



Supporting a net zero world

Annual report and accounts 2020



Financial highlights

Revenue

€1,700m

(2019: €1,805m)

Cash generated from operations

€1,171m

(2019: €1,094m)

EBITDA¹

€1,088m

(2019: €1,220m)

Capital expenditure

€141m

(2019: €151m)

Net income

€505m

post-exceptionals

€531m

pre-exceptionals

(2019: €8m, €565m)

Net debt²

€456m

(2019: €928m)

¹ EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation, amortisation and joint venture results.

² Net debt comprises loans and borrowings (current and non-current) plus obligations under finance leases less cash and cash equivalents and short term deposits.

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Forward looking statements – this document may include certain forward looking statements, beliefs or opinions, including statements with respect to Urenco's business, financial condition and results of operations. These forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'extends', 'hopes', 'may', 'will', 'would', 'could', or 'should' or in each case, their negative or other various or comparable terminology.


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Chairman's foreword¹



“Urenco has maintained its 100% delivery record and, in doing so, helped to keep hospitals, homes and critical businesses powered all around the world.”



In the year that Urenco celebrated the 50th Anniversary of the Treaty of Almelo, the organisation has shown through the strength and determination of its employees the ability to operate safely and deliver for customers, while meeting overall production and financial targets. This is despite the challenges presented by the COVID-19 pandemic. On behalf of the Board and myself, my thanks go to our employees and business partners who have made this possible.

Urenco's response to COVID-19

Urenco has maintained its 100% delivery record and, in doing so, helped to keep hospitals, homes and critical businesses powered all around the world.

Urenco's employees and business partners have rapidly adapted to new ways of working. The key priority was to ensure safety and wellbeing by incorporating

comprehensive prevention, response and support measures (page 19).

The Board remains confident that the measures will continue to manage the challenges of COVID-19. Urenco's operations are underpinned by the ability to provide services for customers from four production sites in Germany, the Netherlands, the UK and the US.

¹ In 2020, Chairman of the Board Stephen Billingham agreed to extend his term of office until the end of 2022.

The pandemic did not hamper employees' development and the work to invigorate the organisational culture. Diversity and inclusion continued to be key for Urenco. Several initiatives were launched to ensure Urenco is an inclusive organisation and that equality and diversity are celebrated and valued. One highlight was an inaugural global conference for the diversity and inclusion champions: an interactive, virtual two day event to share organisation wide successes and develop ideas on future initiatives.

Global enrichment market

In the US and Europe, nuclear generated electricity output has closely followed last year's trends, albeit lower due to depressed electricity demand during the pandemic. The impact has been particularly felt in Europe, where a few nuclear reactors were idle due to low power prices or reduced demand.

The market price for enrichment has continued to increase in 2020. Prices are back above \$50 per SWU from their low point of \$34. Uranium prices also increased as a result of COVID-19 measures and a reaction to the production restrictions and mothballing of mines and milling operations.

Despite this, our view is that market prices need to increase in the long run. They are not sufficient for investment in new enrichment plants or reinvestment in existing facilities. While we continue to significantly reduce operating and capex costs, the investment required for managing depleted uranium and the eventual dismantling and decommissioning of our plants continues to rise.

However, we remain positive about the future and Urenco's long term sustainability, and in 2020 we increasingly saw long dated business being contracted at price levels which will enable us to plan for reinvestment in our plants. Nuclear is also the second largest source of clean energy used today and will continue to play a critical role in providing baseload electricity. Current and next generation reactors require diverse and reliable uranium enrichment services, which Urenco has a key role in providing.

Political environment

Urenco is confident that the actions it has taken to prepare for the UK's withdrawal from the European Union will ensure that we can continue to provide services to our customers around the world.

Under the refreshed strategy (page 12), Urenco and its Board continue to believe it is a strength of the business to operate four enrichment facilities in four different countries. We are confident that we are demonstrating our long term, sustainable commitment to our operations in Germany and the positive contribution they make to the German economy, particularly in relation to the retention of skills and advanced technology.

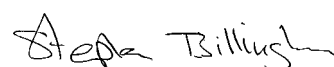
Urenco welcomed the agreement between the US Department of Commerce and Russian nuclear supplier Rosatom on the level of uranium imports into the US from 2021 until 2040. This agreement was supported by US Government legislation in December 2020.

Urenco and its Board believe it is key to an efficient market for enrichment services in the USA and in the best interests of our US customers, who are supplied by our enrichment facility in New Mexico. In the UK, Urenco was pleased with the Government's announcements in 2020, which demonstrated a positive approach to nuclear and support for the development of new generating capacity and innovative technology.

In the Netherlands, Urenco will monitor with interest the political debate on the energy transition and the potential enhanced future role of nuclear energy.

Our positioning

Urenco remains unique in the world of uranium enrichment in operating four facilities in four different countries, and for 50 years it has been a leader in its field. As sustainability has risen up the agenda of countries across the world, Urenco and its Board are proud of the organisation's role in facilitating low carbon electricity generation for global consumers. We look forward to continuing to make a valuable contribution long into the future by supporting our customers in the nuclear power industry.



Stephen Billingham CBE

Chairman

Chief Executive Officer's review



“None of this would have been possible without our people, whose performance in 2020 was outstanding. I would like to thank all employees for their commitment to the company and their hard work during the challenging times that COVID-19 has brought.”

Boris Schucht shares his views on the strategic role of nuclear in the future energy transition, how it can help us meet net zero targets, and how Urenco, with its strong performance over the past 12 months, has a key contribution to make.

How did Urenco perform in 2020?

Financial performance in 2020 was strong, despite the COVID-19 pandemic, and the results were in line with our expectations.

Revenue, EBITDA and net income were all down on 2019, in particular due to reduced SWU volumes. All remained robust, driven by the current order book and our sites' performance. Our contract order book extends to the 2030s, with an approximate value of €9 billion, and provides Urenco with good visibility of near-term financial performance.

Net financial debt continued to reduce, which was €456 million at the end of 2020 (2019: €928 million). We have a strong balance sheet, which can help protect us from any potential longer term adverse consequences of COVID-19 and the ongoing challenges of the enrichment market.

Our operations remained safe and stable, and we met our health and safety targets (page 17). Inactive commissioning of our Tails Management Facility was completed, the final stage of active commissioning is well underway and uranium oxide production is expected to start in the first half of 2021 (page 18).

A new Technology and Development function was created to bundle Urenco's technical and business development activities. The function will optimise our global assets and deploy specific technologies to make best use of our skills and expertise, and effectively manage long term liabilities, such as decommissioning and reuse/disposal of nuclear materials (page 24).

New sales were achieved in 2020 (page 20), and we continue to work closely with our customers to monitor and support their financial and operational situations.

None of this would have been possible without our people, whose performance in 2020 was outstanding. I would like to thank all employees for their commitment to the company and their hard work during the challenging times that COVID-19 has brought. The organisation adapted very quickly to the changes required to support the wellbeing of our people and protect our operations as much as possible, which I, and the other members of the Executive team, were both highly impressed by and extremely grateful for. I was also happy that, despite COVID-19, we made progress on the cultural development of the company, which underpins our successful future as outlined in our strategy. 2020 was also a year of celebration. It was a real pleasure in March to mark 50 years since Urenco's founding treaty, the Treaty of Almelo, was signed, an agreement which continues to provide stability and strength for our organisation as we look to the next 50 years.

UD, Gronau, Germany

Tails Management Facility,
Capenhurst, UK

UUK, Capenhurst, UK

“I strongly feel that nuclear power perfectly complements energy generated from renewables in a net zero world and the uses of hydrogen for the decarbonisation of several sectors. These three technologies belong together and they are the future of energy systems.”

With the UN Climate Change Conference (COP26) later in 2021, what are your views on the role of nuclear in the energy mix?

Current energy challenges are dominated by the climate crisis and the need to decarbonise our economies. There is a growing global consensus on the need to significantly and urgently reduce CO₂ emissions. Many countries and businesses are now setting net zero targets, some as soon as 2050 – less than 30 years from now.

Nuclear power can and should play an important role in the clean energy transition. Achieving a sustainable energy system and meeting our ambitious climate targets will be much harder without existing nuclear power and investment in new nuclear. This is being increasingly recognised and accepted around the world, with the UK, France, the US and Canada among the countries

announcing funding for nuclear in the past year, and several others, such as the Netherlands, considering enhancing their capacity (page 23).

I believe that, for electricity systems with a significant renewables component in the mix, seasonal storage is needed due to the intermittency issue. Therefore, we are currently seeing the first countries starting to develop hydrogen or power-to-gas concepts as alternatives. Also, some sectors – such as haulage, steel production or cement production – will be very difficult to decarbonise without hydrogen and perhaps other synthetic fuels, and nuclear can assist with their efficient and low-carbon production.

I strongly feel that nuclear power perfectly complements energy generated from renewables in a net zero world and the uses of hydrogen for the decarbonisation of several sectors.

These three technologies belong together and they are the future of energy systems.

To make this a reality, nuclear needs a level playing field where carbon emissions have a price in all markets; nuclear must become more cost-effective; and nuclear requires better access to finance. These are the three big issues for nuclear for the next 10-20 years and it is essential that industry, regulatory and government stakeholders collaborate to solve them. In this respect, I was pleased to see the recognition of the valuable role nuclear can play in several countries' policies and initiatives in 2020, including the UK Government's 10 Point Plan for net zero transition, announced in November, and subsequently in the Energy White Paper. Urenco's energy use and approach to climate change is described on page 30.



UUK, Capenhurst, UK



Stable Isotopes, UNL, Almelo, The Netherlands



Students at the Science Museum's Wonderlab: The Equinor Gallery, UK; taken pre-COVID-19

How can Urenco, through its strategy, support nuclear energy in making a valuable contribution to realising net zero?

We have updated our strategy to reflect our view of the future and what we need to achieve to play our role within it.

There are challenges. Growth in the nuclear sector has slowed, and potentially peaked in the Western world. Through our strategy we are adapting to these changes to be able to continue to offer high-quality products and services for our customers and ensure the sustainability of our part of the nuclear fuel cycle.

Our core business has always been, and will continue to be, uranium enrichment services, using our leading centrifuge technology. We can supply current and new light water reactors, and have the experience and knowledge to deliver enriched uranium to all major fuel fabricators in the world. We are strongly committed to our existing customers and markets, exploring areas of growth and striving to achieve business at levels which will enable us to reinvest in our business. We offer our customers an integrated nuclear fuel supply, covering all elements of the nuclear fuel supply chain.

Using our core competencies and leading technology, existing products and services will be complemented by increasing our offering in related areas where we can create real value, such as the fuelling of new reactors, stable and medical isotopes, waste treatment and decommissioning.

There are customers who are already today considering slightly higher increases in low enriched uranium (LEU) requiring enrichment up to 10%, called LEU+, to improve the economic efficiency of their nuclear power plants. We are currently preparing our sites to be able to meet future customer needs.

There is a second driver for new products in our sector: new reactor designs may need fuels with a higher level of enrichment.

The intention is to improve efficiency and also safety through enhanced accident tolerance. This work is at a very early stage. We are preparing for the necessary developments on the design of our plants, and for the regulatory requirements, so we can provide these in the future when customers should need them.

Our stable and medical isotopes facility in the Netherlands is increasing its capacity and the expanded facility will be officially opened in 2021. We have made this investment to meet the rapidly growing demand for enriched and depleted isotopes of elements. This is an area of huge social value, providing improvements to everyday lives, including medical diagnostics, therapy, and pain relief, and also supporting the development of quantum computers.

Our UK subsidiaries, Urenco ChemPlants and Urenco Nuclear Stewardship, are dedicated to the responsible and sustainable management of nuclear materials. Urenco ChemPlants operates the Tails Management Facility, a £1 billion investment (page 18). This is complemented by the work of Urenco Nuclear Stewardship, focused on decommissioning and waste management, which has won new contracts this year (page 26).

We will increase our collaboration with governments and partners within the industry to help shape the future of nuclear power and its regulation.

Most importantly, we are investing in our people. They are the foundation of our strategy. Creating a winning team will be facilitated by the 'Our Culture' programme. Our ambition is to enhance our position as an employer of choice with an inclusive culture aligned with our values and ambitions, maintaining a healthy and high performing organisation. We offer highly skilled and well paid jobs, reaching out to apprentices and graduates through a variety of programmes and placements, and continuously improve our development and talent programmes.

This is enhanced by our Richie education programme, which has now reached more than 300,000 students worldwide – encouraging the next generation of scientists and engineers.

What will you be focusing on in 2021?

The pandemic is likely to remain a challenge for society, and for us, for a large part of 2021. We will ensure that our operations and the health and safety of our employees are maintained to the highest possible level.

COP26 will be held in the UK. It will be important for the nuclear industry to participate in the dialogue and debate to clearly articulate that nuclear energy is a critical part of the solution for climate change, and Urenco will support this.

A key focus for 2021 will be the implementation of elements of 'Our Strategy' and 'Our Culture' programmes, which are intrinsically linked. I am proud to say that the majority of the programmes' initiatives originated from Urenco teams, so these really are our programmes, developed by us, for us. I strongly believe that this excellent work will support our long term success and enable us to fulfil our role in supporting net zero goals for the global energy market.



Boris Schucht

Chief Executive Officer



50 years of Urenco

On 4 March 2020 we celebrated the 50th anniversary of our organisation's founding treaty – The Treaty of Almelo. We marked this through celebrations with employees, reflecting on the importance of our treaty commitments, successes to date and future innovations. We donated €50,000 to a variety of local charities at each of our locations, voted for by employees.





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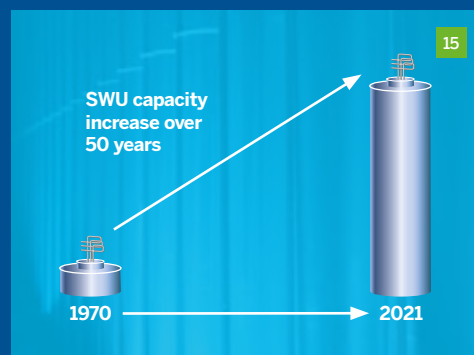
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Our business

Urenco is an international supplier of enrichment services and fuel cycle products with sustainability at the core of our business. Operating in a pivotal area of the nuclear fuel supply chain for more than 50 years, we facilitate low carbon electricity generation for consumers around the world.

Urenco provides safe, cost effective and reliable services, operating within a framework of high environmental, social and governance standards, complementing international safeguards.

We are committed to continued investment in the responsible management of nuclear materials; innovation activities with clear sustainability benefits, such as nuclear medicine, industrial efficiency and research; and nurturing the next generation of scientists and engineers.

Our winning team

Over 1,500 high skilled employees around the globe.

We are unique

The only commercial enrichment company operating four facilities in four different countries: in the UK; Germany; the Netherlands and the US. Our Group Head Office is based in the UK, near London.

Our finances are strong

Our contract order book extends to the 2030s, with an approximate value of €9 billion.

We value our customers

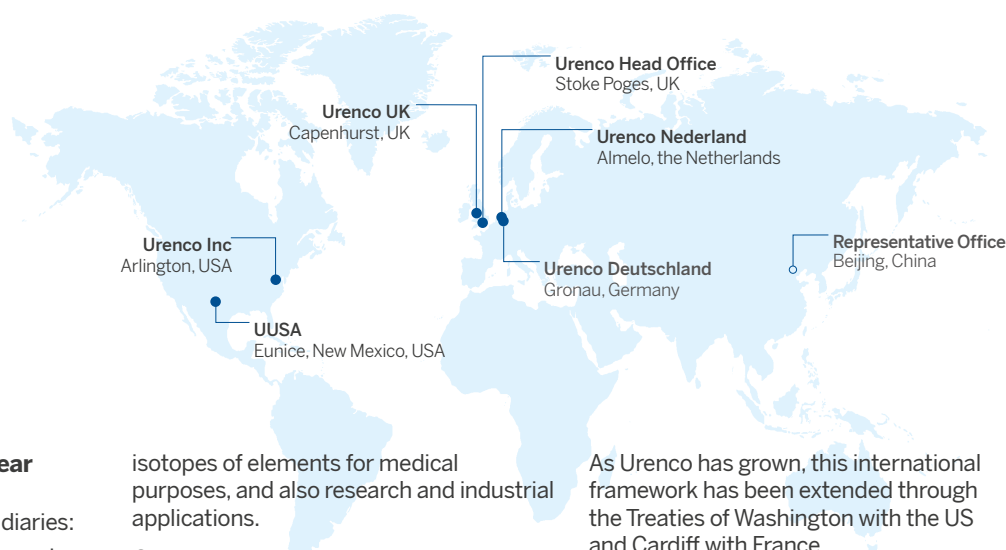
We have more than 50 customers in 21 different countries and supply the majority of countries that use nuclear energy.

