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Sellafield Ltd

Sellafield Ltd Manual or Plan

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**How We Run The Business
Sellafield Ltd Manual SLM 3.10.01**

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1 Introduction from the CEO

Sellafield Ltd. (SL) is a UK public sector company which exists primarily to manage and reduce the high hazard and risk posed by the Sellafield site. Hence, maintaining safety and security is a fundamental focus of our business. At the same time, we are obligated to ensure demonstrable progress against our mission and return on investment for the UK taxpayer.

In 2016 we transitioned from an independent Parent Body Organisation to a wholly owned operating subsidiary of the Nuclear Decommissioning Authority. As part of this we have re-organised around our core missions to better drive risk reduction, schedule improvement and value for money. We continue to transform our business to drive performance and enable us to realise our longer-term strategic objectives.

How We Run the Business introduces how SL operates, and is intended to help internal and external audiences understand key aspects of our business. It describes our purpose and mandates, the overarching frameworks we use to pursue them, and the key activities we undertake day-to-day.

Naturally, the full complexity and nuances of our organisation cannot be captured in a summary document such as this. Accordingly, the content herein builds-off documentation held in SL and other UK Government entities (with references as appropriate).

I trust that you will find this document a helpful overview of our business.

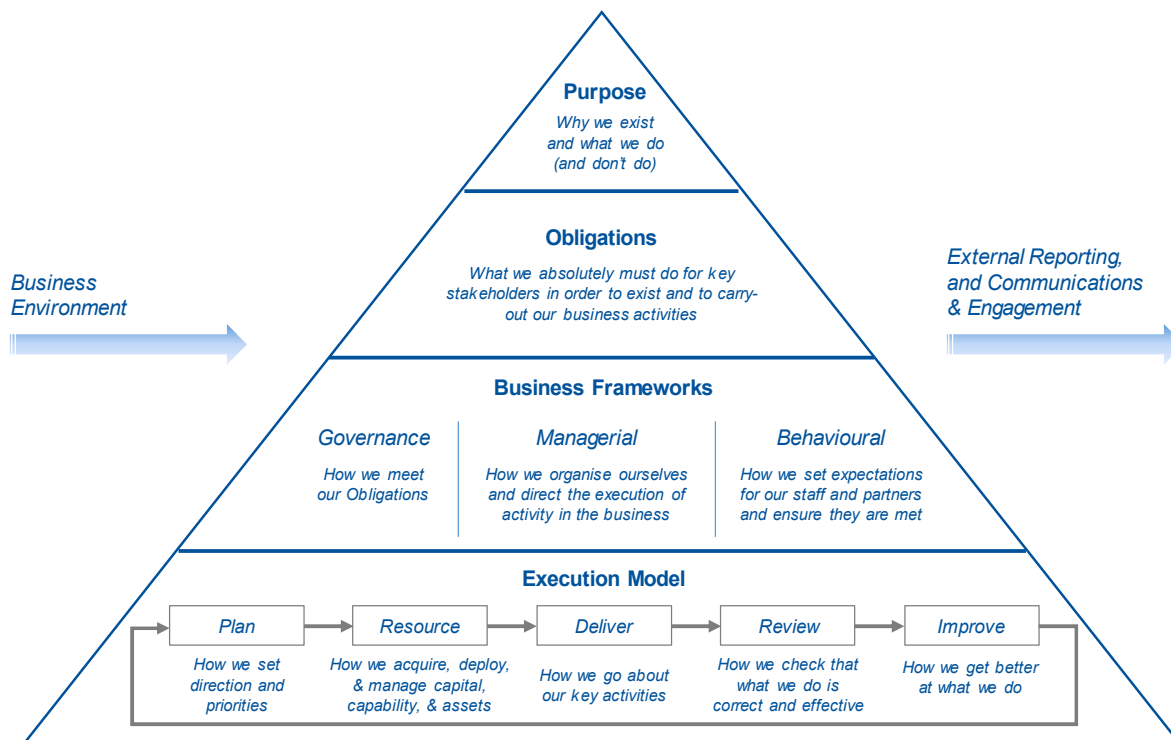
P. Foster

Chief Executive Officer, Sellafield Ltd.

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2 How We Think About Our Business

The illustration below lays out the key elements that comprise our business and how they relate to each other. This document has been structured around these elements, and a summary of each is provided herein.



For the purposes of clarity and succinctness, this document cross-references other key Sellafield Ltd. (SL) documentation (the majority of which can be found in the Sellafield Limited Management System (SLMS)); these contain the comprehensive detail that underpin the above elements.

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3 Sellafeld Ltd.'s Purpose

SL is a wholly owned subsidiary of the Nuclear Decommissioning Authority (NDA), which is the non-departmental public body responsible for the safe and efficient clean-up of the UK's nuclear legacy and reports into Department for Business, Energy and Industrial Strategy (BEIS). The NDA is required to set out its strategy for how it will decommission the nuclear estate, including high-level objectives for each of its businesses. NDA Strategy is reviewed and approved by Her Majesty's Government (HMG) every 5 years.

