforcement action, but this should not be taken for granted.

COVID-19 cases were increasing again resulting in more staff being asked to self-isolate. The COO report would provide more detail.

Gwen had undertaken some recent site visits and seen good examples of steady operational delivery. She had, however, also observed fatigue in the workforce. Gwen was mindful that productivity needed to be managed by simplifying processes and removing/reducing lower value activity, rather than asking people to work harder.

Regarding the proposed move from Oldbury Technical Centre to Keypoint, Bristol, some affected employees were excited, but some were nervous about what it would mean for them. The HR team were supporting through individual conversations to help manage the change.

The bonus payment had been well-received by staff. Pay and bonus was not a particularly prevalent topic at present but was expected to become so over the next quarter.

The increasing level of scrutiny over Magnox's pay arrangements had been surprising and Gwen would be raising her concerns at the Accounting Officer's review with David Peattie and David Vineall. This had also been discussed at the recent meeting of the Nominations & Remuneration Committee that Simon Haben would be reporting on later in the meeting.

The responses from the NDA and UK Government to the Magnox Enquiry and BEIS' Departmental Review of the NDA had been published. Gwen highlighted that there would be actions for Magnox arising from this which would need careful review.

There had been noticeable underspending against budget on some projects. Gwen was concerned about recruitment challenges and having the right resources available.

[Minute redacted – s.43 Prejudicial Commercial].

Gwen expressed her frustration with the current process of sanction approvals, where members of the team were spending several hours preparing for and attending various committee meetings at Magnox, NDA and BEIS to present the same proposal.

The proposal on Dounreay set out in the supporting paper, for discussion later in the meeting, had been presented to NDA Board but the NDA had not yet explicitly endorsed the proposal to combine Magnox and Dounreay's site licences. Once this was endorsed by NDA, approval would be needed from the BEIS Programmes Investment Committee ('PIC') and the HM Treasury Approval Committee ('TAP'). There were significant stakeholder issues to manage and it had been agreed that staff briefings at Dounreay would not be given until approval from TAP had been obtained. Briefings for NDA and Magnox staff would follow.

The Future Missions team were working on AGR implementation plans and arrangements with EdF, following the announcement of the transaction since the last Board meeting.

6. COO Report

Paul Winkle presented his COO report by reference to the supporting paper.

On safety, Paul noted the recently published Annual Report of the Health & Safety Executive that reported 142 UK workplace deaths in the year, an increase of 29 from the previous year. Paul considered this was a significant increase given the number of UK workplaces either closed or running reduced activities over the last year, which highlighted the importance of continuous management oversight. Magnox's safety performance was comparatively better than the national position but incidents leading to injuries had still happened during the year. On-site working was being closely examined, safety reviews by the EHSSQ and Projects teams were being accelerated, as were safety actions for the Executive Team.

Paul recognised that having more on-site presence was helpful to identify issues and align activities. Paul did however recognise there was a balance with the safety and wellbeing benefits of people working from home and not having to travel each day. A careful and steady approach in having workers return to site was being taken.

As a result of COVID-19 self-isolation requirements there were 40 people absent at Dungeness. There were enough workers to keep the site safe and secure, but activities had been reduced as a result. There had also been a shortage of cleaning staff at Harwell due to self-isolation, resulting in having to send office staff home. Staff were being placed in bubbles and segregated work areas to manage the impact of further instances, and sites continued to run COVID-secure measures in line with policy.

Good progress continued on operational performance, with Waste Programme ILW retrievals ahead of target, but some threats to targets had been identified. Weekly monitoring of operational performance data was now enabled. Work continued to improve the quality of data for monitoring at Executive level but without removing the accountability of the Programme Directors and Programme Governance Boards for Programme performance. Although more work was needed on data collection, Paul confirmed he was not particularly concerned about anything unforeseen becoming a critical path item in the near term.

Fair progress was being made in Programmes, though there were some 'red' categories to improve. Paul considered that more personal interaction and better deployment of resources was needed, and collaboration was being encouraged across the businesses.