We always deliver

- We met 100% of our delivery commitments again in 2020
- Our global capacity was 18,300 tSW/a at the end of 2020

Images left to right: Urenco UK; Urenco Nederland; UUSA; Urenco Deutschland





We responsibly manage nuclear materials

Through two dedicated UK subsidiaries:

- Urenco Nuclear Stewardship – waste management, long term storage and decommissioning services
- Urenco ChemPlants – deconversion, processing and storage services through our Tails Management Facility

We are furthering nuclear medicine

Our expanding Urenco Stable Isotopes business is meeting the rapidly growing demand for enriched and depleted

isotopes of elements for medical purposes, and also research and industrial applications.

Our leading technology

Provided by our joint venture company, Enrichment Technology Company.

Our Treaty commitments, ownership and oversight

The Treaty of Almelo was signed in 1970 by the British, Dutch and German governments. This established robust safeguards to protect our technology from misuse and proliferation.

As Urenco has grown, this international framework has been extended through the Treaties of Washington with the US and Cardiff with France.

Government representatives, named the Joint Committee, provide oversight of our security and safeguards

Urenco's Board is responsible for the corporate governance of our company (page 50).

Case study: Working during COVID-19

Amanjit

Senior Analyst, Head Office

Working from home was a new experience for many Head Office employees. We had to adjust quickly to a new way of working and find different methods to stay connected with our colleagues.

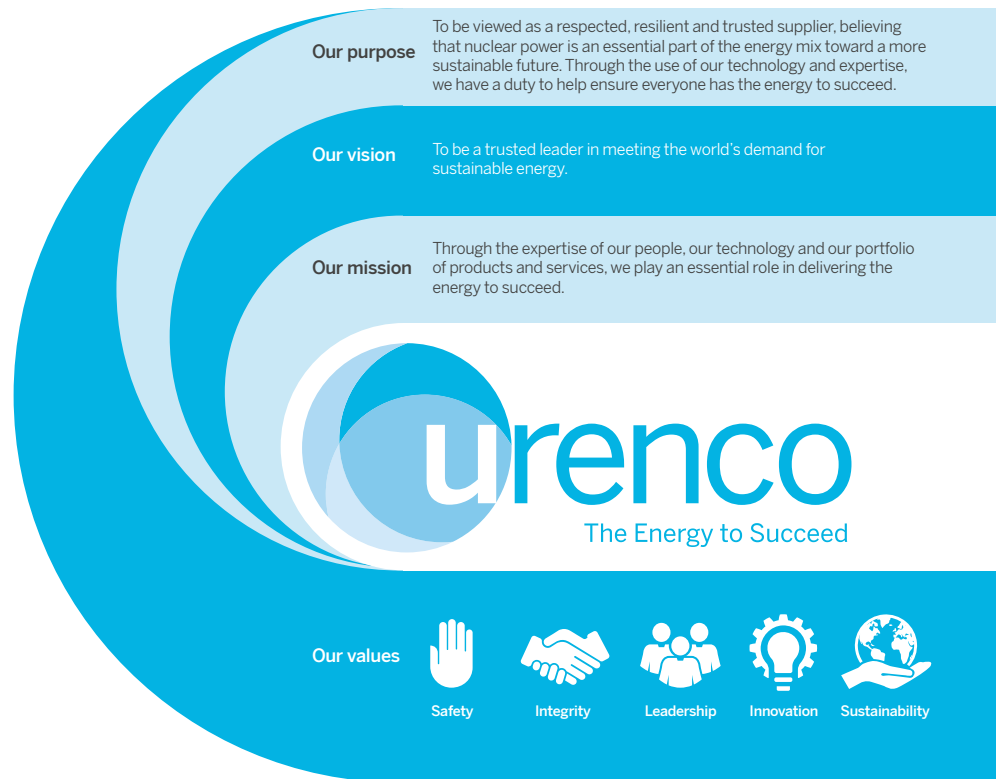
I was really impressed by how everyone embraced the technology platforms we have and made a conscious effort to support one another. We missed the regular interaction that the office normally provides, so throughout the year we organised a series of virtual activities for everyone to get involved in, everything from wellbeing sessions to quiz nights.

There have been challenges, so it was important to stay in regular contact with our managers and maintain a good work/life balance.

We also shared working from home tips and were reminded of the support services available to us, such as the Employee Assistance Programme, a confidential, free service for all Urenco employees in the UK, offering both practical advice and counselling support on a range of subjects: for example, mental health, childcare, financial difficulties and helping elderly relatives.

Our Strategy

We have launched a new strategic planning process to reflect our view of the future and set out what we need to achieve in the long term (five to 15 years), mid term (three to five years) and short term (12-24 months). The result is Our Strategy – developed and delivered by our people, for our people.



Our purpose, vision, mission and values drive our strategic objectives and determine the culture of our organisation.

Our values

Safety

We are proud of keeping our people, the community and the environment safe and secure from harm and maintaining the reputation of our industry, products and services.

Integrity

We are honest, fair and respectful in how we conduct our business.

Leadership

We entrust our people to develop and support our leading role in the industry by being accountable, inclusive, collaborative and effective communicators.

Innovation

We have the energy, expertise and flexibility needed to help our customers and our business succeed over the long term.

Sustainability

We support the delivery of a successful long term future by continuing to invest in our people, communities, technology and services and return value for our shareholders.

Our Strategy is designed around five building blocks:

Create a winning team - our people

We will be the employer of choice, with an inclusive culture aligned to our values and ambitions, resulting in a healthy and high performing organisation.

Maintain our strong customer base

We will be the preferred supplier to our global customers, offering a portfolio of products and services that are tailored to their needs and provide security of supply.

Defend and innovate our core business operations

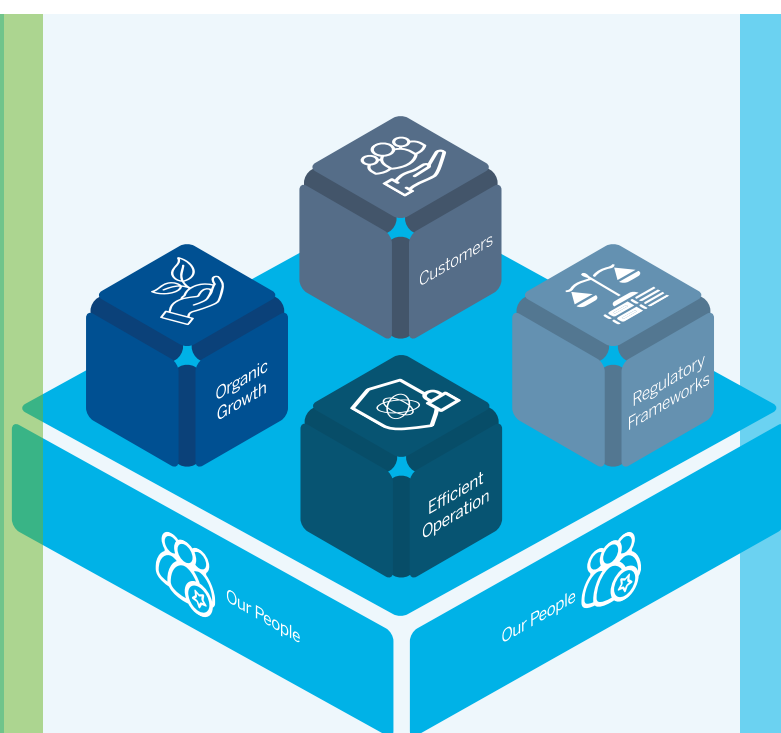
We will actively pursue innovation in order to remain a leading player in the enrichment industry, while we continue to focus on the safe and efficient operation of our assets.

Shape and utilise regulatory frameworks

We actively engage with key stakeholders to create a supportive business environment and build on strong relationships with our regulators and communities.

Promote organic growth

We will create value by becoming a more diversified company, offering a broader portfolio of products and services through expanding our core technologies and capabilities.



Our Culture, Diversity and Inclusion

Developing an inclusive culture and achieving together as a winning team.

With our people as the foundation of our strategy, our aim is to create a winning team. This ambition is being facilitated through the long term 'Our Culture' programme.

At the root of our culture work is behaviour. Any company culture is driven by how people behave: their attitudes and mindsets. We believe that when we have a fully inclusive culture – an environment where all voices are heard and diversity can thrive – we will make positive progress on delivering on our priorities.

Despite the disruption caused by the COVID-19 pandemic, our culture journey continued in 2020. In many respects, it brought out the best in our employees, who have worked together more flexibly and effectively than ever before.

Five workstreams have been identified to support the culture that our employees want to further develop:

- Behavioural change
- Tools & systems
- Leadership
- Communication
- Diversity & Inclusion

We have also developed six new target behaviours:

- Actively collaborates to form winning teams
- Embraces continuous improvement and innovation
- Empowers by holding self and others accountable
- Embodies transparency, respect and inclusivity
- Ensures physical and psychological safety and maintains integrity
- Acts consciously with a broader and longer term perspective in mind

We will expect our leaders to be role models for these behaviours, inspiring our employees to exhibit them in their daily working lives. Ultimately, all employees will be reviewed against them, with how people do their jobs considered to be just as important as what they do.

Target behaviours:

- 
Actively collaborates to form winning teams
- 
Embraces continuous improvement and innovation
- 
Empowers by holding self and others accountable
- 
Embodies transparency, respect and inclusivity
- 
Ensures physical and psychological safety and maintains integrity
- 
Acts consciously with a broader and longer term perspective in mind

Diversity and inclusion

We have recognised that our diversity and inclusion (D&I) goals will succeed only if we transform behaviours. Consequently, Urenco's D&I programme has been integrated into the 'Our Culture' programme.

Urenco places great emphasis on D&I. Our D&I programme, 'Including U', aims to:

- Ensure managers demonstrate effective leadership with due regard to inclusion, equality and diversity.
- Create an inclusive working environment where employees respect and value the differences in our people.
- Constantly challenge the status quo and develop new ways to improve the proportion of under-represented groups.

- Deliver relevant processes in a way that promotes equality and respects diversity and inclusion.
- Attract new people from the widest possible talent pool.

Urenco has laid solid foundations in its commitment to becoming a more diverse and inclusive organisation, with 'Including U Champions' across all sites and the successful initial roll out of awareness training. Initially focusing on improving the gender mix within the business – which remains a priority – the programme is now being extended to include other areas, with increased resource put in place to better support D&I initiatives.

The first global D&I conference for our 'Including U Champions' was held virtually during National Inclusion Week at the end of September and provided the opportunity to hear about some of the great work being undertaken across the organisation. The Champions' support on mental health was especially timely this year, and Urenco is now offering a half-day mental health awareness course to all employees in the UK and working closely with teams at every site to support their mental health initiatives.



Operational performance

The COVID-19 pandemic has required us to work differently, which has affected both operational and non-operational employees, and is illustrated in case studies throughout the Strategic Review. Urenco continues to implement its detailed and comprehensive COVID-19 plans to ensure the health and safety of our teams, communities and key stakeholders, and our ability to keep our plants operating. In 2020, the sites continued at full production and met the requirements of all shipments for our customers.

Safety is Urenco's number one priority, and both physical and mental wellbeing have been at the forefront of everything we have done in 2020, while we have maintained our asset security and reliability.

UD, Gronau, Germany

Highlights

Despite the COVID-19 restrictions, 2020 saw many operational highlights and successes.

Urenco Netherlands (UNL) obtained approval for an adjusted nuclear site licence, allowing for decontamination activities in the Recycling Centre to be further expanded. The UNL logistics team was also proud to contribute to Urenco's largest ever enriched uranium shipment from Europe to North America, safely achieved in April. This saw the team process nearly double the number of cylinders for the shipment than originally planned. The enhanced shipment was made possible using new state-of-the-art cylinder packages. These packages were also used to enable Urenco UK to complete its largest ever bulk shipment of product in September.

At Urenco Deutschland, preparations have been made for the refurbishment of centrifuges in the lead cascade in UTA-1 plant to enhance its performance. Similarly at Urenco UK, centrifuges were repopulated in three cascades in the E23 plant and a vibrational analysis system installed to improve pump reliability and reduce costs. Other major infrastructure investments continue at Urenco UK to replace older equipment, such as many of the high voltage systems.

Our US site, UUSA, continued to make good progress on a major project to replace the weatherproof roof membrane of their first cascade hall (SBM 1001), remaining on schedule and budget.

All the enrichment plants maintained high reliability and asset integrity throughout the year, as demonstrated by their online performance and achieving business plan production goals.

Safety

Our aim is to achieve the 'interdependent' stage of the DuPont Bradley Curve, taking personal accountability for our safety and the safety of others.

This year there was one Lost Time Injury (LTI) and four Medically Treated Injuries (MTIs), and one Restricted Work Case (RWC), resulting in a Total Recordable Incident Rate (TRIR) of 0.284 for over four million work hours. This is an improvement on 2019 and an injury rate we intend to continue to improve upon.

Throughout the year, Urenco focused on the 'Principles and Traits of a Healthy Nuclear Safety Culture', as described by the World Association of Nuclear Operators (WANO). These are designed to develop and maintain a healthy nuclear safety culture, with the goal of creating a framework for open discussion and continuing evolution of safety culture throughout the commercial nuclear energy industry. An overt focus on the principles of accountability was applied throughout the month of October during Urenco's first global Safety Month.

Urenco's US site, UUSA, led on the initiative, which involved interactive learning sessions to encourage more conversations about safety (see left).

Security and safeguards

The security of our sites and operations is of fundamental importance to protect our people, physical assets and technology.

Euratom, NRC and IAEA inspections were maintained in 2020 and no issues were identified.

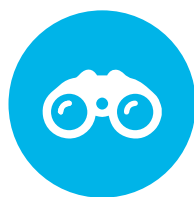
Improvements included a group-wide review and reissue of security procedures, along with ongoing investments.

We are preserving the privacy of personal data, and continued to ensure strict adherence to all relevant industry and regulatory standards.

Case study: Safety Month

At Urenco each year, we host a series of safety days, where each site focuses on specific safety activities. This year, all of the Urenco sites collaborated on a month-long effort in October which examined the 'Principles of Accountability'.

To accommodate COVID-19 safety restrictions, the activities were held virtually via online information, meetings and training sessions. They were designed to build a stronger culture of accountability for safety and provided examples of how employees can be responsible for safety, centred on identifying issues, taking ownership, diagnosing issues and identifying solutions, and taking action.



Identify
issue



Take
ownership



Diagnose
issue



Take
action

Tails Management Facility update

Urenco ChemPlants received official written notification from the UK Office for Nuclear Regulation (ONR) granting a Licence Instrument to commence active commissioning of the tails deconversion plant within the Tails Management Facility (TMF) at Capenhurst.

The letter in November followed a visit by the ONR to the TMF the previous month, which involved two days of external reviews and was external validation of its readiness to operate.

Uranium oxide production is expected to start in the first half of 2021.

The TMF represents a major investment in Urenco's strategy for its future management of nuclear materials, providing for the deconversion and storage of the by-product produced by the enrichment process. This helps us to manage our obligations as part of the nuclear fuel cycle.

BREXIT preparedness

By the end of 2020, Urenco finalised preparations for the UK's withdrawal from the European Union and European Atomic Energy Community (Euratom) treaty.

We welcomed the Trade and Cooperation Agreement between the UK and EU, and the conclusion of the civil Nuclear Cooperation Agreement (NCA) between the UK and Euratom, which will ensure that our European sites can continue to work together efficiently and effectively as part a global organisation.

In the UK and Euratom NCA, there is an explicit reference to our founding Treaty of Almelo and to the Treaty of Cardiff, which enables our collaboration with Orano on our joint venture Enrichment Technology Company (page 11).

We will continue to build on the strong cooperation between our regulating governments, both inside, and now outside, the EU. The UK and Euratom NCA is complemented by the UK Nuclear Safeguards Regulations, bilateral international safeguards agreements with the International Atomic Energy Agency and other new international NCAs agreed by the UK.

