

HORIZON

NUCLEAR POWER

Procurement and Supply Chain Strategy

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Content

- Scope of Commercial Directorate – Organogram
- High level Contracting Strategy
- Supply Chain Charter – setting expectations and behaviours
- Delivering UK content, including the local and regional supply chain
- Local Procurement – examples of opportunities
- Future Welsh Opportunities
- Future Opportunities FY15-16

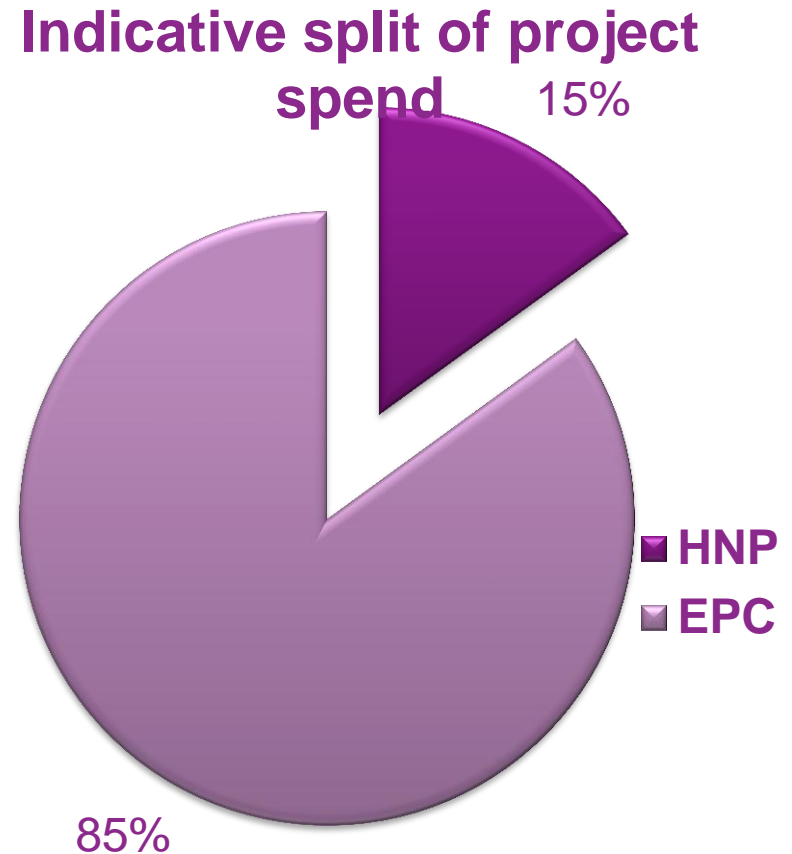
Commercial Directorate

- To lead the sourcing, selection of approved suppliers, including the negotiation and procurement of goods and services that meets Horizon's requirements (SQTC = Value)
- To ensure effective oversight and management of the supply chain to meet these requirements
- There are Five functions to deliver this:
 - Capital Contracts – Negotiation and placement of the Engineering Procurement Construction (EPC) Contract
 - General Procurement – Managing the procurement of the 'owner's scope' (all general procurement for associated developments and business support)
 - Contract Management – Managing site based contracts
 - Nuclear Fuel Cycle
 - Property & Facilities Services (Land management & FM)



High Level Procurement Strategy

- Horizon Procurement strategy recognises that overall project management & delivery should be with an experienced EPC delivery team that has delivered in the UK / Global environment
- Horizon will manage the owners scope which still has a significant spend of circa £1 Billion
- Horizon must demonstrate a clear oversight role as the intelligent customer with regards to the EPC partners