Accordingly, SL is required to define the approach for how it will fulfil the objectives set out in the NDA Strategy, and execute against this. Whilst the specifics around delivery scope, timeline, and resources may vary over time, ultimately SL's mandate is to deliver the Sellafeld site safely and securely to the agreed target end-state.

In addition, we engage in some limited and discretionary socio-economic and social responsibility activity where it serves our strategic interests and, or is necessary for our operations.

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4 Our Obligations

In addition to fulfilling the standard requirements of a limited company in the United Kingdom, SL is required to fulfil a range of obligations to several government bodies. These exist because of SL's status as an 'arm's length' body of the UK government, requirements of the nuclear sector (domestic and international), and the legacy of past missions on the Sellafield site, and the scale and scope of our current missions.

Our key obligations can be categorised as 'direct', where SL has a formal relationship with another government body (and is held to account on specific criteria), and broader relationships, such as those where obligations are held by the NDA (as the sole shareholder), which require significant input and support from SL to discharge them.

'Direct' Obligations

NDA: We are a wholly owned subsidiary of the NDA and exist, at their discretion, to realise their strategic objectives for the Sellafield site. We are held to account by the NDA for safe and secure management of the Sellafield site, demonstrable progress, and return on investment. Consequently, we work closely with the NDA on matters pertaining to strategy and planning, major investments, commercial contracts, and performance management. We are also obliged to fulfil NDA requests for independent reporting for assurance purposes. A full specification of SL's obligations to the NDA is set out in the Services Agreement between the NDA and SL, and Inter-NDA Estate Contracts.

Environment Agency (EA): Our primary obligation to the EA is to meet environmental regulation for SL (see SLMS Topic area 2.11 – Environment Management), which is primarily focused on site discharges and radioactive waste disposals.

Office for Nuclear Regulation (ONR): Our obligations to ONR are focused on ensuring SL can operate as a nuclear Site License Company (as described in the ONR's License Condition Handbook). ONR has a broad remit, within the framework of the Site License Conditions (SLCs), to regulate what is required of SL to preserve safety and security.

BEIS: Although SL's relationship with BEIS is formally through the NDA, with regards to communications and public affairs events (that are likely to elicit media interest), we are required to provide input and information directly to BEIS (informing the NDA in parallel).

Euratom: We have a close working relationship with Euratom and cooperate fully with their safeguards, inspection, and reporting requirements (as set out in the Euratom Treaty and Commission Regulation (Euratom) 302/2005).

International Atomic Energy Association (IAEA): Certain areas of the Sellafield site are also subject to inspections from IAEA and we cooperate with these as required.

Finally, we hold a number of standards certifications (e.g., ISO 45001) and work with various assurance and certification organisations to maintain these.

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Broader Relationships

We also have key relationships with a broader range of government bodies, primarily associated with governance of business management, and other stakeholders.

Her Majesty's Treasury (HMT): We are funded by the state, and consequently liaise with HMT with respect to forecast spending requirements (including the liabilities related to the Sellafield site). While this activity is led by the NDA, SL is closely involved.

UK Government Investments (UKGI): As the NDA is responsible for discharging significant amounts of public funds to private sector organisations, it receives broad advisory support, challenge, and validation from UKGI. In particular, UKGI provides advice and challenge with respect to formal governance arrangements. SL provides support in any way required by UKGI to fulfil its governance mandate for arm's-length government bodies.

Independent Projects Authority (IPA): The NDA also has responsibility for the delivery of major projects at SL, which are subject to oversight by the IPA. The NDA is therefore required to engage in project assurance processes with the IPA and can call upon SL resources and expertise to support review processes and action recommendations.

World Association of Nuclear Operators (WANO): SL is a member of WANO, an industry body dedicated to improving the safety and reliability of nuclear operations. We participate in peer reviews and other programmes to enhance nuclear safety both at SL and in other nuclear facilities world wide.

Local Community: SL has a broad range of obligations to the local community, partly stemming from our role as one of the region's largest employers. We engage with the local community through groups such as the West Cumbria Site Stakeholders Group and various socio-economic and supply chain initiatives.

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5 Business Frameworks

The section summarises our key business frameworks which reflect how we translate our Purpose and Obligations into mechanisms for running SL. We have three key frameworks:

- Governance – describes the mechanisms we use to fulfil our Obligations.
- Managerial – focuses on how activity is executed within the business and is supported by an appropriate organisational structure and management system.
- Behavioural – sets out what we expect from our staff and those we work with and how we ensure these expectations are met.

5.1 Governance

We have corporate governance arrangements in place which are aligned with the UK Corporate Governance Code and fulfil the obligations set by our stakeholders. The structure enables direction and control of SL in a legally compliant, effective, and efficient manner.

This section highlights the key mechanisms which comprise SL's corporate governance. For a comprehensive description of SL's governance, please refer to our Corporate Governance Manual (SLM 3.05.02). Other key documents, which the below is also consistent with, are our Articles of Association (see SLMS Topic area 3.05 – Corporate Governance) and Scheme of Delegations (see SLMS Topic area 4.04 – Finance).

