



Sustainability report 2018

Sustainability is integral to everything we do

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Introduction

Urenco is proud of its history as a leading nuclear services technology company for nearly 50 years. We provide safe and reliable uranium enrichment services and fuel cycle products for power generation within a framework of high environmental, social responsibility and corporate governance standards.

Sustainability is integral to Urenco's business and forms an essential part of our corporate culture. We support the production of nuclear energy to facilitate the transition to a low carbon economy.

To guide sustainability at Urenco we have six key focus areas: Health and safety, safeguards and security; Environmental impact; Supplier of choice; Employee engagement; Community engagement and Asset integrity.

Urenco reports in accordance with the Global Reporting Initiative's (GRI's) Standards, one of the leading sustainability reporting frameworks worldwide. We also align to the United Nation's Sustainable Development Goals (SDGs) and Global Compact.

We remain committed to updating our stakeholders on our key areas of focus and reporting against our non-financial key performance indicators in a transparent manner. Our new corporate website has a dedicated sustainability section, which can be accessed from the homepage:

www.urengo.com/sustainability



Miriam Maes
Chair of Board
Sustainability
Committee

For Urenco, our sustainability programme supports the delivery of a successful long-term future by ensuring we continue to invest in our people, environment, communities, technology, products and services.

Our stakeholders rightly take a keen interest not only in our financial results, but increasingly in the way in which we conduct our business from an environmental, social and governance perspective.

We continue to focus on improving our Environmental, Social and Governance (ESG) score and have a number of initiatives in place to continue our good track record of managing ESG related risks and opportunities and to maintain our BBB¹ rating.

In this respect we are pleased to report a reduction in CO₂e emissions, conventional waste and water usage.

A key area of focus for Urenco is the transition towards a more inclusive culture. In this respect, our Diversity & Inclusion (D&I) programme continues to be of high importance as we believe that in promoting and supporting inclusiveness, and making the most of diversity, will contribute to the results of our business. In 2018, we provided D&I awareness training for Senior Leaders and our target is to complete this training with at least 80% of employees across the organisation by the end of 2020. For the first time, we also included D&I objectives in the long-term incentive plans of our Senior Managers.

I have been extremely impressed by the organisation's alignment to the SDGs and the progress made in embedding sustainability into day-to-day operations. You can read more about this on page 28.

I look forward with great pleasure to continuing to chair Urenco's sustainability programme.

¹ Urenco's 2017 ESG score from MSCI. This score is based on publicly available information and benchmarked against organisations in similar industries.

Chief Executive Officer's review

As Urenco's new Chief Executive Officer, having joined the business in May 2019, I am pleased that the company takes its responsibility in sustainability seriously and that it is a core value.

I have been impressed by our strong safety performance, with no employee or contractor work-related lost time injuries (LTIs) in 2018, the leading technology that Urenco operates, our innovation and the skills of our employees, all of which are key to ensuring our long-term sustainability.

The experience I gained from the energy transmission industry has further supported my belief that to combat climate change, the world needs a balanced energy mix and must utilise low carbon technologies wherever possible.

In October 2018, the United Nations (UN) International Panel on Climate Change predicted severe effects of climate change by 2030 and identified nuclear as one of the energy technologies necessary to hold global warming to 1.5 degrees Celsius².

It is clear that if global energy demand grows by more than a quarter to 2040³, and we want to take tangible action to prevent climate change, nuclear energy will need to play a decisive role. As a leader in the nuclear fuel supply chain, Urenco will make a significant contribution.



Boris Schucht Chief Executive Officer

Strategy

I believe the sustainable development of our organisation is of high importance. In this respect we will further develop our roadmap to evolve our sustainability journey and make appropriate improvements to key environmental, social and governance areas.

We have refreshed our organisational brand and values to reflect the future direction of the organisation and help us as we continue to drive towards being a safe, innovative, performance-led and sustainable business. Read more about the brand refresh on page 11.

We are signing new contracts to maintain our global customer base and seek to continue to raise our profile in existing and emerging markets. In 2019 we will be opening a marketing office in Asia, to be close to our customer base in the region.

Stable Isotopes is an area of growth. We are confident that our recent investment in increased capacity will serve the market well and deliver solid returns.

We are continuing to explore several possible new business ventures, including developing our capabilities in nuclear stewardship.

Through our Enrichment Technology Company, we are applying our knowledge of advanced materials to products for the decarbonisation of the transport sector.

We are also working towards providing support to our customers to fuel all nuclear new builds, including the next generation of reactors.

Find more information on the strategy in Urenco's 2018 Annual Report on page 8.

² Source: NEI <https://www.nei.org/CorporateSite/media/filefolder/resources/fact-sheets/nei-clean-energy-020519.pdf>

³ Source: IEA World Energy Outlook 2018 p.23

Sustainability priorities for 2019

Safety and security remain a key priority across all areas of our business. Our culture in this respect is one of growing maturity and enables proactive early detection and continuous improvements. During 2018 safety and security incidents were reviewed and positive actions were taken to improve process and procedures.

We will be progressing our work to increase the diversity of our organisation and enhance the inclusivity of our culture. This includes empowering our valued employees to make more decisions, demonstrate their leadership and drive positive change across our business.

Recognising employee contribution is of huge importance and in 2019 we will be implementing the next stage of our new 'Celebrating U' initiative with global employee awards. We will also be taking further action in relation to our biennial employee survey. This year, our employee 'pulse' survey showed a 7.4% increase in our 'engaged and committed' score, with clear support shown for our strategy. Our employees said they feel listened to, that their opinions matter and that they have the right tools for their job.

In addition, our focus in 2019 will be on embedding and demonstrating the refreshed values throughout the organisation by providing a series of case studies explaining what the values mean to our employees. They will also be incorporated into an organisation-wide performance management system.