We have identified and mitigated the risks to our business while the new agreements are being implemented. We have ensured that our products are in the right locations across the world and international procurement of key supplies has been brought forward. Stock, equipment and other materials have been built up to continue production at our UK site in case of transport disruption.

These actions enable us to continue to provide services from all our sites in the UK, Europe and the US.

Case study: Working during COVID-19

Evonne

Senior Chemistry and Environmental Specialist, UUSA

In March, our school district closed down for two weeks due to COVID-19. That's when my working from home journey started.

The first few months were a definite challenge and I struggled with the work/life balance. I was anxious about the state of the world and the amount of news coverage surrounding COVID-19 was overwhelming. My children and their teachers were navigating a new world of online learning and I was struggling to fit everything in.

I started to block out periods of time and plan out my whole day to ensure I met my work commitments and helped my children through their schoolwork. Fortunately,

I had the tools to make my working from home life easier. Our department used virtual meetings as a way to continue having our morning catch-ups and training, guaranteeing that we stayed connected and maintained our level of proficiency. Our management also created an environment that embraced flexibility, which meant that my work hours and days could shift, if necessary.

Despite the challenges, there have been positives during COVID-19. Personally, I have spent more time with my husband and children and we even attended my cousin's wedding online in November!





COVID-19 measures across Urenco

Throughout 2020 Urenco ensured measures were in place to prevent and mitigate the risks associated with COVID-19.

The main challenge, and the key priority, was to ensure the health and safety of our employees and the continued safe and secure operation of our sites.

Our Global COVID-19 Teams worked together quickly and decisively to establish detailed prevention, mitigation and recovery plans. We immediately cancelled international business travel and visitor tours of our sites. For business-critical visits, risk assessments were continuously reviewed and travel screening questionnaires completed before arrival to site, along with a temperature check.

Increased preventative measures were also implemented at all sites, including remote working for employees who could do so. Safety requirements were put in place for face coverings, hand sanitising stations and physical distancing.

Rapid COVID-19 testing by approved medical providers was made available to Urenco employees, offered on a voluntary basis for those who wished to have the test, and also as a requirement for onsite workers at specific locations where pandemic conditions dictated more stringent measures.

Procurement strategies for additional spares and supplies were also established to support continued operations and to mitigate risk.

There was no interruption to either our operations, our supply chain or logistics. We maintained our 100% record of delivering to our customers on time, while providing strong support to our employees and taking no assistance from Government employment schemes.

From March, work on the sites was focused on business critical activities with some capital projects being deferred or slowed.

This has resulted in these projects being rescheduled into 2021.

Urenco's finances remained healthy, despite the pandemic. Our operational results in the past 12 months were in line with management expectations. COVID-19 has not had a major impact on our business models and strategies and we have fulfilled all regulatory requirements.

We supplied a large quantity of personal protective equipment to a multitude of charities, care homes and medical organisations to provide our communities with some of the resources they needed to protect themselves and their families.

Many measures will stay in place for the time being, with restrictions being eased gradually in line with Government guidance. We remain confident about our plans for managing COVID-19 and our robust operations are further strengthened by our ability to provide services for our customers from our sites in mainland Europe, the UK and the US.

We extend a huge thank you to our employees and partner organisations who have been incredibly resilient during this difficult time and supported us in new ways of conducting business.

Commercial and markets overview

"You get what you pay for. We would always want Urenco as one of our suppliers. They give us that certainty...."

US customer

Urenco offers quality, flexibility and reliability in the delivery of our enrichment services and fuel cycle products.

Our global reach and diverse offering from our enrichment facilities in four countries mean we are well placed to meet the needs of our customers around the world.

In 2020 we again met 100% of our customer deliveries and provided the volume of enrichment services we forecast in advance of the pandemic.

We usually travel to see our customers in person on a regular basis, meeting them at a variety of locations, including nuclear sites and international conferences. We also facilitate customer visits to our enrichment facilities, which provide a valuable opportunity for them to see Urenco's capabilities and better understand our operations. With travel restrictions in place for most of 2020, this form of contact was not possible. However, we continued to engage with our customers using online meetings, regular email updates and virtual tours of our facilities. This high level of communication is maintained by a dedicated team within the Commercial department.

2020 was another successful year in terms of gaining new sales. We have put in place new agreements with existing customers and extended our order book past 2030. We are also making preparations both to supply new nuclear build programmes and to deliver advanced fuels with Uranium-235 enriched up to 10% (page 27).

Transportation and logistics

Safety and timeliness are the highest priorities for the transportation of uranic materials at all stages of the enrichment process. Urenco uses only specialist transport suppliers, which are required to pass a quality audit. We continue working under a long term agreement with a vessel to provide regular transatlantic shipments of uranic materials. This ensures a sustainable and secure transport route, with cost certainty.

Engagement with suppliers

We frequently meet with and audit our suppliers to maintain our relationships with them and assess their performance against the contracts and service levels we agree.

This year, in the main, these meetings have been conducted remotely because of travel limitations due to the pandemic. Like Urenco, our suppliers implemented enhanced risk mitigations, and all service and contract obligations have been met. The ability to audit remotely has been enabled by recent investments in Urenco infrastructure.

We pay particular attention to our fuel cycle suppliers, where the Commercial team run additional audits, supported by qualified auditors and subject matter experts from our enrichment sites.

ISO 9001 standard fuel cycle supplier audits are conducted with all new suppliers, and then repeated every three to five years as 'surveillance' audits.

The audits verify that our suppliers, and any sub-contractors, have satisfactory quality management systems and hold appropriate certifications. They also ensure that our suppliers operate ethically, within suitable published codes of conduct. The audits are conducted alongside Urenco's standard Counterparty Due Diligence procedure, which is aligned with our values, Code of Conduct and Anti-Bribery and Corruption policy.

**"A long-standing history...
We have never had any
complications with
Urenco."**

European customer

Case study: 2020 Customer Survey

In 2020, Urenco had a comprehensive customer survey conducted by an independent organisation. The objective of the survey was to gain honest feedback from our customers and potential customers on our services and products, our brand and values, and our sustainability work. Urenco scored highly in all areas and customers are generally satisfied with the service Urenco provides, evidenced by 100% of respondents reporting they would recommend Urenco as a supplier.

The survey results were very favourable on the topics of deliveries, contract management, customer contact and communication. In 2021 Urenco will be using the findings from the survey to refine and improve our processes.

Case study: Customer audit of Urenco Deutschland

In November, a customer audit was held at Urenco Deutschland (UD). The audit involved comprehensive presentations and discussions by colleagues from both the site and Head Office. Our goal in customer audits is the fulfilment of all contractual requirements and customer satisfaction.

The auditor praised the transparency and flexibility shown by Urenco in the audit. Neither a deviation nor a recommendation was identified. The systematic connection between UD's stakeholder analysis and the continuous improvement plan, the excellent status of preventative maintenance work despite COVID-19 restrictions, and the site's ideas management programme were assessed as three areas of particular strength.

We welcome all feedback and were pleased to have some areas for improvement suggested, such as catching up on deferred training courses as soon as possible after the pandemic.



"I have a lot of faith and trust in my account lead. He is our interface. He is Urenco to me."

US customer

Markets overview

SWU price: Since March 2011, when the enrichment spot price peaked at US\$155/SWU, the price fell continuously to US\$34/SWU in August 2018, with no increase registered at any time during this period. However, since then, the spot enrichment price, as reported by Tradetech and UxC, has crept upwards, reaching US\$51.75/SWU and US\$51.50/SWU respectively by the end of December 2020.

Case study: Sizewell C consortium



Urenco joined a consortium of businesses and organisations from across the UK nuclear supply chain calling on the UK government to move forward with proposals for Sizewell C, a planned new large-scale nuclear power plant in Suffolk.

The consortium comprises EDF Energy and over 150 UK-based supply chain partners, making the case for Sizewell C and the need for nuclear in the UK's energy mix. This aligns with Urenco's vision of making a valuable contribution to zero carbon electricity generation around the world.

Core markets

US: The US has seen a growing list of utilities announcing commitments to achieve net zero carbon emissions by 2050 – with several utilities seeing nuclear playing an important role in the realisation of that goal. Complementing this, as part of a \$2 trillion clean energy plan designed to achieve a carbon emissions-free energy sector by 2035, the incoming Biden Administration appears to favour a 'technology neutral' approach that includes "all zero carbon technologies including hydroelectric power, geothermal, existing and advanced nuclear, and carbon capture and storage". The statement marks the first time since 1972 that the Democratic Party has officially expressed support for nuclear energy in its Official Party Platform².

The NRC approved Exelon's application for an additional 20 years of operation for Peach Bottom-2 and -3 – the second time the regulatory body has issued renewed licences authorising reactor operation from 60 to 80 years. Dominion Energy's Surry-1 and -2 are next in line, having received NRC approval of their final supplemental environmental impact statement in April. Dominion Energy and NexEra have since filed applications with the NRC to renew the two-unit North Anna and Point Beach plants' operating licences for an additional 20-year term. In contrast, Entergy's Indian Point-2 and NextEra's Duane Arnold became the latest US reactors to shut down permanently in 2020, while Exelon announced that both the two-unit Byron and Dresden nuclear power plants would be retired in 2021. Exelon added that its two-unit LaSalle and Braidwood plants were also at high risk of premature closure.

The US Department of Commerce and Rosatom have finalised their agreement on the level of uranium imports into the US from 2021 until 2040. This agreement was supported by US Government legislation in December 2020 (page 3).

"They (Urenco) are unique in that they operate in the US and Europe."

US customer

Europe: EDF permanently shut down Fessenheim-2 at the end of June 2020, bringing the number of commercial reactors in France's nuclear fleet to 56. However, EDF aims to unveil a new, cheaper-to-build version of its EPR nuclear reactor by mid-2021, ahead of a 2022 government decision on whether or not to build new nuclear reactors after the Flamanville-3 project begins operating.

In the UK, following Hitachi's January 2019 decision to suspend plans to build two new nuclear power plants (four units in total) in Wylfa Newydd and Oldbury respectively, in 2020 it has confirmed the cancellation of the projects. Hitachi noted that the investment environment had become increasingly severe due to the impact of the pandemic.

Three UK Government reports of note were released towards the end of 2020. The Treasury reported that it was important to consider large scale nuclear projects in addition to Hinkley Point C if the country is to meet its net zero target by 2050. This followed the Government's 10 Point Plan for a Green Industrial Revolution that will provide up to £525 million to bring forward nuclear and invest in the development of advanced nuclear research and development, including up to £385 million in an Advanced Nuclear Fund for small modular reactors and advanced modular reactors.

Building on the 10 Point Plan, the UK Government's Energy White paper, published in December, included commitments to large and small-scale nuclear, to enter into negotiations on the Sizewell C project and engage with other nuclear power plant developers. Earlier in the year, in May, EDF submitted an application to build two new EPR units at Sizewell C. It is also of note that hydrogen features prominently in the Energy White Paper, with the UK Government aiming for 5GW of hydrogen production by 2030, backed by a new £240 million net zero Hydrogen Fund, and it is expected that nuclear has a role to play in meeting these needs.

² 2020 Democratic Party Platform

“We are looking for new areas of collaboration and Urenco is a big, smart company we can work with.”

European customer

Asia: China is the fastest growing market in the nuclear sector. Its ambition to invest in its nuclear fleet will see it expand to become the largest nuclear generator before the end of this decade.

China has brought 10 new reactors online since 2018 (including the world's first AP1000s and EPR). In 2019, China approved the construction of six new units, and this year it approved four more units. Meanwhile, China will be releasing a new energy plan (in March 2021) that will propose setting a target of coal usage at 55% of China's energy mix by 2030, with nuclear, hydropower, wind and solar set to gain. By 2035, China aims to have 200 GWe of nuclear generating capacity in place, out of a total generating capacity of 2,600 GWe, or around 8% of total electricity production. Such an effort would require China to raise the pace of construction from six to eight reactors a year from 2021 to 2030.

South Korea has reaffirmed plans to phase out nuclear energy despite rising losses at state utility firms. The ninth long term plan envisages reducing dependence on nuclear and fossil fuels from 46.3% today to 24.8% by 2034 (nuclear reactors would fall to 17 by 2034 from a peak of 26 in 2024), while expanding renewables from 15.1% to 40%.

In Japan, the government is reviewing its energy policy, looking to use renewable energy sources and existing nuclear plants that can be operated safely, to meet its goal of achieving carbon neutrality by 2050. Japan now has 16 reactors at nine nuclear power plants that have cleared government requirements adopted after 2011.

Other markets:

UAE: ENEC's Barakah-1 was connected to the UAE grid and reached 80% of its electricity production capacity. It is on schedule to begin full commercial operation early in 2021. Operational readiness preparations for unit-2 are now underway, while construction of units-3 and -4 is in its final stages.

South Africa: With South Africa's only nuclear power plant licensed to operate until 2024, the National Nuclear Regulator (NNR) is in talks with Eskom regarding extending the operating life of the two-unit Koeberg plant by 20 years. The NNR is also considering approving the procurement of 2,500 megawatts of nuclear power, marking another step toward the expansion of the nuclear industry in the country.

The Netherlands: The Netherlands is to launch a consultation on whether to build up to 10 nuclear power plants, after a study commissioned by the Ministry

of Economics found that nuclear energy would be as cheap as wind or solar power. As well as building plants, which could be underway by 2025, the government wants to relax nuclear regulations and make state funding available to subsidise projects.

Sweden: Vattenfall reports that it is likely to extend the life of five reactors beyond 2045. The extension applies to two reactors in Ringhals and five reactors in Forsmark, which could have a lifespan of 80 years.

Poland: The Polish government is to take over PGE EJ1, the company set up to build and operate Poland's first nuclear power plant. The acquisition will allow the government to manage the entire investment in the proposed projects. Commissioning of the first reactor is planned for 2033, with another five such units commissioned at intervals of two to three years.



Technology & Development



In 2020, a new Technology and Development function was created to bundle our technology capacities and business development activities across the organisation, as well as decommissioning, reuse and disposal of assets requirements.

The establishment of this function is an important part of our refreshed strategy. To date, the safe, efficient and compliant operation of our assets has been managed at each site. We recognised the need to develop a more flexible, multi-skilled team that can benefit the whole organisation and ensure we are utilising the best common practices and metrics to optimise performance.

Primarily based at the Urenco Technology Centre in Gronau (Germany), the Technology and Development team

We recognised the need to develop a more flexible, multi-skilled team that can benefit the whole organisation and ensure we are utilising the best common practices and metrics to optimise performance.



consists of a multi-disciplinary group of employees of different nationalities. Parts of the function are also based at our other sites - for example, Urenco Nuclear Stewardship in the UK.

The full remit of the function is as follows:

Research and development

Asset management

Supply chain assets

Design authority

Urenco Nuclear Stewardship

Information and security

Group projects

U-Battery

Stable Isotopes



Case study: **Stable and Medical Isotopes**

Due to its versatility, our centrifuge technology is not limited to the separation of uranium isotopes. Our centrifuges can also be used for the separation of other isotopes – including cadmium, germanium, iridium, molybdenum, selenium, tellurium, titanium, tungsten, xenon and zinc – for medical, industrial and research applications.

We have gained expertise in this area for over three decades at our enrichment facility in the Netherlands, supporting the improvement of medical diagnostics, therapy and pain relief, and many other fields.

The first commercial order was a batch of enriched Xenon136 for research purposes, ordered by a renowned US university. Additional orders for xenon, zinc and other products followed, allowing Urenco Stable Isotopes to build a substantial portfolio of enriched and depleted products for a wide range of markets and customers.

In 2021, we are looking to take a considerable step forward in the production of stable and medical isotopes. The growing market in this field has led us to expand our facility to meet the demand, especially for products in the medical field - for example, Xenon 129. This product is used in MRI imaging to detect lung diseases. We are also doing research to discover solutions for cancer treatment. Already, hundreds of thousands of patients are treated every year with products made from our enriched stable and medical isotopes. Other applications of our products are very varied and include super fast computer processing power.

We are looking forward to working with customers on new research and development projects, producing high quality, cost-efficient products and solutions that will change lives.





UUK, Capenhurst, UK

Case study: Urenco Nuclear Stewardship

Urenco Nuclear Stewardship has been in operation since 2012. Its core expertise centres on waste management, decommissioning and long term storage of nuclear materials. It both serves Urenco's requirements for these capabilities and utilises them to develop external business opportunities.