5.1.a Sellafield Board

The SL Board sets the strategic framework and direction for SL's operations, in alignment with the NDA's strategy for the Sellafield site. Amongst other obligations, it is responsible for agreeing plans by which company performance is measured, holding the executive team to account, setting corporate policies and overarching risk management and controls. The Board delegates day-to-day management of the organisation, and select authorities, to the SL Executive.

The Board operates through a number of sub-committees. The Chairman of the Board is appointed by the NDA.

5.1.b Sellafield Executive

The CEO is accountable to the SL Board for all aspects of operating the Sellafield site and delivers this through delegation of accountabilities to the Executive team.

The Executive team is collectively accountable for managing SL, which includes (but is not limited to):

- Maximising value for the Enterprise in a sustainable manner by making trade-offs around resource allocation to balance near-term and longer-term delivery objectives.

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- Taking and overseeing the implementation of medium to long-term strategic decisions for the business.
- Providing assurance to the SL Board that the business is being managed in accordance with the Board's requirements and delegations.
- Fostering a positive environmental protection, safety, and security culture across the Enterprise.
- Creating alignment with our owner on business priorities.

There are several Executive committees which enable the Executive to carry out their activities as a collective and which form part of our governance structure.

5.1.c Nuclear Safety & Security

Ensuring nuclear safety and security at SL is a fundamental responsibility of all our employees and people we work with. However, within the business we have single points of accountability amongst our senior leaders for different aspects of nuclear safety and security. For further information on role accountabilities, please refer to Executive Job Descriptions.

In addition, SL has two advisory bodies, the Nuclear Safety and Nuclear Security Committees, which comprise internal and external members and provide the CEO with safety and security oversight and guidance. The Nuclear Safety Committee is a requirement of Site License Condition 13 and should any of its recommendations not be accepted, these must be explained to the ONR.

The Chief Nuclear Officer (CNO) is accountable to the SL Board and CEO for providing and independent assessment of safety and security expectations and standards and reporting to them any deviations from these.

5.2 Managerial

Our Managerial Framework comprises three components:

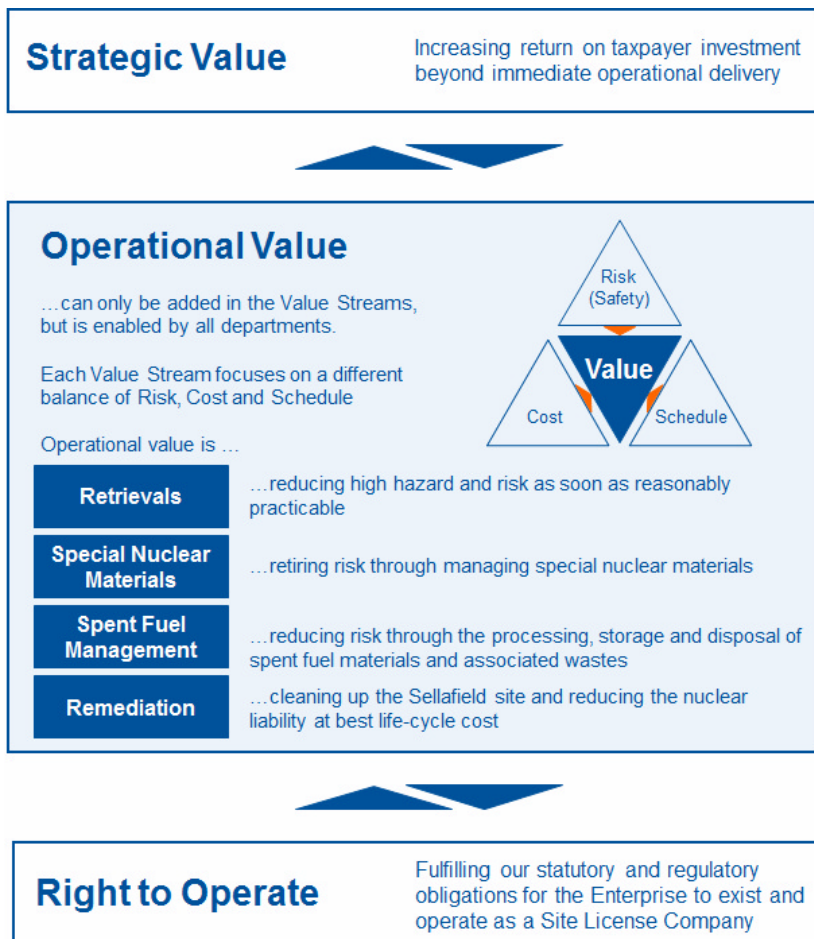
- Enterprise Definition of Value – provides an overarching framework for setting priorities, making decisions, and taking action.
- Organisational Principles – establishes the building blocks of our organisation and how they work together, including the clear division of accountabilities across the Executive team and their shared responsibilities.
- SLMS – is a comprehensive repository of policies, processes, and procedures that instructs our staff on the activities we do, who is accountable for them, and how they should be executed.

