urenco

The Energy to Succeed

Delivering for a net zero world

Annual report and accounts 2021

Governance
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, considers 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 a 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 2021 financial year and up to the date of the Annual Report were:

Non-Executive Directors

- Stephen Billingham — Chairman
- Frank Weigand — Deputy Chairman and Chair of the Audit Committee
- Mel Kroon — Deputy Chairman and Chair of the Remuneration and Appointments Committee
- Miriam Maes — Chair of the Sustainability Committee
- Alan Bevan
- Justin Manson
- Richard Nourse — (resigned 7 October 2021)
- Michael Harrison — (appointed 7 October 2021)

Executive Directors

- Boris Schucht — Chief Executive Officer
- Ralf ter Haar — Chief Financial Officer

The Directors of the Company in office as at the date of the Annual Report are shown on pages 44 and 45 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.

An externally facilitated board effectiveness review will be carried out in March 2022.

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 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.

The table below provides links to other sections in the Annual Report which demonstrate the considerations under Section 172:

Section 172(1) Considerations	Where to find further information	Page
Decisions for the long term success of the Company	• Our Strategy • Our Strategy: Asset Strategy	10 18
Interests of employees	• Our Strategy: Culture • Board meetings: virtual engagement with colleagues • Case Study: Board visit to Almelo	12 50 51
Board engagement with stakeholders and how the Directors have regard to the need to foster the Company's business relationship with all of its stakeholders, and the effect of that regard	• Case Study: Stable Isotopes expansion • Case Study: Urenco supporting EDF's nuclear fuel recycling • Our Strategy: Next generation fuels • Case Study: Aurora Energy Research study • Markets Overview • Stakeholder engagement	11 11 16 16 26 28
Impact of the Company's operations on the community and environment	• Our Strategy: Sustainability • Sustainability Committee Report	20 58
Reputation for high standards of business conduct	• Our Strategy: Culture • Our Strategy: Sustainability • Audit Committee Report	12 20 52
Risk	• Principal risks and uncertainties	30

As is the practice for large companies, we delegate authority for day to day management of the Company to the Chief Executive Officer 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, 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 stakeholder map on page 29 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 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 of some of the engagement that takes place with the Company's stakeholders so as to aid the directors' understanding of the issues to which they must have regard, please see page 28 (Key stakeholder engagements in 2021).

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 different 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 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 the 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 pages 10-25 (Our Strategy), 28 (Stakeholder engagement), 52 (Audit Committee Report), 58 (Sustainability Committee Report), 59 (Remuneration Report), and 66 (Directors' Report).

Governance

Corporate Governance continued

We set out below some examples of how the directors have had regard to the matters contained 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 of the 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. For the 2021 financial year, we declared and paid an interim dividend of €150 million and recommended a final ordinary dividend of €150 million, a total of €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 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 distributed to our Directors in advance of each Board meeting and through presentations to the Board.

Social investment: During 2021, the Board considered and approved a proposal to increase social development investment in 2022. In making its decision the Board had regard to key stakeholder groups, including local communities in the surrounding area of each site. In addition, the Sustainability Committee endorsed the establishment of the Social Investment Committee comprised of employees across the business. For further information on social investment activities during the year, please see page 24 (Our Strategy: Sustainability – Social Investment).

Annual strategic risk review: On an annual basis the Board carries out a review of the Company's key strategic risks 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 Head of Risk and 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. 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.

Net zero: In February 2021, the Board endorsed a proposal for Urenco to sign the Climate Pledge and commit to achieving net zero carbon emissions by 2040. In making its decision, the Board had regard to all factors under section 172(1), in particular the long term success of the Company and impact of the Company's operations on the community and environment. For further information on sustainability, please see pages 20 to 25.

Financing: In October 2021, the Board approved the entering into by the Company of a revolving credit facility agreement with the pricing mechanism being linked to achieving certain sustainability targets on carbon, water utilisation and safety. In approving this proposal, the Board had regard to the financial position and projections of the Company, financing relationships and the ability of the Company to achieve the sustainability targets agreed to as part of the transaction.

Board meetings

The Board meets regularly throughout the year in order to effectively discharge its duties. During 2021, the Board met five times[1].

Each year, the Board plans to hold one meeting at a Urenco enrichment facility. In 2021, as outlined in the case study below, that meeting was held at UNL. In addition, workforce engagement sessions with colleagues from UNL and UCP took place virtually with the participation of all directors in informative and interactive sessions with colleagues at all levels of each organisation which set out their achievements and challenges during 2021. Board members were keen to ask questions and hear feedback from colleagues on operational matters, company culture and health and wellbeing during COVID-19, amongst other matters. Due to the success of the virtual sessions during 2020 and 2021, it is intended that Board engagement sessions will continue to take place throughout 2022 and beyond, with the next session taking place in early 2022.

Board meetings attendance

	Number of meetings in 2021	Meetings attended
Alan Bevan	5	5
Stephen Billingham	5	5
Michael Harrison	5	1[2]
Mel Kroon	5	4
Miriam Maes	5	5
Justin Manson	5	5
Richard Nourse	5	4[3]
Boris Schucht	5	5
Ralf ter Haar	5	5
Frank Weigand	5	5

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 2021 review included strategic, material operational and compliance risks and are detailed on pages 30 to 35.

[1] In addition to the five scheduled meetings, one ad hoc meeting was arranged to discuss specific items.
[2] Michael Harrison attended the meeting on 7 October 2021 as an observer and was appointed as a Director at the end of that meeting. He then attended the December meeting in his capacity as a Director.
[3] Richard Nourse resigned as a Director at the end of the meeting on 7 October 2021.

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.

Additional background information

Shareholding structure

The Company'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 N.V.), 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 the Company's shareholder agreements and constitutional documents. The role of the governments who supervise the Company from the non proliferation perspective is set out in the Treaty of Almelo.

History and wider governance issues

The Company 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 the Company 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 the Company and Orano by virtue of their being joint shareholders of ETC.

Case study:
Board visit to Almelo

In October, when global COVID-19 travel restrictions were temporarily lifted, the Board took the opportunity to hold face to face meetings at the Company's site in Almelo, the Netherlands. The visit coincided with the official opening of a new cascade for Urenco Stable Isotopes and the programme also allowed for two themed site tours on the topics of Safeguards and Logistics, and Reprocessed Uranium.

During their three day visit, the Board met with colleagues from different departments who updated them on developments in specific areas. During the opening of the Leonardo Da Vinci cascade and subsequent tour of the facilities, the Stable Isotopes team briefed the Board on the various medical isotopes that would be produced in this new cascade. For further information on the Stable Isotopes expansion, please see the case study on page 11.

