urenco
The Energy to Succeed

50 YEARS

Annual report and accounts 2019

CORPORATE GOVERNANCE

Ensuring good governance at Urenco

Our policy on corporate governance is to follow principles of strong governance, transparent reporting and Urenco's core values. We practise a system of full transparency where management reports regularly and comprehensively to the Board and provides extensive background information for all matters requiring Board approval. All Board decisions are clearly minuted and recorded. The Board, together with external advisers as appropriate, consider in further detail issues of particular complexity through regular meetings of the Audit Committee, Sustainability Committee, Remuneration and Appointments Committee and, where required, special working groups. Our commitment to strong corporate governance ensures the Group has clear strategic direction and enables us to assess, control and manage risk effectively.

The 2018 UK Corporate Governance Code (the 'Code') sets out principles and provisions of good corporate governance and Code provisions which are applicable to all companies with a Premium Listing of equity shares in the UK. Urenco is not a listed company and is not required to adhere to the Code or to any alternative corporate governance arrangements; however, we recognise the value of applying the principles of the Code where appropriate.

Board and its Committees

Board composition

The Board consists of the Chairman, six Non-Executive Directors and two Executive Directors. Two Non-Executive Directors are appointed by each of Urenco's three shareholders. An additional Non-Executive Director is elected onto the Board by unanimous resolution of the shareholders and elected as Chairman by the Board. The two Executive Directors are elected into position by the Board.

The Directors of the Company in office during the 2019 financial year were:

Non-Executive Directors

• Stephen Billingham	Chairman
• Frank Weigand	Deputy Chairman and Chair of the Audit Committee
• Mel Kroon	Deputy Chairman (from 14 March 2019) and Chair of the Remuneration and Appointments Committee
• Miriam Maes	Chair of the Sustainability Committee
• Alan Bevan	
• Justin Manson	
• Richard Nourse	

Executive Directors

• Boris Schucht	Chief Executive Officer (from 1 May 2019)
• Ralf ter Haar	Chief Financial Officer
• Thomas Haeberle	Chief Executive Officer (to 31 March 2019)
• Stephen Billingham	Executive Chair (from 1 April 2019 to 30 April 2019)

The Directors of the Company in office as at the date of the Annual Report are shown on pages 40 and 41 and their biographies can be found on the Urenco website at www.urenco.com

Role and operation of the Board

The Board manages overall control of the Group's affairs and is responsible to the shareholders for key policies and strategic direction. The Board meets regularly to consider matters specifically reserved for its decision. These include the approval of the strategic business plan, budget and financial statements, major capital projects, acquisitions and disposals, major regulatory issues and major policies on environmental, health and safety issues, and senior management appointments.

The Board and its Committees are provided with full and timely information well in advance of meetings. The agenda is set by the Chairman in consultation with the Executive Directors and Company Secretary. Formal minutes recording discussions and decisions of all Board and Committee meetings are prepared and circulated to the respective Board and Committee members.

The Board recognises the need for a reasonable balance between Executive and Non-Executive Directors in providing judgement and advice on decision-making. In addition to fulfilling their legal responsibilities as Directors, Non-Executive Directors are valued by the Company for the judgement and experience they provide to the Board, including at Board and Committee meetings.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging our Section 172 duties we have regard to the matters set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our pensioners and our relationship with governments, regulators and non-governmental organisations. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. At every meeting, the Board receives reports on matters including safety and security performance, financial and operational performance, sales and marketing, new business developments and business conducted at recent Committee meetings. Over the course of the financial year, the Board also reviews other matters including the Company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters.

The Company's key stakeholders are set out in the table on page 23 and include its workforce, customers, suppliers, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Urenco Group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on some of the engagement that takes place with the Company's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see page 23 (Key stakeholder engagements in 2019).

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of formats including in reports and presentations on our financial and operational performance, non-financial key performance indicators, risk, corporate responsibility matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote success of the Company.

For further details on how our Board operates and the way in which we reach decisions, see 'Role and operation of the Board' above. For information regarding the matters we discussed and debated during the year, the key stakeholder considerations that were central to those discussions and the way in which we have had regard to the need to foster the Company's business relationship with customers, suppliers and other stakeholders, please see below and page 23 (Stakeholder engagement), 48-53 (Audit Committee Report), 54 (Sustainability Committee Report), 55-61 (Remuneration Report), 12 (Our Organisational Culture), 19-21 (Sustainability), 25 (ethical conduct) and 62-63 (Directors' Report).

We set out below some examples of how the directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 when discharging their Section 172 duty and the effect of that on certain decisions taken by them.

Dividend: Each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends. In 2019, we recommended a final ordinary dividend totalling €300 million. In making our decision we considered a range of factors. These included the long-term viability of the Company, its expected cash flow and financing requirements, the ongoing need for strategic investment in our business and our workforce and the expectations of our shareholders as the supplier of long-term equity capital to the Company. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

Stable Isotopes: In 2019 the Board considered and approved a new contracting approach for the Group's Stable Isotopes business which involved the acquisition of direct access to customers through the termination of a long-term distribution arrangement. In making its decision to proceed with this, the Board concluded that it supported the Group's strategy to expand the Stable Isotopes business and was the approach which was most likely to deliver the best results both for the Group and its stakeholders. In particular the directors considered the long-term benefits to the Stable Isotopes business, including how greater direct access to customers would enable the Group to pursue further expansion opportunities and strengthen the Group's reputation and ability to serve more broadly the nuclear industry, following increased investment in the capacity of our Stable Isotopes facility in the Netherlands.

Annual strategic risk review: On an annual basis the Board carries out a review of the Company's key strategic risk and uncertainties. In performing this review the Board seeks the opinions of, and takes into consideration, the inputs of a broad range of Urenco stakeholders. This included the consideration of the outputs of individual strategic risk assessments, performed at each of our enrichment facilities, and based on the collective view of our site management teams; insight and views of the Urenco Executive Committee regarding its oversight of site specific, functional and corporate strategic risks; and outputs of one-to-one meetings, held between the Group Head of Risk and Internal Audit and individual Board members and senior management. As part of this review the Board, and its Committees, also considered specific advice and insight, regarding key issues, risks and uncertainties received from subject matter experts over the course of the year.

In 2019 this included regular updates on emerging trends, threats and issues within cyber security, the potential impacts of increased trade protectionism, the likelihood and impacts of potential sanctions, embargoes and restrictions, the implications of climate change and other extreme weather events, the challenges faced by major change programmes and infrastructural projects and changes to governance and regulatory requirements. The Board also sought specific details from key business partners and stakeholders regarding the details of key mitigations and controls implemented in order to adequately mitigate and manage risks and uncertainties.

Board meetings

Urenco's Board meets regularly throughout the year in order to effectively discharge its duties. During 2019, the Board met six times.

Each year, the Board holds one of its meetings at an enrichment facility. In 2019, that meeting was held at Urenco Deutschland.

Board meetings attendance

	Number of meetings in 2019	Meetings attended
Alan Bevan	6	6
Stephen Billingham	6	6
Mel Kroon	6	6
Miriam Maes	6	6
Justin Manson	6	6
Richard Nourse	6	6
Boris Schucht	5	5[1]
Ralf ter Haar	6	6
Frank Weigand	6	6
Thomas Haeberle	1	1[2]

Board Committees

The Board has three Committees: the Audit Committee, the Sustainability Committee and the Remuneration and Appointments Committee. More detail of the work of these Committees is contained later in this report. Each Committee reports formally to the Board after each meeting.

Accountability and audit

The Board has overall responsibility for internal controls, including risk management, and approves appropriate policies regarding Group objectives. The Executive Directors are responsible for identifying, evaluating and managing both financial and non-financial risk and implementing and maintaining control systems in accordance with Board policies.

The Group's core targets and objectives are set out in the business plan and budget, which are approved annually by the Board. Management reports for the Group are prepared on a monthly basis and distributed to the Board periodically. The plans and reports cover both revenue and expenditure (including capital) and financing.