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5.2.a Enterprise Definition of Value

There are three components of 'Value' for SL: 'Strategic', 'Operational', and 'Right to Operate' (see Fig. i). All three components are essential for SL, and all staff must be cognisant of them.

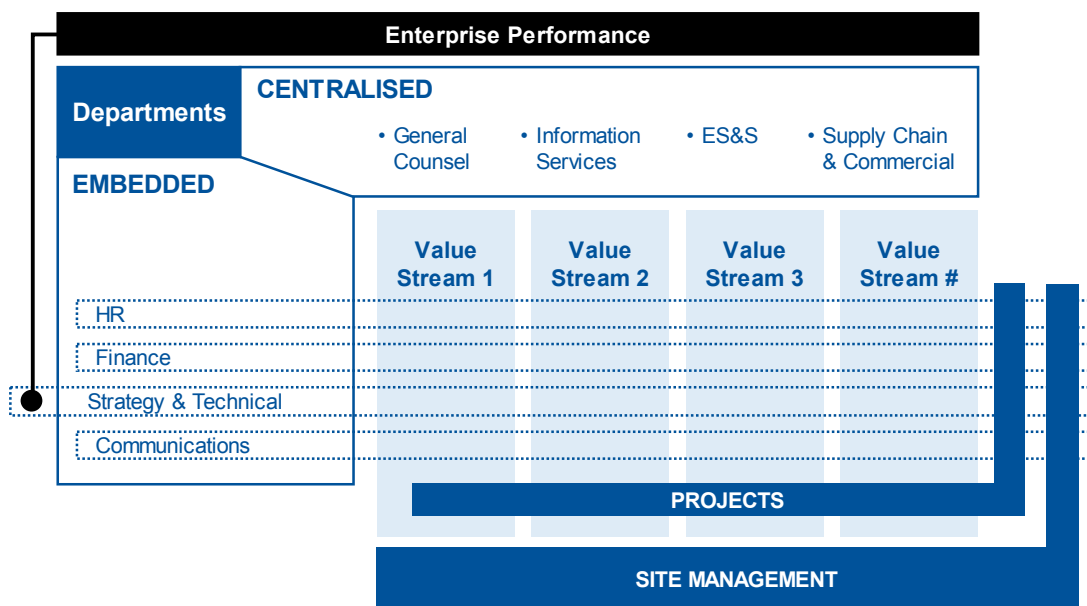
Figure i: Definition of Value for the Sellafield Ltd. Enterprise



5.2.b Organisational Principles

The overarching configuration of the organisation is a matrix orientated around 'Value Stream' organisational units, which interface with a mix of 'centralised' and 'embedded' departments (see below). Sitting on top of the matrix organisation is the Enterprise Performance (EP) unit, which is responsible for maximising value creation across the Enterprise (further elaboration below).

Figure ii: Schematic of SL's organisational structure



Value Streams are the focal point for operational value creation in the Enterprise, and are at the heart of the organisation; however, they are not standalone business units, rather they are dependent on other organisational units in the Enterprise to function. They are held to account for maximising value through operational delivery – this means balancing trade-offs between cost, schedule, and risk. Value Streams own and operate assets which are integral to their mission and, in cases where assets are shared, the dominant user owns the respective asset.

In addition to the value streams, the key blocks focussed on operational delivery are the Environment, Safety & Security (ES&S), Site Management, and Projects Directorates:

- **ES&S** – interfaces with various regulatory bodies to define and set the policies and standards that Value Streams (and Site Management) must comply with.
- **Site Management** – acts as a “landlord” of the site (but does not own Value Stream assets), provides cross-Value Stream engineering and infrastructure services, and provides resources required to implement and assure against nuclear safety and security policies.
- **Projects** – delivers all major projects, sets standards for (and provides assurance on) project delivery, and provides project delivery capability within the Value Streams.

Each Directorate is responsible for one or more ‘Profession’, which are networks of staff aligned to a particular capability with a common set of responsibilities. Professions deliver their activities through two basic models:

- Fully centralised professions retain direct line management and task allocation for all staff (even when working on behalf of other Enterprise units).

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- Embedded professions have a representative (“partner”) reporting to the client organisation who manages a delivery resource that can be embedded or centralised (as agreed between the respective units).

Sitting on top of the matrix organisation is the EP department, which reports directly to the CEO, but is organisationally located in the Strategy & Technical (S&T) Directorate to facilitate coordination across the respective units given the high degree of interdependency. EP is responsible for supporting the Executive in establishing macro priorities and macro resource allocation, pro-active portfolio management, and managing Enterprise interfaces with the Board, owner, and key stakeholders.

Separately, the CNO manages an independent organisation responsible for assuring that safety and security considerations are sufficiently considered in all planning and delivery activities.