During a tour facilitated by colleagues from the Operations, Logistics and Engineering & Projects departments, The Board were updated on the technical complexities of enriching reprocessed uranium, involving expertise from across the Group. Whilst examining the upgrades made to the Urenco Nederland site, questions were asked and answered covering logistical challenges, radiation protection and optimised planning and quality control. For further information on the Company's support of nuclear fuel recycling, please see the case study on page 11.

A second site tour focused specifically on the cylinder journey on an enrichment site, from receipt of feed material to the dispatch of enriched uranium product to our customers and all the process steps in between. Specific attention was given to the safeguards, controls and inspection regime in place to ensure that all materials on site are accounted for. Colleagues from the Compliance department and the Logistics team provided insight into day to day operations and several relevant issues were addressed during the tour.

Governance
Audit Committee Report

Chair's statement

Frank Weigand
Chair, Audit Committee

On behalf of the Board, I am pleased to present the report of the Audit Committee for the year ended 31 December 2021.

The Audit Committee (the 'Committee') is a committee of the Board of Directors of the Company. 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 2021, 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, financial reporting 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 30 to 35);
- Reviewing the significant financial reporting topics and 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 on 24 February 2022 and the Terms of Reference were updated following Board approval on 9 March 2022.

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 the Company'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 2021, 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 2021	Meetings attended
Frank Weigand	5	5
Miriam Maes	5	5
Justin Manson	5	5

[1] As a non listed company, the Company is not subject to the UK Corporate Governance Code but seeks to apply the principles of the Code where appropriate to do so.
[2] 25 February, 22 June, 5 August, 6 October and 13 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 2021, the external auditor provided updates on the corporate governance and accounting standards as part of their audit. The key topics covered related to: developments in reporting on ESG climate change matters and carbon emissions; and reporting on internal controls (UK SOX).

The Committee Chair and the General Counsel conducted an internal effectiveness review of the Committee's performance in January 2022, based on a framework provided by an external audit firm, and reported the results in the February 2022 Committee meeting. This review was attended by the Chairman of the Board, the Group Head of Risk and Internal Audit and the CFO. There were no significant findings arising from the review, although some areas for future consideration were identified, including enhancements to the training programme.

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 2021, 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 2020 Annual Report and the 2021 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;
- The Company'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 Group-wide governance, risk management and internal control systems include specific internal controls governing the financial reporting process and preparation of financial statements. These systems include clear policies, standards and procedures for ensuring that the Group's financial reporting processes and the preparation of its consolidated accounts comply with relevant regulatory reporting requirements.

The Committee can confirm that no significant weaknesses were reported to the Committee or 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, the Company is not subject to the UK Corporate Governance Code, but seeks to apply the principles of the Code, where appropriate.

Governance

Audit Committee Report continued

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 2019, the Group recognised a pre-tax impairment charge against its US cash generating unit asset carrying value of €500 million. The impairment was – amongst a number of factors – driven by the further deterioration in the long term forecast market price for SWU, based on continued nuclear market uncertainty, as well as by higher estimated operating costs.

  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 improved, or alternatively could have deteriorated, since 2019. Any significant change would result in an impairment reversal indicator or a new impairment indicator for 2021, potentially leading to a reversal of the impairment charge recognised in previous years or a further impairment charge in 2021.

  The key assumptions within the 2021 impairment indicator analysis are the revenues and cash flows 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, which are impacted by the demand for EUP and associated product assays; 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 has reassessed the long term forecast market prices for SWU during 2021, including an assessment of the SWU prices for new Urenco sales contracts signed during the year. These long term prices are largely consistent with those used in the valuation model to determine the recoverable amount as at 31 December 2019. On this basis, and following an assessment of the other key assumptions detailed above, management has concluded that there are no indicators for a reversal of previous impairment charges or a further impairment charge.

  The Committee has reviewed management's reports detailing the above impairment indicator and impairment reversal assessment, as well as the critical and key judgements and estimates used, and concluded that no impairment reversal or further impairment charge is required relating to the US operations in 2021. Further details about the impairment and the assumptions used in determining the recoverable amount are given in note 2 of the Group's Consolidated Financial Statements.

  The external auditors appropriately reviewed and assessed management's view on the critical and key judgements and assumptions used in the USA impairment indicator assessment, and provided their view orally and in their written reports provided to the Committee on 13 December 2021 and 24 February 2022, and in the section on key audit matters in their Auditor's Report.

  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

  The European enrichment sites' tails provisions reflect the unit cost of deconverting tails at the Tails Management Facility (TMF) in the UK, which is currently being actively 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, actual throughput and future operating costs. Mechanical construction of TMF was completed in late 2018, with active commissioning well underway. 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 2021, 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 actual throughput and 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 tails provision increased by €195 million due to tails generated in that period and an increase in the applied tails rate. The discount rates applied by all enrichment businesses were reviewed and it was concluded that they remained appropriate and no change was required compared to last year.

  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.

  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 its work, and to facilitate the Committee's challenge to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

  The Committee noted that the Group's policy for estimating the TMF deconversion cost was unchanged from previous periods and 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 2021, management undertook an in depth triennial review of its overall decommissioning provisions strategy. Following this review, the provisions required in respect of decommissioning obligations as at 31 December 2021 were increased by €99 million, largely driven by: a change in the forecast timing of future decommissioning activities; revised concepts for a dismantling line plus associated quotation and resource requirements; refinement of capital investment assumptions to include enabling works and related infrastructure; and updates to cost assumptions throughout.

Key estimates are required in the calculation of 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. The review of this strategy was performed in 2021, with the next planned review to be performed in 2024. 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.

As stated above, during the year, the valuation of the decommissioning provisions was increased by €99 million due to revised assumptions following the triennial review, of which €46 million was recognised in the income statement and €53 million has been recognised as an increase in decommissioning assets.

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 the external auditor, who report the findings of their work to the Committee. This allowed the Committee to consider 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 its work, and to facilitate challenges to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

The Committee noted that the Group's policy for calculating decommissioning provisions was unchanged from previous periods and 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, judgement is required whether revenues should be recognised at a point in time or over a period in time. Management's view is that revenues should be recognised at a point in time because when Urenco performs enrichment activities, this is not enhancing an asset that is controlled by any specific customer. 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, particularly when this overall value includes variable consideration.

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. Due to the assumptions and judgements used in measuring feed assets and liabilities, a 'headroom test' is performed to ascertain whether feed sold during a given accounting period was actually owned by Urenco or was deemed to be borrowed from third parties. When there is feed headroom at the end of the period, any profit earned on those feed sales should be recognised, and when there is a feed shortfall the associated profit should be deferred to a later period.

