

Company Number: 02264251

MAGNOX LIMITED (the "Company")

MINUTES of the Extraordinary Meeting of the Directors of the Company

HELD on 14 March 2022 at 14:30 via Microsoft Teams

PRESENT: See appended attendance list

IN ATTENDANCE: See appended attendance list

APOLOGIES: None

1. Chair's Introduction

The Chair opened the meeting and welcomed the Board members and attendees to an extraordinary meeting of the Board to discuss the proposed Management of Change document arising from the proposed joining of Dounreay and Magnox.

The Chair reminded the Board that as it would be discussing the joining of Dounreay to the Company under agenda item 2, the Company's Articles of Association consider interests in other NDA Group entities to be permitted interests, allowing the interested Directors to remain for discussions, count in the quorum and vote. He also noted that the Board had previously considered that the roles at DSRL or NDA did not adversely affect the Directors' ability to act in the best interests of the Company when considering plans for Dounreay or to discharge their Companies Act duties owed to the Company and this remained relevant.

The Board **NOTED** the declarations and **RESOLVED** that each of the Directors was permitted to participate in the business of the meeting without their interests presenting any conflict of interest.

The Chair commented on a recent Board meeting at DSRL when the Board received the safety moment through the medium of a video that provided refresher updates and learnings on safety topics such as TRIR, site safety and any updates on mandatory training. He suggested that this might be something for future safety moments when time allowed. The Chair felt that this would be good use of the Board's time and support the Board in its learnings of the work of the Company.

The Chair reminded the Directors of their obligation to report to NDA Group Insurance 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 declarations made.

2. Management of Change (MoC) – Transfer of Dounreay to Magnox Limited

The Chair thanked the team for their hard work in preparation for the discussion on the proposed MoC presented for the Board's consideration and, if appropriate, endorsement.

The Chair commented that this was the first of two phases in the process, with phase 1 covering the transition and phase 2 looking more closely and in more detail at the impact the change project would have on the Company's operations and corporate governance and the opportunity for synergies.



The Chair commented on the importance of the Stress Test and referred to the results of the Stress Test set out in Appendix 2.

The Board received confirmation from Gwen Parry-Jones that the Executive Team had considered the proposals at several Executive Team meetings at which full and frank discussions had taken place. She reported that the Executive Team understood the rationale for a two-phase process and supported the proposed transition phase as set out in the MoC paper on the basis that phase 2 would provide the opportunity for review and to consider synergies.

Gwen advised on the key principles from the discussions with the Executive:

- The transition phase would require the Dounreay team to transfer to Magnox, without changing its functional structure. Mark Rouse's reporting line would change, and he would report to Gwen as CEO and join the Magnox Limited "One Co" Board and the Magnox Limited "One Co" Exec team, as explained in the MoC.
- The transition phase must be deployable and support Executive Director's responsibilities and duties. Directors would be able to nominate individuals to ensure their statutory requirements were fulfilled.
- Phase 1 of the change project would be followed by a "next steps" (phase 2) further
 review to consider "if, how and when" and any issues to resolve and benefits to any
 further operational integration or other changes. This review would and must also
 consider the AGRs, and any other changes envisaged for the "One Co". The Magnox
 Limited "One Co" Board would need to conduct this review.
- There was a need to ensure that people were asked only to do what was required of them by the revised arrangements, and explicitly and importantly, no more than that.
 This was particularly true of the Board committees, which would not be able to ask the Magnox functional directors to report on matters specifically controlled by the Managing Director of Dounreay and his team, other than where Board Executive Directors cover Assurance, Governance and Oversight matters in their reports.
- The Executive team would continue to work hard to allow the simple change to be enacted and work on establishing good relationships with the respective teams at Dounreay.

Gwen acknowledged that the arrangements was not a perfect nor a symmetric change, but it was what was needed to start the journey together.

The Board considered the paper and proposed MoC. Rob Fletcher commented on the need for the Company to have a clear RACI matrix in place to provide additional clarity of responsibilities.

Referring to the timeframes beyond phase 1 or the "B1" model described in the MoC (current plan 1 April 2023), Simon Haben felt that communication was key to the success of the change project to provide clarity to staff on its impact both to the Company and staff. It was noted that the NDA CEO, David Peattie had written to the Dounreay Stakeholder Group and had advised that phase 2 of the transfer, i.e. opportunities for synergies and functional integration, were unlikely to be enacted in the first 12-months post transition to allow for stability. Gwen commented on the need to create certainty both within the Dounreay and Magnox communities and with key stakeholders. She was also mindful of the need to support Mark



Rouse in his new role recognising he had been working very much independently over the last 12 months with the support available from a larger organisation.