On an annual basis the Board reviews the Group's Strategic Risk Report. The types of risks identified in the 2019 review included strategic, material operational and compliance risks and are detailed on pages 28 to 31.

The Board is also responsible for the Group's system of internal controls and for reviewing its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In practice, the Board delegates to the Audit Committee responsibility for reviewing and examining the effectiveness of the Company's internal controls and risk management systems.

[1] Boris Schucht was appointed as of 1 May 2019.
[2] Thomas Haeberle retired as of 31 March 2019.

Additional background information

Shareholding structure

Urenco's shares are ultimately held one-third by the UK government (through Enrichment Investments Limited), one-third by the Dutch government (through Ultra-Centrifuge Nederland Limited), and one-third by two German utilities (through a holding company, Uranit UK Limited; shares in its German holding company are indirectly held 50% by E.ON S.E. and 50% by RWE AG).

The role of the shareholders and the Board is defined in Urenco's shareholder agreements and constitutional documents. The role of the governments who supervise Urenco from the non-proliferation perspective is set out in the Treaty of Almelo.

History and wider governance issues

Urenco was founded in 1970 following the signing of the Treaty of Almelo by the governments of Germany, the Netherlands and the UK. It was incorporated as an English private limited liability company on 31 August 1971. The Treaty of Almelo establishes the fundamental principles for supervising effectively Urenco's technology and enrichment operations with respect to non-proliferation. A Joint Committee of representatives of the governments of the signatory countries exercises this supervisory role but has no role in Urenco's day-to-day operations. The Joint Committee considers all questions concerning the safeguards system (as established by IAEA and Euratom), classification arrangements and security procedures, exports of the technology and EUP and other non-proliferation issues. The Joint Committee also considers issues connected with any potential changes in Urenco's ownership and transfers of technology. Urenco's Executive management periodically meets with the Joint Committee.

Before the construction of Urenco's enrichment facility in the USA and in order to permit the transfer into the USA of classified information regarding Urenco's proposed new facility, the US government entered into a new intergovernmental treaty (the Treaty of Washington) with the governments of Germany, the Netherlands and the UK to ensure that the same conditions that had been agreed in the Treaty of Almelo would also apply in the USA. The Treaty of Washington was signed on 24 July 1992.

In order to permit the completion (in 2006) of the joint venture with Orano regarding the Group's technology business ETC, France needed to adhere to the principles of the Treaty of Almelo. A new treaty (the Treaty of Cardiff) was signed on 12 July 2005 by the governments of Germany, the Netherlands, the UK and France. European Commission competition clearance was also required to complete the transaction. This was granted on 1 July 2006. The terms of the clearance require certain commitments from Urenco and Orano to ensure that they remain competitors in the field of enrichment and that no commercially sensitive information about their enrichment operations passes between Urenco and Orano by virtue of their being joint shareholders of ETC.

AUDIT COMMITTEE REPORT

Chair's statement

Frank Weigand
Chair, Audit Committee

I am pleased to present the report of the Audit Committee for 2019.

The Audit Committee (the 'Committee') is a committee of the Board of Directors of Urenco Limited. Its role is to monitor, on behalf of the Board, the Group's financial reporting, the integrity of its financial statements and its systems of internal control (financial, operational, compliance and risk management). The Committee provides updates and, where appropriate, recommendations to the Board on these matters.

During 2019, the Committee has continued to play an important role in ensuring high quality financial reporting and providing assurance to the Board on the effectiveness of the internal control environment. Together with my fellow Committee members, we have responded to developments during the year as required, focusing on key matters which arise in addition to our planned work programme. Looking ahead, we intend to continue focusing on the audit, assurance and risk processes within the business as it continues to evolve.

Summary of the role and responsibilities of the Committee

In accordance with its Terms of Reference, the Committee's key responsibilities include, but are not limited to:

- Monitoring the integrity of the annual and half year financial statements and the appropriateness of accounting policies;
- Approving, with the Board's authority, the half year financial statements;
- Making recommendations to the Board concerning adoption of the Annual Report and Accounts and advising the Board as to whether they are fair, balanced and understandable;
- Reviewing regular reports from management regarding new and emerging risks and uncertainties of the Group (see details of these on pages 28 to 31);
- Reviewing the significant financial reporting topics, new accounting standards impact and challenging significant accounting judgements and estimates contained in the financial statements;
- Reviewing and monitoring the systems of internal and financial control and risk management;
- Overseeing the Group's relationship with the external auditors, including monitoring and reviewing the external auditor's independence, objectivity and effectiveness, approving the external audit fees and recommending the appointment of auditors to the Board for approval each year;
- Monitoring and reviewing the effectiveness of the internal audit function and reviewing the internal audit plan, internal audit reports and management's responses to findings and recommendations; and
- Reviewing any material investigations instigated in response to allegations of suspected or actual fraud, impropriety or any behaviours that are contrary to Urenco's Code of Conduct and values, as committed by Urenco employees, any associated persons or any third parties operating on behalf of Urenco.

A copy of the Committee's Terms of Reference is available on Urenco's website at www.urenco.com

An annual review of the Terms of Reference was conducted at the Committee meeting in March 2020 [and the Terms of Reference were updated following Board approval later in the month].

Composition of the Audit Committee

The Committee comprises three members:

- Frank Weigand (Non-Executive Director and Committee Chair)
- Miriam Maes (Non-Executive Director)
- Justin Manson (Non-Executive Director)

Biographies for Committee members can be found on Urenco's website at www.urenco.com

Given that all of the Committee members are appointees of Urenco Limited's shareholders, they are not considered independent under guidance contained in the UK Corporate Governance Code.[1]

Meetings

The Committee is required, under its Terms of Reference, to meet at least three times a year. During 2019 the Committee met five times.[2] The membership and attendance record of the Committee members during the year is set out below.

	Number of meetings in 2019	Meetings attended
Frank Weigand	5	5
Miriam Maes	5	5
Justin Manson	5	5

[1] As a non-listed company, Urenco is not subject to the Code but recognises the value of applying the principles of following it where appropriate to do so.
[2] 27 February, 27 June, 7 August, 8 October and 10 December.

Corporate governance

Following due and careful consideration, the Board is satisfied that the membership of the Committee meets the requirement for recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

The Committee has a standing agenda, aligned to events in the Group's financial and reporting calendar, for consideration at each meeting. This work programme, which is formally reviewed by the Committee on an annual basis, is also regularly monitored to ensure that it encompasses all issues required to be considered by the Committee during the year.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, Chief Financial Officer, Group Head of Risk and Internal Audit and the Group's external auditors (Deloitte LLP) also attend the Committee's meetings. Representatives from other functions also attend as and when appropriate. The Company Secretary or their nominee is secretary to the Committee.

Private meetings were held at each Committee meeting with the Group Head of Risk and Internal Audit and the external auditors, at which executive management were not present. In addition, the Chair of the Committee held meetings with the audit engagement partner during the year.

During 2019, the Committee attended training sessions provided by the external auditor. The key topics covered related to: developments in reporting on climate change matters; the implementation of IFRS 15 (Revenue from Contracts with Customers); and reporting on Directors' statutory duties.

The Committee Chair and the Interim Company Secretary conducted an internal effectiveness review of the Committee's performance in January 2020, based on a framework provided by an external audit firm, and reported the results in the March 2020 Committee meeting. There were no significant findings arising from the review although some areas for future consideration were identified, including re-examining Group policies and procedures relating to whistleblowing during 2020.

Given their status as nominees of shareholders, members of the Committee are not submitted for re-election at the Company's Annual General Meeting. In the context of Urenco's shareholding structure, the Committee was comfortable with these points and the overall conclusion of the internal review was that the Committee continued to be effective.

Detailed below is the key work undertaken by the Committee during the year under review and up to the date of this Annual Report.