The cumulative YTD scheduled performance index (SPI) score of 0.6 was skewed by underspending, an amount of early stage activity, and from being measured against the 2020 baseline which had not yet been fully repaired or updated for COVID-19 impacts.

The SGHWR Winfrith business case had been approved by the PIC and TAP. The Chief Secretary to HM Treasury was expected to sign this off before the summer recess.

The new Programme Delivery Director would join in August which would enable the organisational changes described in the supporting paper. There had been delays in recruitment while HR built its recruiting capability. John Vickerman explained that a recruitment team of five people was now in place but had experienced a high volume of recruitment requests to replace c.150 staff retirees/leavers in the year. There was also a scarcity of skilled workers in the market, with people either content to stay in existing roles during the current climate or pursuing more attractive nuclear industry roles. Onboarding processes, including security vetting and the issue of IT equipment, were also taking too long, risking candidates withdrawing. Paul was working with John to progress these issues, and Andy Munro was sharing experiences of good onboarding processes from his previous employer.

The Board cautioned against under-estimating the task of re-building effective productivity levels when workers had become used to working in different ways for a lengthy period. Good engagement with workers, including non-operations staff, was needed to instil an understanding of Magnox's purpose and how they contribute to this. Good, visible performance indicators were also needed to encourage activity on site and to help the Executive Team measure this. Work would be done on this to support the next business planning round from September.

The Board also queried whether additional near-term external help e.g. project management support could be brought in while routine operations get back to full strength.

It was recognised that there was a need to challenge additional role requests against the opportunity to simplify processes to remove low value or unnecessary activity. Proposals were being developed on how to simplify and align aspects of the management system over the next couple of years. The Board considered that this process simplification exercise was a large and important activity, requiring strong and clear sponsorship at Executive level. The Board encouraged that a mindset of continuous improvement / operational excellence needed to be developed and embedded in the workforce.

Paul referred to the appendix to the supporting paper regarding productivity impact on ILW retrievals from COVID-19, which addressed the action from a previous meeting.

7. EHSSQ Report

Pam Duerden presented her EHSSQ report by reference to the supporting paper.

The long-term TRIR trend was returning to a stable level. There had been no TRIs reported in June or to date in July. However, the impacts of COVID-19 had meant that safety improvement plans had not progressed as quickly as wanted, and improvements were still needed. The next COVID-19 peak needed to be managed and more oversight was being put in place on sites to conduct assurance.

Good progress was being made on the Waste Improvement Plan, though there had been some concerns on waste storage external to buildings. Some sites were subject to ongoing mandatory assessments regarding their respective regulatory positions on waste storage.

The contaminated liquid spill at Winfrith had been rated as an INES 1 event. An overview of radiological safety across sites was being taken to maintain focus.

[Minute redacted – s.24 Security][Minute redacted – s.36 Policy].

On environment matters, Pam drew the Board's attention to SEPA's communication on Transboundary Emissions and the expected Freedom of Information Act request with regard to Chapelcross.

Implementation of the Sustainability Strategy, as presented to the SSHEC in June, was progressing well with good engagement in the business and energy audits now commencing.

Pam reported that two employees had received recognition at a recent awards event for being health and safety role models. The Board welcomed this news and agreed that a letter of congratulations would be sent from the Chair and/or Gwen Parry-Jones on behalf of the Board.

Andrew Forrest, Nigel Houlton and John Vickerman then left the meeting.

8. CFO Report

Gordon Frisby presented the CFO report.

Spend for the quarter to end-June was less than expected at £108m, 60% of which was in Programmes and 40% of which was in Programme Enablers. Ongoing spend of £41m-£42m per month was required to achieve the full year forecast of £484m, representing 96% of the original planned spend.

Gordon explained the key variances, with Waste Projects and Waste Operations £14m behind plan, and Decommissioning £9m behind. The reduced spend position as declared to the NDA would mean that funding would be reduced by £20m-£25m for the current financial year. The Board discussed the implications for the longer term in not spending all of the annual budget and the risk of not being able to deliver on previous expectations and timetables or to ramp up operations to the right level. The practical challenges of this needed to be understood and Future Missions would also need to be factored into spending plans. Moving to a three-year planning cycle would help provide confidence over a longer period and enable a mindset of continuous year-round focus.