Committee response: Each year, the Committee considers and assesses updates to 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 24 February 2022. The Group's external auditor has reported in their report to the Audit Committee that they are satisfied with processes and controls in place to assess sales contracts under IFRS 15, including in respect of identifying performance obligations and recognising revenue in line with the standalone selling price.

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 the available feed headroom was calculated appropriately and that there was therefore 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.

Governance
Audit Committee Report continued

Financial and business reporting

At its meeting on 24 February 2022, 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 review and approval of the draft 2021 Annual Report and Accounts was carried out 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 its 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 seven years for any key audit partner. The current audit engagement partner was appointed during the Company's 2021 financial year and will rotate off at the conclusion of the 2025 audit, in accordance with this requirement.

During the year, management reviewed the Companies Act 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 continues to be satisfied that the Company is a not a Public Interest Entity (PIE) as defined in the Act and is, therefore, not required to formally tender or rotate the external audit. Accordingly, the Company can continue to reappoint Deloitte LLP.

The Committee reviewed the effectiveness of the external auditor during 2021. 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 its 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 24 February 2022. Urenco's Auditor Independence Policy includes the definition of prohibited non audit services, which corresponds with applicable 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 of 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 an 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 and reviewed by senior management, and the Group Head of Risk and Internal Audit, and reported to the Committee. The Internal Audit function will also check that disclosures made in the certifications are consistent with the results of its work during the year.

During 2021, 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 30 to 35.

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 2021, 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 the Group's operations.

The Internal Audit function carries out risk based audits across the Group and is based on an audit plan, which is aligned with 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 2022 and the performance of the Group Head of Risk and Internal Audit in delivering the 2021 internal audit plan. No significant issues or concerns were highlighted.

Frank Weigand
Chair of the Audit Committee

9 March 2022

Governance
Sustainability Committee Report

Chair's statement

Miriam Maes
Chair, Sustainability Committee

On behalf of the Board, I am pleased to present the report of the Sustainability Committee (the 'Committee') for the year ended 31 December 2021.

During 2021, my fellow Committee members and I have continued in our commitment to oversee and help drive forward key sustainability policies across the Group.

Across all aspects of sustainability, a key theme of 2021 was how the Group continued to adjust its approach to maintain performance during the COVID-19 pandemic. A major workstream was embedding the refreshed Sustainability Strategy into the organisation, building on existing performance and focusing on sustainability priorities for our industry and society for the 2020s.

The Committee's main areas of focus are the monitoring of key performance indicators ('KPIs') across the full range of relevant sustainability issues, such as health and safety, environment, security, social performance and inclusion and diversity.

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 these targets;
- Reviewing annually and recommending to the Board for its approval the Group's Modern Slavery Transparency Statement;
- Reviewing and approving the annual UK Gender Pay Gap Report;
- 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)
- Richard Nourse (Non-Executive Director)
- Frank Weigand (Non-Executive Director)
- Boris Schucht (Chief Executive Officer)

Richard Nourse replaced Justin Manson on the Committee with effect from 16 February 2021.

Richard Nourse resigned from the Committee on 7 October 2021 and Michael Harrison was appointed to the Committee with effect from 14 December 2021.

The Committee met three times in 2021.[1] One of the meetings took place at the Group's enrichment facility in Almelo, the Netherlands. Two took place virtually due to COVID-19 travel restrictions.

The membership and attendance record of the Committee members during 2021 is set out below.

	Number of meetings in 2021	Meetings attended
Miriam Maes	3	3
Richard Nourse	3	3
Frank Weigand	3	3
Boris Schucht	3	3

Activities of the Sustainability Committee during the year:

In 2021, the Committee:

- Provided oversight to the refresh of the Sustainability Strategy, in alignment with the new Group Strategy;
- Considered and approved the 2020 Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option;
- Monitored the implementation of the sustainability programme and reviewed performance against the current sustainability KPIs;
- Reviewed the Group's first climate submission to the Carbon Disclosure Project (CDP), the results of which exceeded expectations, scoring highly on a range of issues that CDP assess companies against;
- Provided oversight to the ongoing development of the Group's roadmap and targets to meet the commitment of net zero emissions in advance of 2040 as a signatory of the Climate Pledge, and approved the adoption of the definition of net zero developed by the Science Based Target Initiative – the de facto industry standard and currently the most credible approach;
- Reviewed a Group wide analysis of equal pay;
- Provided oversight of the Group's participation in COP26;
- Reviewed the outcome of the DuPont Safety Survey;
- Reviewed the outcome of the Group's first Inclusion and Diversity Survey and provided oversight of the ongoing culture programme; and
- Reviewed the Group's social investment principles, endorsed the annual social investment budget and supported the establishment of the Social Investment Committee.

Approval

On behalf of the Sustainability Committee.

Miriam Maes
Chair of the Sustainability Committee
9 March 2022

[1] 25 February, 22 June and 6 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 2021.

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 ended 31 December 2021. 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 9 March 2022.

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 Justin Manson are members of the Committee. Frank Weigand and Alan Bevan share one vote.

On 16 February 2021 Richard Nourse was replaced on the Committee by Justin Manson.

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 2021	Meetings attended
Alan Bevan	5	5
Mel Kroon	5	5
Justin Manson	5	5
Frank Weigand	5	5

The committee also met on one additional occasion to review succession planning for senior leaders within Urenco.

Key issues in 2021

During 2021 the Remuneration and Appointments Committee:

- Reviewed the 2021 and 2022 targets set for the Chief Executive Officer and Chief Financial Officer;
- Considered Executive remuneration, as well as Chair and Non-Executive Director fees;
- Reviewed the Remuneration and Appointments Committee Terms of Reference;
- Conducted a review of the effectiveness of the Committee;
- 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 9 March 2022.

