

## Strategic Report

### Section 172(1) statement

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

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

In discharging our section 172 duties we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors for example include our relationship with our regulators, our pension trustees, government agencies, trade unions, and non-governmental organisations. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

The Company's key stakeholders are its workforce, trade unions, customers, suppliers, the local communities in which it operates, regulators, Government agencies, and non-governmental organisations. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. The size and spread of both the Company's stakeholders and the Urenco Group means that generally our stakeholder engagement takes place at an operational and group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of the engagement that takes place with the Group's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see page 23 of the Urenco Group's 2019 Annual Report.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us:

## Strategic Report (continued)

In 2019, the UUK Board approved a plan to consider extending operations of certain assets, originally intended to enter decommissioning in 2019. In making its decision to proceed with this, the directors had regard to a number of factors including continued employment for the workforce.

In 2019, the UUK Board received and considered reports in relation to the impact of a hard Brexit on continued operations, and as a result of this the Board agreed on appropriate levels of inventory to ensure the Company's continued operations. In reaching its decision, the Board considered a range of factors. These included the impact on our workforce, suppliers, customers; risk management, and the long-term reputation of the Company.

In 2019, the UUK Board considered and agreed upon the continued investment in the employee welfare facilities and the implementation of mental health and well-being programmes. The Board's decision-making process included discussions in relation to protecting the mental health of its workforce, reducing absence rates and a reduction on the reliance on the National Health Service. The Board concluded that on-going investment in the workforce would help deliver long-term success to the Company.

Authorised and approved



L J Simmonds  
Director  
11 March 2020