On the Government Spending Review, it was not yet clear what period the settlement would cover. The submission had been prepared on the basis that the Rolling Programme of Decommissioning ('RPD') would be approved as the new strategy.

On the business planning cycle, more work was needed including on the methodology, but the overarching goal was to allocate funding correctly against priorities and to improve operational objectives aligned with NDA using a bottom-up approach. A review was being undertaken with the NDA, and the business plan for the three-year period 2022/23 to 2024/25 was expected to be brought back to the Board for approval in February 2022.

Gordon then described the Improved Planning, Budgeting and Accountability ('IPBA') initiative and its benefits. Gordon described the features of the 'three pillars' basis of the plan by reference to the supporting paper. This was being verified with the business with the goal of implementing for the start of the next financial year.

9. Magnox Limited Annual Report & Accounts 2020/21

Gordon Frisby presented the Annual Report & Accounts 2020/21 for approval.

There had been no major issues identified in Mazars' field work, but two areas had required more work.

Mazars had challenged the interest rate given to Magnox to use regarding the Defined Benefit pension schemes. This had required revised disclosures across NDA Group, but had neutral impact for Magnox as scheme assets and liabilities were held on the NDA's balance sheet.

The second area related to the treatment of the deferred tax asset inherited from when Magnox was part of the PBO organisation. Any write-off had been deferred until the final tax dividend could be calculated and paid to CFP. This was being worked on with Deloitte regarding R&D tax credits, and the final dividend proposal would be brought back to the Board once ready. Susan Jee confirmed that she had spoken with Mazars' audit partner, Tim Hudson, before the last meeting of the Audit, Risk, Ethics and Assurance Committee ('AREAC') and Tim had confirmed he was content with this approach.

Gordon reported that Company Secretariat had provided constructive input to the s.172 Statement in the Strategic Report to focus this more on the Board's activities. This would be a continuing area of attention to ensure the Board agenda and discussions take account of relevant s.172 factors, including wider stakeholder interests.

Gordon confirmed that Mazars was issuing an unqualified audit opinion and was satisfied that Magnox continued to be a going concern.

Gordon reported that Mazars had issued a final version Audit Report the previous day but this did not contain any material changes from that reviewed by AREAC at its meeting on 6 July. Gordon would be signing the Management Representation Letter to Mazars, as circulated in the meeting pack, with regard to information provided to support their audit work.

Susan considered that Mazars' Report was clear, the year-end process had been clean and uncontentious, and the AREAC supported the recommendation that the Annual Report & Accounts be approved by the Board.

After due consideration the Board resolved to approve the Magnox Limited Annual Report & Accounts 2020/21, and authorised Gwen Parry-Jones to sign the Accounts and Gordon to sign the Management Representation Letter on behalf of the Board.

[Minute redacted – s.40 Personal] then left the meeting

10. General Counsel & Company Secretary's Report

Minute redacted – s.40 Personal] then joined the meeting.

Legal Update

Mark confirmed that there were no ongoing litigious matters and praised *Minute redacted – s.40 Personal*] for her work in bringing previous claims to conclusion. [Minute redacted – s.42 Legal Privilege].

Mark had briefed the AREAC at its last meeting on the positive steps being taken with colleagues to ensure the Legal team could keep track of any current or emerging disputes.

[Minute redacted – s.42 Legal Privilege].

Governance Update

As referred to in the supporting paper, Mark commented that the new NDA Framework Document provided helpful clarification that the NDA and all of its subsidiaries must benchmark themselves against the UK Corporate Governance Code. Company Secretariat was conducting an initial benchmarking assessment.

The Board Forward Business Planner was included in the meeting pack and Mark invited any comments or feedback from the Board. This was being used at Executive Team meetings to plan Board-facing activities.

Mark referred to the results of the recent Board papers survey contained in the meeting pack. He thanked the Board for participating, with the results being very helpful to be able to pass on key messages and expectations to authors of papers.