Mel Kroon
Chair of the Remuneration and Appointments Committee
9 March 2022

Governance

Remuneration Report continued

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 £0.86 to €1 for 2021 (2020: £0.88 to €1)

Single total figure of remuneration for each Director (audited)

The remuneration of the Executive Directors for the years 2021 and 2020 was made up as follows:

2021	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total pay 2021 €
Executive Directors								
Boris Schucht[5]	**586,894**	**82,155**	**127,326**	**796,375**	**409,848**	**418,133[6]**	**827,981**	**1,624,356**
Ralf ter Haar	**490,832**	**65,217**	**91,677**	**647,726**	**321,519**	**374,635**	**696,154**	**1,343,880**
Total	**1,077,726**	**147,372**	**219,003**	**1,444,101**	**731,367**	**792,768**	**1,524,135**	**2,968,236**

2020	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total pay 2020 €
Executive Directors								
Boris Schucht[5]	576,800	80,760	123,360	780,920	574,493	264,133[7]	838,626	1,619,546
Ralf ter Haar	471,784	60,108	84,994	616,886	435,019	344,911	779,930	1,396,816
Total	1,048,584	140,868	208,354	1,397,806	1,009,512	609,044	1,618,556	3,016,362

1 Base salary and fees for Ralf ter Haar include adjustments as part of his remuneration due to the movements in sterling against the euro compared to an agreed historical exchange rate of 1.20. 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 2021 (2020: 100%).

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. The LTIP amount for Ralf ter Haar will be paid in pounds sterling and has been translated into euro at the relevant year end foreign exchange rate for each applicable year.

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

6 Boris Schucht received a pro-rated entitlement to the LTIP 2019 in accordance with his start date of 1 May 2019 (4 months after the beginning of the LTIP 2019 performance period). This resulted in a pro-rating factor of 32/36.

7 Boris Schucht received a pro-rated entitlement to the LTIP 2018 in accordance with his start date of 1 May 2019 (16 months after the beginning of the LTIP 2018 performance period). This resulted in a pro-rating factor of 20/36.

The remuneration of the Non-Executive Directors for the years 2021 and 2020 was made up as follows:

2021	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total pay 2021 €
Non-Executive Directors								
Stephen Billingham	**261,237**	**-**	**-**	**261,237**	**-**	**-**	**-**	**261,237**
Alan Bevan	**54,095**	**-**	**-**	**54,095**	**-**	**-**	**-**	**54,095**
Michael Harrison[2]	**11,271**	**-**	**-**	**11,271**	**-**	**-**	**-**	**11,271**
Mel Kroon	**59,786**	**-**	**-**	**59,786**	**-**	**-**	**-**	**59,786**
Miriam Maes	**62,222**	**-**	**-**	**62,222**	**-**	**-**	**-**	**62,222**
Justin Manson	**141,214[3]**	**-**	**-**	**141,214[3]**	**-**	**-**	**-**	**141,214[3]**
Richard Nourse[2]	**41,643**	**-**	**-**	**41,643**	**-**	**-**	**-**	**41,643**
Frank Weigand	**74,022**	**-**	**-**	**74,022**	**-**	**-**	**-**	**74,022**
Total	**705,490**	**-**	**-**	**705,490**	**-**	**-**	**-**	**705,490**

Remuneration Report continued

2020	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total pay 2020 €
Non-Executive Directors								
Stephen Billingham	250,784	-	-	250,784	-	-	-	250,784
Alan Bevan	51,927	-	-	51,927	-	-	-	51,927
Mel Kroon	57,393	-	-	57,393	-	-	-	57,393
Miriam Maes	59,730	-	-	59,730	-	-	-	59,730
Justin Manson[4]	59,101	-	-	59,101	-	-	-	59,101
Richard Nourse	51,927	-	-	51,927	-	-	-	51,927
Frank Weigand	71,061	-	-	71,061	-	-	-	71,061
Total	601,923	-	-	601,923	-	-	-	601,923

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

2 Michael Harrison was appointed to the Urenco Board as a Non-Executive Director in October 2021, replacing Richard Nourse who retired in the same month. The fee payable to him in respect of this role is paid to his employer, UK Government Investments Limited (UKGI).

3 A one off additional fee of £69,059 was paid to Justin Manson in recognition of the additional time commitment required of him in the second half of 2021 in leading an internal review. Following completion of this internal review, the Company took guidance from its external Remuneration Consultants, KornFerry on the appropriate basis for this additional non-executive fee.

4 The fee payable in respect of the Non-Executive Directorship held by Justin Manson was paid to his employer, UK Government Investments Limited (UKGI), up to 12 March 2020. From 13 March 2020 Justin ceased to be an employee of UKGI and payments were therefore made to him directly.

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 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 long term incentive plan. Details of the accrued entitlements earned by the Executive Directors are shown below:

	Boris Schucht €	**Ralf ter Haar €**	**Scheme maturing at 31 December**
Incentive scheme accrual as at 1 January 2021	**597,801**	**615,366**	
Foreign exchange adjustments	**-**	**42,644**	
LTIP 2018 paid during the year[1]	**(264,133)**	**(356,256)**	2020
LTIP 2019 accrued during the year[1]	**276,733**	**233,607**	2021
LTIP 2020 accrued during the year	**192,268**	**149,358**	2022
LTIP 2021 accrued during the year	**195,632**	**151,971**	2023
Total LTIP accrual at 31 December 2021	**998,301**	**836,690**	

1 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 long term incentive plans, 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 2021, Boris Schucht and Ralf ter Haar were participants to the LTIP 2019, LTIP 2020 and LTIP 2021.

Governance

Remuneration Report continued

LTIP 2019:

The LTIP 2019 has a grant date early within the year 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%).

The maximum Performance Score is therefore 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.

LTIP 2020:

The LTIP 2020 has a grant date early within the year 2020 and a performance period of three years running from 1 January 2020. The scheme matures on 31 December 2022 and vests in 2023.

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 Culture (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 (80%).

The maximum Performance Score is therefore 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 2020) multiplied by the Performance Score.

LTIP 2021:

The LTIP 2021 has a grant date early within the year 2021 and a performance period of three years running from 1 January 2021. The scheme matures on 31 December 2023 and vests in 2024.

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%).

The maximum Performance Score is therefore 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 2021) 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 dependents' pensions and lump sums on death in service.

Relative importance of spend on pay

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

	2021 €m	2020 €m	% increase
Total employee pay	**180.3**	167.2	7.8
Retained earnings	**1,487.8**	1,367.5	8.8
Dividend	**300.0**	450.0	(66.7)

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, with external benchmarking information provided in 2021 by external remuneration consultants Kepler and KornFerry. The Chief Executive Officer and Chief Financial Officer both received a 1.75% increase in base salary for the 2021 calendar year, compared to 2020. 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.

Governance

Remuneration Report continued

Policy report

Introduction

The information below summarises key aspects of the Company's remuneration policy for 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. The 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 2021 performance year, the scorecard framework will consist of financial targets (48% weighting), operational excellence (32% 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 the 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.

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 the 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 2021, 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 of, and 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 due to 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 9 March 2022

Mel Kroon
Chair of the Remuneration and Appointments Committee

9 March 2022

Governance
Directors' Report

The Directors present their Annual Report and Accounts for the year ended 31 December 2021.