5.2.c Sellafeld Limited Management System

SLMS contains all SL documentation that describes the integrated framework, standards, and expectations setting out how SL operates, including (but not limited to):

- Specifying how we execute our governance responsibilities (including assurance of nuclear safety and security compliance)
- Policies and standards (technical and non-technical)
- How different organisational units interface and work together
- Cross-Enterprise management processes
- Defining how we work with external entities (e.g. suppliers, NDA, HMG)

Each Executive is accountable for ensuring the documentation in their area is fit-for-purpose and directing adjustments as required.

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5.3 Behavioural

SL's behavioural frameworks set out the expectations for how our staff and partners should act when working on behalf of the Enterprise. They are fully aligned with UK and international standards, including WANO and IAEA requirements.

We have identified a set of Values that characterise the organisation we want to be, and serve as overarching expectations for our staff and people we work with:

- *Safety and Security – Safety and security are at the heart of all we do*
- *Ambition – We work collaboratively and consider how we can improve at every opportunity*
- *Integrity – We do the right things and are open and honest*
- *Inclusion – We respect and include the individual and create an environment in which people grow, develop, and perform their best*

These Values are important to us, they factor into decisions around compensation, promotion, and disciplinary action. We will not work with external entities that would prevent us from manifesting these Values.

There are a range of other frameworks and mechanisms we use to communicate and reinforce desired behaviours. These include, for example, the *Code of Responsible Business Conduct* (see SLM 3.05.01), which state the minimum standards we expect, and the *Nuclear Professionalism and Expectations* booklet which set out behaviours we expect from our staff and contractors regarding nuclear safety, and are aligned to WANO's standards.

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6 Execution Model

This section provides a brief overview of how key activities are executed within our business, and the role different units play in supporting these. To facilitate understanding, we have for the purpose of this document organised our activities into five categories:

- a. Plan – *How we set direction and priorities.*
- b. Resource – *How we acquire, deploy, and manage capital, capability, & assets.*
- c. Deliver – *How we go about our key activities.*
- d. Review – *How we check that what we do is correct and effective.*
- e. Improve – *How we get better at what we do.*

The content herein is intended to convey the essence of the mechanics, rather than a step-by-step walkthrough of business process (for this, please refer to documentation in SLMS).

6.1 Plan

SL develops plans and engages and aligns with the NDA on the direction the business is taking, pace of delivery of the core mission, and resource requirements. Plans are developed across the short- (i.e. 1-3 years), medium- (i.e. 10-20 years) and long- (i.e. 100+ years) term.

6.1.a Corporate Strategy

The Corporate Strategy is a high-level document that sets out the corporate ambition, operational targets, and key change activities SL is pursuing over the medium-term. It identifies how key aspects of the NDA Strategy cascade to SL as a corporate entity, and is informed by our Purpose, Mandate, and existing Business Frameworks and Execution Model.

It is developed by SL and approved by the SL Executive and Board.

6.1.b Planning

We set the direction and codify how we will deliver the strategy in Corporate, Operating, and Baseline Plans. These guide our activities and enable monitoring of our performance. The high level corporate strategy is translated into a delivery plan with key milestones developed by Enterprise Portfolio, and detailed planning work is carried out by the Corporate Planning and Finance departments, with input from the portfolio offices in organisational units across the Enterprise. The plans are developed with key external stakeholder input, and are approved by the SL Executive and Board, with endorsement by the NDA where appropriate.

The *Baseline Plan* is a 100+ year plan setting out the total estimated costs for the SL mission (detailed costs for in-years; modelled for outer years). It is used for performance

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monitoring and informing the site licence annual site funding limit, as well as the Annual Report and Accounts, and the Site Liability Estimate. The Baseline Plan is subject to additional change controls to reflect the best estimate. The plan is developed by SL in conjunction with the NDA.

The *Corporate Plan* is a 20-year view of the business deliverables and milestones and is effectively an implementation roadmap for our Corporate Strategy. It details the environment in which the business will operate as well as referencing the wider business context. The Corporate Plan identifies key risks, uncertainties and opportunities in the planning period. The document is reviewed and updated every five years. The Corporate Plan is developed by SL with input from the NDA.

The *Operating Plan* is a three-year view of key deliverables and costs from the baseline and in-year targets agreed between the NDA and SL. It sets out how funding will be allocated across different organisational units (and programmes where applicable).

6.2 Resource

This section describes how we acquire, allocate, deploy, and manage resources to drive activity in the Enterprise. By resources we mean capital (i.e. funding), capability (i.e. people), and assets (i.e. land, utilities, plant and equipment).

6.2.a Portfolio & Programme Management

We design and manage Portfolios and Programmes at different levels of the organisation to maximise value.

- *Enterprise Portfolio Management* refers to the prioritisation and balancing of the Enterprise investment mix in terms of macro resource allocation and constraint management; this activity falls under the remit of the EP department.
- *Portfolio Management* refers to Portfolio hubs within the VS and other departments which are responsible for more detailed resource allocation and performance management across a collection of activities.
- *Programme Management* refers to the coordinated management of a collection of Projects directed at a specific business outcome within a department or Value Stream (e.g., THORP Reprocessing).

Portfolio Hubs are the primary interface for management information for their respective organisational units and feed in to EP.