Susan Jee praised the quality, organisation and constructive dialogue being provided by the Secretariat team. The Chair also recognised the support that the Secretariat team was providing to the Dounreay Company Secretary.

Minute redacted – s.40 Personal] then re-joined the meeting

11. Modern Slavery Statement

Minute redacted – s.40 Personal] presented the proposal for the 2021/22 Modern Slavery Act Policy Statement, confirming that the company had achieved everything set out in the previous year's Statement and also identified improvements for the current year. The Statement had been presented to the AREAC at its last meeting where, subject to some minor amendments, it had been endorsed for recommendation to the Board.

Minute redacted – s.40 Personal] explained how the Statement was implemented in practice. Supplier contracts contained duties on the supplier to comply, with the right for Magnox to conduct open book audits. Modern Slavery compliance was also part of the supplier tender and selection process as well as a focus of Magnox's ongoing stakeholder engagement activity. Unannounced compliance visits were not presently undertaken on individuals, which would need Legal consideration and may have implications for collaborative working contracts, but the extension of engagement surveys to suppliers could be considered in future.

After discussion, the Board approved the adoption and publication of the 2021/22 Modern Slavery Act Policy Statement as presented, subject to a few minor drafting amendments raised at the meeting. The Board also authorised references in the Statement to Oldbury Training Centre to be changed to refer to the new headquarters location when appropriate, without needing to come back to the Board for approval.

Minute redacted – s.40 Personal] then left the meeting.

12. Investment Review Panel ('IRP') Governance Process Update

Gordon Frisby referred to the ongoing consideration of the IRP's structure and effectiveness in sanctions governance. Gordon agreed it would be of value to add a Non-Executive Director to IRP's membership, but work was needed before then to significantly improve the quality and conciseness of sanction request papers and discussions.

Alternatively, a Board Investments/Programmes & Projects Committee, including one or more Non-Executive Directors, could be established to validate and oversee the IRP's outcomes on investment and project reviews, and assess proposals against the business plan and strategy. Frank Rainford referred to the Departmental Review and the Holliday Report which contained some information of relevance to the possible establishment of a Board Programme & Projects Committee. Sellafield had been operating such a committee for six months, but Magnox needed to establish its own solution. Frank offered to support with stakeholder engagement on this topic as required, recognising more discussion was needed.

Gordon also referred to the NDA Integrated Financial Framework under which NDA was working to simplify and clarify delegations to the SLCs and improve the sanctions process. The NDA was due to report back on this in September 2021.

13. Project Sanctions for Approval/Endorsement

Gordon Frisby presented the matters that required the Board's sanction or endorsement, as detailed in the supporting papers.

Update on IRP delegations from the Board

Gordon reminded the Board that at its meeting in April the Board had delegated six forthcoming sanction approval submissions to the IRP, as detailed in Table 1 of the supporting paper. Regarding the Oldbury National Grid ('NG') switch house building demolition project, Gordon explained that this building was leased to National Grid on terms that NG would remove the hazard when the building was no longer needed. Since the April Board meeting, Magnox had agreed to remove the hazard on NG's behalf and at NG's cost, so this had been able to be delegated from the IRP to the Programme Governance Board for approval. Two of the six projects, Hunterston Solid ILW Encapsulation Project ('SILWE') and the Modular ILW Encapsulation Plant ('MILWEP') had been approved by the IRP and by the NDA Group Investment Committee ('GIC'). The remaining three projects had not yet been brought to IRP.

Summary of IRP meetings (May 2021 to July 2021)

Gordon then referred to the matters considered at the five IRP meetings that had taken place since the Board meeting in April, as detailed in the supporting paper.

The Hinkley Point A Pre-Conditioning Facility (PCF) request had not been approved at first submission, with the IRP requesting further actions before re-submission. It had been subsequently approved at a specially convened IRP meeting. Gordon highlighted the detail in the supporting paper that the Board's delegation to IRP was on the basis of an anticipated sanction request up to £5m, however this request had been increased to £13.123m so that the existing ILW Framework could be used to place the contract before the Framework

expired. The IRP had approved this without reference back to the Board since the request was within the approved lifetime spend which remained unchanged. The Board agreed that this was a pragmatic exercise of discretion in the circumstances.