Waste management – Urenco Nuclear Stewardship has a new waste handling facility and strong technical expertise in waste strategy, characterisation, packaging and transport. In 2020 it successfully secured a contract to manage, treat and dispose of metallic waste from UK nuclear facilities over the next four years, being included in a framework worth up to £65 million (€73 million).

Decommissioning – During the past eight years, Urenco Nuclear Stewardship has been contracted to deliver £295M of decommissioning projects for the Nuclear Decommissioning Authority (NDA). It is also responsible for decommissioning projects across the Urenco Group.

Storage – Urenco Nuclear Stewardship currently stores 95% of the UK inventory of uranium on behalf of the NDA and has a contract with the Ministry of Defence for storage of submarine reactor pressure vessels prior to disposal.





Case study:

U-Battery awarded approximately £11m funding by UK Government

U-Battery, a micro-modular reactor development programme involving Urenco, progressed through to the next stage of the UK Department of Business, Energy and Industrial Strategy's (BEIS) Advanced Modular Reactor (AMR) competition in July.

This saw a further £10m contribution from the UK Government to conduct design and development work to bring the new nuclear technology closer to market.

It follows the successful completion of a feasibility study that made the business, economic and technical case for the deployment of U-Battery in the UK and in Canada, where it would be deployed in industrial applications, mining sites and remote locations and have a positive effect on decarbonisation and climate change efforts. It is also a highly versatile technology that can be used for other beneficial purposes, such as the production of hydrogen through the copper chlorine process.

U-Battery received an additional £1.1m of funding from BEIS to design and build the two main vessels (the reactor and intermediate heat exchanger) and the connecting duct.

During the next phases of the programme, U-Battery will be working to form new partnerships for the longer term development of the AMR.

Case study:

Next generation technologies and fuels

Urenco has committed further funding to enable its US and UK sites, UUSA and UUK, to explore in depth the production of LEU+, uranium enriched up to 10%.

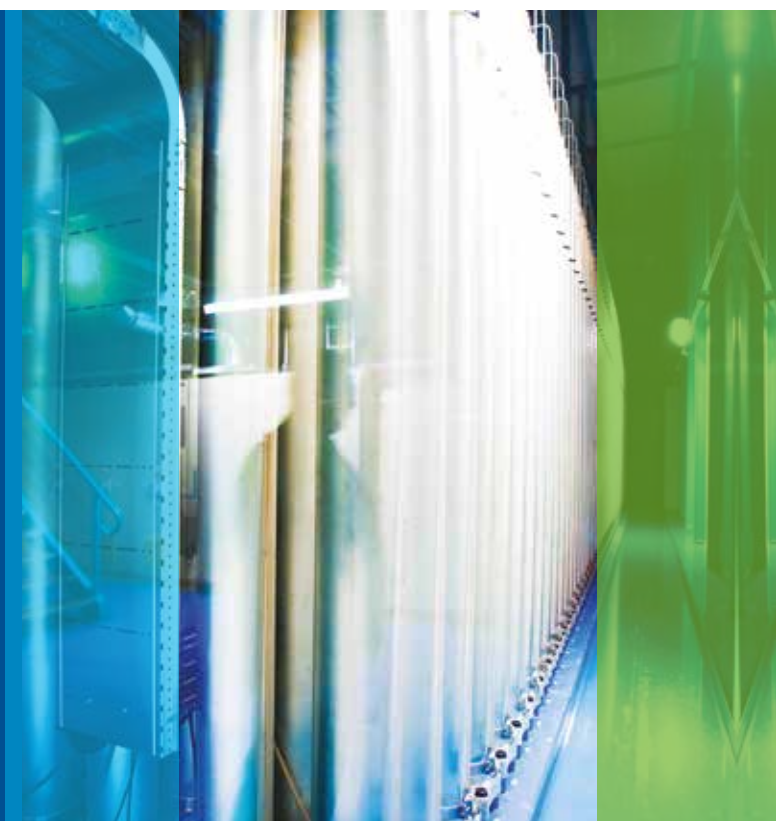
As a leader in the nuclear industry, Urenco is well positioned to provide the enrichment services needed to support the nuclear industry's efficiencies, advancements and innovations in fuel production.

LEU+ can be used in existing light water reactors seeking to achieve higher levels of safety and improved economics.

Urenco's existing advanced gas centrifuge technology is capable of producing LEU+. Few modifications will be needed to the current facilities at UUK and UUSA.

Urenco is advancing the next generation of nuclear technologies and fuels as an important part of achieving greater efficiencies within the industry and making a valuable contribution to decarbonisation goals.

We have the knowledge and experience to play a leading role in this area, which will provide an enhanced service for our customers and wider benefits for society.



Sustainability



Our sustainability programme

Under the guidance of the Board Sustainability Committee (page 64), 2020 was a strategic and innovative year for our sustainability programme. There was innovation in our approaches so we could further our sustainability performance, despite the disruption caused by COVID-19. We strategically adjusted our approach to reflect changes in the social development and environmental agendas that COVID-19 – as well as the increasing importance of diversity and inclusion, and the move to net zero – has brought.

We are committed to making a valuable contribution to key universal United Nations Sustainable Development Goals (SDGs).

We are committed to making a valuable contribution to key universal United Nations Sustainable Development Goals (SDGs) and a synopsis of how our organisation contributes to each goal can be found on our website at www.urengo.com

Our Group sustainability champions have remained focused on six core sustainability areas:

- Health and safety, safeguards and security – page 17
- Environmental impact – page 30
- Supplier of choice – page 21
- Employee engagement – page 14
- Community engagement – page 32
- Asset integrity – page 16



COVID-19 has had a predictable impact on our social and community initiatives in particular, with lockdown necessitating reduced employee volunteering numbers, fewer Richie science workshops for school children and site visits being put on hold. We are updating the general virtual site tour to provide an opportunity for members of the public to find out more about us. The Richie programme (page 32) has focused on online content delivery in 2020. Our dedicated employee volunteers have found opportunities to support charities in a socially distanced manner, such as offering fruit baskets and conversation to 90 households in Almelo suffering from loneliness, illness or poverty; and UUSA employees and family members making face coverings for the local hospice and other non-profit agencies.

We have also evolved our strategy for social investment, with a clear focus on multi-year partnerships with charitable organisations and enhanced alignment of our internship, educational and other social programmes with our wider sustainability priorities. At the end of the year, the Board approved a proposal to increase social investment in 2021.

In 2020 we conducted an enhanced materiality assessment to support a refresh of our Sustainability Strategy. The views of key stakeholder groups were gathered through interviews with industry and sustainability experts, a customer survey, an employee survey and workshops with the Managing Directors and the Executive Committee.

All stakeholders were asked to identify priorities for Urenco to take action on from a 'comprehensive list' of sustainability topics. The new Sustainability Strategy will be presented in our forthcoming Sustainability Report. We have already begun revitalising our sustainability approach, such as setting enhanced diversity and inclusion goals for the areas of recruitment, succession planning and training (page 15), and conducting a study of our 'scope 3' carbon emissions.

Case study: Working during COVID-19

Lauren

Maintenance Administrator, Urenco UK

During my seven years at Urenco I have worked across the site in a number of roles. I am currently in the maintenance team for UUK as the team administrator and my usual desk would be in the offices of one of the plants.

In May 2019, I took 12 months of maternity leave after having my little boy, Jude. As the pandemic escalated this year, it was clear I would be working remotely on my return.

I was apprehensive, as coming back to work after a long period of time is nerve-wracking enough without there being a pandemic and a different working style.

I didn't even have a laptop, so my manager dropped one off and reassured me. I didn't expect to be doing my job with nursery rhymes in the background, however, I have made it work!

It's been a huge adjustment, but I'm lucky Urenco have been understanding about their employees having children and other commitments at home. It has been a challenging year for all of us and I am very much looking forward to getting back to some form of normality in 2021.



UUK, Capenhurst, UK

Energy use and climate change

Nuclear energy is part of the solution for tackling climate change. Through our product, we support the decarbonisation of the world's electricity grids, the journey to net zero carbon emissions and a 'green recovery' from COVID-19.

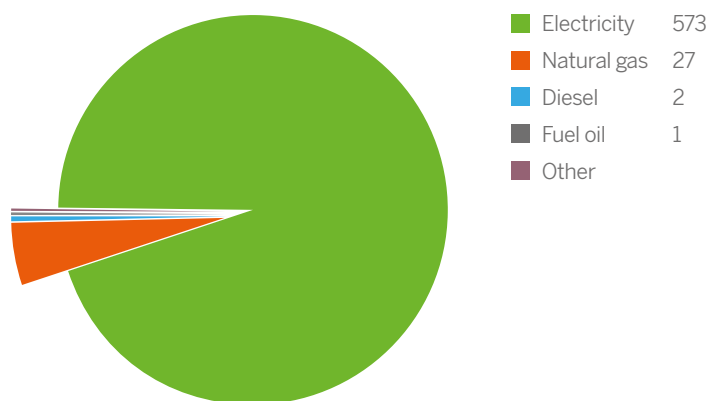
Periodic assessment of climate change risk has been part of our overall risk programme. We expect to develop further risk and mitigation plans in 2021, aligned with evolving plans on setting both short and long term carbon reduction targets. We aim to reduce our own carbon emissions and support a lower carbon supply chain for nuclear energy. More information will be included in the Sustainability Report, published in the summer.

In 2020, our total energy use and total emissions (scope 1 and 2) fell by 2% and 9% respectively, on a like-for-like basis. Office closures due to COVID-19 had a negligible effect on our energy consumption and carbon figures; by far the majority of our energy use and emissions relate to our core enrichment services, and these continued to operate as normal despite the outbreak.

Our Energy Savings Group promotes energy efficiency across our sites, with a particular focus on electricity usage, which accounts for more than 93% of our total carbon emissions (scope 1 and 2). Our electricity consumption across all four enrichment sites reduced by a further 2% in 2020. This was mostly due to efficiency measures such as further roll out of upgrades to the TC12 centrifuges at our sites in the Netherlands, UK and Germany, and continuing installation of LED lighting and pump speed optimisation at our UK site. Please also see our disclosure in line with the Streamlined Energy and Carbon reporting requirements on page 73 for details of energy-saving projects in the UK.¹

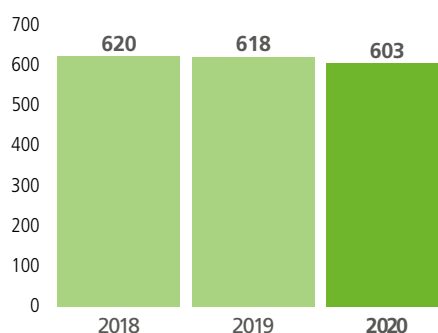
In 2020 we commissioned a study of the 'scope 3' emissions associated with our wider value chain. This study has identified key areas for us to focus on with our suppliers to support further reductions to our carbon footprint.

2020 energy consumption by source GWh (million kWh)

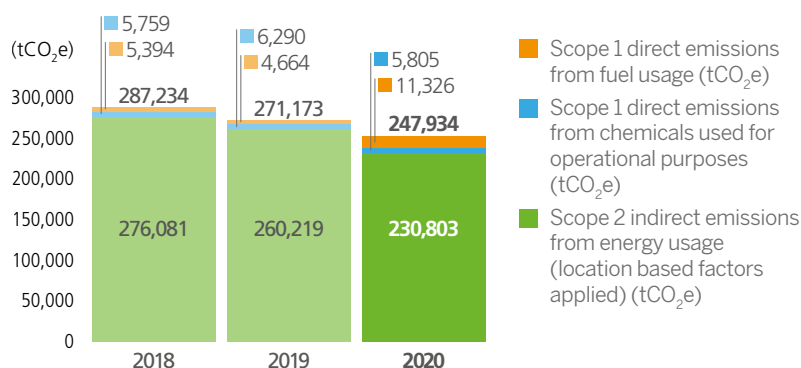


Energy consumption

GWh (thousand kWh)



Greenhouse gas emissions



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.ureenco.com/sustainability/quality-certifications for the most recent annual assurance statement.



Images above, top to bottom:
Tails Management Facility, Capenhurst, UK;
Urenco Nuclear Stewardship, Capenhurst, UK

Nuclear materials management

Responsible uranium stewardship will always be a key element of our commitment to sustainability. We apply the expertise of our two UK subsidiaries, Urenco ChemPlants and Urenco Nuclear Stewardship, to provide solutions for our own business and the wider nuclear energy industry. Our Tails Management Facility (TMF) will convert depleted uranium hexafluoride (UF_6) or 'tails', produced by our core enrichment services, into stable uranium oxide (U_3O_8). Our research and development department is continuously innovating to minimise the amount of radioactive waste generated through our processes and creating a more sustainable approach for future decommissioning projects.

Water usage

Water consumption reduced by 10% in 2020, mainly due to changes in operational processes. We also began rainwater harvesting at our TMF facility in the UK, which will reduce our reliance on water from external sources in future years.



Case study: Innovative approach to energy saving at UNL

In a quest for further energy saving possibilities at UNL, a drone has been purchased to perform infrared scans of buildings on the site. Heat emissions will be identified, examined and diminished through the new tool, which employees have been trained and certified to operate.

In addition, gas consumption will be reduced at UNL from next year through an improvement to the air humidification system in the Recycling Centre, replacing the current gas-powered unit with a modern electric solution.



Our communities

Engagement with our local communities helps create better mutual understanding and supports our licence to operate. This takes the form of site tours, with a virtual site tour being updated to provide further access; attendance at council, local liaison and other elected representative meetings; and the provision of practical and financial support through our volunteering and donations programmes.

We continued our efforts in 2020 in the hope of easing the hardship being felt by many. Major beneficiaries included cultural institutions, such as the Science Museum in London and Chester Zoo (UK); cross-cutting local community support organisations, such as United Way (US); community health facilities, such as St Josef Hospice (Germany); and environmental initiatives such as reforestation projects (the Netherlands).

Richie education programme

A key area of our community outreach is our Richie education programme. Through the programme, Urenco is committed to inspiring the next generation of scientists and engineers. We engage with school children and university students around the world to nurture their interest in science, technology, engineering and maths (STEM) and encourage a wider understanding of the nuclear industry.

The programme includes school workshops and digital resources, which teach students about nuclear energy and the importance of protecting our planet in a fun and interactive way. Due to the COVID-19 pandemic, we postponed our 2020 programme of physical events and focused on promoting our digital resources, in collaboration with the British Science Association.

We shared home schooling activities and tips via our social media channels and reached around 75,000 students with our digital resources.

In 2020, we also extended our partnership with the Science Museum, making Urenco the Major Sponsor of 'Wonderlab: The Equinor Gallery' until 2025. The gallery features more than 50 immersive exhibits and demonstrations that show visitors how science and mathematics shape our everyday lives. Since opening in 2016, the gallery has welcomed nearly 1.5 million visitors.

Government Affairs

Government policy shapes the future of nuclear. We stay abreast of potential changes and consult with ministers and officials to help ensure informed decisions can be made by them and Urenco.

Case study: Building bridges for STEM in the Netherlands

On 23 and 24 November, secondary school students from four different schools in Almelo, the Netherlands, learned about STEM (science, technology, engineering and maths) by building bridges, pictured right in their school class bubble.

The initiative was organised by Discover High-Tech Almelo, a collaboration between 12 companies in Almelo, including Urenco, who have the joint aim of promoting STEM to future employees.

The challenge was to build a bridge using nothing but skewers, elastic bands and rope, with a span of at least 60 cm and strong enough to carry one or more bricks in the middle for 10 plus seconds. The winning team (pictured) built a bridge that could carry four bricks, an impressive 10 kilos in total!

The 'Bridge challenge' was a COVID-safe alternative for larger-scale STEM promotion activities that are normally organised by Discover High-Tech Almelo every November.



Stakeholder engagement

Urenco continued with its stakeholder engagement in 2020, in line with relevant restrictions on travel and the need to socially distance from March.

Stakeholder engagement highlights



January

- The United States Department of Energy Assistant Secretary for Nuclear Energy, Dr Rita Baranwal, pictured above, visited our US site, UUSA, with members of her team to learn more about our company and the service it provides.

February

- One of our largest and longest-standing customers visited UUSA. A site tour and an overview of how UUSA manages and tracks customer inventory were provided.