The Chair, on balance, was comfortable with the stated aim of a 12-month period of transition post transfer, however, felt that during the next 12-months both teams should be working to look to deliver synergies as soon as possible after phase 1 (current plan 1 April 2023).

The "why do it" question was discussed, and it was noted that communications and engagement with key stakeholders: staff; regulators; shareholder; and supply chain was key to the success of the change project. The Board also discussed the proposed rebranding exercise and its importance given the joining of Dounreay and the AGRs.

Susan Jee noting that the MoC was not intended to clarify all matters of accountability and its primary focus was on safety, felt that it was essential that the Company's corporate governance was not weakened or watered down by any 'compromises' in reporting and oversight. Susan, as AREAC Chair, was concerned that the role of the CFO role and those matters which come to AREAC were not impacted.

Susan Jee sought assurance from Gordon Frisby in his role as CFO that he was satisfied that MoC as written does not in any way restrict or otherwise reduce his ability to discharge his responsibility to provide the financial assurance and perspective to the Board. In response Gordon commented that the MoC was relatively quiet regarding the financial function and felt that there was nothing in the MoC, taking into consideration Gwen Parry-Jones' earlier comments, that would restrict his duties and responsibilities post transfer. He advised that if there was something that restricted his duties and responsibilities in any way, he would escalate his concerns to the Board for direction.

Susan Jee provided additional comments on the role of the AREAC. In particular, she supported the position that there would be one internal audit function across the Company reporting through the CFO. This was in line with required standards and that AREAC would also require company-wide reporting for such areas as enterprise risks, fraud, asset loss and Safecall.

Pam Duerden referring to the timelines advised that the 12-months expressed in the Dounreay Stakeholder Group letter may not be long enough, commenting on the need for the Regulators and key stakeholders to be satisfied with the arrangement being put in place. She was however comfortable that the MoC as written supported where the Company needed to be for re-licencing purposes.

The Board received an update on next steps following endorsement of the MoC and noted that the DSRL Nuclear Safety Committee and Board would be considering the MoC at meetings later in the month. Discussions would be ongoing on the licence application with the Regulators over the next 6 months following which a licence application would be formally submitted.

Comments were made on the construct of the Dounreay Executive, referenced in paragraph 5.1.3 of the MoC. It was agreed that the sentence "There will be no "substantive" change to the Executive which currently exists within DSRL" should be amended to "There will be no "immediate" change to the Executive which currently exists within DSRL".

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The Chair drew the matter to a close and thanked the Board for the open and transparent discussion on the proposed MoC and thanked everyone who had been involved in the process to date.

The Board:

- i. Endorsed the MoC subject to the agreed amendment to Paragraph 5.1.3;
- ii. noted the Stress Test on the transfer undertaken on 3 February 2022; and
- iii. delegated authority to the Chief Executive to sign the Site Licence Application and approve the applications to transfer for environmental Licences/Permits that would lead to Magnox Limited becoming the duty holder.

3. Any Other Business

The Chair updated the Board on his discussion on the membership of the Board Project & Programmes Committee and advised that he would be talking to individual NEDs in due course.

Close

There being no further business, the Chair closed the meeting at 16.25.

BIGNED
Minute redacted – s.40 Personal]
Chair



Magnox Limited Board Meeting, 14 March 2022 Attendance List

Members			
Name	Title	Items attending	
Lawrie Haynes (LH)	Chair	All	
Simon Haben (SH)	Independent Non-Executive Director	All	
Susan Jee (SJ)	Independent Non-Executive Director	All	
Peter Webster (PWB)	Independent Non-Executive Director	All	
Robert Fletcher (RF)	Independent Non-Executive Director	All	
Frank Rainford (FR)	NDA Non-Executive Director	All	
Paul Vallance (PV)	NDA Non-Executive Director	All	
Gwen Parry-Jones (GPJ)	Chief Executive Officer	All	
Gordon Frisby (GF)	Chief Financial Officer	All	
Pam Duerden (PD)	EHSSQ Director	All	
Paul Winkle (PW)	Chief Operating Officer	All	

Attendees			
Name	Title	Items attending	
Mark Cooper (MC)	General Counsel & Company Secretary	All	
Andrew Forrest (AF)	Chief Technical Officer	All	
Nigel Houlton (NH)	Future Missions Director	All	
[Minute redacted – s.40 Personal]	Deputy Company Secretary	All	
John Vickerman (JV)	Chief People Officer	All	
[Minute redacted – s.40 Personal]	Head of Internal Oversight	All	