Commissioning has commenced at our Tails Management Facility (TMF) in the UK and operations are planned to start in 2019.

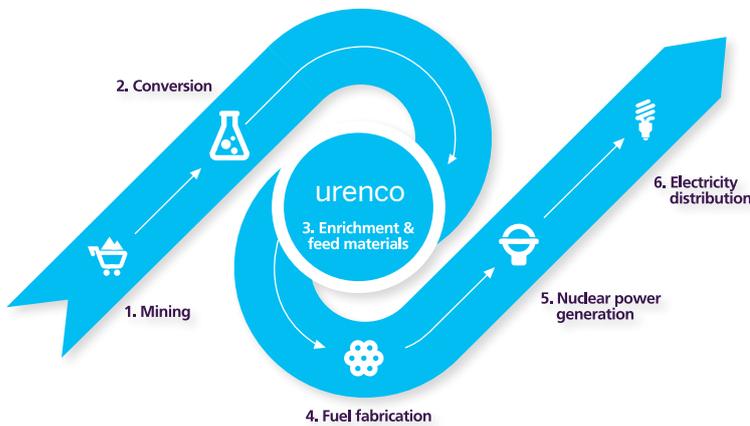
This responsible management of the by-product of our enrichment services, tails, is crucial to our commitment to uranium stewardship and sustainability. We are proud of the fact that during the construction of the TMF we achieved 6.7 million hours of safe working. The TMF was one of the safest construction sites in the UK.

Our site sustainability champions, who provide the data and run initiatives in their respective focus areas are vital to the success of the sustainability programme.

In 2019, we will promote further collaboration between these individuals by hosting our second sustainability seminar, which provides an opportunity for champions to meet and discuss best practice in data collation, performance against non-financial KPIs and energy savings initiatives that will continue to drive efficiencies and cost savings across the business. The first seminar, held in 2018, was a great success and I am looking forward to this annual event continuing. More information on the seminar can be found on page 16.

Urenco has the benefit of a strong financial position, which along with the longevity of our order book, supports the delivery of our strategic objectives.

Urenco is an international supplier of enrichment services and fuel cycle products for the civil nuclear industry, serving utility customers worldwide who provide low carbon electricity through nuclear generation.



- Globally we work with organisations across the nuclear fuel cycle, including converters and fuel fabricators.
- We have four uranium enrichment facilities: Almelo in the Netherlands; Capenhurst in the UK; Eunice, New Mexico in the USA and Gronau in Germany.
- We have played an important role in the world's nuclear energy industry for nearly 50 years.
- We are working towards providing support to our customers to fuel all nuclear new builds, including the next generation of reactors.
- See more information on our customers on page 9 of our 2018 Annual Report.



<https://urencocom/about/nuclear-fuel-cycle>

Managing risk and sustainability in the supply chain

- We adhere to International Atomic Energy Agency (IAEA) guidelines and all other national and international regulations regarding the transportation of nuclear material. We also adhere to strict regulatory requirements in all aspects of our own logistical procedures. In addition, we actively contribute to the development of the regulatory framework by attending IAEA workshops.
- We have made preparations for the UK's withdrawal from the European Union (EU) and Euratom treaty. We have identified and mitigated the material risks to our business that this presents. We have done all we can to ensure that our products are in the right locations across the world and international procurement of key supplies has been brought forward. Our ability to continue to provide services from our sites in mainland Europe, the UK and the USA enables us to ensure we can continue to serve our customers.

The essential role of nuclear power in a balanced energy mix

- We believe that a balanced energy mix is required to provide the world with a reliable and consistent supply of electricity. Some energy sources are most suited to cover gaps in electricity generation as soon as they are needed, while others, such as nuclear energy, provide a constant supply of electricity, which minimises the risk of power outages at peak times.
- Nuclear is the second largest source of low carbon electricity today after hydro-power (at around 10%). China will overtake both the USA and the European Union in nuclear production before 2030⁴.
- The International Energy Agency (IEA) predicts that rising incomes and an extra 1.7 billion people, mostly added to urban areas in developing economies, will push up global energy demand by more than a quarter to 2040⁵.

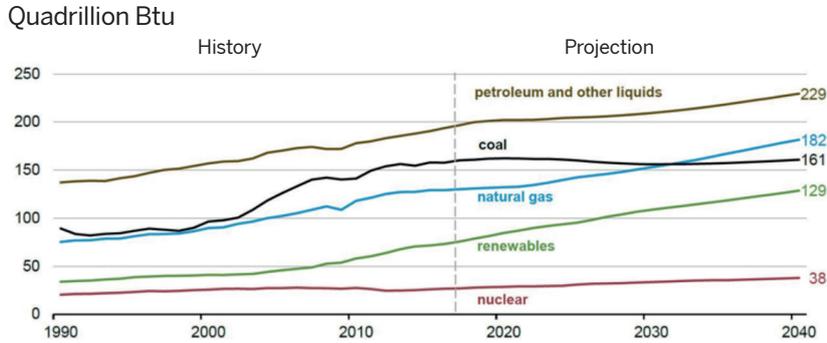
⁴ Source: IEA, World Energy Outlook 2018 p. 26

⁵ Source: IEA, World Energy Outlook 2018 p. 23

Our role in the nuclear supply chain

Figure 1

World energy consumption by energy source

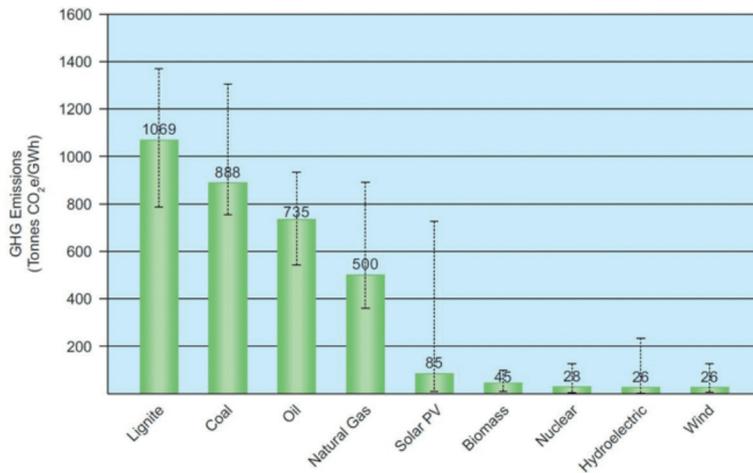


Source: IEA International Energy Outlook 2018_ https://www.eia.gov/pressroom/presentations/capuano_07242018.pdf

Figure 1 demonstrates the world electricity consumption through 2040 for all fuels.