May

- A global Health and Fitness Week was held for employees, which included encouragement to take part in a 5K walk, run or cycle challenge. Urenco Nederland alone had 131 colleagues (almost half of the workforce) taking part. Donations were made to 18 charities.

June

- Urenco contributed to an independent report, published by Aurora Energy Research, which showed that hydrogen can meet up to half of Great Britain's final energy demand by 2050 while helping to reach net zero targets, and that nuclear has an important role in this.

- Urenco signed an open letter from the nuclear industry to EU key decision makers, asking for the contribution of the industry to be better recognised in future policy developments and funding decisions.

September

- Urenco's CEO, Boris Schucht, contributed to the debate on the future of nuclear and its role in achieving decarbonisation efforts at the IAEA Scientific Forum. His speech was given during the opening session of this prestigious event, with other speakers including Director General of the IAEA, Rafael Mariano Grossi; Alok Sharma MP, Secretary of State for the Department for Business, Energy and Industrial Strategy and Chair of the UN Climate Change Conference (COP26) in Glasgow in 2021; and Dr Fatih Birol, Executive Director of the International Energy Agency (IAE). The Forum is an annual event held in the margins of the IAEA General Conference.
- Urenco Deutschland's fire service donated protective jackets and trousers to the Gronau fire brigade to enable them to quickly comply with a new policy requiring them to change clothing contaminated by smoke at the scene of a fire to reduce the impact on their health.

October

- Urenco provided a response to the UK Business, Energy and Industrial Strategy (BEIS) Select Committee inquiry on post-pandemic economic growth. The submission clearly outlined the positive role nuclear can have in helping to rebuild the economy after COVID-19, while also helping to combat climate change, and encouraged the Government to focus investment on delivering net zero by 2050.

- Urenco UK employees helped to refurbish a building near Chester, creating a 'crisis café' to support members of the community who need access to a foodbank, counselling and employment advice due to the impact of the pandemic. The hub also offers respite for individuals suffering from mental illness.
- Urenco organised a virtual conference for UUSA employees and Urenco's Board, involving informative and interactive sessions on the site's achievements and challenges during 2020.

December

- A donation of €40,000 was made to the IAEA Marie Skłodowska-Curie Fellowship Programme to increase the participation of women in nuclear science by providing scholarships in nuclear related subjects.
- Boris Schucht delivered a speech to the Nuclear Europe Leaders group on nuclear energy's role in the production of hydrogen.
- Urenco's 'Celebrating U' event, recognising the achievement of employees, was held virtually this year, with an even bigger and better celebration planned for next year when we will bring the 2020 and 2021 winners together to mark their success.

Summary of engagements in 2020

We regularly map our stakeholders to ensure we are engaging with the right people and log these interactions so that areas of concern and interest can be addressed. A summary for 2020 is provided in the table below:

Stakeholder group	Type of engagement	Example topics raised	Achievements in 2020
Customers/suppliers	<ul style="list-style-type: none"> Regular contact Press/news releases Social media Customer survey 	<ul style="list-style-type: none"> COVID-19 measures Environmental data 	<ul style="list-style-type: none"> 100% customer delivery record 88% survey response rate from customers
Employees	<ul style="list-style-type: none"> Intranet and news app Newsletters Physical/virtual all-hands meetings 	<ul style="list-style-type: none"> COVID-19 measures Culture and strategy Safety and mental health 	<ul style="list-style-type: none"> 50th anniversary celebrations Mental health training High participation in safety events
Pensioners	<ul style="list-style-type: none"> Pension bulletins Meetings Letters 	<ul style="list-style-type: none"> Administrative changes Investments 	<ul style="list-style-type: none"> Meetings well attended Prompt responses to queries
Government/politicians/regulators	<ul style="list-style-type: none"> Regular contact Site visits in accordance with COVID-19 measures 	<ul style="list-style-type: none"> COVID-19 measures Net zero targets 	<ul style="list-style-type: none"> Regular political and regulatory meetings and involvement in working groups
Investors/shareholders/banks/rating agencies	<ul style="list-style-type: none"> Regular contact Virtual investors roadshow 	<ul style="list-style-type: none"> COVID-19 measures Economic performance Market conditions ESG ratings 	<ul style="list-style-type: none"> Regular one-to-one meetings Virtual full-year results presentation
Local communities/school children/apprentices/graduates	<ul style="list-style-type: none"> Local liaison and dialogue Practical and financial support Richie education programme 	<ul style="list-style-type: none"> Science education Sponsorships and donations 	<ul style="list-style-type: none"> Regular meetings with councils, local liaison committees and elected representatives More than 76,000 students participated in the Richie programme globally
Media/social media	<ul style="list-style-type: none"> News releases Social media channels 	<ul style="list-style-type: none"> Financial results Operations Nuclear stewardship 	<ul style="list-style-type: none"> Press interviews to highlight pertinent topics and key industry updates Regular news releases and social media posts
Non-governmental organisations	<ul style="list-style-type: none"> Membership of industry associations 	<ul style="list-style-type: none"> Public education Innovation and technology Opportunities in new markets 	<ul style="list-style-type: none"> Sponsored and presented at virtual industry events Contributed to industry publications

Ethical conduct

Ethics and professionalism are of the highest importance to Urenco, as set out in our Code of Conduct and values. The aim is to protect our business, employees and our key stakeholders.

We actively encourage open conversations about behaviours and concerns to be raised, in the first instance with line managers, who are responsible for addressing issues promptly and confidentially.

This is strengthened by a whistleblowing mechanism, providing another option if an individual does not wish to raise a matter directly or feels it has not been dealt with satisfactorily. An alert line has been provided with an independent organisation, which can be contacted free of charge and anonymously.

Urenco takes a zero-tolerance approach to bribery and corruption, as articulated in our Anti-Bribery and Corruption policy. Integrity is one of our core values and we expect our employees and key stakeholders to act in this manner in all their interactions.

The protection of privacy and confidentiality are key concerns, including securing personal data. We comply with all relevant legislation, including the EU General Data Protection Regulation (GDPR). This was of increased importance this year, with many more employees working from home, and comprehensive advice was issued on how to do so securely.

Case study: United Way Giving at UUSA

In 2020, the COVID-19 pandemic required everyone to think outside the box to safely hold employee engagement and community events. This was especially true when it came to supporting the annual United Way Campaign at UUSA.

Each year, UUSA employees contribute to the United Way Campaign to support local non-profit organisations that help people in need. As part of this year's fundraiser, UUSA held a staycation drive-through event. From the comfort and safety of their vehicles, employees and their families were treated to food trucks and received a package of goodies intended to use at home for a staycation.

The giveaways included all of the ingredients to make S'mores, a DIY bird house and other fun items for the children, a creative guide that included summer recipes and activities to do from home, and some additional treats.

This event was the finale to the United Way Campaign and UUSA employees not only met, but exceeded, the goal set for this year. A total of over \$420,000 was raised. This donation includes employee contributions, a UUSA company match donation and an additional match donation from a local private foundation. UUSA has been the largest donor to the United Way for the past 13 years, and in 2020 we donated a record amount. We look forward to continuing this tradition of giving for years to come.

Case study: Working during COVID-19

Andreas

Safeguards Manager and Pandemic Coordinator,
Urenco Deutschland (UD)



The crisis has been challenging for everybody, both for employees and for the company, because of the risk of the virus spreading. Urenco listened to every colleague and has offered support, including for mental health.

I was fully aware of my responsibility to minimise the risk of infection for the company, my colleagues on site, my family and especially for my little daughter, who was born this summer. If I needed to go to the site, I measured my temperature beforehand with the thermometer provided by the company and ensured I did not have any other symptoms.

On site, all colleagues showed their commitment and willingness to adapt to the new situation. Different shift patterns, working from home or switching to digital meetings were all supported by the entire workforce and created a feeling of togetherness. I valued the creative efforts from the company to keep employees connected, such as food and safety packages delivered to home addresses. In addition to that, I really appreciated the adherence to the COVID-19 measures in place. In 2020 no UD employees contracted the virus while working on site. That's a huge success and UD was showcased as a best practice example of handling the pandemic in the biannual 'Citizens book Gronau' (Bürgerbuch Gronau).

Principal risks and uncertainties

Risk management and mitigation is a key area of focus for Urenco. Across all of Urenco, we work hard to raise risk awareness and we have developed a range of measures to help identify, manage and mitigate potential risks and threats that could impact our business.

Our approach

Safety and security of our personnel, assets, and technology are Urenco's top priority and robust risk management is critical to ensuring our priorities are delivered. Risk Management is a vital component of our global leadership within the nuclear industry. As part of our Governance, Risk and Control framework, we follow best practice and ensure we comply with the rigorous legal requirements under which we operate.

As we are operating in a heavily regulated industry, we focus on early identification of risks and implementing appropriate risk evaluation and mitigation or avoidance strategies. Our Risk Management function works with our corporate functions and enrichment sites to ensure that a bottom-up risk management

process is performed and captures key risks, their controls and planned actions. This is then consolidated and reviewed by our Group Executive Committee and Board.

Similarly, we operate a top-down risk management process to ensure that any strategic risks or uncertainties not captured by the bottom-up process are captured and assessed by both the Group Executive Committee and the Board on an annual basis. The Group Audit and Risk Management Committee is also responsible for reviewing the risk management process on an annual basis.

Risk Management also performs an independent audit function to both confirm our governance processes are properly implemented and to help identify opportunities for improved controls.

Our risk management framework is based on a 'three lines of defence' approach:

1st Line

Operational management

The operational management team is tasked with identifying and assessing risks on an ongoing basis and is responsible for implementing and maintaining appropriate controls aligned to the organisation's policies and procedures.

2nd Line

Risk management and compliance

The Audit Committee oversees the effective operation of the organisation's risk management framework. Our Compliance, Risk Management and Internal Audit functions support the business in ensuring effective implementation of and compliance with the risk management policies and procedures across the business.

3rd Line

Governance

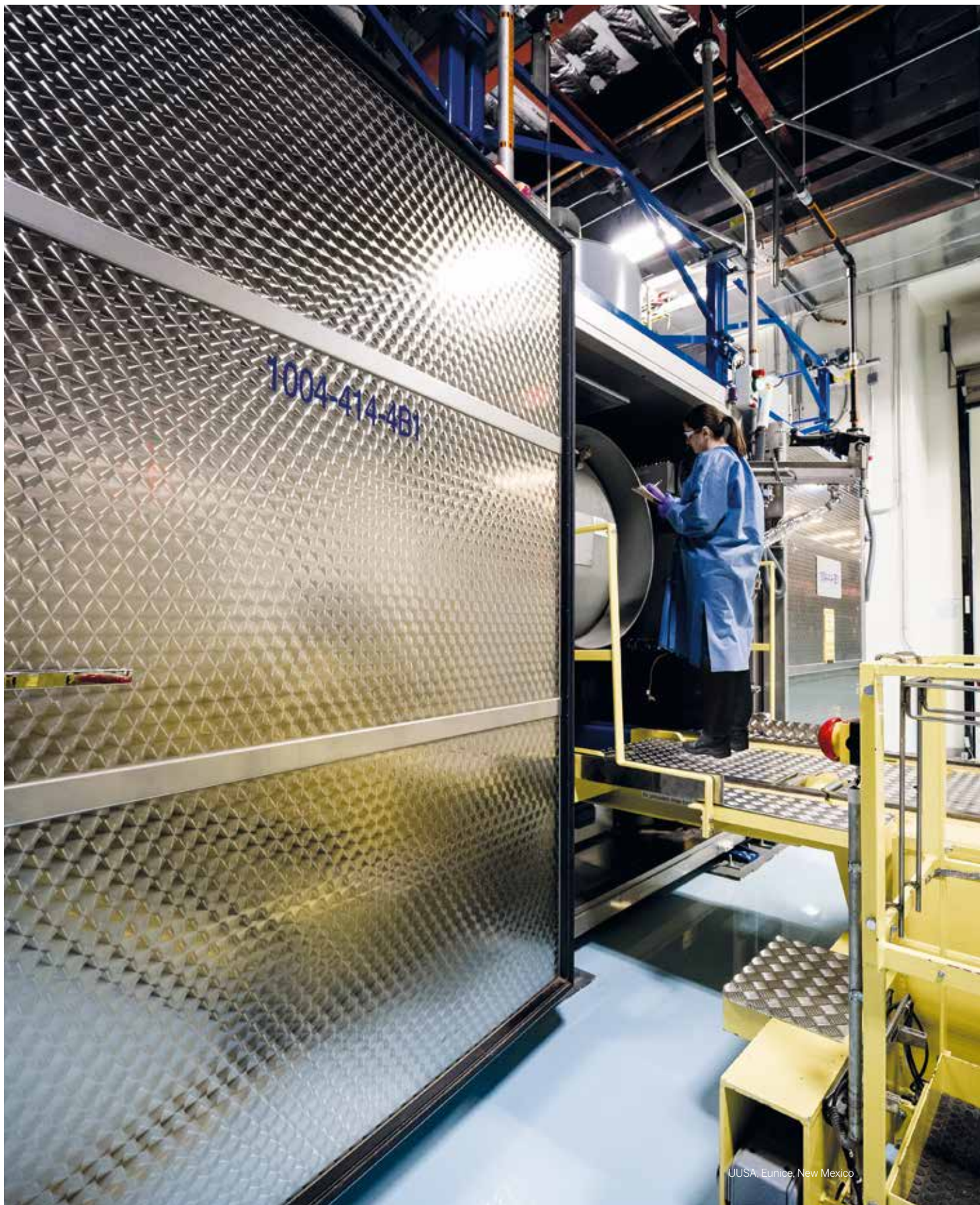
Our Internal Audit function provides independent assurance to ensure that controls are implemented and are operating efficiently and effectively across the organisation.

During the year, the Board has considered the nature and level of risk that we are prepared to accept in order to deliver our business strategies and objectives. The Board considers that the principal risks to achieving its strategic aims are set out here.

Risk	Mitigation
1. Safety	
Urenco operates in an environment subject to a wide range of health, safety and environment laws, regulations and standards. If we fail to comply with these requirements there is a risk that we will be subject to regulatory enforcement action, which is likely to adversely impact our employees, result in the imposition of restrictions on how we operate and would likely prove detrimental to our reputation.	<p>We seek to operate to the highest standards of safety to maintain a safe environment for our employees and stakeholders and have implemented safety management systems, designed to minimise risks and ensure compliance with safety standards through regular monitoring. This includes the formal requirement for independent compliance audits and reviews at all our facilities.</p> <p>We ensure we meet regulatory requirements, follow regulatory protocols for the safe handling of uranium and other chemicals and focus on continuous improvement and the detection and remediation of potential hazards before incidents can occur. By adhering to best practice in this area, we continually seek to ensure minimal impact on employees, contractors, the public and the environment.</p>

Risk	Mitigation
2. Markets <p>Ongoing challenging market conditions are likely to continue to impact opportunities for growth in both existing and new markets.</p>	<p>In an increasingly complex market environment we remain committed to ensuring that our business is as resilient as possible to meet these challenges. We continue to ensure that we are able to maximise our global reach, technical capabilities and flexible plant operations to support our ability to respond to changing market conditions, customer demands and opportunities.</p> <p>We also continue to model a broad range of market scenarios and stress test the effectiveness of our commercial strategies, mitigations and responses to new and emerging market threats and opportunities.</p>
3. Safeguards <p>Though a very low risk and unlikely outcome, there is a potential risk for uranic material to be misappropriated from our enrichment facilities or during its transportation to or from our customers and supply chain partners.</p>	<p>Urenco works closely with governments and regulators to create and comply with safeguard regimes and we continually maintain and review our uranium tracking methods on site. A common set of safeguards is applied across the organisation to ensure non-proliferation and prevent the misappropriation of uranic material.</p> <p>Our safeguard programmes are also supported by a rigorous accounting and audit approach and independent checks to the uranic materials we keep on site to ensure that we consistently meet the stringent inspection criteria set by the IAEA, Euratom and other national and international regulators.</p> <p>The safety practices of our transportation partners are guided by the standards we set at Urenco. Such standards reduce the risk of an accident or the misappropriation of sensitive materials. We adhere to IAEA guidelines and all other national and international regulations regarding the transportation of fissile material. We place contracts only with approved companies and ensure we perform regular contract and performance monitoring audits.</p>
4. Security and cyber crime <p>We need to ensure the security of fissile material and our own technology and assets, particularly with regards to the increasing threat of cybercrime against the energy sector. This exposes Urenco to an ongoing risk of cyber attack which could result in loss or corruption of data or disruption to operations, causing reputational damage.</p>	<p>We work closely with the relevant government bodies, across the jurisdictions in which we operate, to ensure that we comply with all applicable national and international security requirements and understand the nature of new and emerging physical and cyber security threats.</p> <p>Each of our sites is also supported by dedicated security resources to control access to sites, actively screen all personnel, and ensure appropriate security policies and procedures are implemented. Security organizations for all Urenco facilities routinely meet to share both security data, recent developments and implementation of continuous improvements for threat prevention.</p> <p>The Urenco Chief Information Security Officer (CISO) is responsible for ensuring that Urenco maintains effective threat intelligence and incident response capabilities to meet the challenges of the continually changing cyber environment.</p> <p>The CISO also ensures that cyber security and resilience capabilities are subject to regular review and risk assessment to ensure we have the ability to prepare for, respond to and recover from cyber events or attacks which have the potential to negatively impact Urenco.</p>