Update on projects endorsed by the Board undergoing NDA governance

Gordon referred the Board to Table 2 of the supporting paper showing the status of projects previously endorsed by the Board for onwards submission to NDA. Since the Board's endorsement of the ILW Retrieval and Processing Strategy, a strategic decision had been taken not to replace the current ILW framework and for specific individual requests to be made instead as procurement strategies are developed.

The Project Controls Strategy had been approved by NDA and was now coming back by way of a specific sanction request for the tender and nomination of a new vendor.

Delegation of sanction decisions to IRP

Gordon referred the Board to Table 3 setting out three forthcoming project sanctions where the Board's delegation to IRP was sought to review and approve these. The sanction amounts and risk assessment ratings were, however, not yet known. The Board noted that Minute redacted – s.40 Personal] and his team would be involved in project assurance for these requests. Peter Webster also highlighted the importance of making progress with asbestos removal at Wylfa following considerable regulatory attention on this previously.

After discussion the Board approved the delegation to the IRP of each of the three projects specified in Table 3 of the supporting paper, subject in each case to (a) the sanction amount requested being within the project lifecycle costs and (b) the risk potential assessment and assurance outcome RAG ratings being within the methodology previously agreed for delegation to IRP.

Approvals and endorsements planned for Board approval at the next Board meeting

Gordon confirmed that there were no sanction requests currently anticipated for the Board at its November meeting, but would inform the Board if this changed.

Project sanctions for endorsement

[Minute redacted – s.43 Prejudicial Commercial]

On the sanctions request for Dungeness Boilers & Ancillary Plant Removal, Paul Winkle referred the Board to the supporting paper, noting that the request was relatively low value. There were 13 buildings around the site that needed to be cleared to enable plant access to the boiler, at a cost of £7.4m, and Paul and Gordon had spent a day on site with the project team reviewing this. An additional £0.8m was sought to cover the cost of preparing a full Outline Business Case ('OBC') for the removal of the boilers.

The NDA representatives at the IRP had challenged whether alternative options to using a large crane solution had been fully explored e.g. cutting up of the boiler in situ as had been done in Europe. This could be explored further in preparing the full OBC, but Gordon felt it was premature to take an OBC to the NDA GIC now without all of the information required, and would be discussing this with Mel Zuydam. The current sanction request was simply to

enable preparations and remove buildings which, having been examined on site, needed to come down in any event.

After discussion, the Board endorsed an approach that sanctioned the early funding requested for preparation of the full OBC and the buildings clearance that would serve to remove any health and safety risks associated with the buildings' degrading condition. The full OBC for the removal of the boilers could then being brought back for endorsement and NDA approval later in the year when more information was available to support this. Gordon and Paul agreed to proceed on this basis with NDA.

14. Audit, Risk, Ethics and Assurance Committee ('AREAC') Chair's Report

Susan Jee reported on the topics discussed at the meeting of the AREAC on 6 July 2021 by reference to the supporting paper. The Code of Conduct had been discussed again, and Gwen Parry-Jones reported that the NDA GLT had discussed the NDA Code as being one of a few items that should be mandatory across the NDA Group. John Vickerman was exploring whether and how the NDA's Code could be adopted or adapted for Magnox so that this could be resolved.

15. Safety, Security, Health & Environment Committee ('SSHEC') Chair's Report

Peter Webster reported on the topics discussed at the meeting of the SSHEC on 8 June 2021 by reference to the supporting paper. He encouraged the Executive Team to consider additional leading safety indicators for use in the monitoring and management of safety risks.

The Board asked Paul Winkle to retain personal oversight of the resourcing of electrical safety capability, noting the recruitment challenges in this area mentioned in Peter's report.

16. Shadow Board Report

[Minute redacted – s.40 Personal] presented the report from the Shadow Board's meeting on 19 July 2021.