Figure 2

Summary of life-cycle greenhouse gas (GHG) emission intensity



Source: WNA: http://world-nuclear.org/uploadedFiles/org/WNA/Publications/Working_Group_Reports/comparison_of_lifecycle.pdf

Figure 2 demonstrates the life-cycle GHG emissions of various energy sources. †

† Nuclear generation continues to produce less emissions than fossil fuels and wind generation when operational. However, the construction of nuclear power plants produces higher emissions, compared to wind.

Our role in the nuclear supply chain

Sustainable Development Goals – CO₂ emissions outlook

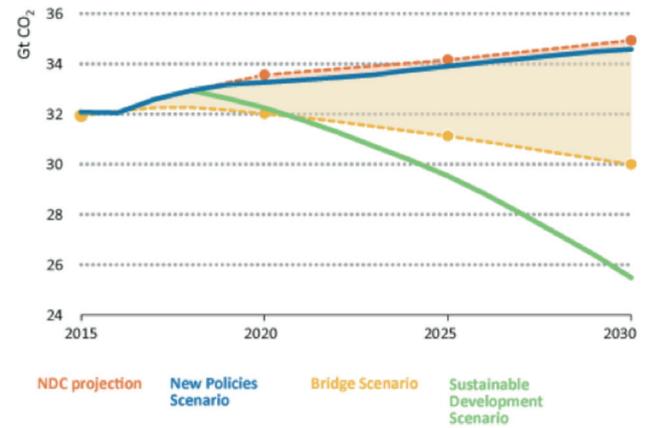
In 2015, the IEA identified five measures that could provide cost-effective opportunities to reduce greenhouse gas emissions (GHG), endorsed by energy ministers. These include:

- Increasing energy efficiency in the industry, buildings and transport sectors.
- Increasing investment in renewable energy technologies (including hydro-power) over time.
- Phasing out the use of the least-efficient coal-fired power plants.
- Gradual phasing out of inefficient fossil fuel subsidies to end-users.
- Reducing methane emissions from oil and gas production.

The five measures were incorporated into a 'Bridge Scenario' which demonstrated that GHG emissions could be reduced at no net cost, thereby keeping the door open to accelerate reductions in line with global climate change goals.

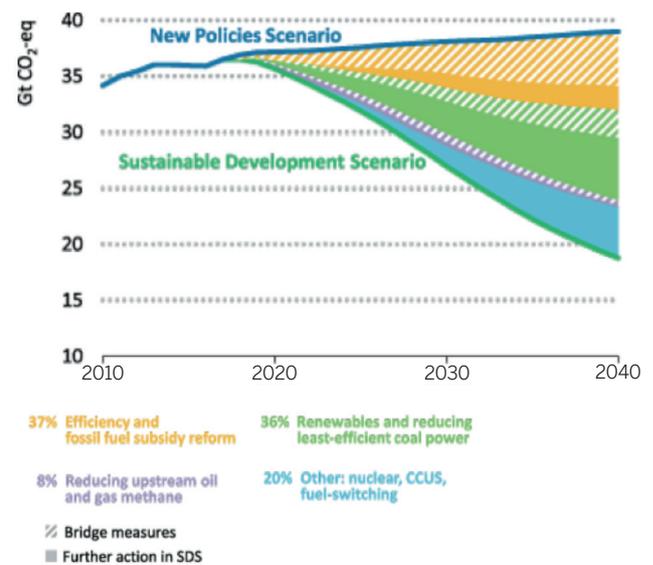
The latest New Policies Scenario projection for the EU shows emissions in 2030 about 7% below the level estimated in 2015, with reductions led by the power sector. Therefore emissions are currently higher than the level projected in the Bridge Scenario and far from the trajectory of the Sustainable Development Scenario⁶ demonstrated in figure 3.

Figure 3
CO₂ trajectories relative to aggregate emissions levels implied by NDCs⁷, 2015–2030



To bridge the gap between the New Policies and Sustainable Development Scenarios, around a third of additional reduction must come from low carbon energy sources, such as nuclear power. This is demonstrated in figure 4.

Figure 4
CO₂ and methane emissions reductions by measure in the Sustainable Development Scenario relative to the New Policies Scenario



CCUS – carbon capture, utilisation & storage.

⁶ Source: World Energy Outlook 2018 Global Energy Trends p. 108

⁷ The New Policies Scenarios takes into account countries' Nationally Determined Contributions (NDCs). Some NDCs contain specific CO₂-related objectives and policies; others contain targets related to specific energy technologies or efficiency. Source: World Energy Outlook Global Energy Trends p106

⁸ Source: World Energy Outlook 2018 Global Energy Trends p. 113

Urenco engages regularly with stakeholders in an open and transparent way.

Our stakeholder engagement policy is a core aspect of our commitment to good governance and part of our efforts to educate our stakeholders on our operations and our industry, enabling us to understand specific issues and concerns.