Risk	Mitigation
<p>5. Transport</p> <p>The availability and willingness of third-party logistics providers, regulators or port authorities to transport or accept uranic materials may impact our ability to optimise the benefits of our global infrastructure.</p>	<p>Where possible, we ensure the availability of alternative routes and maintain a portfolio of logistics partners to ensure continuity of deliveries.</p> <p>We work closely with our supply chain partners to engage with, and provide assurance to, port authorities and regulators regarding our compliance with international regulations regarding the transportation of fissile material.</p> <p>The strength and depth of Urenco's transport and logistical arrangements were demonstrated throughout 2020 when, despite the added restrictions and complexities created by the COVID-19 pandemic, Urenco continued to both receive materials and despatch enriched uranium product across our sites with no scheduled deliveries or commitments being missed.</p>
<p>6. Political and regulatory landscape</p> <p>Policy</p> <p>The nuclear industry remains a topic for debate with public and government opinion differing on its role in the future energy mix. In any jurisdiction, a change in government can bring about a change in policy, while unanticipated events can also change policy direction.</p> <p>Regulation</p> <p>Our operations and development are controlled by our ability to meet the stringent regulatory requirements of each country we operate in and supply. We are answerable to multiple national governments and subject to penalties if required standards are not met.</p>	<p>Urenco continually monitors nuclear policy around the world. We engage with policymakers and stakeholders to ensure that the benefits of nuclear as a sustainable, long term and low carbon source of energy are understood and considered as part of both the energy debate and future government policy.</p> <p>Urenco maintains compliance activities across the business. Our strong relationships with government regulators are managed locally by our Heads of Compliance at our enrichment sites, while our organisation-wide functions also maintain an open dialogue with both national and trans-national regulators (e.g. the IAEA) and other government agencies. All learning elicited from our engagement with regulators is then shared across the organisation with policies, procedures and ways of working amended as necessary.</p>
<p>7. Pricing</p> <p>Should the market fail to recover to the level expected, this will result in future prices not being sufficient to support and sustain ongoing investment in enrichment capability and future centrifuge innovation and development.</p>	<p>We seek to ensure that our contracts with customers incorporate agreed forward pricing to mitigate price risk. While recognising that our responses to new market opportunities are competitive and offer a clear value proposition to our customers, we ensure that our future contracts do not compromise our ability to support and finance re-investment, as well as the ongoing manufacturing and development of our enrichment technology.</p>
<p>8. Geopolitical Risks</p> <p>2020 has presented both global economies and political systems with an unparalleled level of risk and uncertainty, whereby national competitiveness, resilience, geopolitical competition, national security and economic and political nationalism have all been amplified by the COVID-19 pandemic, the outcome of the US election and the UK's final withdrawal from the European Union.</p> <p>We envisage that geopolitical uncertainties will continue as international relations are reset following the inauguration of the Biden presidency and as the world recovers from the public health, societal and economic impacts of the COVID-19 pandemic. Geopolitical uncertainties will continue to have the potential to impact Urenco's ability to access or operate within certain international markets.</p>	<p>Urenco's ability to deploy the advantages of its geographical diversity across its operations and value chain provides a degree of resilience and redundancy against the potential impacts arising from global uncertainty and geopolitical risks.</p> <p>We regularly assess and evaluate potential responses to a range of business and geopolitical scenarios that may arise and ensure that appropriate continuity and mitigation plans are in place.</p> <p>We also seek to mitigate any financial impacts of potential risks arising from increased political or geopolitical uncertainty, through a combination of hedging against foreign exchange rate risk, adjusting fixed and floating rate borrowings through interest rate swaps, ensuring that adequate medium-term committed funding is always available and repaying borrowings as early as possible based on our business plan.</p>



UUSA, Eunice, New Mexico

Risk	Mitigation
<p>9. Counterparty Risk</p> <p>Urenco is exposed to payment and default risk arising from worsening macroeconomic conditions while transacting with both customers and other participants in the nuclear supply chain.</p>	<p>Urenco has robust customer onboarding, monitoring and reporting procedures. We routinely assess the creditworthiness of Urenco's commercial counterparties and partners and seek to incorporate appropriate credit or payment protection into commercial agreements where appropriate.</p>
<p>10. Change Management</p> <p>There is a risk that Urenco lacks the capability, experience and capacity to successfully design, execute and integrate major change programmes, acquisitions or infrastructure projects across the business.</p>	<p>Major change programmes and infrastructure projects are subject to appropriate governance structures and oversight frameworks to ensure the effective delivery of projects within expected cost and schedule parameters.</p> <p>Change programmes and projects are also subject to both independent internal and external audit and assurance reviews to monitor project performance and to ensure appropriate controls and arrangements are in place to support early identification and resolution of risks and issues.</p> <p>A cultural transformation programme has been initiated to help ensure that Urenco has the necessary organisational culture, behaviours and ways of working to achieve its goals and deliver its strategic projects and change programmes.</p>
<p>11. Long Term Liabilities</p> <p>The cost and timing of Urenco's long term nuclear activities are based on a number of management estimates relating to operational parameters and long term cost assumptions, as well as being subject to external factors that Urenco can influence but not control - for example, government policy for long term disposal costs of depleted uranium oxide (U_3O_8).</p>	<p>Urenco regularly reviews the assumptions and estimates that support its nuclear provisions, taking into account past experience, current research and potential future developments.</p> <p>In addition, Urenco continues to work with regulators and government agencies, in partnership with other nuclear operators and stakeholders, to ensure that a sustainable and economically viable solution for the long term storage of fissile material is established.</p>
<p>12. Colleague Retention and Recruitment</p> <p>We need to ensure we make the necessary investment in our people and succession planning processes to guarantee that we have the appropriate skills and experience to support Urenco's long term sustainability.</p>	<p>Focused development and succession planning programmes are in place across the organisation to ensure that our colleagues' development plans are aligned with the organisation's needs and support the development of a sustainable pipeline of talent.</p> <p>Urenco values its diverse and inclusive workforce and actively seeks to ensure a diverse organisation.</p>
<p>13. Brexit</p> <p>On December 24 2020, the EU and the UK concluded a bilateral Trade and Cooperation Agreement (UK-EU TCA). Once ratified by all member states, this will govern the UK and EU's post-Brexit economic and trading relationship.</p> <p>While the UK-EU TCA provides a significant degree of certainty regarding the new trading relationship between the UK and the EU, it is not envisioned to be a static position and, instead, will form the basis for future rounds of negotiations and discussions regarding both outstanding and future trade issues.</p> <p>Urenco, as with other businesses, will have to continue to respond and adapt to a changing environment throughout 2021, particularly with regards to new customs requirements and the transition to the UK's new regulatory regimes around chemicals, logistics and product safety.</p>	<p>Urenco has over 50 years' experience of exporting uranic materials across global markets and we have made the necessary modifications to our processes and procedures to minimise the impact of new customs arrangements implemented between the EU and the UK.</p> <p>The agreement of a UK-Euratom Nuclear Cooperation Agreement (NCA) has reinforced both the UK Government and Euratom's commitment to future civil nuclear cooperation, including safeguards, safety and security. It will also form the framework to maximise the opportunities presented by future trade and research in uranic materials and technology.</p> <p>Our Government Affairs and Risk Management functions will also continue to monitor and assess any potential impacts of the UK's new trading relationships with either the EU or Euratom and ensure that appropriate mitigation and contingency plans are implemented accordingly.</p>

Risk	Mitigation
<p>14. Critical Suppliers</p> <p>Across our supply chain we are reliant on products and services, provided through a number of critical third parties. There is a risk that critical or single source suppliers are either unable or unwilling to continue to supply goods or services resulting in disruption or delay to operations.</p>	<p>A key element of the Group Procurement strategy is to ensure that the provision of critical services or products is supported by robust supplier risk assessment, ongoing supplier monitoring, the identification of alternative vendors and contingency planning processes to ensure appropriate responses are implemented to suppliers identified as being in distress.</p> <p>Throughout the COVID-19 pandemic we have also invested in the necessary resources and technologies to ensure that Urenco can proactively assess the business resilience and continuity measures and arrangements implemented by our critical suppliers.</p>
<p>15. COVID-19</p> <p>The COVID-19 pandemic is a global event that has presented significant challenges for all businesses in terms of financial, operational and commercial resilience. While Urenco has been able to successfully manage and minimise many of the near term impacts of COVID-19, there will undoubtedly be long term challenges that will test our resilience and ways of working.</p> <p>In particular, the reimposition of severe public health restrictions, in response to future waves of Covid-19 throughout 2021, are likely to impact our ability to create and sustain the collaborative, organisational and cultural conditions required to develop and execute elements of our strategic plans and objectives.</p>	<p>A Group-wide taskforce, chaired by senior operational management, has been responsible for implementing the necessary measures required to both protect the health and safety of our employees and to ensure ongoing business resilience in response to the pandemic. As a result, Urenco met all its customer commitments in 2020 while keeping our workforce on site as safe as possible.</p> <p>This has included the introduction of measures to prevent and minimise the spread of COVID-19 across our global production sites, to mitigate the potential consequences of COVID-19 infections to our plant, people and their local communities and to ensure the effective recovery of operations and facilities as government responses and restrictions are either imposed or lifted.</p>
<p>16. Diversity and Inclusion Awareness</p> <p>The ability to demonstrate a consistent level of performance regarding diversity and inclusion is increasingly important in terms of both creating an environment in which collaboration, creativity and cooperation can thrive in order to drive a more productive and innovative workforce and ensuring that we minimise the regulatory and reputational risks associated with a lack of diversity in the workplace.</p> <p>For Urenco, and indeed the broader nuclear sector, there is also a critical need to acknowledge the importance that a more diverse and inclusive culture will have in attracting and retaining the talent required in the future to enable us to play a fundamental role in sustainable energy and the move to a net zero world.</p> <p>The “winning team” Urenco needs to develop for tomorrow will have greater expectations of its employer and the culture within which it will be able to succeed, including different ways to work as experienced during the management of Urenco through the COVID-19 pandemic</p>	<p>Urenco has an established network of local Diversity and Inclusion Champions to support and promote local diversity and inclusion awareness initiatives and activities.</p> <p>Diversity is, however, a strategic imperative and we are working with our newly appointed Culture, Diversity and Inclusion Programme Director and our global human resources functions to identify the activities, systems and processes required to create and enable a broader transformation whereby greater diversity contributes to successful organisational outcomes to ensure that we develop an inclusive culture with opportunities for all.</p> <p>As part of our commitment to deliver a more diverse and inclusive organisation, we have appointed Urenco’s Chief Financial Officer as the new Executive Sponsor of Urenco’s diversity and inclusion programme.</p>

Group Finance Report



Lower EBITDA¹ than last year due to reduced revenue, partly offset by lower costs, with the impact on net income tempered by lower depreciation and lower net finance costs.

Results for 2020

Revenue

Revenue for the year ended 31 December 2020 was €1,700.1 million, a decrease of 5.8% on the €1,804.5 million in 2019. SWU revenues were lower in 2020 by €226.6 million and uranium related sales were higher by €65.7 million. For SWU revenues, both volumes and average unit revenues were lower than the previous year. Uranium related sales experienced higher volumes and higher realised unit prices. Other revenues increased by €56.5 million compared to 2019, primarily as a result of receipts associated with the settlement of claims filed by Urenco relating to the Chapter 11 bankruptcy of a US customer and uranium conversion services.

“We have achieved another year of robust financial performance.”

Ralf ter Haar

Chief Financial Officer



EBITDA¹

EBITDA for 2020 was €1,088.1 million, a decrease of €131.5 million (10.8%) from €1,219.6 million in 2019. This is due to the lower revenue net of changes to inventories and adverse exchange rate movements, partly offset by lower pre-exceptional net costs of nuclear provisions.

The net costs of nuclear provisions (before exceptional items of €25.6 million (2019: €143.0 million))² were €138.2 million in 2020, compared to €154.7 million in 2019, a decrease of €16.5 million..

The pre-exceptional net costs for tails provisions in 2020 were €3.5 million lower than those for 2019. Lower costs of tails provisions created arose due to fewer tails being generated during 2020 and large uplifts in the unit cost estimates of tails in 2019, being offset by a change in discount rates in 2020 not treated as exceptional. The increased release from the tails provisions relates to the optimisation of operations and the impact of the reduction in higher assay tails associated with enrichment services contracts.

Tails provision movement

	2020 €m	2019 €m	increase/ (decrease)
Additional tails provisions in the year	123.7	212.5	(88.8)
Change in discount rates	101.5	-	101.5
Release from tails provisions in the year	(105.0)	(88.8)	(16.2)
Net costs for tails provisions in the year (pre-exceptional)	120.2	123.7	(3.5)
Change in discount rates (exceptional)	25.6	111.3	(85.7)
Net costs for tails provisions in the year (post-exceptional)	145.8	235.0	(89.2)

The pre-exceptional net costs for decommissioning provisions increased by €48.4 million in 2020 due to a change in discount rates and an update to some cost estimates, partly offset by a slightly higher release of provisions resulting from revised timing assumptions and cylinder disposals.

Decommissioning provision movement

	2020 €m	2019 €m	increase/ (decrease)
Additional decommissioning provisions in the year	14.9	-	14.9
Change in discount rates	35.5	-	35.5
Release from decommissioning provisions in the year	(11.7)	(9.7)	(2.0)
Net costs for decommissioning provisions in the year (pre-exceptional)	38.7	(9.7)	48.4
Change in discount rates (exceptional)	-	31.7	(31.7)
Net costs for decommissioning provisions in the year (post-exceptional)	38.7	22.0	16.7

The net costs for other nuclear provisions in 2020 decreased by €61.4 million as a result of changes to the forecasts for future re-enrichment of low assay feed, from net costs of €40.7 million to net gains of €20.7 million.

Other operating and administrative expenses³ were lower than the prior year at €434.0 million in 2020, compared to €443.3 million in 2019, a decrease of €9.3 million.

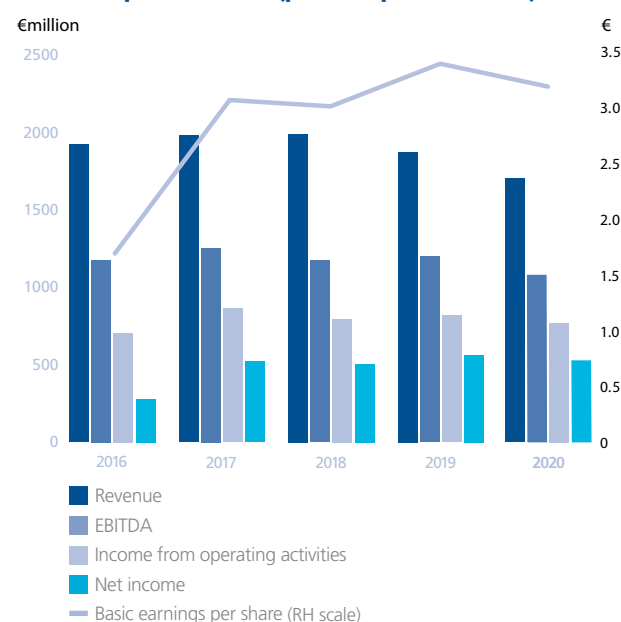
The costs associated with Changes to inventories of finished goods and SWU assets for 2020 were €38.7 million, an increase of €33.2 million from €5.5 million in 2019. In calculating the EBITDA impact of these stock movements and of movements in nuclear provisions, a net reduction in depreciation of €1.1 million was applied in 2020 (2019: net increase in depreciation of €18.6 million), giving a reduction in EBITDA of €19.7 million.