Minute redacted – s.40 Personal] asked that the Board meeting papers be shared earlier with the Shadow Board. Mark Cooper explained that papers were shared immediately once circulated to the Board. Mark would, however, be discussing with the Executive Team how to facilitate engagement with the Shadow Board on the strategic papers before they are submitted to the Board.

[Minute redacted – s.40 Personal] also encouraged the Board and Executive Team to consider how value could be derived from the Shadow Board between the quarterly Board meetings. The Chair asked Gwen Parry-Jones to consider how the Shadow Board could work with the Executive Team e.g. to help develop solutions and proposals.

Action: *Gwen Parry-Jones to consider how the Shadow Board could work with the Executive Team.*

Minute redacted – s.40 Personal] highlighted some points set out in the supporting paper. With the announcement of the AGR transaction, the Shadow Board had discussed the importance of understanding where Magnox's tacit knowledge and skills were, and the possible creation of a decommissioning blueprint to capture this.

Magnox had a culture of sharing learning and wanting to do things better, but there was confusion regarding the messaging on priorities, with skilled people already being asked to support AGR integration planning which could potentially reduce resource on Mission 1. A merger with Dounreay would further compound this if not clarified. The Shadow Board therefore encouraged support for the workforce in understanding the priorities, and proper resourcing plans to deploy the right skills to the right areas so that the company is able to do everything required. [Minute redacted – s.40 Personal] added that important lessons learned from the integration of Harwell and Winfrith should be harnessed in planning for AGRs and Dounreay.

The Chair thanked [Minute redacted – s.40 Personal] and asked [Minute redacted – s.40 Personal] to relay the Board's thanks to the Shadow Board for their valuable input, and for raising many valid questions that needed to be considered.

17. Minutes of Previous Board Meetings

The minutes of the meetings of 29 April 2021 and 14 June 2021 were approved.

18. Review of Actions from Previous Meetings

The Board reviewed the log of actions from previous meetings and noted the status of the actions.

Susan Jee then left the meeting.

John Vickerman re-joined the meeting.

19. Extension of Susan Jee's appointment as a Non-Executive Director

The Chair referred the Board to the supporting paper relaying the recommendation of the Nominations & Remuneration Committee ('N&RC') that Susan Jee's term of appointment as a Non-Executive Director of Magnox be extended for a further period of three years from 30 September 2021 when her current term expires.

The Chair and Simon Haben (as Chair of the N&RC) reported that David Vineall and David Peattie of NDA had indicated their support to the proposal.

After discussion and due consideration, it was unanimously agreed that Susan Jee's term of appointment as a Non-Executive Director of Magnox be extended for a further period of three years from 30 September 2021 when her current term expires.

Gordon Frisby, Paul Winkle, Pam Duerden, Mark Cooper, [Minute redacted – s.40 Personal] then left the meeting.

20. Nominations & Remuneration Committee ('N&RC') Chair's Report

Simon Haben reported on the topics covered at the meeting of the N&RC held on 6 July 2021. Simon also reported on his subsequent discussion with David Vineall, as previously shared with the Committee members, on senior pay controls and some NDA/Magnox remuneration alignment actions.

21. Initial Observations – Commercial

Susan Jee, Gordon Frisby, Paul Winkle, Pam Duerden, Mark Cooper, Nigel Houlton, Andrew Forrest, [Minute redacted – s.40 Personal] ; then re-joined the meeting.

[Minute redacted – s.40 Personal] ; introduced himself and presented his initial observations of the Magnox Commercial function. *Minute redacted – s.40 Personal]* Rob's first few months had been spent gaining an understanding of the business and developing relationships, including with contacts at the NDA, BEIS Commercial and Sellafield. *Minute redacted – s.40 Personal]* ; had also joined the BEIS Commercial Approvals Board, which had a wider remit than just the nuclear sector.

The Procurement team were delivering a reasonable service, but Rob wished to reduce the number of management layers to provide better visibility of activities and ways of working. *Minute redacted – s.40 Personal]* ; was working with John Vickerman and Korn Ferry to assess the right team structure to ensure optimal service. *Minute redacted – s.40 Personal]* ; was in discussion with contacts at Sellafield who had conducted a similar exercise.