Urenco's stakeholder engagement process can be found here:



<https://urengo.com/sustainability/stakeholder-engagement>

Recording stakeholder dialogue

Stakeholder group	Type of engagement	Example topics raised	Achievements in 2018
Customers/suppliers	<ul style="list-style-type: none"> Regular contact (including visits to Urenco's sites) Press/news releases Social media 	<ul style="list-style-type: none"> Environmental data Customer deliveries 	<ul style="list-style-type: none"> 100% customer delivery record Regular customer engagement
Employees	<ul style="list-style-type: none"> HUB App and Intranet Employee briefings/All Hands meetings/work councils Employee/safety survey 	<ul style="list-style-type: none"> Refers to Urenco's purpose, mission, vision, values and brand More diverse culture Safety awareness 	<ul style="list-style-type: none"> 40% of employees participated in a volunteering initiative Employee 'pulse' survey achieved a 88.8% response rate Network groups established, such as Women in Nuclear, Nuclear Newbies Safety days
Government/politicians/regulators	<ul style="list-style-type: none"> One-to-one meetings Enrichment facility visits 	<ul style="list-style-type: none"> Brexit Section 232 Petition Russian sanctions UK Nuclear Sector Deal 	<ul style="list-style-type: none"> Site visits Regular political and regulatory meetings Brexit/232 Working Groups
Investors/shareholders/banks/rating agencies	<ul style="list-style-type: none"> Investor roadshows Shareholder working groups 	<ul style="list-style-type: none"> Market conditions Economic performance ESG ratings Decommissioning funds 	<ul style="list-style-type: none"> One-to-one meetings Full Year Results presentation held at Urenco's Head Office
Local communities/school children/graduates/apprentices	<ul style="list-style-type: none"> Local liaison dialogue Practical and financial support Richie education programme 	<ul style="list-style-type: none"> Science education Sponsorships and donations Urenco's involvement in the nuclear industry 	<ul style="list-style-type: none"> Regular meetings with councils, local liaison committees and elected representatives Site tours 100,000 students participated in the Richie programme globally
Media/social media	<ul style="list-style-type: none"> Tours of enrichment facilities Press and news releases 	<ul style="list-style-type: none"> Financial results U-Battery ETC 	<ul style="list-style-type: none"> Local press and radio interviews Press/news releases issued on website Social media posts to highlight pertinent topics and key industry updates
NGOs	<ul style="list-style-type: none"> We are members of a number of industry associations (see page 36) 	<ul style="list-style-type: none"> Political landscape Public education Innovation and technology Opportunities in new markets 	<ul style="list-style-type: none"> Sponsored and exhibited at industry events

Our non-financial KPIs for 2018 are as follows:

Key

 On Target
  In line with target
  Under target

Focus area	Description	Target	2018 Performance
Health & Safety	LTI/MTI rate	Total reportable injury rate LTI/MTI per 200,000 hours worked (≤2017)	0.23 
	Total inbound electricity consumption per site (Gwh)	Total inbound electricity consumption per site (≤2017)	589.04 
Environmental Impact	Total inbound water consumption per site (m³)	Total inbound water consumption per site (≤2017)	579.55 
	Radioactive material for disposal (m³) – operating	Radioactive waste for disposal generated from operating plants (≤2017)	567.19 
	Conventional waste (hazardous/non-hazardous) from operating plants to landfill and incineration (tonnes) – operating	Conventional waste from operating plants to landfill and incineration (≤2017)	217.16 
Supplier of Choice	Missed deliveries	0	0 
	Customer complaints	0	0 
Employee Engagement	% Employees who are 'Engaged and/or Committed'	> Global benchmark	80.2% 
Community Engagement	Science education (through Richie educational programme)	Physical workshops: 5,000 reach (No. of students)	8,412 
		Digital downloads: 25,000 reach (No. of students)	91,545 

In 2018, Urenco embarked on a project to evolve its vision, mission, values and visual identity to reflect the future business needs of the organisation and support the delivery of our strategic goals.

We developed our evolved brand to help address pressures in the enrichment market and geopolitical challenges, incorporating feedback from our employees, from a series of focus groups, and key external stakeholders. It reflects the broader range of services we are offering the nuclear industry and the development of our organisational culture to support our long-term sustainability.

Our Executive team determined the vision and mission and informed the values. We followed industry best practice in terms of the process that commenced with our purpose – the reason for our being. Our vision is what we aspire to be, and the mission is how we will achieve our vision. The tagline is to succinctly focus minds.

Our values are key. They drive the behaviours that we demonstrate during our day-to-day activities and ultimately determine the culture of our organisation. The update will support our ongoing success and the retention and recruitment of the right calibre of employee.

To find out more visit:

 <https://urencocom/about/brand-identity>

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.

urencocom

Our Purpose

To be viewed as a respected, resilient and trusted supplier, believing that nuclear power is an essential part of the energy mix toward a more sustainable future. Through the use of our technology and expertise, we have a duty to help ensure everyone has the energy to succeed.

Our Vision

To be a trusted leader in meeting the world's demand for sustainable energy.

Our Mission

Through the expertise of our people, our technology and our portfolio of products and services, we play an essential role in delivering the energy to succeed.

Our Tagline

The Energy to Succeed

Our Values

Safety | Integrity | Leadership | Innovation | Sustainability



Urenco's six core focus areas are described here:

<https://urencocom/sustainability>

In 2017, Urenco transitioned to the GRI Standards, one of the leading sustainability reporting frameworks worldwide, having previously reported to the GRI G4 Guidelines. This year's Sustainability Report is prepared in accordance with the GRI Standards: Core Option. For more information on our alignment with the GRI Standards, please see the 'About this report' section on page 30.

Materiality

The main focus of the GRI Standards is 'materiality', which means those topics that are most relevant to our stakeholders and have the biggest impact on our operations.

Please see:

<https://urencocom/sustainability/material-areas>

for an overview of Urenco's key material areas.