Activities of the Audit Committee during the year

Internal controls and risk

During 2019 the Committee received and considered regular reports from the Group's Internal Audit, Finance, Tax, Treasury and Risk functions and the Group's external auditor, in order to assess the quality and effectiveness of the system of internal controls.

These included reviews and monitoring of:

- The 2018 Annual Report and the 2019 half year results;
- Reports from management detailing the principal risks and uncertainties of the Group, and the related key accounting judgements and estimates, considerations and conclusions;
- Work completed by the Internal Audit function, in reviewing and auditing the effectiveness and adequacy of the Group's internal control environment, including reviews of information technology, procurement, commercial risk management, project management and health and safety management systems and processes;
- The annual report on compliance with the Group's anti-bribery and corruption policies and procedures;
- Regular operational risk and commercial risk reports;
- The annual Group Tax update, review of the Group's tax policy and publication of the Group's tax strategy;
- Group Treasury activities and review of financing provisions in the Group's funding arrangements;
- The Group's insurance strategy and policy;
- The annual pensions and deficits review;
- Review of Urenco's alignment to the UK Corporate Governance Code[3];
- External auditor reporting on the design and implementation of key financial controls; and
- The independence, objectivity and fees of the external auditors and scope of audit and non-audit services.

The Committee has reviewed the effectiveness of Urenco's risk management and internal control systems for the financial year and the period to the date of approval of the financial statements.

The Committee can confirm that no significant weaknesses were identified during the year with regards to the adequacy of the system of internal control.

[3] As mentioned in more detail in the Corporate Governance statement, as a non-listed company, Urenco is not subject to the UK Corporate Governance Code but recognises the value of applying the principles of the Code where appropriate.

Significant issues related to the financial statements

The Committee discussed with management the critical accounting judgements and key sources of estimation and uncertainty outlined in note 2 of the Group's consolidated financial statements. In conducting these discussions, the Committee considered the work and recommendations of the Group finance functions, together with input and reports from the external auditor. The most significant matters that the Committee considered were the following:

- **Carrying value of the US enrichment business**

  Issue background

  During 2016, the Group recognised a €760 million pre-tax impairment charge against its US cash generating unit asset carrying value. This was driven by the further deterioration in the long-term forecast market price for SWU, based on continued nuclear market uncertainty, the build-up of inventories across the supply chain and oversupply of enriched uranium.

  There is continued inherent uncertainty, given the significant level of management judgement required in determining the estimations of future market dynamics, that the associated Urenco SWU market pricing forecasts could have further decreased, or alternatively could have improved since 2016. Any significant change would result in a new impairment indicator or reversal indicator for 2019, potentially leading to a further impairment charge or a reversal of the impairment charge recognised in 2016 respectively.

  The nuclear industry is a very long term and relatively slow moving market with long lead times for new nuclear power plants being constructed and brought into operation. Therefore, factors that impact prices do not often change and their impact is usually experienced gradually, typically impacting post our 10 year strategic business plan period. Factors typically relate to matters such as the extensions of existing fleets (either through additional licence years or state support in the US for example) or new energy policy announcements countrywide. In contrast, a serious sudden closure announcement stemming from an incident such as Fukushima which would impact more immediately.

  Urenco monitors the market continually and in recent years has not noted any one significant enough indicator to affect demand enough to materially impact price curves. However, during 2019 it became clear to management a number of events had resulted in additional market pressures on long term revenues and costs. These events included political and geopolitical uncertainties that could impact the US enrichment business. In addition, during 2019, the tails provisions for the US enrichment business were adversely impacted by an increase in the unit tails rates. Therefore, during 2019 the Group concluded that the cumulative impact of these events constituted an indicator of impairment for the US enrichment business. Accordingly, an impairment analysis was performed.

  The key assumptions within the 2019 impairment analysis are the revenues forecast to be generated during the operational life of the business, which are a function of the forecasts for SWU capacity and market prices for uncontracted SWU. Management's forecast for SWU prices have been derived from internal market analysis and external modelling, with expectations for future nuclear demand being a key input into this calculation. Other key assumptions in the impairment analysis include ongoing capital expenditure requirements to maintain and operate the business; levels of associated operating expenditure and the costs of deconverting tails in the future; extension of the US operating licence beyond 2040, (which management expect to receive in the ordinary course of business); and the discount rate.

Committee response: Management identified an impairment indicator for its US operations cash generating unit and assessed the recoverable amount of assets based on value in use, calculated using a discounted cash flow model. In 2019 the Group recognised a €500.0 million pre-tax impairment charge against its US cash generating unit asset carrying value, which reduced the carrying value to €1,573.0 million.

The Committee has reviewed management's reports detailing the carrying value and recoverable amount as well as the critical and key judgements and estimates used and concluded that an impairment is required relating to the US operations. The key changes in assumptions, compared to the analysis performed at 31 December 2018, were a deterioration in the long-term forecast net cash flows and a reduction in the discount rate applied in the discounted cash flow modelling. The impact on net cash flows of the SWU price fluctuations primarily relates to the period post the second half of the 2020s as the majority of sales prior to that time are already contracted. Further details about the impairment and the assumptions used in determining the recoverable amount are given in note 6.

The external auditors appropriately reviewed and assessed management's view on the critical and key judgements and assumptions used in the USA impairment test, and provided their view orally and in their written reports provided to the Committee on 10 December 2019 and 3 March 2020.

The Committee reviewed and challenged management's judgements and estimates on this matter by way of oral and written report. The Committee has also taken into account the work of the external auditor on this matter. Ultimately, the Committee concluded that the judgements and estimates of management were appropriate.

- **European enrichment business - tails provisioning**

  Issue background

  During 2015, management rebased the European enrichment sites' tails provisions to reflect the unit cost of deconverting tails at the Tails Management Facility (TMF) in the UK, which is currently being commissioned. The TMF capital cost and future operating costs are reviewed by management on an ongoing basis and at each reporting period date.

  Significant management judgement is required in estimating the TMF deconversion cost assumptions, most notably the TMF total capital cost and future operating costs. Mechanical construction of TMF was completed in late 2018 with active commissioning ongoing. Until these activities are completed, the forecast TMF deconversion cost remains a key estimate within the European tails provision valuation.

  Further descriptions of the nature of tails, deconversion and other items noted above are provided in note 30 of the Group's Consolidated Financial Statements.

Committee response: The Group reviews its overall tails provision strategy annually, using a steering group of senior technical and operational personnel. During 2019, European tails provisions were reviewed to ensure they continued to appropriately reflect the latest management estimates relating to: the TMF final capital cost referred to above; any changes in cost assumptions related to an optimisation of tails management operations across the Group; the impact of the reduction in higher assay tails associated with enrichment services contracts; and the discount and inflation rates applied in calculating provisions.

During the year the valuation of the tails provisions was increased by €111.3 million as a result of reductions to the discount rates applied by the European enrichment businesses. The impact of the change in discount rates was recognised as an exceptional item in the income statement.

The Committee reviewed and challenged the key assumptions and judgements employed in the review, as well as the resulting associated financial provisions estimated to be required and the presentation of the impact of the change in discount rates as an exceptional item.

The tails provision recognised at the period end and the TMF project status were appropriately reviewed by the external auditor, and the Committee received oral and written reporting on this work. This reporting included consideration of the external auditor's work in respect of cost estimates, timing estimates, and the application of appropriate discount and inflation rates. These matters were discussed with the external auditor, both to understand their work, and to facilitate the Committee's challenge to management in this area.

In order to ensure that the Committee is kept aware of the key risks and uncertainties relating to the successful delivery of the TMF, the Group Head of Risk and Internal Audit, supported by appropriate subject matter expertise, is responsible for ensuring that the project is subject to a regular and rigorous risk assessment process. The outputs from this process are reported directly to the CEO and CFO and updates, regarding the effectiveness of risk mitigation strategies implemented to manage critical risks and uncertainties, are presented to the Board and the Committee.

The Committee was satisfied that the provision recognised in respect of the European tails deconversion, storage and disposal is appropriate.