The EBITDA margin for 2020 was 64.0%, compared to 67.6% in 2019.

EBITDA performance

	2020 €m	2019 €m	% increase/ (decrease)
Income from operating activities - (pre-exceptional)	774.4	850.2	(75.8)
Adjustment for depreciation in inventories, SWU assets and nuclear provisions	(1.1)	18.6	(19.7)
Add: depreciation and amortisation	328.6	356.2	(27.6)
Adjustment for share of results of joint venture	(13.8)	(5.4)	(8.4)
EBITDA	1,088.1	1,219.6	(131.5)

Financial performance (pre-exceptional items)



Exceptional items

Exceptional items totalling €25.6 million on a pre-tax basis (€25.6 million post-tax) were reported in 2020 (2019: €643.0 million pre-tax and €557.2 million post-tax). The total net income tax credit associated with the exceptional items was €nil million (2019: €85.8 million).

The exceptional items recognised in 2020 are presented within net costs of nuclear provisions. In 2019 €143.0 million was presented within net costs of nuclear provisions and €500.0 million was recognised as Impairment of USA Operations.

¹ EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results and a reconciliation to income from operating activities (pre-exceptional items) is set out on page 108.

² Excluding the increase in the net costs for nuclear provisions to the extent that it has been treated as an exceptional item.

³ Other operating and administrative expenses are defined as expenses comprising raw costs of materials and consumables used, employee costs, restructuring charges and other expenses. In 2020 this definition has changed to exclude the adjustments for depreciation. The comparative amount for 2019 has been restated from €424.7 million to €443.3 million.

The exceptional charge in 2020 arose due to the increase in the value of nuclear provisions held by the US enrichment businesses following a revision to the discount rates applied to the provisions due to continued downward pressure on real interest rates in the US. Last year the exceptional charge presented within net costs of nuclear provisions arose due to the increase in the value of nuclear provisions held by the European enrichment business. This year saw a further adjustment to the nuclear provisions held by the European enrichment business in the ordinary course of business. Of the €25.6 million (2019: €143.0 million), €25.6 million (2019: €111.3 million) relates to tails provisions and €0.0 million (2019: €31.7 million) relates to decommissioning provisions.

Following an assessment of the key assumptions, management has concluded that there are no indicators for a reversal of previous impairment charges or a further impairment charge in 2020. Therefore this year, contrary to 2019, there is no exceptional item regarding impairment charges.

Net income

Net income, post-exceptional items, was €505.3 million in 2020 (2019: €7.6 million).

Net income, pre-exceptional items, was €530.9 million in 2020, a reduction of €33.9 million (6.0%) compared to the 2019 net income, pre-exceptional items, of €564.8 million.

The net income margin, pre-exceptional items, for 2020 was 31.2% compared to 31.3% for 2019.

Depreciation and amortisation for 2020 was €328.6 million, compared to €356.2 million for 2019, which mainly reflects the impairment of the carrying value of the US Operations in 2019.

Net finance costs for 2020 were €82.4 million, compared to €107.1 million for 2019.

Net finance costs were lower, reflecting the lower levels of net debt in 2020, foreign exchange movements on financing activities and lower costs associated with bond repurchases.

Where appropriate, foreign currency loan balances are placed in accounting hedge relationships, primarily by means of cross currency swaps. Where this is not possible, the retranslation of the relevant unhedged loan balances (denominated in US dollars and euros but held by a sterling functional currency entity) generate gains/losses as a result of foreign exchange movements in the year. In 2020 the impact of this was a loss of €7.8 million (2019: €15.5 million loss), reflecting relevant unhedged balances and movements in foreign exchange rates.

The unwinding of discounting on provisions was €0.2 million lower than 2019 at €69.0 million. Capitalisation of interest was €2.7 million higher at €65.1 million.

In 2020 the pre-exceptional tax expense was €161.1 million (an effective tax rate (ETR) of 23.3%), a decrease of €17.2 million from the pre-exceptional tax expense of €178.3 million for 2019 (ETR: 24.0%).

The decrease in the ETR from 24.0% to 23.3% is driven by the following factors: i) the agreement of an Advanced Pricing Agreement for the period 2013-2020 with the UK, Dutch and German tax authorities covering the allocation of certain revenue and costs between the three jurisdictions (decrease of 3.2%); partially offset by ii) the revaluation of UK and Dutch net deferred tax liabilities for increases in the respective mainstream tax rates (increase of 2.1%).

There is no difference in the post-exceptional and pre-exceptional tax expense of €161.1 million, as there is no net tax impact associated with exceptional items in 2020.

Impact of exceptional items

	2020 €m	2019 €m	increase/ (decrease)
Income from operating activities – (pre-exceptional)	774.4	850.2	(75.8)
Exceptional item (before tax) – US impairment	-	(500.0)	500.0
Exceptional item (before tax) – change in discount rates	(25.6)	(143.0)	117.4
Income from operating activities – (post-exceptional)	748.8	207.2	541.6
	2020 €m	2019 €m	increase/ (decrease)
Net income – (pre-exceptional)	530.9	564.8	(33.9)
Exceptional item (after tax) – US impairment	-	(446.0)	446.0
Exceptional item (after tax) – change in discount rates	(25.6)	(111.2)	85.6
Net income – (post-exceptional)	505.3	7.6	497.7

Tails deconversion, storage and eventual disposal

Urenco provides for the costs of deconverting the by-product of the enrichment process (chemically converting tails from UF₆ to U₃O₈), interim and long term storage, and eventual disposal. During the year the Group reviewed the costs associated with tails deconversion, storage and disposal.

The tails provision increased by €250.8 million (2019: €323.8 million), due to tails generated in the period, increases in the applied tails deconversion rates for both the US and European enrichment operations, and a change in discount rates. The impact of the additional total tails provisions created in the year includes the impact of the reduction in the real discount rate for the US and European jurisdictions. This increased tails provisions by €127.1 million, which has been charged to the consolidated income statement within net costs of nuclear provisions, of which €25.6 million has been presented as an exceptional item.

Tails provisions utilised during 2020 were €42.0 million (2019: €42.5 million) and a provision release of €105.0 million (2019: €88.8 million) was recorded as a credit in net costs of nuclear provisions as a result of the impact of the reduction in higher assay tails associated with enrichment services contracts, changes in other cost assumptions and the optimisation of operations.

Plant and machinery decommissioning

Urenco has an obligation under its operating licences to decommission enrichment facilities safely once they reach the end of their operational life. The costs associated with plant and machinery decommissioning are monitored on an ongoing basis and are also subject to a detailed periodic review with the last such review, carried out in 2018.

During the year ended 31 December 2020 the decommissioning provision increased by €141.0 million (2019 increase: €83.6 million) due to revised assumptions relating to the decommissioning of plant and machinery of €107.4 million (2019: €66.3 million), the installation of additional plant and machinery of €19.6 million (2019: €13.6 million) and additional cylinder purchases of €14.0 million (2019: €3.7 million). The €107.4 million resulting from revised assumptions mainly relates to the impact of changes to discount rates of €88.4 million, of which €35.5 million has been expensed to the income statement and €52.9 million has been recognised in decommissioning assets.

Decommissioning provisions utilised during 2020 were €8.9 million (2019: €8.9 million) and a provision release of €11.7 million (2019: €9.7 million) was recorded as a credit in net costs of nuclear provisions.

Further information on nuclear provisions can be found on pages 144 to 146.

Group pension funds

Urenco operates pension schemes for our employees in the Netherlands, UK and Germany. These are a mixture of defined contribution and defined benefit schemes.

The net liability for the Group's defined benefit pension schemes at 31 December 2020 was €56.8 million (2019: €65.2 million). This decrease was due to a €7.7 million increase in the present value of the defined benefit obligations, together with an increase in the fair value of the plan assets of €16.1 million.

In 2018, following the triennial valuation of the UK scheme, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.6 million annually until 2022. The trustees intend to manage the pension scheme so that the economic and investment risks will be reduced through the adoption of a more cautious investment policy and the use of interest and inflation derivative contracts.

Cash flow

Operating cash flow before movements in working capital was €1,161.1 million (2019: €1,288.3 million) and cash generated from operating activities was €1,171.4 million (2019: €1,094.3 million). The higher cash flows from operating activities primarily result from favourable movements in working capital compared to 2019.

Tax paid in the period was €36.1 million (2019: €141.5 million) due to the timing and phasing of cash payments which can often span multiple years.

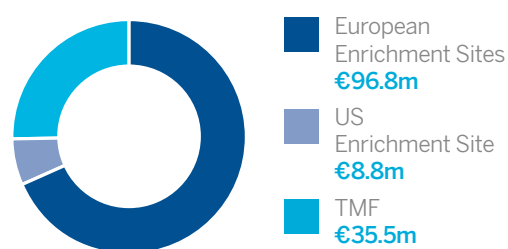
Net cash flows from operating activities were €1,135.3 million (2019: €952.8 million). Net cash flows from operating activities are used to finance investing activities, service the Group's debt, fund dividends to shareholders and, in the future, to fund the long term decommissioning and tails liabilities currently reported in provisions in the Group's Consolidated Statement of Financial Position.

Capital expenditure¹

In 2020 the Group invested a total of €141.1 million (2019: €151.4 million), reflecting a lower level of expenditure on both core enrichment assets and the TMF. Expenditure on core enrichment assets is now broadly at a level forecast as part of our strategy and appropriate to maintain the existing fleet of enrichment assets for the near to mid-term.

Investment in TMF in 2020 was €35.5 million (2019: €43.0 million, 2018: €76.0 million), reflecting completion of construction in late 2018. The final stage of active commissioning is well underway and uranium oxide production is expected to start in the first half of 2021.

2020 Capital expenditure



Capital structure

The Group's equity decreased to €1,880.9 million during the year (2019: €1,885.8 million) due to an increase in retained earnings of €57.5 million (reflecting the net income of €505.3 million and gains of €2.2 million in other comprehensive income for the year, together with €450.0 million of dividends paid during the year), a decrease in the foreign currency translation reserve of €123.4 million, primarily due to foreign exchange losses on property, plant and equipment held in US dollars as a result of the weakening of the US dollar against the euro, and an increase in hedging reserve (including cost of hedging reserve) of €61.0 million. The movement in the hedging reserve is primarily associated with mark to market gains on cash flow hedges, which protect the Group's future revenues in foreign currencies.

Net debt¹ decreased to €455.7 million (2019: €928.1 million), including lease liabilities of €19.8 million (2019: €22.0 million).

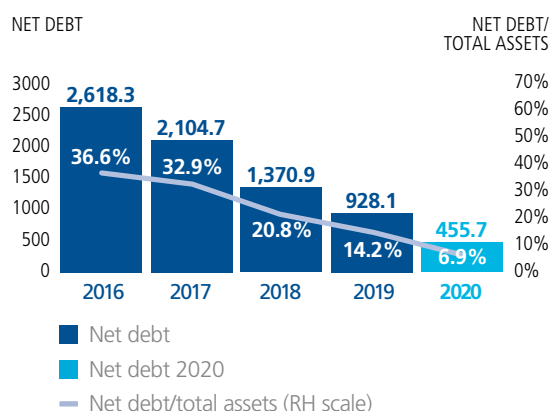
In 2020 the Group repurchased and cancelled €95.0 million of the August 2022 Eurobonds for a price of €98.2 million (103.4%). The transaction was completed in July 2020 for a total amount of €100.1 million, which included €1.9 million of accrued interest on these Eurobonds. As at 31 December 2020, a nominal amount of €405.0 million remained outstanding on the August 2022 Eurobonds.

Net debt to total asset ratio remained strong at 6.9% (2019: 14.2%), well within the Group's target ratio of less than 60%.

¹ Capital expenditure includes net cash flows from investing activities (excluding interest received) of €146.8 million and capital accruals (included in working capital payables) of €(5.7) million.

² Net debt is defined in the Glossary on page 170 and the calculation is set out on page 139.

Net debt and Net debt/total assets



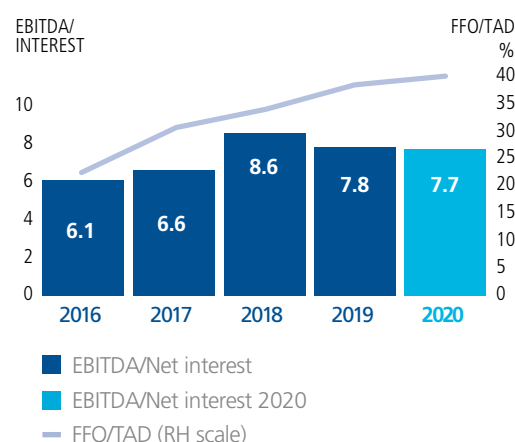
The Group monitors its capital structure through the use of financial ratios, principally those of net debt to total assets and funds from operations to total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating.

The FFO/TAD ratio at the end of 2020 increased to 39.3%, compared to 38.2% at the end of 2019. This was due to a decrease in TAD, partially offset by a decrease in FFO. Further information on FFO/TAD can be found on page 134.

FFO was lower by €59.3 million due to lower EBITDA which was partially offset by lower net interest on bank borrowings and lower current tax expenses. TAD was lower by €224.3 million, primarily reflecting a decrease in net debt of €472.4 million but partially offset by an increase in tails and decommissioning provisions of €221.5 million, the increase in nuclear provisions reflecting the increase in provisions arising during the year as well as the impact of the reduction of discount rates for both tails and decommissioning. Details of the FFO/TAD calculation are set out in note 28 of the Group's Consolidated Financial Statements.

The Group's interest cover also remains strong at 7.7x (2019: 7.8x).

Five-year summary funding ratios



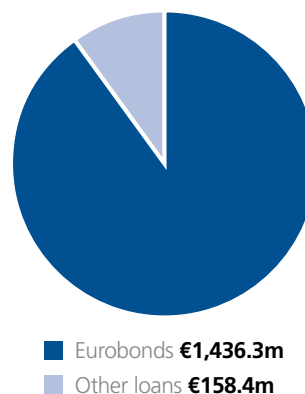
Funding position

Liquidity continues to remain strong as a result of cash flow generation. As at 31 December 2020, the Group had €750 million of committed undrawn revolving credit facilities which expire in June 2023, as well as cash, cash equivalents and short term deposits of €1,158.8 million (2019: €787.3 million).

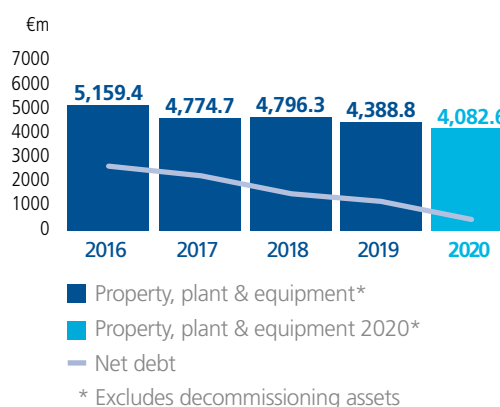
Our funding position remains robust and continues to be underpinned by our established contract order book, which gives high levels of revenue visibility and robust EBITDA margins, resulting in strong cash flow generation. Furthermore, the company has sufficient cash available to meet the maturity of €547.8 million of Eurobonds and the payment of a €150.0 million dividend in early 2021.

The Group's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (BBB+/Stable); these external ratings were unchanged during 2020.

Interest bearing loans and borrowings



Property, plant & equipment vs net debt



Funding programme

The Group's funding strategy is to:

- Maintain a core of longer-dated debt and committed borrowing facilities, consistent with the long term nature of the Group's investments and the need to maintain an optimised long term capital structure;
- Use a range of financial instruments and financial markets in order to execute attractive funding opportunities as they emerge; and
- Manage debt maturities by raising funds in advance of ultimate repayment dates of debt instruments.

The average time to maturity of the Group's debt at 31 December 2020 was 3.4 years (at 31 December 2019: 4.3 years).

Managing foreign currency risk

Our foreign currency hedging policy has the objectives of reducing volatilities in net cash flow and income, and to protect the income statement from balance sheet remeasurements of debt. However, a long term reduction in income exposure is much more difficult to achieve due to the strict requirements with respect to hedge accounting under IFRS. The functional currency of Urenco Limited is sterling, although the company reports its results in euros.