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 48 to 51 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 the related comment in the Strategic Report.

Results and dividends

Net income for the year attributable to equity holders of the Parent Company amounted to €364.5 million (2020: net profit €505.3 million).

The Directors recommend a final dividend for the year of €150.0 million (2020: €150.0 million). This is scheduled to be paid in March 2022. The final dividend, together with the interim dividend of €150.0 million (2020: €150.0 million) paid in October 2021, means a total dividend of €300.0 million (2020: €300.0 million) will relate to the 2021 financial year. The Directors have assessed the level of distributable reserves and cash resources at the Parent Company and are satisfied there are sufficient to support the proposed final dividend. The final dividend for 2020 of €150.0 million was paid in March 2021. 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 41.

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 active commissioning of the tails management facility (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 10 in the Strategic Report. An indication of the likely future developments in the Group and details of research and development activities are included on pages 12 to 25 of the Strategic Report.

Going concern

The Group's business activities, achievements, risks and opportunities are set out in the Chief Executive Officer's review on pages 6 to 9 and the Group Finance Report on pages 36 to 41. The Group Finance Report includes information on the financial position of the Company 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 (€8.7 billion extending to the first half of the next decade (2020: €9.0 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 40 and in note 28 to the consolidated financial statements.

Capital structure

The capital structure is set out in note 25 of the financial statements and forms part of the Group Finance report on page 39.

Research and development

Research and development within the Group are predominately carried out by the Urenco Technology and Development (UTD) function set up in 2020, which conducts 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 (2020: €nil) to local political parties. As part of the Group's commitment to the communities in which it operates, contributions totalling €1,043,000 (2020: €677,000) were made during the year to local charities and community projects.

Events after the reporting period

We are deeply concerned about the current developments in Ukraine and our thoughts are with the people suffering as a result of the conflict. We are in contact with our customer and other stakeholders in Ukraine, offering our support. We continue to monitor and evaluate developments in Ukraine and the region closely, and we are working with government partners and other stakeholders in the UK, US and Europe to assess the potential impact.

As of 9 March 2022, no other 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 adopt an equal opportunities policy for training, development and promotion, in order that our practices are not discriminatory towards any group of employees, 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 2021 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 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 is summarised in the Corporate Governance section on page 49.

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 2021, the Company had an average of 27 days purchases owed to trade creditors (2020: an average of 28 days purchases owed to trade creditors).

Streamlined Energy and Carbon Reporting

The following disclosures are made pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, specifically the requirements for large unquoted companies [(1)].

Urenco's greenhouse gas accounting approach is based on operational control. The data in this section relates to Urenco's UK businesses for the year 2021, with comparative data for 2020. These include Urenco Limited, Urenco ChemPlants Limited, Urenco Enrichment Company Limited, Urenco Nuclear Stewardship Limited and Urenco UK Limited. These businesses are based at two sites, an enrichment and operations facility in Capenhurst and a large office in Stoke Poges. Further energy and carbon disclosures relating to the whole Group can be found within the Strategic Report on pages 20 to 25.

[1] Our energy and carbon data is subject to limited assurance by external provider Corporate Citizenship, in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject matter specific ISAE for greenhouse gas data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements). Please see www.urenco.com/cdn/uploads/supporting-files/ISSUED07022022_Urenco_2021_Assurance_Statement.pdf

Governance

Directors' Report continued

UK energy consumption and greenhouse gas emissions

Approximately 91% of our UK energy use in 2021 related to the consumption of purchased electricity (2020: 92%). The main source of scope 1 emissions is combustion of natural gas for office heating and for deconversion processes in our Tails Management Facility.

		Year ended 31 December 2021		Year ended 31 December 2020	
		GWh (million kWh)	tonnes CO_2e	GWh (million kWh)	tonnes CO_2e
Scope 1	Natural gas	15.51	2,841	13.19	2,425
	Diesel for generators	0.23	59	0.54	139
	Diesel for fleet	0.22	51	0.12	28
	Fuel oil	0.94	250	0.87	236
	Biodiesel	0.007	0.12	0.14	2
	Total	16.91	3,201	14.86	2,830
Scope 2	Purchased electricity	166.79	35,415 (location based carbon factor applied(1)) - (market based carbon factor applied(1))	170.62	39,779 (location based carbon factor applied(1)) - (market based carbon factor applied(1))
Scope 3	Fuel used in hire cars and in personal cars on business use	0.19	48	0.05	13
Total		183.89	38,664 (location based carbon factor applied(1)) 3,249 (market based carbon factor applied(1))	185.53	42,622 (location based carbon factor applied(1)) 2,843 (market based carbon factor applied(1))

(1) The emissions stated under 'location based' reporting apply the average greenhouse gas emissions intensity for the UK grid to purchased electricity (the intensity factor is sourced from Greenhouse gas reporting: conversion factors 2021, published by Department for Business, Energy & Industrial Strategy). All of the purchased electricity is bought under a 'blue' (nuclear) tariff supplied by EDF, which we consider to be carbon free at the point of generation. Hence the emissions associated with the purchase of electricity calculated by applying the 'market based' carbon factor, which take into account any contractual arrangements with energy suppliers, are zero.

Emissions intensity

Tonnes CO_2e/tSWU(2) UK output in 2021: 8.59 (location based reporting) (2020: 9.47) (0.72 tonnes CO_2e/tSWU in 2021 (2020: 0.63) if the carbon benefit of purchasing 'blue' (nuclear) electricity is taken into account under market based reporting). This has been chosen as it is the primary method Urenco uses to measure production output.

(2) SWU: separative work units, as defined on page 163.

Energy efficiency actions undertaken in the UK in 2021 reporting year[1]

By far the largest source of our greenhouse gas emissions relates to the consumption of purchased electricity by the Urenco UK Limited enrichment facility. Most electricity is used in the centrifuges, which are run as a highly efficient continuous process with little scope for variation, so opportunities for savings are mainly focused on adjustments to auxiliary processes. The use of purchased electricity across our UK operations decreased by 2.2% in 2021 compared to the previous year (2020: 2.1% decrease), partly due to our continued programme of initiatives targeting over 4,000 MWh (thousand kWh) of annual electricity savings for the lifetime of the projects implemented in 2020. Additionally, energy efficiency measures implemented as part of the 2021 programme achieved approximately 1,100 MWh of electricity savings by the end of the year (2020: 1,200 MWh savings), and are expected to save more than 4,500 MWh of electricity per annum going forward. Examples include:

- Reduction of output power on bulk convertor systems, saving 585 MWh in 2021, and an estimated 1,685 MWh per annum in future years.
- Installation of speed controlled motors to pumps, saving 475 MWh in 2021, and an estimated 2,900 MWh per annum in future years.