- **Group provisioning for decommissioning liabilities**

  Issue background

  During 2018, management undertook an in-depth review of its overall decommissioning provisions strategy. Following the review, the provisions required in respect of decommissioning obligations increased by €123.0 million, largely driven by: a change in forecast timing of future decommissioning activities; new estimates for the volumes of waste arising and the costs of its disposal; revisions to estimates for capital investments required to decommission plant; and additional scope for certain legacy assets that need decommissioning, particularly on the Capenhurst site.

  Key estimates are required in calculating provisions for decommissioning obligations, including the likely costs and timing of future activity required for Urenco to satisfy its legal obligations, together with assumptions relating to the relevant discount and inflation rates applied.

  Further descriptions of the nature of decommissioning provisions and other items noted above are provided in note 30 of the Group's Consolidated Financial Statements.

Committee response: The Group reviews its overall decommissioning provisions strategy in depth on a triennial basis, using a steering group of senior technical and operational personnel. This was last performed in 2018 and will next be performed in 2021. In addition, management reviews the decommissioning provisions for each of its enrichment sites on an annual basis to ensure key assumptions remain valid and that the provisions continue to accurately reflect the Group's liabilities.

During the year the valuation of the decommissioning provisions was increased by €66.3 million mainly as a result of the impact of reductions to the discount rates applied. The impact of the change in discount rates accounted for €64.9 million of this increase, of which €31.7 million was recognised as an exceptional item in the income statement and €33.2 million has been recognised as an increase in decommissioning asset.

The Committee reviewed and challenged the key assumptions and judgements employed in the periodic review, as well as the resulting associated financial provisions estimated to be required.

The decommissioning provisions recognised at each period end are audited by Deloitte, and the Committee receives oral and written reporting on this work. This included consideration of Deloitte's work in respect of cost estimates, timing estimates, and the application of applicable discount and inflation rates. These matters are discussed with Deloitte, both to understand their work, and to facilitate challenges to management in this area.

The Committee was satisfied that the provisions recognised in respect of decommissioning are appropriate.

- **Revenue and feed profit recognition**

  Issue background

  Key management judgements include Urenco's assessment of the period in which revenue and profit should be recognised at the point in time when control of the service or good transfers to the customer, the fair value of consideration received, ownership and legal title over uranic material, the amount and timing of gains and losses recognised from commodity contracts held at fair value, and the accounting adopted for any unusual or non-standard transactions in the period. These judgements are relevant for sales of enriched uranium, enrichment services and natural uranium each year.

  For enrichment sales, management judgement is required in concluding that when Urenco performs enrichment activity, this is not enhancing an asset that is controlled by any specific customer, and therefore revenues should be recognised at a point in time – not over a period of time. Judgement is required in assessing that the point in time when control of the enrichment services passes to the customer is normally on delivery of the enriched uranium. Management judgement is also required in assessing the amount of the overall value of a long-term enrichment contract that should be allocated to each of the individual deliveries based on management's assessment of the standalone selling prices of those deliveries.

  In terms of feed sales profit recognition, management judgement is required when considering whether Urenco holds title to feed volumes sold, or whether the feed is from third party feed stocks held at Urenco enrichment sites. To the extent that any third party feed is sold by Urenco (none in the current period), then a provision would be required to reflect the current market value of the feed volume deficit.

Committee response: Each year, the Committee considers and assesses the Group's revenue recognition policy for all sale types, through the annual review of finance policies prepared by management. The revenue accounting policy is summarised within note 2 of the Group's consolidated financial statements.

The Committee considered any observations and findings made by the external auditors as part of their reporting within their oral and written report presented on 3 March 2020. For the year ended 31 December 2019, this included the observation that revenue accounting for contract modifications required critical accounting judgements, particularly regarding the stand-alone selling price. The Committee reviewed and challenged management's judgements on this, particularly on 8 October 2019 when both management and the external auditor provided reports on this.

In respect of feed profit recognition, management performs a feed 'headroom test' to assess the level of feed inventory to which Urenco holds legal title. The Committee was satisfied that it was calculated appropriately and that there was no requirement to defer the recognition of profit on feed sales.

Finally, in respect of the commodity contracts held at fair value and the non-standard or complex transactions in the year, the Committee challenged management on the cases that it presented, in order to understand their commercial substance, and proposed accounting, in order to ensure these were appropriate.

The Committee was satisfied that timing of revenue recognition is appropriate and that the profit recognition for feed sales has been accounted for appropriately.

Financial and business reporting

At its meeting on 3 March 2020, the Committee reviewed the content of this Annual Report and Accounts and advised the Board that, in its view, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In justifying this statement, the Committee has considered the robust process which operates in creating the Annual Report and Accounts, including the fact that:

- Clear guidance and instruction is given to all contributors;
- Revisions to regulatory requirements and new accounting standards are monitored on an ongoing basis;
- Planning meetings are conducted between management of key subsidiaries and the external auditors in advance of the year end reporting process, and the information/developments raised in these meetings used to inform the compilation of the Annual Report;
- A thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure accuracy and consistency;
- A meeting of the Committee was held in March 2020 to review and approve the draft 2019 Annual Report and Accounts in advance of the final sign off by the Board. This review included the critical accounting judgements explained in note 2 of the Group's consolidated financial statements; and
- The Committee considered the conclusions of the external auditor over the key audit risks that contributed to their audit opinion.

External audit effectiveness and independence

The Committee has satisfied itself that the UK professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditor have been complied with.

The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the UK. The standard period for rotation of the audit engagement partner is five years, and for any key audit partner, seven years. The current audit engagement partner was appointed during Urenco's 2016 financial year and will rotate off at the conclusion of the 2020 audit in accordance with this requirement.

During the year, management reviewed the European Commission rules on mandatory audit firm rotation and the Order by the Competition and Markets Authority regarding the mandatory use of competitive tender processes and auditor responsibilities including the associated transition rules. As a result of that review, management is now satisfied that Urenco Limited is a non-EU Public Interest Entity (PIE) and is, therefore, not required to formally tender or rotate the external audit. Accordingly, Urenco Limited can continue to reappoint Deloitte LLP. However, management notes that due to its status as an EU PIE, Urenco Finance NV, a subsidiary incorporated in the Netherlands, will be required under Dutch EU PIE audit regulations to formally tender the external audit at the latest following completion of the 2020 audit. As Deloitte will have reached the maximum term of 10 years, Urenco Finance NV requires a different audit firm from 2021. Currently Urenco does not have any contractual obligations that would restrict its choice of external auditor.

During 2020, the Committee will consider a proposal from management to address auditor rotation requirements, and make a recommendation to the Board for approval prior to the end of the year.

The Committee reviewed the effectiveness of the external auditor during 2019. This process incorporated feedback from management and key individuals across the Group, as well as the Committee's own experience. The assessment considered the robustness of the audit process, the quality of the delivery of the audit plan, the quality of reporting on findings and recommendations to the Committee and management, and the quality of the audit team and service provided.

In considering the independence of the external auditor, the Committee received a transparency report from the auditor, which describes their arrangements to identify, report and manage any conflicts of interest, and reviewed the extent of non-audit services provided to the Group. Since 2014, the Committee has had an Auditor Independence Policy, which was reviewed by the Committee on 3 March 2020. Urenco's Auditor Independence Policy includes the definition of prohibited non-audit services, which corresponds with the European Commission's rules on auditor independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

The engagement of the Group's external auditors to provide audit related assurance services and non-audit services which are not prohibited is subject to rigorous internal control and approval and may only be undertaken up to a cumulative value of €100,000 for each category of audit services after which reference to, and approval of, the Committee is required. Further details of the split between Deloitte LLP's fees between audit services and non-audit services is provided in note 5 of the Group's Consolidated Financial Statements.