Principal risks and uncertainties

More information on our principal risks and our Risk Management Framework can be found in our 2018 Annual Report on pages 14-18.

Focus Areas

Materiality and Risk



Focus Area 1: Health and safety, safeguards and security



Urenco Nuclear Stewardship

Focus area highlights in 2018:

- Safety performance improved with no employee or contractor lost time injuries (LTIs) across all of our facilities
- First global safety stand down
- Organisation-wide survey on employee perception of safety
- Continuously support key international safeguarding bodies to further develop safeguards methods and techniques.

Health

The health of our employees and contractors is a priority to us and we have developed a range of measures to help keep our people fit and well. These include flexible working arrangements to minimise workplace stress, subsidised gym membership, cycle to work schemes and health checks at a number of sites. We also endorse sports activities, healthy eating and general health incentive schemes.

Safety (priority topic)

Safety is a priority and a core value for Urenco. Our Zero Harm programme drives our strong safety culture and we encourage employees to take responsibility for their personal safety at work and home. In 2018, globally our safety performance improved. We had no employee or contractor work-related lost time injuries (LTIs). This was a significant achievement.

We reported an increase in injuries requiring medical treatment (MTI) and as a result, in 2018 Urenco held its first global safety stand down to ensure that safety remains at the forefront of everyone's mind.

All employees and contractors were encouraged to take time out of their working day to discuss the importance of safety and how we can collectively ensure every person leaves work in the same healthy condition as they arrived.

The safety stand down was a powerful way of refocusing our attention on safety.

Additionally, in 2018, we conducted an organisation-wide survey of our employees' and contractors' perception of safety. There was a record response rate of more than 96%. Overall, people believe that safety is prioritised across the organisation, that Urenco has strong safety values and that they are ingrained within the corporate culture. There was an increase in the number of people who believe that all injuries are preventable, compared to the 2017 survey.

Following the survey, site action plans were created to address areas of improvement, such as encouraging employees to participate in safety activities and recognising positive safety behaviours.

Focus Areas

Materiality and Risk

Management approach

Safety at Urenco is overseen by our Chief Operating Officer as well as the UUSA Managing Director in her capacity as Safety Sponsor and our Group Health and Safety Manager.

Health and safety meetings are held regularly throughout the year at each enrichment facility and our Health and Safety Working Group meets once a quarter to coordinate the delivery of key initiatives.

On a day-to-day basis, accountability is held locally. Each facility has a Compliance Manager supported by a Health and Safety (H&S) team, which in turn works with our Group Health and Safety Manager to share learnings across all areas of the business and where appropriate, adopt common operating practices.

As part of our commitment to continuous improvement, H&S issues and developments are reported at each meeting of the Sustainability Committee. The Urenco Board and Executive Committee evaluate our overall approach to safety performance across all areas of the business.

Radiological safety

The centrifugal process involves separating the lighter isotope of uranium, U_{235} , from the heavier isotope, U_{238} . Enriching uranium does not involve changing its chemical characteristics and no additional radiation is created during the process. The operational risks associated with our facilities are more similar to those of a chemical facility than a nuclear facility. In the UK, Public Health England calculated that, on average, people are exposed to about 2.7 millisieverts (mSv) of radiation a year from naturally occurring sources in homes and workplaces and medical exposures, including X-rays⁹.

Many people who visit our sites for the first time are surprised at how low the levels of radiation involved in uranium enrichment actually are. Across all our facilities, radiation protection teams monitor and manage radiological safety to ensure that exposure levels are kept to an absolute minimum. For radiation dose rate, see page 33.

Urenco complies with all relevant industry and regulatory standards for radiological safety.

KPI: Safety

Total reportable injury rate

Target: **0.11**

Actual: **0.23** 

The total reportable injury rate is based on the total number of LTIs and MTIs x hours worked (which equates to five million across the organisation). The number of hours worked varies year on year as it includes employee and contractor hours.

Governance, regulations, compliance and security (priority topic)

Governance

Management approach

Our policy on corporate governance is to follow principles of strong governance and transparent reporting while living Urenco's core values. We practise a system of full transparency where management reports regularly and comprehensively to the Board and provides extensive background information for all matters requiring Board approval.

All Board decisions are clearly recorded. The Board, together with external advisers as appropriate, consider in further detail issues of particular complexity through regular meetings of the Audit Committee, Sustainability Committee, Remuneration and Appointments Committee and, where required, special working groups. Our commitment to strong corporate governance ensures the Group has clear strategic direction and enables us to assess, control and manage risk effectively.

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

More information on corporate governance can be found on pages 30 – 31 of Urenco's 2018 Annual Report.

⁹ <https://www.gov.uk/government/publications/ionising-radiation-dose-comparisons/ionising-radiation-dose-comparisons>

Focus Areas

Materiality and Risk

Safeguards

Our dedicated safeguards culture ensures that our work is carried out safely and within specific, internationally approved standards as governed by law. Enrichment technology is one of the most proliferation¹⁰ sensitive areas in the nuclear fuel cycle and requires effective safeguards and physical protection regimes to ensure that the appropriate use of our technology remains in line with the treaties that govern us.

Beyond regulatory requirements, we continuously support key international safeguarding bodies, such as the IAEA, Euratom, European Safeguards Research and Development Association (ESARDA) and the Institute of Nuclear Materials Management (INMM) to further develop safeguards methods and techniques.

Management approach

Safeguards is overseen by our Chief Operating Officer, who keeps our Executive team fully informed of all activities in this area. At site level, our Safeguards Managers report to site Compliance Managers and the Global Process Owner for Safeguards. We have many years' experience in the development and implementation of safeguarding regimes at our facilities.

Security

The security of our people, sites and operations is paramount to protect our employees and contractors, physical assets, IT systems and infrastructure.