[1] Please note all "energy saved per annum" figures relate to the lifetime of the equipment.

In addition, throughout 2021 Urenco has been progressing a feasibility assessment of an onsite solar photovoltaic (PV) array which would have a peak load of 8-9 MWh, producing approximately 9 GWh of electricity annually. This project is being taken forward in agreement with a developer under a Power Purchase Agreement, with the aim of commissioning in 2022 after obtaining all necessary planning permissions. In the UK, Urenco already sources 100% of purchased electricity under a 'blue' (nuclear) tariff which is considered to be carbon free at the point of generation. Therefore, whilst the solar generated electricity will not save energy or carbon emissions, it allows us to expand our operations without placing additional demand on the UK grid, freeing up the extra carbon free capacity for other users.

Design work continues on a major project to increase the efficiency of the cooling water system, which aims to reduce our electricity use further. Throughout 2022 we will be preparing for the next phase of the Energy Savings Opportunity Scheme with audits to be conducted in 2023.

We engaged with the Aston University Energy and Bioproducts Research Institute (EBRI) on forming a potential partnership to research energy efficiency measures. We will continue these discussions throughout 2022.

The COVID-19 lockdowns reduced energy use in offices in both 2021 and 2020, although this is only a small proportion of our total energy use. The lockdowns also reduced business travel in both 2021 and 2020.

Data methodology

The energy and carbon statements disclosed in this report have been calculated in accordance with the following standards:

- WRI/WBCSD (2004). Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard – Revised Edition
- WRI/WBCSD (2015). Greenhouse Gas Protocol: Scope 2 Guidance for market-based reporting, and
- Department for Environment, Food & Rural Affairs and Department for Business, Energy & Industrial Strategy (2019): Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting requirements

We collated the data and conducted the calculations following the best practice reporting principles of relevance, accuracy, completeness, consistency and transparency. We have sourced our data primarily from meter readings and invoices, but where this has not been possible, such as for scope 3 fuel use, we have used reasonable estimations, such as use of expensed mileage data as a proxy.

All factors, for fuel properties, carbon intensities and Global Warming Potentials, are sourced from Greenhouse gas reporting: conversion factors 2021, published by Department for Business, Energy & Industrial Strategy. Please note UK emissions reported as part of the Group emissions presented on pages 20 to 21 apply the location based carbon factor sourced from the International Energy Agency (2019) to purchased electricity, to maintain consistency with our wider Group greenhouse gas emissions reporting.

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 s418 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 9 March 2022.

The Directors' Report has been approved for issue by the Board of Directors on 9 March 2022.

By order of the Board

Ralf ter Haar
Director

9 March 2022

Governance
Directors' Responsibilities Statement

Directors' responsibilities

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 accounting standards in conformity with the requirements of the Companies Act 2006. The Group financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as adopted by the UK. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 or loss of the Group for the year.

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

Directors' responsibility statement

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' Responsibilities Statement has been approved for issue by the Board of Directors on 9 March 2022.

By order of the Board.

Ralf ter Haar
Director

9 March 2022

Financial statements
Independent Auditor's Report

Report on the audit of the financial statements

Opinion

In our opinion:

- **the financial statements of Urenco Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);**
- **the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statement of financial position;
- the consolidated and Parent Company statement of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 35; and
- the related Parent Company notes 1 to 20.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Carrying value of the US enrichment business;
- European enrichment business tails provisioning; and
- Enrichment site decommissioning provisioning.

These key audit matters are consistent with those identified in the prior year aside from revenue.

Materiality

The materiality that we used for the Group financial statements was €25 million which was determined on the basis of approximately 4.5% of annual profit before tax ("PBT").

Scoping

Our Group audit scope focused on the four Urenco enrichment site operating entities (Urenco UK Limited, Urenco Deutschland GmbH, Urenco Nederland B.V. and Louisiana Energy Services, LLC), the entity constructing the Tails Management Facility (TMF) (Urenco ChemPlants Limited), and the UK head office entities. We performed full scope audits for all of these entities, which are significant to the Group. Our full scope audit procedures cover total assets (96% of Group total), revenue (98% of Group total) and profit before tax (94% of Group total).

Significant changes in our approach

We have concluded that revenue no longer represents a key audit matter for the 31 December 2021 year end audit. This is because the revenue contracts entered into in the current year are less complex in nature than previous years and management has improved their process for identifying and assessing associated accounting considerations.

Financial statements

Independent Auditor's Report continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessment of current financing facilities including the nature of undrawn facilities, repayment terms and covenants;
- assessment of the consistency of the forecasts with the business model and medium term risks;
- evaluating the assumptions used in the forecasts;
- performing a sensitivity analysis on management's forecast cash flows; and
- assessing the Group's level of forward order book and contracted future cash flows.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of the US enrichment business

Key audit matter description

Management has identified the US and European operations of the Group's uranium enrichment business as two cash generating units ('CGUs').

There is an ongoing requirement for management to assess each CGU for indicators of impairment or impairment reversal at each reporting period end. At 31 December 2021, impairment risk is focused on the US enrichment business CGU given the significant carrying value of the more recently constructed assets (carrying value as at 31 December 2021: €1,364 million) and the €500 million pre-tax impairment charge recognised at the 2019 year end.

The 2019 impairment charge of the US CGU was primarily driven by deteriorations in the long term forecast market price for Separative Work Units (SWU), as a result of a number of political and geopolitical uncertainties.

There is a significant level of management judgement inherent in determining whether an impairment indicator or impairment reversal indicator exists as at the 2021 year end. Management's assessment focused on whether there has been any observable change during 2021 to the future enrichment market dynamics, the associated SWU market pricing projections and forecast sales volume demand estimations, compared to those previously adopted.

As part of their impairment consideration process for 2021, management has reassessed forecast SWU market prices by forecasting future expected SWU demand and supply, in order to derive a forecast for future SWU prices.

This future SWU supply curve was considered by management, alongside other factors such as financial and operational performance against budget and production plans.

On this basis and following an assessment of the other key assumptions detailed below, management has concluded that there are no indicators for a further impairment charge or an impairment reversal and hence no requirement to perform a full impairment assessment. However, management have performed a value in use calculation to support these conclusions.