The Group receives most of its customer revenues in US dollars and euros. The net cash flows of Urenco's European business have been hedged by selling US dollar customer revenue and buying forward the sterling required to meet the costs of the UK operations, and selling the remaining US dollars to buy euros. The net cash flows of the US business of Urenco have been used to pay US dollar denominated costs.

The Group hedges the impact of changes in foreign exchange rates by using a progressive rolling programme of buying and selling currency over a period of up to three years ahead of the current year. This medium term hedging period strikes a balance between the objective of maximising cash flow certainty (which suggests a long hedging period) and the objective of maintaining a hedge portfolio that largely qualifies for hedge accounting under IFRS. Urenco has a stable future revenue stream that is managed using a portfolio of hedges. There is always an element of uncertainty due to changes in quantities and timing of deliveries based on market movements and customers' requirements, which makes it difficult to achieve effective hedge accounting over the longer term.

The Group has a total of €833.4 million (2019: €939.0 million) cross currency swaps, mainly to convert the economic exposure of part of the Group's debt from euros to US dollars that are then net investment hedged for Group accounting purposes. This better aligns the currency of the debt with the asset base and cash flows of the Group.

Urenco Group Financial Policy Statement

The Financial Policy Statement defines the broad parameters for financing the Urenco Group and has the agreement and support of all of our shareholders.

The Group will finance itself through a combination of equity, including retained reserves and debt. Due consideration is given to the Group's long term unfunded nuclear liabilities when considering financing options. Urenco Limited cannot issue new equity without the agreement of all of its shareholders.

In order to achieve an efficient financial profile, the gearing level and financial ratios will be maintained to retain a solid investment grade credit rating for the Group.

At all times, the Group will maintain sufficient liquidity to ensure that it is a going concern and will manage the composition of its debt to minimise risks from market deterioration in liquidity, interest rates or currencies. Detailed treasury management policies set parameters for the management of these risks.

Dividend policy

The Group will aim to pay a dividend out of its annual earnings. The dividend shall be set to take account of net income, cash flows, reserves and the level of credit ratios. Until financial ratios comfortably exceed the minimum threshold for BBB+ at S&P and Baa1 at Moody's, the annual dividend will not exceed 100% of the net income for the year.

A lower dividend may be set when credit ratios, cash flow or funding conditions dictate that this is necessary and, equally, a higher dividend may be declared when the minimum thresholds of the key financial ratios are comfortably exceeded.

In 2020, €300.0 million in dividends for the year ended 31 December 2019 were paid to shareholders (2019: €300.0 million). An interim dividend of €150.0 million was paid on 9 December 2020, in respect of the financial year 2020.

The Board has approved that a final dividend of €150.0 million be paid on 24 March 2021. The level of the total dividend for 2020 is less than the net income. Consideration has been given to both the Group's favourable net debt position and credit ratios, and the availability of sufficient distributable reserves.

As at 31 December 2020, the Company had distributable reserves available of €943.3 million (31 December 2019: €1,059.3 million).

Order book

Urenco has a strong contract order book which extends into the 2030s with an approximate value at 31 December 2020 of €9.0 billion based on €/£ of 1 : 1.22 (2019: €10.6 billion based on €/£ of 1 : 1.12).

Outlook

Our core business continues to be the provision of uranium enrichment services. Through operating in this pivotal area of the nuclear fuel supply chain, we are facilitating low carbon electricity generation for consumers and businesses around the world and the achievement of crucial climate change goals.

This is complemented by using our competencies and leading technology to increase our offering in related areas where we can create real value, such as the fuelling of new reactors, waste treatment and decommissioning, and stable and medical isotopes, which will continue to grow.

The principal risks and uncertainties to which Urenco is exposed are broadly in line with those of last year.

The pandemic will remain a challenge for a large part of 2021. We will ensure our operations and the health and safety of our employees are maintained to the highest possible level.

While market prices need to increase in the long run, in 2020, we increasingly saw long dated business being contracted at price levels which will enable us to plan for reinvestment in our plants. Our contract order book has been extended beyond the 2030s and will extend further.

Our new stable and medical isotopes cascades will start operations in 2021 and active commissioning of our Tails Management Facility will progress, with commercial production expected to start in first half of this year.

Executive Committee

The Executive Committee is responsible for the strategic decision making across the organisation. This includes annual budgets, performance objectives, and risk and issue mitigation. It also oversees the Group and site operational activities – with a key focus on safety and security – and policies relating to employees and ethics to ensure the correct balance of skills and attributes across the organisation.

The members of the Executive Committee are:

Boris Schucht Chief Executive Officer

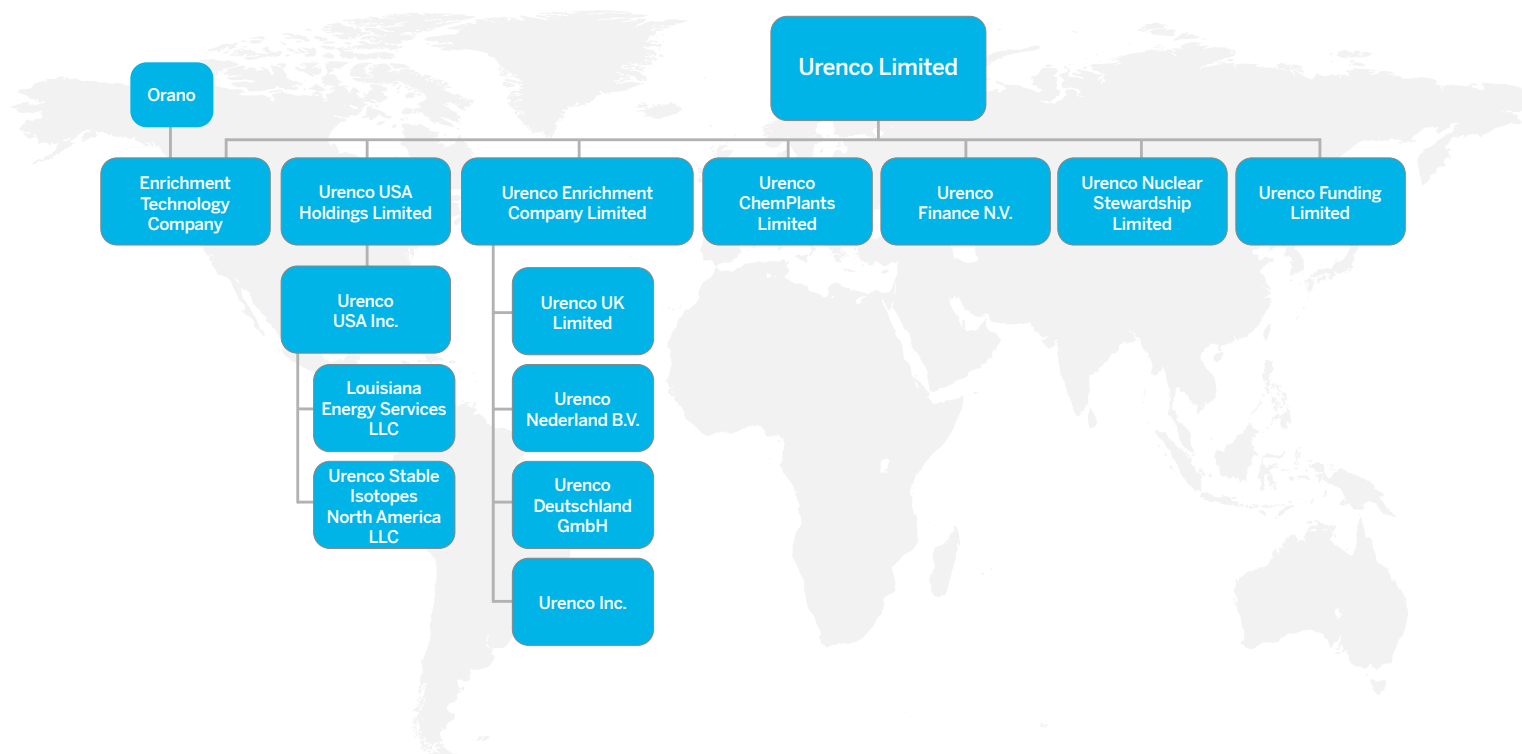
Ralf ter Haar Chief Financial Officer

Laurent Odeh Chief Commercial Officer

Chris Chater Chief Technology Officer

Dave Sexton Chief Operating Officer

Company structure





UUK, Capenhurst, UK

The Board of Directors

Matters reserved for the Board's decision include the approval of the strategic business plan; budget and financial statements; major capital projects; acquisitions and disposals; significant regulatory issues; and important policies around environmental, and health and safety issues. During 2020, the Board met five times¹.



Stephen Billingham
Chairman of the Board

Stephen joined the Urenco Board in September 2009 and was appointed Chairman in January 2016. He is currently Senior Independent Director and Chairman of the Audit Committee of Balfour Beatty plc. Stephen's previous roles include Chief Financial Officer of British Energy Group plc, Chief Financial Officer of WS Atkins plc, Executive Chairman of Punch Taverns plc and Chairman of the Royal Berkshire NHS Foundation Trust and Anglian Water Group. He has an honorary DSc from Aston University and in 2019 he was awarded a CBE in the Queen's Birthday Honours list.



Boris Schucht
Chief Executive Officer

Boris was appointed Chief Executive Officer of Urenco Limited and joined the Urenco Board in May 2019. He joined from 50Hertz, the North-East German Transmission System Operator, where he held the position of Chief Executive Officer from 2010 until 2019. Boris previously held a number of senior executive positions within the energy sector across Europe, including WEMAG AG and the Vattenfall Group. He holds an MA in Mechanical Engineering from the University of Aachen. Boris is a Member of the Supervisory Board of Vienna Airport.



Ralf ter Haar
Chief Financial Officer

Ralf was appointed Chief Financial Officer of Urenco Limited in June 2014 and joined the Urenco Board in November 2014. He joined Urenco from NXP Semiconductors N.V., where he was Senior Vice President and Corporate Controller. Prior to this, Ralf served as Alcatel-Lucent's Chief Financial Officer for the Asia Pacific Region, based in Shanghai, and its Global Head of Trade and Project Finance, based in Paris. He started his career in banking, with ABN AMRO. He holds an MSc in Economics and an LL.M. in Business Law from the Erasmus University in Rotterdam.



Frank Weigand
Non-Executive Director and Chair of the Audit Committee

Frank joined the Urenco Board in November 2014. After completing a PhD in Physics at the Max Planck Institute for Polymer Research, Germany, he joined McKinsey & Company Inc in 1996. In 2001, he became Director of Strategy and Quality Management at RWE Systems in Dortmund, Germany. In 2005, he was appointed Director of Corporate Planning and Controlling at RWE Power AG before becoming Vice President Controlling Group of RWE AG. From 2010 to 2012, he became Chief Financial Officer of RWE npower plc in Swindon, UK. From 2013 to 2017, Frank was Chief Financial Officer of RWE Power AG and RWE Generation SE. Since January 2018, he has served as Chief Executive Officer and Chief Financial Officer of RWE Power AG.



Mel Kroon
Non-Executive Director and Chair of the Remuneration and Appointments Committee

Mel joined the Urenco Board in September 2018. Mel has served as Chief Executive Officer at TenneT Holding B.V., Managing Director at Hooge Huys Verzekeringen N.V. and Deputy Chair of the Executive Board of SNS Reaal Insurance. He currently serves as a Chairman of the Supervisory Board of Ultra-Centrifuge Nederland N.V., Member of the Board Dutch-German Chamber of Commerce, Chairman of the Supervisory Board Eneco Group NV, Chairman of the Supervisory Board Attero B.V., Member of the Supervisory Board TKH Group N.V., Chairman of the Supervisory Board Energyworx B.V., Member of the Supervisory Board Luchtverkeersleiding Nederland, Member of the Supervisory Board KVSA B.V., Member of the Advisory Board GroenLeven B.V., Advisor to Drakestar/Improved B.V. and Advisor to Mitsubishi Corporation. In 2018, he was made an Officer in the Order of Oranje-Nassau.

¹ In addition to the five scheduled meetings, two ad hoc meetings were arranged to discuss specific items.

**Miriam Maes****Non-Executive Director and Chair of the Sustainability Committee**

Miriam joined the Urenco Board in October 2015.

After managing businesses for Unilever, ICI and the Marmon Group, in 2002 she became a European Executive of Texas Utilities and then Chief Operating Officer of non-regulated distribution networks for Electricité de France (EDF) in the UK.

This was followed by roles as Advisor to the UK Department for Energy and Climate Change, Chief Executive Officer of energy and climate change strategy consultancy Foresee, and Chair of the Energy Transition Forum in 2012, which she is still leading today.

In the past, Miriam served as Chairman of the Board of the ELIA Group and Non-Executive Director on the Board of Vilmorin & Cie. She is currently Chairman of the Supervisory Board of the Port of Rotterdam, Non-Executive Director on the Boards of Eramet, Assystem and Ultra-Centrifuge Nederland N.V., and member of the Advisory Committee of the Total-Tikehau Investment Fund and of Pioneer Point Capital.

**Alan Bevan****Non-Executive Director**

Alan joined the Urenco Board in February 2015.

He is Senior Vice President and Global Head of Mergers & Acquisitions at E.ON SE, an international energy supplier based in Essen, Germany. Alan is also responsible for managing E.ON's shareholdings in Urenco, Nordstream 1, and Enerjisa Üretim and Enerjisa Enerji in Turkey. Alan has 30 years' experience in the energy and utilities sector and began his current role in 2010, prior to which he was responsible for Strategy and M&A at E.ON's UK subsidiary.

**Justin Manson****Non-Executive Director**

Justin joined the Urenco Board in January 2016.

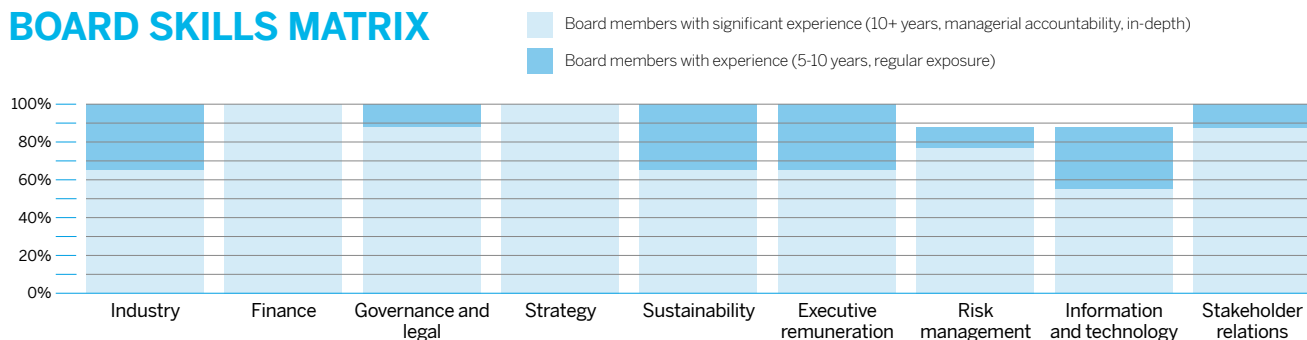
Justin is also a Director of Enrichment Holdings Limited, the company through which the British government holds its shareholding in Urenco. He is a Senior Adviser to UK Government Investments (UKGI), a company wholly-owned by HM Treasury, where he was most recently interim Chief Executive, having joined UKGI in May 2015 as a Director. He was a Non-Executive Director and member of the Risk and Nomination Committees of UK Export Finance from 2015-2019. Justin was a Managing Director and Senior Adviser at Morgan Stanley from 1996 to 2013, based in New York and London.

**Richard Nourse****Non-Executive Director**

Richard joined the Urenco Board in January 2009.

He is Founder and Managing Partner of Greencoat Capital LLP, the leading European renewable energy fund manager.

Richard is also a Director of Enrichment Holdings Limited, the company through which the British Government holds its shareholding in Urenco, having previously been a Director at the Shareholder Executive, part of the British Government. Until 2007, he held senior positions at Merrill Lynch, including Head of the EMEA Energy and Power Team. Richard started his career more than 30 years ago with Morgan Grenfell.

BOARD SKILLS MATRIX

The Strategic Report was approved by the Board of Directors on 10 March 2021 and signed on behalf of the Board by:

Stephen Billingham

Chairman