In 2018, following a personnel-related incident at one of our enrichment facilities, we reviewed our global security plan and placed an even greater focus on areas such as emergency response, personal and organisational security and physical security measures.

We launched a global security campaign to refocus our employees' attention on security behaviours by raising awareness of areas such as identity badges, clean desk policies, visitor procedures, IT equipment and business travel.

Additionally, we increased our focus on the threat posed by cyberattacks. For any organisation, cybercrime can lead to loss of sensitive data and commercial information, intellectual property infringement and reputational damage.

A cyber health check was carried out to identify the information security risk level at Urenco and the potential impact on business activities. In response, a multi-year programme is being devised to make comprehensive changes to culture, processes and technology in order to address security risks. These include improvements to information governance, organisational skills and capabilities, IT resilience and threat defence.

Management approach

Security is overseen by our Chief Operating Officer, who delegates the responsibility for classification and physical security to the Global Process Owner for Security & Classification in close cooperation with site security teams. Cyber security is the responsibility of the Chief Information Security Officer (CISO). She is supported by global IT and Security teams.

The majority of our European facilities are certified to ISO 27001¹¹.

¹⁰ Proliferation within the context of the nuclear industry, is the prevention of misappropriation of uranium material.

¹¹ ISO 27001 is the international standard that describes best practice for an information security management system. Source: <https://www.iso.org/isoiec-27001-information-security.html>

Focus Areas

Materiality and Risk



Focus area 2: Environmental impact



Focus area highlights in 2018:

- 88 additional solar panels have been fitted to office buildings at Urenco Nederland
- Urenco Deutschland has removed its policy of duplicating printed documentation and is set to save circa 100,000 A4 pages per year
- LED lighting projects rolled out at all of Urenco's facilities
- Urenco Nederland and Urenco Deutschland in discussions with local businesses to share energy initiatives within their local communities
- First internal sustainability seminar held with site environmental data champions from across the business
- CO₂e emissions reduced by 14%
- Water consumption reduced by 3%
- Conventional waste reduced by 45%
- Commissioning commenced at our Tails Management Facility (TMF) in the UK and operations are planned to start in 2019.

Environmental impact (monitor topic)

We are committed to minimising our impact on the environment with initiatives covering energy efficiency, emissions, water usage and waste.

In 2018, Urenco held its first sustainability seminar bringing together sustainability champions from across its business to discuss approaches to achieving best practice in sustainability data.

We designed the internal seminar, to improve sustainability data collection processes in line with three themes of resilience, reliability and efficiency. It also recognised employees for their excellent contribution to the programme and provided them with a better understanding of why sustainability plays a strategic role in Urenco's future success.

Additionally, a number of energy savings initiatives took place across our organisation, from the implementation of energy efficient LED lighting and installation of solar panels to reducing paper usage.

We commenced a project to optimise our centrifuges to enable more efficient heat removal in the summer months, to save energy and costs. This will be trialled and will be reported on in future reports.

Management approach

In the area of energy efficiency and optimisation, we have an organisation-wide Energy Savings Group that drives action, accountability and engagement. The group convenes meetings to share learnings and propose initiatives to minimise energy usage and save costs.

Our site data champions monitor energy and water usage to help minimise our environmental impact and ensure we are fully compliant with environmental legislation. Any peaks in usage are analysed and a root cause is established to ensure the management approach remains effective.

Focus Areas

Materiality and Risk

Emissions

The emissions generated by nuclear energy are inherently low, particularly in terms of CO₂ emissions. According to the IEA's forecast in its Sustainable Development Scenario, power generation by 2040 will be all but decarbonised, with nuclear power accounting for 15%¹².

Total direct energy emissions



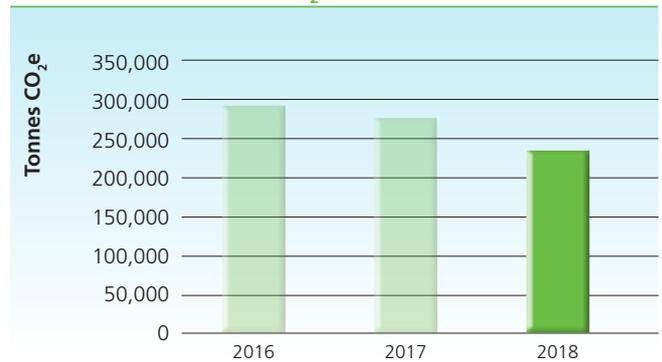
Direct energy emissions decreased due to lower refrigerant use at our UK facility.

Total indirect energy emissions



Indirect energy emissions decreased due to a reduction in CO₂e conversion factors, as electricity is being produced with a lower carbon footprint in all four countries where we operate.

Total CO₂e emissions



CO₂e emissions includes our scope 1 (direct) and scope 2 (indirect) emissions in line with the GHG Protocol Corporate Standard.

KPI: Total inbound electricity consumption

Target: **Improvement vs 2017 (587.99 GWh)**

Actual: **589.04 GWh**

Increase of 0.2% vs 2017. This is due to the temporary deactivation of a centrifuge efficiency improvement at our German and US facilities and warmer weather conditions.

Environmental certification

All of our European enrichment facilities are certified to ISO 14001. In Germany, our facility is also EMAS¹³ validated.

Water

Close to 90% of Urenco's water consumption comes from the cooling of centrifuges. It is therefore a standing item at each Energy Savings Group meeting to determine where savings in consumption and costs can be made.

In 2018, cooling water experts from across the organisation joined an Energy Savings Group meeting to discuss cooling tower optimisation and in which operational mode the cooling towers perform best when temperatures are below a certain point. Learnings from this discussion will be applied across the operational fleet.

KPI: Total inbound water consumption

Target: **Improvement vs 2017 (597.87 m³)**

Actual: **579.55 m³**

Optimised cooling tower operation at Urenco Nederland (a reduction in consumption by approximately 20,000 m³) and a decrease in site development works at UUSA drove the 3.1% reduction.