Key assumptions modelled within management's assessment include the post–tax nominal discount rate; the risk adjusted contracted and agreed future order book including any amendments during 2021; the extension of the US Nuclear site operating licence beyond 2040 which management continues to expect to receive in the ordinary course of business; ongoing capital expenditure requirements to maintain and operate the business; together with levels of associated operating costs, the US disposal cost of tails produced from enrichment and US government policy. In addition, the value in use is supported by the assumption that LEU+ (uranium enriched to higher assays than conventional fuel) will be adopted by US customers and therefore support a higher future SWU price.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 54, and is a critical accounting judgement within note 2 to the financial statements on page 86. Note 2 to the financial statements on page 95 also provides further details on the Urenco significant accounting policy for the impairment of enrichment assets.

How the scope of our audit responded to the key audit matter

In assessing the carrying value of the US enrichment business, we:

- obtained an understanding of the relevant controls over management's impairment indicator review processes;
- evaluated management's assessment of CGUs by obtaining a sample of underlying sales agreements to assess whether the cash inflows for the US and European enrichment businesses are separately identifiable and independent;
- challenged management's review of the relevant internal updates and external market information, including reviewing for any contradictory evidence, when scrutinising the 2021 impairment indicator or impairment reversal analysis;
- assessed significant new sales contracts and contract extensions signed during 2021, and those currently under discussion with customers, and compared pricing with both current market spot and forward prices, and the assumptions included in the US CGU impairment model;
- involved our nuclear industry specialists in our assessment of the long term forecast price for SWU, including the assumptions on nuclear energy demand and associated product assays;
- benchmarked key assumptions to third party evidence where available;
- challenged the operational and commercial management on the key assumptions;
- assessed and benchmarked the reasonableness of the post-tax nominal discount rate adopted to external market data; and
- challenged management's expectation of receiving an extension to the US nuclear site operating licence.

Key observations

We have concluded that management's assessment that there are no indicators of impairment or reversal is appropriate based on the work performed. Key assumptions within this assessment include an extension to the US operating licence, and demand quantities / assays within the long term forecast price model for SWU.

European enrichment business tails disposal provisioning

Key audit matter description

During 2021, management continued to base the European enrichment sites' tails provisions using the estimated future de-conversion cost of processing tails through the Tails Management Facility ('TMF'), which is currently being commissioned. The TMF de-conversion cost estimate is reviewed by management at each reporting period end, as this TMF cost estimate is required to measure the future tails de-conversion provision. As at 31 December 2021, Urenco recognised a €1,279 million (31 December 2020: €1,128 million) provision in respect of tails currently held at the three European enrichment sites, reflecting an increase in the volume of tails held and the expected de-conversion rate.

Significant management judgement is required in estimating the TMF de-conversion forecast cost assumptions, most notably the eventual operating cost of the TMF facility, capital costs of commissioning the facility, and likely deconversion throughput levels.

The latest TMF project review undertaken by management indicated a marginally increased capital construction and commissioning cost in comparison to the assumptions at 31 December 2020. These factors, alongside the delayed commissioning of TMF, have led to an increase in the associated tails provision.

As detailed on page 8 of the annual report, TMF commissioning commenced in 2020, and has encountered challenges to date. The forecast commissioning date of the TMF facility is now during 2022 (2020: 2021). Until commissioning is complete and operations commence, the estimated throughput and operating costs are uncertain, and these therefore represent key estimates within the European tails provision valuation. Our key audit matter is focused to the throughput assumption, as the provision is most sensitive to changes in this assumption. This is based on nameplate capacity of the facility provided by the entity who sold the plans to Urenco.

The other key management estimates in valuing this long term European tail provision are macroeconomic assumptions, being the inflation and discount rate applied to recognise the provision at a present value cost, and the determination of the final tails disposal and transport costs. During 2021, the European tails provisions continued to reflect changes in tails disposal routes related to an optimisation of tails management operations across the Group and the impact of the reduction in higher assay tails associated with the enrichment services contracts.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 54, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 87. Further details on the tails provision are also provided in note 30 to the consolidated financial statements.

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Independent Auditor's Report continued

How the scope of our audit responded to the key audit matter

In assessing the tails provision, we:

- obtained an understanding of the relevant controls over management's tails provisioning processes;
- challenged the senior Group management (the Urenco Limited Executive Directors and executive management team) and operational management to understand the status of the TMF project, the residual risks and estimated contingency levels;
- challenged management's key assumptions in relation to the forecast capital cost, timing of completion and forecast operating cost by performing the following procedures:
  - evaluated future cost and timing estimates, including TMF de-conversion costs, against internal project data and, where possible, external support;
  - tested the key assumptions through discussion with technical and operation personnel, and an assessment of key management reports;
  - understood the rationale for, and reviewed the calculation of, the relevant updates made to the TMF de-conversion cost model in 2021 and have agreed the underlying information to third party support where relevant;
- challenged management on the feasibility of hitting capacity forecasts by comparing throughput assumptions against publicly available information, review of associated technical / engineering documents, and meeting with key operational personnel;
- assessed and benchmarked the reasonableness of discount and inflation macroeconomic assumption rates adopted to external market data and relevant industry peers; and
- assessed the disclosures of the key source of estimation uncertainty.

Key observations

We concluded that the key assumptions applied by management in the provision calculation, as well as related disclosures, were appropriate.

Enrichment site decommissioning provisioning

Key audit matter description

Decommissioning activity involves the deconstruction, decontamination and disposal of the centrifuges and related infrastructure. As at 31 December 2021, the provision was €1,002 million (31 December 2020: €840 million).

A triennial review was performed in 2021, whereby management reassessed their provisions assumptions and estimates. The most significant changes were to the proposed timing of some elements of decommissioning works, and revisions to a number of third party quotes for planned decommissioning activity.

The timing of decommissioning activities is a key estimate, driven by useful economic lives of the enrichment plants as well as local regulatory requirements, disposal methods employed and Group strategy for decommissioning activities.

The other key management estimates are macroeconomic assumptions, being the inflation and discount rate applied to recognise the provision at a present value cost.

Other assumptions in management's decommissioning provision include cost estimates (both externally and internally generated) for the deconstruction, decontamination and disposal of the centrifuges and related infrastructure.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 55, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 87. Further details on the site decommissioning provision are also provided in note 30 to the consolidated financial statements.