Having reviewed Deloitte LLP's performance during the year and satisfied itself of their continuing independence and objectivity within the context of applicable regulatory requirements and professional standards, the Committee has invited the Board to recommend the reappointment of Deloitte LLP as auditor at the forthcoming Annual General Meeting (AGM) and a resolution to that effect appears in the notice of the AGM. Deloitte LLP has accumulated significant knowledge and experience that allow it to carry out effective and efficient audits during this period and provide insightful and informed challenge.

Risk management and the effectiveness of internal control

The Terms of Reference of the Committee require that the Committee review and examine the effectiveness of the Company's internal controls and risk management systems and advise the Board in the exercise of its responsibility for maintaining sound risk management and internal control systems.

The Board has approved a set of policies, procedures and frameworks for effective internal control. The Group has procedures for the delegation of authorities for significant matters, to ensure approval is sought at the appropriate level. These procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

A formal annual certification is provided by senior management confirming that appropriate internal controls were in operation throughout the year and confirming compliance with Group policies and procedures. Any weaknesses are highlighted, reviewed by senior management, the Group Head of Risk and Internal Audit and reported to the Committee. The Internal Audit function will also monitor and selectively check the results of this exercise, ensuring that representations made are consistent with the results of its work during the year.

During 2019, the Group Head of Risk and Internal Audit regularly provided relevant updates detailing new commercial or operational risks and any additional mitigation required to Committee meetings. In addition the Committee considered the adequacy and appropriateness of mitigating controls or risk reduction strategies, as detailed on pages 28 to 31.

The Terms of Reference also require that the Committee review and approve the statements concerning internal controls and risk management to be included in the Annual Report (and interim statements, if they are produced). In 2019, as in previous years, the Committee conducted such review and gave its approval. Much of the Committee's work in this area was driven by the Group Head of Risk and Internal Audit's reports on the effectiveness of internal controls and fraud. A summary of the Committee's engagement with the Internal Audit function is set out below.

Internal audit

The Group has an Internal Audit department with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of Urenco's operations.

The Internal Audit function carries out risk-based audits across the Group and is based on an audit plan, which is aligned to the key risks of the business and is presented to and approved by the Committee. Any amendments to the plan are also subject to approval from the Committee.

The Group Head of Risk and Internal Audit has direct access to the Chair of the Committee and provides updates regarding internal audit activities, progress of the Group internal audit plan, the results of any unsatisfactory audits, the action plans to address these areas and any resource requirements needed to meet the Committee's assurance requirements.

During the year, the Committee also reviewed and approved the proposed internal audit programme for 2020 and the performance of the Group Head of Risk and Internal Audit in delivering the 2019 internal audit plan. No significant issues or concerns were highlighted.

Approval

On behalf of the Audit Committee

Frank Weigand

Chair of the Audit Committee

11 March 2020

Governance
SUSTAINABILITY COMMITTEE REPORT

Chair's statement

Miriam Maes
Chair, Sustainability Committee

I am pleased to present the report of the Sustainability Committee (the 'Committee') for 2019.

During 2019, my fellow Committee members and I have continued in our commitment to oversee and help drive forward key sustainability policies across the Urenco Group.

A key focus has been to improve the inclusive nature of our culture and increase the diversity of our workforce. The work in this area is considered a high priority, and in this respect a set of enhanced goals have been set in the areas of recruitment, succession planning and training.

The Committee is one of the three committees of the Board of Directors of Urenco Limited. The Committee's main areas of focus are the monitoring of key performance indicators ('KPIs') in health and safety, environment, asset integrity, security and non-proliferation, safeguards, ethical conduct, social performance and employee engagement (including diversity and inclusion).

In this report the Committee provides a description of the key activities it has performed during the year.

Duties

In accordance with its terms of reference, the Committee's key responsibilities include, but are not limited to:

- Receiving regular reports from management on the implementation and operation of the Group's sustainability related policies and standards, and challenging, where appropriate, the actions of management;
- Reviewing on an annual basis the Group's sustainability agenda and associated policies, with a view to ensuring that these take account of external developments and expectations, and reporting to the Board on the results of these reviews;
- Conducting annual reviews of the Group's implementation of policies on: health and safety, asset integrity; social performance (including community relations, social investment, political contexts and charitable donations); environment and ethical conduct and reporting to the Board on the results of these reviews;
- Reviewing and approving KPIs in relation to the Committee's main areas of focus, and monitoring performance against such targets;
- Considering and approving the Group's Sustainability Report; and
- Compiling a report on the Group's sustainability activities to be included in the Group's Annual Report.

A copy of the Sustainability Committee's Terms of Reference is available on Urenco's website at www.urenco.com

The Sustainability Committee comprises four members:

- Miriam Maes (Committee Chair and Non-Executive Director)
- Justin Manson (Non-Executive Director)
- Frank Weigand (Non-Executive Director)
- Boris Schucht (Chief Executive Officer)[1]
- Thomas Haeberle (Chief Executive Officer)[2]

The Committee met three times in 2019.[3] Two of the meetings took place at the Group's Headquarters in Stoke Poges. One took place at Urenco's enrichment facility in Gronau, Germany.

The membership and attendance record of the Committee members during 2019 is set out below.

	Number of meetings in 2018	Meetings attended
Miriam Maes	**3**	**3**
Justin Manson	**3**	**3**
Frank Weigand	**3**	**3**
Boris Schucht	**2**	**2**[1]
Thomas Haeberle	**1**	**1**[2]

Activities of the Sustainability Committee during the year:

In 2019, the Committee:

- Considered and approved the 2018 Sustainability Report to meet the Global Reporting Initiative's (GRI) Standards – Core Option;
- Monitored the implementation of the Group's sustainability programme;
- Reviewed performance against non-financial KPIs in each of Urenco's six sustainability focus areas;
- Reviewed safety and security performance during 2019 and monitored the implementation of initiatives in these areas; and
- Monitored the development of Urenco's diversity and inclusion programme, including the roll out of awareness training for employees.

Approval

On behalf of the Sustainability Committee.

Miriam Maes

Chair of the Sustainability Committee

11 March 2020

[1] Boris Schucht was appointed as a member of the Committee as of 1 May 2019.
[2] Thomas Haeberle resigned as a member of the Committee as of 31 March 2019.
[3] 27 February, 10 July and 8 October.

Governance
REMUNERATION REPORT

Chair of the Remuneration and Appointments Committee Statement

Mel Kroon
Chair, Remuneration and Appointments Committee

I am pleased to present the report of the Remuneration and Appointments Committee for 2019.

The role of Urenco's Remuneration and Appointments Committee remains to ensure that the Chair of the Board and Executive positions are occupied by individuals who are able to meet the requirements of the role. Furthermore the Committee is responsible for the remuneration arrangements for the Chair of the Board and for the Executive Directors, in order to offer every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner.

Introduction

This report is on the activities of the Remuneration and Appointments Committee for the year to 31 December 2019. It sets out the remuneration policy and remuneration details for the Executive and Non-Executive Directors of Urenco. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The report is split into three main areas:

- The statement by the Chair of the Remuneration and Appointments Committee;
- The annual report on remuneration; and
- The policy report.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chair of the Remuneration and Appointments Committee and the policy report are not subject to audit.

The annual report on remuneration provides details on remuneration in the year. It has been approved by shareholder representatives at the Remuneration and Appointments Committee on 10 March 2020.

Composition

The Remuneration and Appointments Committee is composed entirely of Non-Executive Directors. The Chair of the Committee is Mel Kroon.

Frank Weigand, Alan Bevan and Richard Nourse are members of the Committee. Frank Weigand and Alan Bevan share one vote. In attendance by invitation are the Chairman of the Board, the Chief Executive Officer and Chief Human Resources Officer. The Chief Executive Officer does not attend the meetings where his remuneration is discussed.