Minute redacted – s.40 Personal] ; was creating a business partnering model to allow quicker access to procurement and empower more 'self-service' by the business within defined parameters.

Minute redacted – s.40 Personal] ; shared frustrations with the many layers of approvals required in the procurement process and the time taken to obtain these. *Minute redacted – s.40 Personal]* ; had launched a lean review of the end-to-end procurement process and associated governance, as well as arranging site visits for BEIS and NDA colleagues to highlight the operational impact of delayed approvals.

The supply chain strategy was being reviewed, now covering the entirety of procurement activity. *Minute redacted – s.40 Personal]* ; considered that there were clear benefits to developing longer term relationships with suppliers, but this needed to be done within the applicable competition and procurement rules. *Minute redacted – s.40 Personal]* ; would be engaging with NDA and BEIS on achieving the right balance on this.

Magnox's make/buy strategy was subject to a review led by Andrew Forrest, but at present work was needed on short term commitments in order to enable plans for the longer term. The public sector Green Book was being followed, with cost being an important factor but also considering whether external suppliers could bring more innovative solutions versus internal capability, and taking account of internal sensitivities.

The Commercial team had all received anti-bribery and corruption training. An audit of processes in this regard had not yet been conducted since *Minute redacted – s.40 Personal]* ; had joined, but *Minute redacted – s.40 Personal]* ; had no reason to believe that this was a particular risk for Magnox. This would get attention in due course in conjunction with the Legal team.

The Chair relayed the Board's support to *Minute redacted – s.40 Personal]*; continuing work in pursuing good practices, given the change of onus on value for money following the transfer from the PBO structure to the NDA Group.

[Minute redacted – s.40 Personal] ; then left the meeting.

22. Decommissioning Strategy (RPD Business Case)

Andrew Forrest delivered a presentation on the business case for the Rolling Programme of Decommissioning ('RPD').

The move to RPD had originally been announced in the NDA's Strategy 3 document in 2016, with the programme level business case approved by the NDA Board in 2019 before the

transfer of Magnox to the NDA. The business case had been further developed in line with the recently updated Life Time Plan ('LTP'), and Andrew explained that the current request was not a sanctions request but to approve a change to the LTP to recognise the RPD approach. If endorsed by the Magnox Board, the proposal would then go to the NDA Board for approval in the autumn and subsequently to BEIS PIC for noting. Andrew highlighted that the business case would evolve as changes happen e.g. once the implications of integrating AGRs was better understood, a supply chain study was developed and more workforce planning was conducted.

Andrew explained that under RPD, the target site end state was the same as under the current Care & Maintenance ('C&M') regime, as was 95 percent of the work, but the RPD meant different timing and, as a result, a different funding profile as illustrated in the presentation slides. Similarly to the current C&M LTP, sustained near-term funding above £500m was needed for the RPD, supported by consistent programme delivery. [Minute redacted – s.43 Prejudicial Commercial].

After discussion and due consideration, the Board approved in principle the proposal as set out in the supporting papers, subject to the statements in the business case on cost savings being qualified and more work being undertaken to address the other comments raised by the Board. It was acknowledged that refinements would be made as more information became available.

23. Future Missions Update

Nigel Houlton provided an update on Future Missions by reference to the supporting presentation materials.

23.1 AGR Implementation

Nigel explained that the team's approach on AGRs was to focus on the relationship with EdF and the respective roles, to enable the development of a jointly agreed station transfer programme over the next few months. [Minute redacted – s.43 Prejudicial Commercial]

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[Minute redacted – s.40 Personal] then left the meeting.

23.2 Dounreay

Nigel reported that the business case for a combination of Dounreay with Magnox had been reviewed by NDA Board and PIC and had been sent to TAP with a view to Ministerial approval in September. Nigel referred to the supporting paper that set out the proposed merger model, as developed with Mark Rouse of DSRL. This model had not yet been approved by the NDA Board. It would be developed further in combination with DSRL, including the detail of the licencing and permit structures, and was expected to take 12-18 months to be put into effect.