How the scope of our audit responded to the key audit matter

In assessing the decommissioning provision, we:

- obtained an understanding of the relevant controls over the site decommissioning provisioning processes at each component as well as the Group-wide controls;
- understood the rationale for the key updates made in the 2021 provision, including the timing of activity and updated external quotes;
- challenged the key assumptions and critical estimates made in determining the timing of cash flows with senior operational and technical staff, and determined the consistency of these assumptions with those used in forecasts and the wider Group strategy;
- assessed the competence, capability and objectivity of management's experts where cost estimates were internally generated;
- challenged the cost assumptions made by comparing them against underlying support; and
- assessed and benchmarked the reasonableness of discount and inflation macroeconomic assumption rates adopted to external market data and relevant industry peers.

Key observations

We concluded that the key assumptions applied by management in the provision calculation, as well as related disclosures, were appropriate.

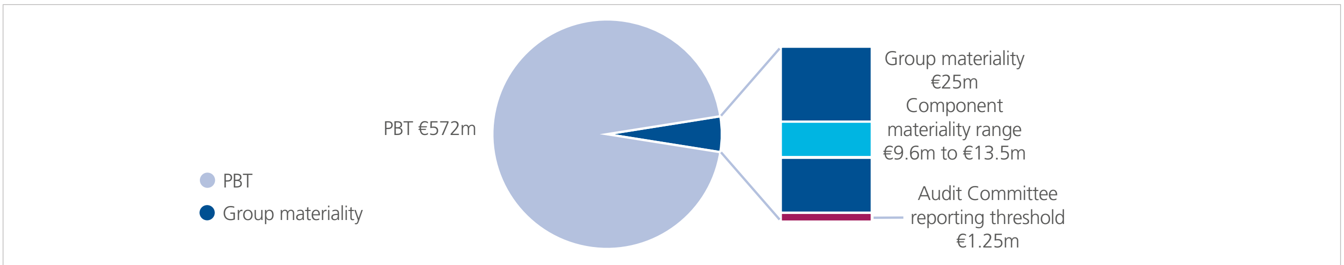
Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	€25.0 million (2020: €25.0 million)	€19.3 million (2020: €19.5 million)
Basis for determining materiality	Approximately 4.5% of annual profit before tax ("PBT") (2020: approximately 3.5% of profit before tax excluding exceptional items and foreign exchange gains and losses on financing activities).	Approximately 1.5% of Net Assets (2020: approximately 5% of profit before tax) for the Parent Company.
Rationale for the benchmark applied	We have determined that profit before tax excluding exceptional items provides us with a consistent year on year basis for determining materiality and is the most relevant key performance measure to the stakeholders of the Group. Profit before tax is adjusted to exclude exceptional items which would, if included, distort materiality for the year. We considered this measure to be suitable having also compared to another benchmark; our materiality is below 2% of equity (2020: below 2%) for both the Group and the Parent Company.	We have determined that net assets is the most relevant key benchmark as the primary purpose of the company is that of a holding company.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. The quality of the control environment and that we were able to take controls reliance on the revenue and payables cycles, and on general IT controls as planned; b. The higher risk nature of the industry; c. Changes in the internal control environment related to remote working for management; and d. The number and volume of misstatements in the interim and prior year.	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €1,250,000 (2020: €1,250,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group wide controls, and assessing the risks of material misstatement at the Group level.

We performed full scope audits on the four enrichment site operating entities, Urenco UK Limited, Urenco Deutschland GmbH, Urenco Nederland B.V. and Louisiana Energy Services, LLC, as they represent the Group's principal business units. The last three of which were performed by our component auditors in Germany, the Netherlands and USA respectively.

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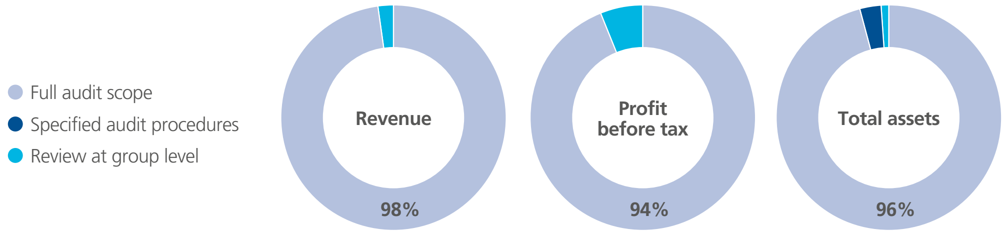
Additionally, we performed full scope audits on the entity constructing the TMF (Urenco ChemPlants Limited), and the UK head office entities, which are significant to the Group. Our full scope audit procedures cover total assets (2021: 96%, (2020: 98%), of Group total), revenue (2021: 98%, (2020: 99%) of Group total) and profit before tax (2021: 94%, (2020: 98%) of Group total).



Our consideration of the control environment

We performed testing of the general IT controls in respect of the Group's ERP finance system, which is the general ledger used at each component, with the purpose of placing controls reliance over these controls. The results of this testing allowed us to take a controls reliant approach for this system.

We planned and were able to place controls reliance on the relevant controls in relation to the accuracy, cut off and occurrence of both revenue and payables, which were reviewed and challenged as part of the audit procedures undertaken.

Working with other auditors

Component auditors were directed and supervised via clear group team instructions, regular email communication and calls, direct file reviews of their work, and meetings at key stages of the audit. We issued the component instructions on the audit strategy, the scope of their work, component materiality and other key information they should be aware of, as well as the requirements of their reporting to us.

Due to COVID-19 related travel restrictions and health considerations, no visits to the enrichment sites were performed in the current year and stock counts were performed virtually. Additional remote file reviews were performed during the planning phase of the audit process and the UK group team engaged in calls with local management and component auditors, in addition to the usual component audit close meetings.

Our consideration of climate related risks

As highlighted in management's climate related disclosures on page 21, the Group is exposed to the transitional impacts of climate change on its business and operations. We considered the risks associated with climate change when determining our scope and audit approach. In particular, we pinpointed potential risks associated with climate change to the likely role of nuclear power in the future likely energy production mix.

Our consideration of climate related risks also extended to our work in respect of going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including, fraud and non compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, financial instruments, valuations, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: management's assessment of impairment indicators in the US enrichment business and management's judgements in applying the Group's revenue recognition policy, specifically in relation to the application of IFRS 15. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation, tax legislation and nuclear regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence and environmental regulations.

Audit response to risks identified

As a result of performing the above, we identified carrying value of the US enrichment business and feed profit recognition as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee, internal audit and in house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with nuclear regulators;
- challenging the timing and value of revenue recognised through analytical procedures, and agreeing to executed contracts, signed delivery documentation and consideration received. We have also recalculated the extent of any revenue accruals or deferrals to assess the compliance with IFRS15; and
- addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non compliance with laws and regulations throughout the audit.

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Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jon Thomson FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

9 March 2022