¹² Source: World Energy Outlook 2017, International Energy Agency, p.29. http://www.iea.org/bookshop/750_World_Energy_Outlook_2017

¹³ The EU Eco-Management and Audit Scheme (EMAS) is a premium management instrument developed by the European Commission for companies and other organisations to evaluate, report, and improve their environmental performance.

Focus Areas

Materiality and Risk

Total water usage



Total hazardous waste



Waste

Management approach

Waste is a material area for our business due to project and regular maintenance works taking place at our facilities. This leads to the production of non-hazardous/hazardous waste, a high proportion of which is recycled or reused.

Waste is monitored as part of our non-financial KPIs and is reported regularly to the Sustainability Committee, ensuring we minimise our environmental impact and comply fully with environmental legislation.

We remain committed to responsible uranium stewardship, and we have subsidiaries dedicated to overseeing our work in this field. These include Urenco ChemPlants, which is responsible for the construction and operation of the TMF in the UK; and Urenco Nuclear Stewardship which manages, decommissions and recycles nuclear waste.

KPI: Waste

Radioactive waste for disposal generated from operating plants

Target: **Improvement vs 2017: 549.01 m³**

Actual: **567.19 m³**

The total amount of radioactive waste (m³) was 3% higher in 2018 vs 2017 due to our UK facility processing and disposing of some legacy waste from the site. From 2019, Urenco Nuclear Stewardship will assume responsibility for nuclear waste from our UK operations.

Conventional waste from operating plants to landfill and incineration

Target: **Improvement vs 2017: 305.05 tonnes**

Actual: **217.16 tonnes**

The total amount of conventional waste (tonnes) was 45% lower in 2018 vs 2017 due to a reclassification of certain types of waste at Urenco Nederland. What was previously declared as conventional waste (incineration) is now defined as recovery. Heat recovery is used for electricity production.

Total non-hazardous waste



Tails management at Urenco

During the uranium enrichment process, depleted uranium hexafluoride (UF₆), or 'tails', are made as a by-product.

The by-product contains approximately 20% to 30% of the natural U₂₃₅ concentration and therefore has the potential for re-enrichment in the future. We currently store UF₆ in internationally approved transport cylinders, pending future re-enrichment or deconversion to a form suitable for long-term storage.

Tails Management Facility (TMF)

Urenco ChemPlants will operate our Tails Management Facility (TMF) in the UK, which will deconvert the by-product of enrichment, depleted UF₆, into a more stable form, uranium oxide, for long-term storage until final disposal. The TMF is planned to be operational in 2019.

This responsible management of the by-product of our enrichment services, tails, is crucial to our commitment to uranium stewardship and sustainability.

We are proud of the fact that during the construction of the TMF, we achieved 6.7 million hours of safe working. The TMF was one of the safest construction sites in the UK.

Urenco Nuclear Stewardship

Our Urenco Nuclear Stewardship business, also based in the UK, is responsible for the management of uranic materials, decommissioning and recycling.

Focus Areas

Materiality and Risk



Focus Area 3: Supplier of choice



Focus area highlights in 2018:

- We met 100% of our customer delivery commitments.
- We are raising our profile in emerging and growing markets, including China.
- We are working towards providing support to our customers to fuel all nuclear new builds, including the next generation of reactors.
- Our financial results reflect the robustness of our operations and the success of our strategy.
- We made good progress in pursuing our micro modular nuclear reactor, U-Battery.
- We made good progress with our Stable Isotopes expansion.
- We supported a business partner who has purchased a vessel to address challenges in the shipping of nuclear materials globally.

For Urenco, the ability to respond to our customers' needs is essential for the long-term success of our business.

We are unique in the world enrichment market in having four enrichment facilities in four different countries.

This gives us the expertise, diversity of supply and capacity to manage geopolitical and market risks and ensure we continue to serve our customers long into the future.

KPI: Customer complaints

Target: 0

Actual: 0



Business, strategy and economic performance (priority topic)

Business and strategy

Urenco's strategy is designed to strengthen and broaden our business to ensure its long-term sustainability.

The three pillars of Urenco's strategy are:

- **Pillar 1** – Optimise the way we do business
- **Pillar 2** – Ensure we remain a global leader in enrichment services
- **Pillar 3** – Expand Urenco's high-tech capabilities to more broadly serve the nuclear industry.

A summary of Urenco's key strategic achievements in 2018 can be found in Urenco's 2018 Annual Report on page 8.

Management approach

We developed the strategy to build a business that is sustainable for the future and to maintain our role as a key partner to the nuclear industry. It is led by our Chief Executive Officer, the Executive team and overseen by the Urenco Board.

Focus Areas

Materiality and Risk

Economic performance

Management approach

A sustainable organisation needs to be economically stable and commercially successful. Each year, we set out the organisation's financial goals in our annual business planning process and we present our financial strategy to employees at All Hands presentations led by our Chief Executive Officer and Chief Financial Officer. Our Board carries ultimate responsibility for the economic performance of the company.

Our 2018 results reflect the robustness of our operations and the success of our strategy.

Revenue was strong this year at €1,957.7 million (€1,926.9 million in 2017) as a result of increased SWU and uranium-related sales. EBITDA of €1,200.4 million (€1,249.5 million in 2017) reflects strong underlying business performance and cost discipline, but with higher net costs of nuclear provisions incurred in 2018. Our net income at €511.3 million (€514.9 million in 2017) reflects the EBITDA decline, offset by lower financing and taxation costs.

Our balance sheet had continued to strengthen, with net debt more than halved in the past three years.

In each of the four countries in which we operate, we support local communities through the employment of local people, contributing economic benefit to local areas. We provide practical and financial support through a range of sponsorship and donation activities.