The Board discussed the critical importance of getting the messaging right with the DSRL workforce. A decision had been taken to delay staff briefings until TAP approval was confirmed, but once this happened more people could become involved in the integration planning. The Board suggested that a few concise bullet points should be prepared to answer questions on the reason for integrating, the principles that would be followed over the next couple of years, whether it would be a gradual or swift process of change, and what it meant

in practical terms for DSRL staff. Nigel assured the Board that this challenge was fully recognised and being worked on with the NDA and DSRL Communications teams.

Gordon Frisby referred to the Dounreay integration timeline and how this could overlap with planning work for the anticipated transfer of the Hunterston AGR station to MagnaX. Gordon was considering having a ten-year plan to ensure that the overall strategic picture was visible when considering individual transactions and their resourcing.

Frank Rainford stressed that careful planning and clear roles were needed on regulator briefings regarding the Dounreay/MagnaX combination to ensure appropriate and aligned engagement. Pam Duerden confirmed that she and her DSRL counterpart were preparing for engagement with their regulatory contacts, with regulators expecting this to be led by the licensees rather than the NDA. A principles paper to support this was being developed.

The Chair referred to the meeting with BEIS Senior Officials taking place later that week. He asked Nigel to prepare a note of the key points for that meeting, and to circulate this in advance to the attendees from NDA, himself and Gwen to ensure alignment of messages.

Action: *Nigel Houlton to circulate, in advance of the BEIS Senior Officials meeting on Friday 23 July regarding Dounreay, a note to the NDA attendees, Lawrie and Gwen with the key points to be aware of for the meeting, to ensure alignment of message.*

The Board agreed the principles set out in the supporting paper and noted the preferred merger option as discussed at the meeting, but also noted that the NDA Board's approval of the proposed specific option for integration was awaited.

23.3 Project Lion

[Minute redacted s41 Confidential] [Minute redacted – s.43 Prejudicial Commercial]

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Action: *Nigel Houlton to coordinate with Kate Ellis on providing a detailed briefing to the Board on Project Lion.*

24. Any other business

It was agreed that the AGR Committee be stood down on the basis that the transaction had been announced and management of implementation planning was now the responsibility of the Executive Team.

25. Close

The Chair closed the meeting at 15:30.

SIGNED

[Minute redacted – s.40 Personal]

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Chair

Magnox Limited Board Meeting, 21 July 2021

Attendance List

Members		
Name	Title	Items attending
Lawrie Haynes	Chair	All
Robert Fletcher	Independent Non-Executive Director	All
Simon Haben	Independent Non-Executive Director	All
Susan Jee	Independent Non-Executive Director	All, except Item 19
Peter Webster	Independent Non-Executive Director	All
Frank Rainford	NDA Non-Executive Director	All
Paul Vallance	NDA Non-Executive Director	All
Gwen Parry-Jones	Chief Executive Officer	All
Gordon Frisby	Chief Financial Officer	All, except Item 20
Pam Duerden	EHSSQ Director	All, except Item 20
Paul Winkle	Chief Operating Officer	All, except Item 20

Attendees		
Name	Title	Items attending
[Minute redacted – s.40 Personal]	Site Director: Sizewell A & Bradwell	Item 4 only
[Minute redacted – s.40 Personal]	Commercial Director	Item 21 only
Mark Cooper	General Counsel & Company Secretary	All, except Item 20
Andrew Forrest	Chief Technical Officer	Items 1-7 and 21-24 only
Nigel Houlton	Future Missions Director	Items 1-7 and 21-24 only
[Minute redacted – s.40 Personal]	Governance Counsel (external)	All
[Minute redacted – s.40 Personal]	Legal Advisor	Items 10 and 11 only
John Vickerman	Chief People Officer	Items 1-7 and 19-24 only

Observers		
Name	Title	Items attending
[Minute redacted – s.40 Personal]	Waste Projects Programme Delivery Manager	Items 1-9, 11–18 and 21–23.2 only
[Minute redacted – s.40 Personal]	Executive Support	Items 1-9, 11–18 and 21–23.2 only