6.2.b Enterprise-wide Prioritisation

EP works with the NDA and other HMG stakeholders to agree SL's delivery targets and annual spending requirements. Through this process, EP establishes the prioritization and

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allocation of these and communicates corresponding targets to Portfolio Hubs throughout the organisation.

Within these constraints, Directorates have discretion on the allocation of funding within their Portfolios. A key exception is when proposed investments breach Delegations of Authority, in which case an investment proposal must be submitted to the Investment Review Panel (IRP – which is a cross-organisational committee chaired by the Finance Director) for sanctioning approval.

EP reviews resource prioritisation on an on-going basis to ensure that it is maximising Value for the Enterprise and recommends in-year adjustments to the Executive as appropriate.

6.2.c Budgeting and Cash Management

Finance is responsible for collating all inputs relating to budgeting, including funding limits and Enterprise resource requirements, and developing an annual budget for the Enterprise. In accordance with the constraints set by EP, Finance is responsible for the mobilisation of funding across the Enterprise.

The budget is actively managed at all levels throughout the Enterprise, with Financial Controllers responsible for each key area of the business. As deemed necessary, additional Finance resources are deployed into the business to ensure effective financial governance.

6.2.d Capability Deployment

Each Profession is responsible for managing and developing its talent pool to match the capability requirements of the Enterprise, and will put forward a people plan to HR (which is responsible for maintaining an Enterprise-wide view).

The specific accountability for this activity belongs to the “Enterprise Leader” (previously “Head of Profession”) role in each Profession (of which there may be multiple in each Directorate to reflect different disciplines). Enterprise Leaders have a formal relationship with HR to support Enterprise-wide capability planning and development for their area.

In cases where, temporarily, Enterprise demand for Profession staff exceeds immediate supply, HR will determine the appropriate allocation.

6.2.e Make vs. Buy

The Enterprise frequently evaluates whether it should source required equipment and capability/services internally (‘make’) or procure from third parties (‘buy’). This does not preclude a hybrid model, which could potentially have external parties competing against SL’s own resources to meet internal demand.

S&T is responsible for making recommendations on SL’s “make/buy” choices, working closely with Commercial and Supply Chain to ensure alignment with SL’s supply chain and Finance to understand cost and Value for Money implications. We also liaise with workforce representatives regarding potential changes. Finally, recommendations must be approved by the Executive and possibly higher governance bodies depending on their scope and scale.

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6.3 Delivery

This section summarises the tangible delivery activity within the business.

6.3.a Value Streams

Value Stream organisations are configured around SL's core missions. Each Value Stream has a mix of change and BAU and, where appropriate, this is organised into 'Programmes'. Value Streams are accountable for maximising Value for the Enterprise, with a particular focus on Operational Value (i.e. optimising delivery against the trade-offs of cost, schedule, and risk). Note that this is a distinct, but inter-related, ambition to delivering against plan milestones.

Value Streams work with each other to resolve trade-offs on the utilisation of resources across Value Streams. Value Stream operations require support from all departments and thus, Value Streams must agree their working relationship with other organisational units (which can vary across Value Streams to reflect the differing priorities of each).

6.3.b Projects (incl. Programme and Projects Partnership)

SL's Projects are delivered in different ways according to their scale and nature:

- *Major Projects* are large, long term projects above a capex threshold. These are delivered by the Projects Directorate on behalf of the Enterprise (though some legacy projects are being completed in other areas of the business). Current examples include the Box Encapsulation Plant and the SL Security Enhancement Project.
- *Categorised Projects* are smaller, typically repeatable projects which are required to maintain the condition and performance of assets. These are delivered by Site Management with rules, tools, and standards provided by the Projects Directorate.
- *Minor Projects* are projects which are specific to the requirements of a single organisation (e.g., Value Stream, Information Services (IS)) and under a capex threshold. These are delivered by the client organisation itself, or in the case of some Value Streams, are delivered by Site Management on their behalf.

We are also in the process of engaging private sector partners on long term contracts to enhance our project delivery capability under the Programme and Projects Partnership (PPP).

6.3.c Asset Management & Engineering

Asset management and engineering is delivered by the Site Management organisation. They set engineering standards and assure against them, and provide engineering authority and system engineering capability.

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6.3.d Infrastructure

Infrastructure services required for the operation of the Sellafield site are delivered by Site Management in line with Enterprise requirements. The scope of infrastructure services is broad, ranging from utilities (e.g. steam), through to facilities (e.g. catering, laundry services) and on-site logistics (e.g. warehousing). This includes facility management for off-site properties (e.g., Risley, Albion Square) and the provision of tenancy and property management services to 3rd parties on the Sellafield site (e.g., National Nuclear Laboratory).

Infrastructure that is delivered Enterprise-wide (e.g. IT platforms, property services) is primarily the responsibility of the relevant Department. In some instances, a Department might develop plans and strategies itself and then delegate certain delivery activities to Site Management. For example, whilst the delivery of certain routine activities relating to information technology on site is carried out by Site Management, delivery activities are overseen by the IS Department, which is also responsible for developing overarching IS strategies.