Role and responsibilities

The Remuneration and Appointments Committee is a committee of the Board of Directors of Urenco Limited. In accordance with its terms of reference, the key responsibilities of the Remuneration and Appointments Committee include, but are not limited to, the following:

- Advising the Board on the appointment of Non-Executive Directors (if any), to be appointed in accordance with the Company's Articles of Association;
- Making recommendations to the Board on the appointment of the Chair, Chief Executive Officer, Chief Financial Officer and the Company Secretary;
- The setting of remuneration for the Chair, Chief Executive Officer and Chief Financial Officer, including executive remuneration policy and Long Term Incentive Plan (LTIP) arrangements;
- Providing advice to the Board on the fees of Non-Executive Directors of the Company;
- Advising on the remuneration policy for the Executive Directors;
- Keeping under review the leadership needs of the organisation, giving full consideration to succession planning for the Board and Senior Executive Management;
- Reviewing and making recommendations to the Board annually on the remuneration of the Chief Executive Officer, Chief Financial Officer and the Company Secretary; and
- Monitoring, and where appropriate approving, the remuneration of senior management.

A copy of the Committee's Terms of Reference is available on Urenco's website at www.urenco.com

Membership and attendance during the year

	Number of meetings in 2019	Meetings attended
Alan Bevan	6	6
Mel Kroon	6	6
Richard Nourse	6	6
Frank Weigand	6	6

Key issues in 2019

During 2019 the Remuneration and Appointments Committee:

- Reviewed the 2019 and 2020 targets set for the Chief Executive Officer and Chief Financial Officer;
- Considered Executive remuneration, as well as Chair and Non-Executive Director fees;
- Considered the remuneration related to the temporary appointment of the Chairman to the role of Executive Chair in April 2019;
- Conducted a search for a new Chair of the Board;
- Reviewed the Executive Remuneration Policy;
- Discussed succession planning; and
- Reviewed the long-term and short-term incentive plans.

Approval

This Statement was approved by the Remuneration and Appointments Committee on 10 March 2020.

Mel Kroon

Chair of the Remuneration and Appointments Committee

11 March 2020

Annual report on remuneration

All figures are reported in euros. In the event that payments are made in sterling, the average rate is used for conversion purposes; this was £0.88 to €1 for 2019 (2018: £0.89 to €1).

Single total figure of remuneration for each Director (audited)

The remuneration of the Executive Directors for the years 2019 and 2018 was made up as follows:

2019	Basic salary and fees[1] €	Pensions[2] €	Benefits €	Performance related bonuses[3] €	LTIP €	Total €
Executive Directors						
Thomas Haeberle[6]	**239,146**	**25,640**	**36,969**	**176,375**	**-**	**478,130**
Boris Schucht[7]	**374,693**	**52,457**	**94,282**	**318,489**	**-**	**839,921**
Stephen Billingham[8]	**150,203**	**-**	**-**	**-**	**-**	**150,203**
Ralf ter Haar	**441,916**	**59,408**	**87,703**	**362,452**	**504,569**	**1,456,048**
Total	**1,205,958**	**137,505**	**218,954**	**857,316**	**504,569**	**2,924,302**

2018	Basic salary and fees[1] €	Pensions[2] €	Benefits €	Performance related bonuses[3] €	LTIP[7] €	Total €
Executive Directors						
Thomas Haeberle	825,309	101,850	96,740	632,926	1,891,445[4]	3,548,270
Ralf ter Haar	432,676	57,552	65,100	357,643	446,226[5]	1,359,197
Total	1,257,985	159,402	161,840	990,569	2,337,671	4,907,467

1 Base salary and fees for both Thomas Haeberle and Ralf ter Haar include adjustments as part of their remuneration due to the movements in sterling against the euro compared to agreed historical exchange rates of 1.30 and 1.20 respectively. The base salary for Boris Schucht is stated in euros.

2 The amounts for pensions include taxable pension salary supplements.

3 The short-term incentive maximum opportunity for both Boris Schucht and Ralf ter Haar was 100% in 2019 (2018: 100%). The short-term incentive maximum opportunity for Thomas Haeberle was also 100% in 2018.

4 The amounts for the LTIP include the full cash awards for the scheme maturing at the end of the year, which are paid after the year end. For Thomas Haeberle the amount in 2018 includes the cash award related to the LTIP 2016, which matured on 31 December 2018. This amount also includes Good Leaver payments made against the LTIP 2017 and LTIP 2018, which were pro-rated in accordance with his amended contractual terms as approved by the Remuneration Committee in December 2016. These amended terms reduced the effect of pro-rating by half. Accordingly for the LTIP 2017 the pro-rating factor was 5/6 of the maximum entitlement of 150%, with a payout percentage of 80.9% reflecting the estimated outturn at that time. For the LTIP 2018 the pro-rating factor was 2/3 of the maximum entitlement of 150%, with a payout percentage of 66.7% reflecting expected on-target performance. No additional leaver payments were made.

5 For Ralf ter Haar the amount in 2018 represents the cash award related solely to the LTIP 2016, which matured on 31 December 2018.

6 In 2019, Thomas Haeberle received his salary and a pro-rated bonus of £155,000 for the period from 1 January 2019 to his departure date of 31 March 2019.

7 The application of IFRS to the calculation of Boris Schucht's salary results in a non-material mismatch between the figures reported and his underlying contract.

8 Thomas Haeberle left Urenco on 31 March 2019 and Boris Schucht started on 1 May 2019. Stephen Billingham was appointed Executive Chair for the month of April, additionally assuming all the duties and responsibilities undertaken by the Chief Executive. Stephen also spent significant additional time on Company business leading up to the departure of Thomas Haeberle and following the arrival of Boris Schucht to facilitate continuity and appropriate handover between Chief Executives. In consideration of the additional executive responsibilities undertaken, the Remuneration Committee agreed to compensate him for the duties and responsibilities taken during this period and determined a fee of £132,000, being an amount comparable to the total remuneration package paid to the Chief Executive. This is in addition to his normal monthly fee as Chairman of the Board disclosed in the Non-Executive table. He did not receive any other additional benefits or incentives.

The remuneration of the Non-Executive Directors for the years 2019 and 2018 was made up as follows:

2019	Fees[2] €	Benefits €	Performance related bonuses €	LTIP €	Total €
Non-Executive Directors					
Stephen Billingham	**244,831**	**-**	**-**	**-**	**244,831**
Alan Bevan	**50,700**	**-**	**-**	**-**	**50,700**
Mel Kroon	**57,275**	**-**	**-**	**-**	**57,275**
Miriam Maes	**58,320**	**-**	**-**	**-**	**58,320**
Justin Manson[1]	**57,365**	**-**	**-**	**-**	**57,365**
Richard Nourse	**50,700**	**-**	**-**	**-**	**50,700**
Frank Weigand	**69,367**	**-**	**-**	**-**	**69,367**
Total	**588,558**	**-**	**-**	**-**	**588,558**

1 The fee payable in respect of the Non-Executive Directorship held by Justin Manson is paid to his employer, UK Government Investments Limited.

2 Non-Executive Directors' fees are increased in line with the average pay rises paid to Urenco employees.

Remuneration Report continued

2018	Fees €	Benefits €	Performance related bonuses €	LTIP €	Total €
Non-Executive Directors					
Stephen Billingham	236,034	-	-	-	236,034
Alan Bevan	48,873	-	-	-	48,873
Mel Kroon	16,291	-	-	-	16,291
Miriam Maes	55,304	-	-	-	55,304
Justin Manson[1]	52,124	-	-	-	52,124
Richard Nourse	48,873	-	-	-	48,873
George Verberg	36,012	-	-	-	36,012
Frank Weigand	59,384	-	-	-	59,384
Total	552,895	-	-	-	552,895

1 The fee payable in respect of the Non-Executive Directorship held by Justin Manson is paid to his employer, UK Government Investments Limited.

Additional requirements in respect of the single total figure table

Share holding

No director holds any shares in the Company.

Taxable benefits

Taxable benefits paid to Executive Directors include provision of motor vehicles, medical insurance and some living expenses.

Performance related bonuses

Performance related bonuses for Executive Directors are based on individual and Company-based performance criteria.