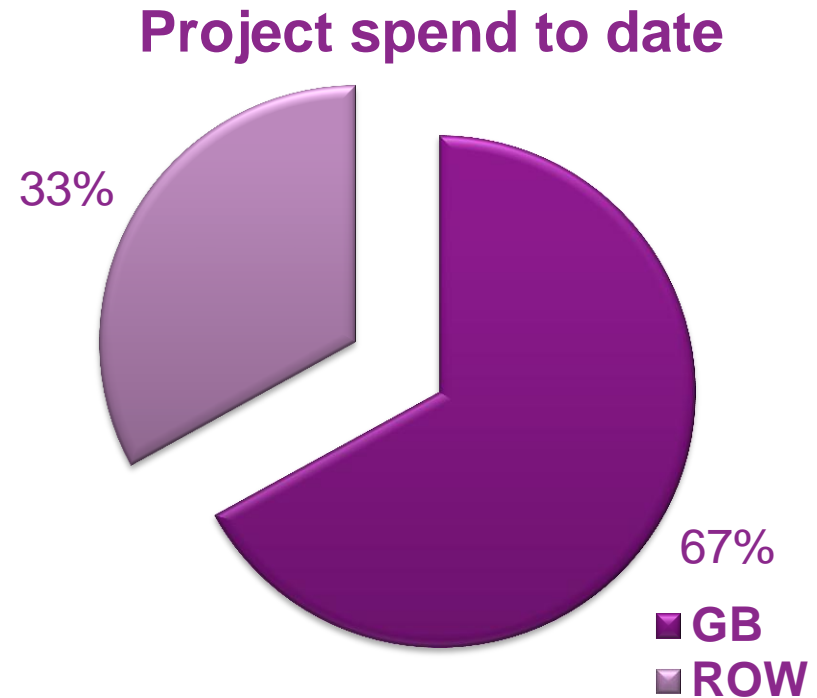
Supply Chain Charter

- Key principles:
 - Open & Transparent
 - Supply Chain Development
 - Performance
- Expectations:
 - Clear requirements
 - Sensitive to local social, cultural surroundings
 - Opportunities for local content
- Behaviours:
 - Open Communication
 - Learning Culture
 - High Performing

The image displays two versions of the Supply Chain Charter. The top version is in English, featuring logos for HORIZON NUCLEAR POWER, HITACHI, and GE. It is titled 'Supply Chain Charter' and is divided into three main sections: 'Open & Transparent', 'Supply Chain Development', and 'Performance'. The bottom version is in Welsh, titled 'Siarter y Gadwyn Gyflenwi', and features logos for Pŵer Niwclear HORIZON NUCLEAR POWER, HITACHI, and GE. It is also divided into three main sections: 'Agored a Thyrog', 'Datblyg y Gadwyn Gyflenwi', and 'Perfformiad'. Both versions include detailed bullet points under each section, such as 'Three ALL suppliers (all tiers) with respect and act with integrity at all times' and 'Support the supply chain by providing clear and transparent expectations'. Vertical text on the right side of each version reads 'DDEIST WIRYDDIAD I' and 'NIWDAEIT DDEISTIAD I' respectively.

Delivering UK content - including local and regional supply chain

- HNP UK aspiration 60% total spend over the lifetime of the project
- Local Procurement Policy for orders <£10k in value up to a total value of £100k
- We are working closely National, Regional and Local government and nationally recognised organisations to support supplier development in terms of capability and capacity



Local Procurement – examples of approaches

- Highways procurement strategy
 - Conducted by IACC on our behalf
 - Subject to OJEU procurement rules
 - Lotting strategy allows tender opportunities to be more accessible to the wider supply chain
- Archaeological Investigations
 - Local sourcing specifically weighted in contract award criteria



Project Scope versus Owner's Scope

Construction Phase:

- EPC Project scope equates to 85% to 90% of total scope
- Owners scope is circa £1 Billion for the same period
- We have established engineering frameworks to support our FEED and GDA activities
- There are specific local and regional opportunities for support services during this phase e.g. catering, FM services, accommodation etc...



Maintain and Operate Phase:

- Up to 60 years operating life with 60% spend with the supply chain



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Thank you