6.3.e Technology & Technical

The Technical department is responsible for identifying and developing technical solutions to enhance the performance of SL's assets. The department works closely with delivery organisations (i.e. Value Streams, Projects, Site) to understand technical requirements and works closely with Commercial and Supply Chain and external stakeholders to identify and source potential solutions.

Value Streams, Site Management, and Projects each have an embedded representative (partner) from S&T who acts as the primary conduit between them and the department (other members of which may also be embedded), and is accountable for the effectiveness of support to the "client" organisations.

6.3.f Supply Chain Management

The supply chain is managed centrally by Commercial and Supply Chain, with business partners interfacing with all organisation units to understand business requirements and allocate / direct central resources as required.

Commercial and Supply Chain develops and implements the Enterprise-wide supply chain strategy, implements framework agreements, and manages all administration associated with the procurement lifecycle. Subject to framework agreements being, teams across the Enterprise can procure goods / services independently.

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6.3.g Delivery of Environment, Safety & Security

The ES&S Directorate is responsible for developing the rules, tools, and standards for all ES&S activities across SL. They liaise with internal and external stakeholders to ensure that these are fit for purpose.

Support, assurance, and certain delivery activities to enable the incorporation of these rules, tools and standards into operational activities (across Value Streams, Projects, and Site Management itself) are managed centrally under the Site Management Directorate.

6.3.h HR and Training Delivery

HR works in partnership with leadership teams and management for all activities that relate to people management and provides central resources to support this. This is across the full spectrum of HR delivery including case related advice & guidance, business change / improvement support and resourcing. HR allocates a lead to each organisational unit, who is the primary conduit for all HR interactions and is accountable for the effectiveness of HR support to the client organisation.

The majority of HR administration is carried out by Nuclear Shared Business Services (NSBS), located within the Finance Department.

All Departments and / or Professions are responsible for establishing and maintaining their own staffing plans and redeploying / recruiting staff as required (and in conjunction with HR).

For training, HR defines the processes and methodology that ensures the workforce (including apprentices) is competent to work safely and effectively. A systematic approach to training is applied in the instructional design and development to ensure programmes are efficient, effective and meet the needs of the end user. Training organisations are aligned to Value Streams and departments and are the key interface with the customers to provide advice, support and guidance across the business ensuring that the arrangements are implemented and adhered to.

6.3.i Finance Delivery

Finance provides dedicated Financial Controllers who are allocated as partners to each area of the organisation to lead financial control, reporting and financial performance management activities for that area, while advising, challenging and supporting their day-to-day activities from a financial perspective.

The majority of Enterprise-wide transactional services (such as payroll, expenses, and accounts payable) are provided by Finance through the NSBS organisation, for which it also has line management responsibilities. A labour specific reporting and forecasting service is also delivered centrally from Finance to all areas of the Enterprise.

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6.4 Review

This section outlines the mechanisms we use to check that what we are doing in the business is correct and effective to ensure we are fulfilling our obligations.

6.4.a Nuclear safety and security compliance and assurance

The ES&S Directorate is accountable for working with the respective regulatory bodies to set policies, processes, and standards that must be adhered to within the Enterprise. Value Streams, Projects, and operating units within Site Management are accountable for ensuring compliance with specified standards as part of day-to-day operations.

Within Site Management, there are EHS&Q and Security and Resilience teams accountable for providing assurance for nuclear safety and security by verifying that Enterprise operations comply with specified standards.

The Independent Assurance team (reporting to the CNO) is accountable for assuring that the site is being operated safely and securely and that delivery plans will deliver nuclear safety and security within accepted tolerances.

6.4.b Performance management

The Independent Programme Assurance Group (IPAG) and Project Controls teams are responsible for developing and collating performance information from across the Enterprise and conducting assurance on this on behalf of the SL Board and the NDA. A foundational input for this is management accounting capability and information from Finance. Portfolio Hubs check the integrity of the data for their areas and use it in the context of their portfolio to make adjustments and performance projections.

EP integrates key performance outputs to build an overarching Enterprise picture, and use it to identify key Enterprise issues and support decision-making. EP raises key issues for discussion by the SL Executive. If required the Executive, led by the CEO, will take remedial action to address performance issues.

Similarly, IPAG is accountable for compiling the foundational information for the Quarterly Performance Review (QPR), and will submit this to EP, which develops the submission to the NDA.

6.4.c Talent management (incl. incentivisation)

An individual's performance and potential are reviewed annually. Staff are assessed with a balance of criteria between individual contributions (encompassing delivery and strategic aspects) and behaviours. Inputs to assessments come from line managers and people who individuals have worked with/for across the Enterprise.

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We have a process for addressing underperformance throughout the organisation and all eligible staff are rewarded for organisational performance through a company-wide bonus scheme. Senior Managers are rewarded for strong individual performance through a separate bonus scheme. Individuals who demonstrate potential (including the right behaviours) are reviewed through the Employee Development Group process and we seek opportunities to place them on an accelerated career trajectory.