Long term incentive plan

The long term incentive plan (LTIP) is an annual scheme which grants cash awards with the maximum potential award determined at grant. Awards only vest to the extent that certain performance targets are met over the relevant performance period.

The Executive Directors are eligible to share in the Company's LTIP. Details of the accrued entitlements earned by the Executive Directors are shown below:

	Boris Schucht €	Thomas Haeberle €	Ralf ter Haar €	Scheme maturing at 31 December
Incentive scheme accrual as at 1 January 2019	-	1,891,445	901,760	
Foreign exchange adjustments	-	47,710	48,882	
LTIP 2016 paid during the year	-	(722,352)	(457,481)	2018
LTIP 2017 accrued/(paid) during the year	-	(726,991)	158,834	2019[1]
LTIP 2018 accrued/(paid) during the year[3]	88,667	(489,812)	58,815	2020[1]
LTIP 2019 accrued during the year[3]	52,826	-	60,508	2021[2]
Total LTIP accrual at 31 December 2019	141,493	-	771,318	

1 After year end 2018 Thomas Haeberle received Good Leaver payments relating to the LTIP 2017 and LTIP 2018. These payments were pro-rated in accordance with his contractual terms, as approved by the Remuneration and Appointments Committee in December 2016.

2 Thomas Haeberle was not a participant to the LTIP 2019.

3 Boris Schucht was awarded rights in the LTIP 2018 and LTIP 2019 as part of his remuneration package on joining the Company.

The Executive Directors participate in LTIPs, which are normally granted on an annual basis. All plans result in a potential award of cash, with the maximum potential determined at the date of grant with the awards vesting after a specified number of years. The performance criteria under the various plans and associated cash awards vary, as do the performance periods. As at 31 December 2019, Boris Schucht was a participant to the LTIP 2018 and LTIP 2019. Ralf ter Haar was a participant to the LTIP 2017, LTIP 2018 and LTIP 2019.

LTIP 2017:

The LTIP 2017 has a grant date of 2017 and a performance period of three years running from 1 January 2017. The scheme matures on 31 December 2019 and vests in 2020.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with cost saving targets (50%), growth opportunities (25%) and business portfolio (25%); and

(ii) Value Creation (50%) as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element.

In the event of 'on target' performance, the award is therefore weighted 50% attributable to Strategic Milestones and 50% attributable to Value Creation. There is no increase in award for over performance and therefore the maximum Performance Score is 100%.

The Performance Score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2017) multiplied by the Performance Score.

LTIP 2018:

The LTIP 2018 has a grant date of 2018 and a performance period of three years running from 1 January 2018. The scheme matures on 31 December 2020 and vests in 2021.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with Diversity and Inclusion (10%); and

(ii) Value Creation as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element (90%).

There is no increase in award for over performance and therefore the maximum Performance Score is 100%.

The Performance score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2018) multiplied by the Performance Score.

LTIP 2019:

The LTIP 2019 has a grant date of 2019 and a performance period of three years running from 1 January 2019. The scheme matures on 31 December 2021 and vests in 2022.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with Diversity and Inclusion (10%); and

(ii) Value Creation as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element (90%).

There is no increase in award for over performance and therefore the maximum Performance Score is 100%.

The Performance score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2019) multiplied by the Performance Score.

Total pension entitlements

The Executive Directors are eligible for membership to the defined contribution section of the Group pension scheme. The scheme also provides for dependants' pensions and lump sums on death in service.

Relative importance of spend on pay

The table below shows the actual employee costs of the Group and change between the current and previous years, compared to retained earnings and dividends.

	2019 €m	2018 €m	% increase
Total employee costs	**168.4**	160.3	5.1%
Retained earnings	**1,310.0**	1,620.0	(19.1)%
Dividend	**300.0**	300.0	0.0%

Statement of implementation of remuneration policy in the following financial year

The primary objective of the Urenco remuneration policy is to ensure that competitive reward packages are offered that will attract, retain and motivate talented and experienced senior executives to run the business effectively, and to promote the success of the Company. A significant proportion of Executive remuneration should be related to specific performance targets.

The Policy has evolved over time, to align with Urenco's strategy, market practice and shareholders' views. A consistent and competitive structure, which applies across the workforce, is also a core principle. This consistency allows for a culture of shared purpose and performance.

The package offered to Executive Directors consists of base salary, benefits, pension, performance related bonus and a long term incentive plan (LTIP). Salary and benefits are reviewed annually. The Chief Financial Officer received a 3.0% increase in base salary for the 2019 calendar year, compared to 2018. This increase in base salary was in line with the increase for all employees throughout the Company. Executive Directors receive benefits that principally comprise some living expenses, motor vehicles, private healthcare and other expenses.

The remuneration of the Non-Executive Directors is in line with UK market standards and is reviewed annually.

Consideration of matters relating to Directors' remuneration

The Committee makes recommendations to the Board on the remuneration packages for each Director. Remuneration for each Non-Executive Director is subject to final approval at the Annual General Meeting.

Policy report

Introduction

The information below summarises key aspects of the Company's remuneration policy for Executive and Non-Executive Directors. In order to improve clarity, the format and wording of this report was reviewed and approved by the Remuneration Committee in February 2020. This review did not result in any change to the remuneration or benefits offered to Executive and Non-Executive Directors.

Future policy

The policy is that a substantial proportion of the pay and benefits package should be performance related. The following provides a summary of the key components of the remuneration package for Executive Directors:

Element	Purpose and link to strategy	Maximum Opportunity	Operation and Performance Measurement
Base Salary	To attract and retain high calibre Executives.	N/A	Base salary and pensionable base salary (where different) are reviewed, but not necessarily increased, annually. In making salary determinations, the Remuneration Committee (REMCO) will consider: • the market positioning of the Executive Directors' compensation packages; • comparison with Senior Management salaries; • planned average salary increase for other employees; • the experience, skills and performance of the Executive Director, or any change in the scope and responsibility of their role; • general economic conditions, Urenco's financial performance, and governance trends; and • the impact of salary increases on pension benefits and other elements of the package.
Benefits	To provide market competitive benefits.	As specified in Urenco's standard policies.	Benefits that Executive Directors typically receive include car allowances, risk benefits (for example ill-health, disability or death-in-service), as well as employer contributions to insurance plans (such as medical). Precise benefits will depend on the Executive Director's specific circumstances such as family status. Urenco's mobility policies may apply, such as for relocation and tax return preparation support. REMCO may adjust the range and scope of the benefits offered. Personal loans or guarantees are not provided to Executive Directors.
Annual Performance-Related Bonus	Rewards the delivery of short-term operational targets in line with Urenco's strategic priorities, as well as individual contribution to Urenco.	Maximum bonus for CEO/CFO (as a percentage of base salary): • 100% On-target levels (as a percentage of base salary): • 66.7%	The REMCO believes it is important for annual variable pay to complement the LTIP's focus on longer-term financial outcomes. For the 2019 performance year, the scorecard framework will consist of financial targets (60% weighting), operational excellence (20% weighting) and individual targets (20% weighting). The same annual bonus scorecard approach applies to other senior executives, supporting consistency of remuneration and alignment of objectives. For future years, the specific measures and weightings for the annual bonus scorecard will be reviewed annually by REMCO and adjusted accordingly to evolve with Urenco's strategy and circumstances. The annual review will also consider the scorecard target and outcome history over previous years to ensure that the targets set remain stretching but realistic. • The bonus is determined by reference to performance from January 1 to December 31 each year; • The Committee has the discretion to reduce bonus payouts in the event of material issues in relation to health and safety, security, quality, or regulatory performance.