6.4.d Risk management

A Risk Management unit in the S&T Directorate is responsible for enabling pragmatic application of risk management processes across the business. This incorporates risk assessments for nuclear safety and security (which are developed in partnership with ES&S). As part of this role, Risk Management aggregates risks from across the business, establishes and communicates the broader context and key assumptions, and identifies issues for escalation.

Risk management is then carried out in each project and delivery area according to processes set out in SLMS Topic area 3.08 – Risk Management.

Internal Audit (located under the General Counsel) conducts independent assessments of the application of risk management on behalf of the SL Board Audit and Risk Committee.

6.4.e Annual Reviews

In line with our obligations, we publish annual documents which review our performance. These include the Annual Performance Review, Management Assertion Statements, and the Annual Safety Report.

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6.5 Improve

This section describes how we improve the effectiveness and efficiency of our activities as part of normal course of business.

6.5.a Safety Performance Improvement

Our Safety Performance Improvement (PI) process is managed within the Nuclear Safety unit under Site Management. The arrangements demonstrate how SL complies with the requirements of Site License Condition 7, and all other statutory legislative reporting requirements covering environmental, industrial, nuclear, material safeguards, radiological, security or transport issues. The integrated approach to PI enables SL to effectively identify gaps, analyse for (and prioritise) resolution and close the gaps. This approach aligns the behaviours inherent to a learning organisation and a healthy nuclear safety culture.

The PI programme comprises three work streams:

- Corrective action programme – risk-based approach to progressing Condition Reports (CR), for the reporting, screening (sentencing), investigating and correcting of issues.
- Trending programme – routine trending and analysis of CR data in order to identify underlying weaknesses and prioritise opportunities to close gaps, make improvements, and establish sustainable solutions for the business.
- Operating experience (OE) programme – OE and learning from internal and external issues is shared and used to prevent or minimise similar causes occurring and avoid making similar mistakes.

6.5.b Business Improvement Delivery

SL Executives are accountable for driving performance, and have (within the agreed limits) authority over how they execute business improvements in their respective organisations. The spectrum of delivery models includes dedicated in-house teams (typically small and focused on capability building over a sustained period), through to temporary “special project” organisations, or the use of the supply chain for support.

Irrespective of delivery model, the funding for business improvement activity is sourced from the host organisation’s budget. Executives are accountable for ensuring business improvement activity is delivering Value for the Enterprise.

6.5.c Innovation & Digital

S&T are responsible for fostering technology-led innovation across the Enterprise and are supported by Information Services in leading the Digital agenda. This includes establishing platforms and information and communication technology infrastructure to enable ideation,

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undertaking studies, conducting pilots, and working with other departments to facilitate deployment.

In addition, S&T manages SL's technology portfolio, which includes technology scanning / sourcing, R&D, and technical partnerships with the supply chain and universities. As part of this, S&T undertakes initiatives to modernise how we work using business information and expertise.

6.5.d Approach to Change Management

To ensure change activity is coordinated, value-adding, and correctly executed we have internal governance processes to control change initiatives. We maintain oversight of change throughout the organisation through an annual improvement cycle.

Incremental change activities are driven within the relevant organisation and regularly report to the relevant Executive. For larger scale change which materially impacts our Operating Model we set up a central team with dedicated Executive oversight.

Irrespective of the scale of change, we engage with our regulators on all change related to nuclear safety arrangements through the Management of Change process and oversight from the Nuclear Safety Committee.

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7 Definitions/Abbreviations

7.1 Definitions

None.

7.2 Abbreviations

BEIS	Department for Business, Energy and Industrial Strategy
BaU	Business as Usual
CEO	Chief Executive Officer
CR	Condition Report
CNO	Chief Nuclear Officer
EA	Environment Agency
EHS&Q	Environment, Health, Safety & Quality
EP	Enterprise Performance
ES&S	Environment, Safety & Security Directorate
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
HR	Human Resources
IAEA	International Atomic Energy Agency
IPA	Infrastructure and Projects Authority
IPAG	Independent Project Assurance Group
IRP	Investment Review Panel
IS	Information Services Department
NDA	Nuclear Decommissioning Authority
NSBS	Nuclear Shared Business Services
ONR	Office for Nuclear Regulation
OE	Operating Experience
PI	Performance Improvement
PPP	Programme and Project Partners
QPR	Quarterly Performance Review
R & D	Research & Development
SL	Sellafield Ltd
SLC	Site Licence Condition
SLM	Reference code for Sellafield Ltd. Manuals / Plans
SLMS	Sellafield Limited Management System
SLP	Reference code for Sellafield Ltd. Processes
S&T	Strategy & Technical Directorate

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UKGI United Kingdom Government Investments
VS Value Streams
WANO World Association of Nuclear Operators

8 References

SLM 3.05.01 Code of Responsible Business Conduct
SLM 3.05.02 Corporate Governance Manual

9 Amendment Record

Issue 4	to	Issue 5
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Date of amendment	Section or paragraph amended	Details of amendment
June 2018	Whole document	Re-write of the full document to reflect the new Operating Model.