Remuneration Report continued

Element	Purpose and link to strategy	Maximum Opportunity	Operation and Performance Measurement
LTIP	Rewards longer-term value creation linked to Urenco's strategy.	Maximum award value for CEO/CFO (as a percentage of base salary): • 150% On-target levels (as a percentage of base salary): • 100%	• Award levels are determined annually by REMCO and are set within the maximum approved in the Policy; • The selection of participants and their maximum award is recommended by the CEO and approved by the REMCO; • Awards may vest between 0% and 100% of the initial award level depending on Urenco's performance. A cash payment is calculated on the basis of each participant's maximum award multiplied by the overall performance score; • For LTIP 2019, performance is assessed over a three-year period and is based on value creation (90%) and diversity & inclusion measures (10%). Each measure can vest independently and the LTIP award is subject to clawback and malus provisions; • The REMCO may vary the conditions, suspend or terminate the LTIP at any time at its discretion.
Pension	To provide market competitive benefits.	Maximum Company contribution is 16.0% of salary for all employees in the defined contribution pension scheme.	Executive Directors' retirement benefits are maintained in line with those of the wider workforce. Only base salary is pensionable. The rules of the relevant plans detail the pension benefits which members can receive on retirement (including on ill-health), death or leaving service.

The following provides a summary of the key elements of the remuneration package for Non-Executive Directors:

Fees	To compensate Non-Executive Directors for their Board work.	Reviewed annually.	This is determined for each Non-Executive Director taking into account the responsibilities of the individual and information from independent sources on the level of salary for similar jobs in a selected group of comparable companies. Remuneration for Non-Executive Directors is subject to final approval at the Annual General Meeting.

Approach to recruitment remuneration

The ongoing remuneration arrangements for a newly recruited or promoted Director will reflect the remuneration policy in place for Directors at the time of appointment. The ongoing components for Executive Directors will therefore comprise base salary and fees, benefits, performance related bonus, LTIP and pension contribution. The ongoing components for Non-Executive Directors will comprise fees.

The initial base salary for a newly recruited or promoted Executive Director will be set to reflect the individual's experience, salary levels within the Company and market levels. For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

Approval

This report was approved by the Board of Directors on 11 March 2020.

Mel Kroon
Chair of the Remuneration and Appointments Committee

11 March 2020

DIRECTORS' REPORT

The Directors present their Annual Report and Accounts for the year ended 31 December 2019.

Regulations relating to Strategic Report

The Directors have ensured compliance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and have presented the Strategic Report separately to the Directors' Report. Both Reports must also be separately approved by the Board of Directors and signed on behalf of the Board by a Director or the Company Secretary. The Corporate Governance section set out on pages 44 to 47 forms part of this report. In accordance with Schedule 7:1A of the Accounting Regulations, the Group has detailed in the Strategic Report items that are required to be disclosed in the Directors' Report. Where this has occurred reference has been made in the Directors' Report to related comments in the Strategic Report.

Results and dividends

Net income post-exceptional items for the year attributable to equity holders of the Parent Company amounted to €7.6 million (2018: €511.3million).

The Directors recommend a final dividend for the year of €300.0 million. The Directors have assessed the level of distributable reserves and cash resources at the Parent Company and are satisfied they are sufficient to support the proposed dividend. No interim dividend was paid during 2019 (2018: final dividend of €300.0 million paid in 2019, with no interim dividend declared or paid in 2018). Details of the dividend are disclosed in note 11 to the consolidated financial statements. The policy and its application are explained in the Strategic Report on page 37.

Principal activity

The Urenco Group's principal activity is the supply of enrichment services (SWU) and the provision of enriched uranium product (EUP) to generate fuel for nuclear power utilities. Urenco has four uranium enrichment facilities, located at Almelo in the Netherlands, Capenhurst in the UK, Gronau in Germany and Eunice, New Mexico in the USA.

The Group also has subsidiaries dedicated to overseeing our work in the field of uranium stewardship. These include Urenco ChemPlants Limited, which is responsible for the construction of the TMF in the UK; and Urenco Nuclear Stewardship Limited, which provides responsible materials management for the nuclear industry.

The Group also owns a 50% interest in ETC, a joint venture company jointly owned with Orano. ETC provides gas centrifuge technology for the Group's enrichment facilities through its subsidiaries in the Netherlands, UK, Germany, and the USA. The Group accounts for its interest in ETC using the Equity Accounting method.

Urenco Limited is the ultimate holding company and provides management and strategic support for the Urenco Group, being Urenco Limited and its subsidiaries.

More information on the Group's activities is presented from page 8 in the Strategic Report. An indication of the likely future developments in the Group and details of research and development activities are included in the Strategic Report on page 26.

Going concern

The Group's business activities, achievements, risks and opportunities are set out in the Chief Executive Officer's review on pages 4 to 7 and the Group Finance Report on pages 32 to 37. The Group Finance Report includes information on the financial position of the Group as well as a description of the Group's objectives, policies and processes for managing its capital, its exposures to foreign currencies and other financial risks. Urenco's business is long term by nature and its significant order book of contracted and agreed sales (€10.6 billion extending to the first half of the 2030s (2018: €11.9 billion)) provides a strong foundation for the future. The Group has adequate financial resources and its cash flow forecasts indicate that financing facilities committed and in place are sufficient to cover the Group's cash needs to at least a year after the approval date of these financial statements, including all committed capital expenditure.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Risk management: the use of financial instruments

The Group's policies with respect to financial instrument risk management are covered on page 37 and in note 28 to the consolidated financial statements.

Capital structure

The capital structure is set out in note 25 of the consolidated financial statements and forms part of the Group Finance Report on page 35.

Research and development

Research and development within the Group are predominately carried out by the Central Technology Group (CTG) which conducted research and development into improving operational performance and safety.

Research activities relating to core centrifuge technology are undertaken by ETC to maintain the Group's position of technical excellence. The Group continues to seek out opportunities to exploit new markets.

Political contributions and other donations

During the year, the Group made no contributions (2018: €nil) to political parties. As part of the Group's commitment to the communities in which it operates, contributions totalling €504,000 (2018: €302,000) were made during the year to local charities and community projects.

Events after the reporting period

As of 11 March 2020, no material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the Annual Report and Accounts.

Disabled employees

It is the policy of the Group to give full and proper consideration to applications from disabled people for employment where the job can be adequately performed by a disabled person. In the event that an existing employee becomes disabled, it is the policy of the Group to allow that person to continue their employment if possible, or to provide alternative training if necessary. Urenco adopts an equal opportunities policy for training, development and promotion, in order that our practices are not discriminatory towards any group of employee including those with a disability.

Employee involvement and consultations

During the year, employees within the Group have been informed of developments throughout the Group and in the industry. This is through Group and local newsletters, the intranet, notices and meetings. Where appropriate, formal meetings were held between local management and employee representatives as part of the process of communication and consultation.

Directors' interests

The Directors held no interests in the issued share capital of Urenco Limited either beneficially or otherwise at 31 December 2019 or at any other time during the year. The Directors have declared that they have no material interest during the year in any contract which is significant in relation to the Company's business.

Customer and other business partner relationships

The Group carefully monitors and develops its long established relationships with its worldwide customer base and with policy makers in the nuclear industry. We regularly travel to and meet with our customers and enhance relationships by explaining, educating and enhancing their understanding and knowledge of our enrichment processes and operations. Additional information as to how we foster relationships with our business partners can be found in the Strategic Report on pages 19 to 25.

Supplier payment policy and practice

The Group values its relationships with suppliers of goods and services. The Group negotiates terms and conditions of supply prior to delivery and, as a matter of policy, honours these terms once delivery has been made. At 31 December 2019, the Company had an average of 29 days' purchases owed to trade creditors (2018: an average of 27 days' purchases owed to trade creditors).

Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint Deloitte LLP for the coming year will be put to the Annual General Meeting on 11 March 2020.

The Directors' Report has been approved for issue by the Board of Directors on 11 March 2020.

By order of the Board.

Ralf ter Haar
Director

11 March 2020

Governance

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework. Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit and loss of the Group for the year.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Directors' Responsibility Report has been approved for issue by the Board of Directors on 11 March 2020.

By order of the Board.

Ralf ter Haar
Director

11 March 2020