Innovation and technology (priority topic)

Management approach

One of the key pillars of Urenco's strategy is to leverage our technological capabilities to serve the nuclear industry more broadly.

In this respect, we are confident that we can use our technological expertise to provide support to our customers to fuel all nuclear new builds, including the next generation of reactors and fuels.

Our Executive Management team continually assesses market developments and consults with customers and other stakeholders to align our research and development programmes with current need and future opportunities.

Our Stable Isotopes business is a key example of our work in this area. Based at our site in the Netherlands, it utilises our expertise and capabilities in centrifuge technology to produce enriched Stable Isotope products with social, environmental and commercial value.

New medical, industrial and research applications continue to be developed. We are expanding our product portfolio to meet this increased demand.

In 2018, we successfully implemented the first phase of our expansion programme, which involved the major refurbishment of a cascade hall in preparation for the installation of new centrifuges. The design of the new cascade (multiple centrifuges) is also progressing well.

Additionally, in 2018, we continued our dual track approach in the UK and Canada of pursuing our micro modular reactor, U-Battery.

U-Battery will be an advanced modular reactor, capable of providing a low carbon, cost-effective, locally embedded and reliable source of power and heat for energy intensive industrial sites as well as off-grid locations (such as remote communities, or mining sites). It has the potential to drive significant economic benefits through commercialisation and deployment to global markets.

In 2018, U-Battery was selected to participate in Phase 1 of the UK Government's Advanced Modular Reactor Programme and awarded funding to conduct a feasibility study, which outlined the business and technical case for U-Battery. It was submitted to UK Government in January 2019.

Focus Areas

Materiality and Risk

Transport and logistics (priority topic)

Management approach

The success of our business depends upon the safe and reliable transportation of nuclear materials. Our ability to deliver products to customers from our four enrichment facilities is vital to our 100% customer delivery record.

We are rigorous in our efforts to ensure total transport reliability and over the years we have developed robust relationships with third party logistics suppliers. We deliver products via intermodal transportation, utilising road, rail and sea.

Responsibility for the transportation of our uranic materials lies with Urenco's Commercial department and supply chain partners.

The availability and willingness of third party logistics providers, regulators or port authorities to transport or accept uranic materials may impact our ability to fulfil our global customer delivery requirements.

Where possible, we ensure the availability of alternative routes and maintain a portfolio of logistics partners to ensure continuity of deliveries. 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 and other radioactive materials.

In order to address challenges in the shipping of nuclear material globally, Urenco has contracted with a long-standing transport partner who has purchased a cargo vessel.

The contract offers a pendulum shipping service between Europe and North America, an essential route to deliver enriched uranium product to fuel fabricators in the USA and transport natural uranium from North America to Urenco's European facilities. The service is also open for other nuclear and project cargoes across the North Atlantic.

This enabled a security of supply and cost certainty for our global customers.

KPI: Missed deliveries

Target: 0

Actual: 0 



Focus Areas

Materiality and Risk



Focus Area 4: Employee engagement



- 7.4% increase in employees who are committed and engaged¹⁴
- Action plan implemented in response to our 2017 biennial employee survey
- Launch of 'Celebrating U' reward and recognition initiative
- Creation of enhanced Diversity and Inclusion goals for recruitment, succession planning and training.

KPI: Employee engagement

% employees who are 'engaged and/or committed'

Target: **80%**

Actual: **80.2%**

Employee engagement (monitor topic)

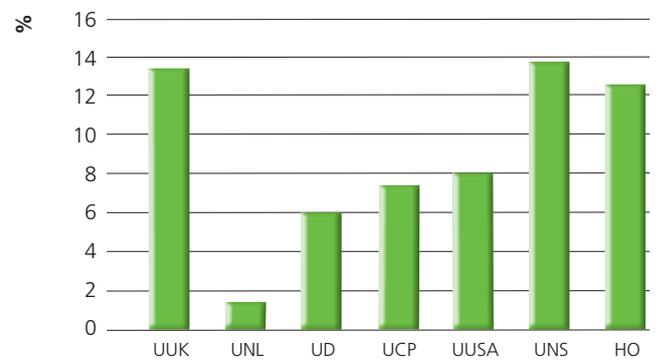
Management approach

Through our employee engagement activities, our aim is to maintain high levels of employee commitment and satisfaction. We encourage an active and healthy lifestyle and offer flexible working, wherever possible, to help to ensure our employees maintain a positive work-life balance.

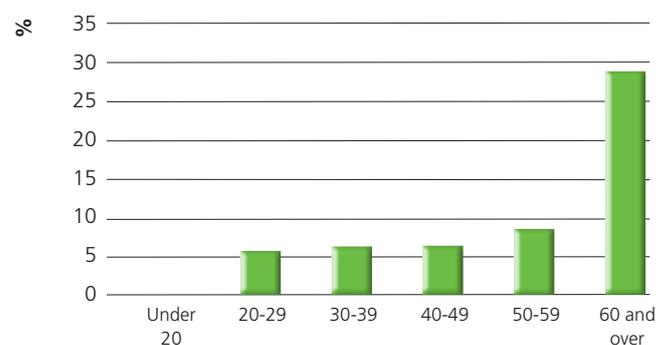
Throughout 2018, excellent progress was made on responding to the findings of our 2017 biennial employee survey, which monitored employee commitment and satisfaction across the business.

For the first time, in 2018, we conducted an employee 'pulse' survey, which aims to track progress in between our more in-depth, biennial employee surveys. The survey showed a 7.4% increase in employees who are committed and engaged. This result is significantly above the global benchmark for the countries in which we operate. In collaboration with champions from across the business, our Employee Engagement Steering Committee has developed a 2019 action plan to facilitate further improvements.

Employee turnover by location 2018



Employee turnover by age 2018



¹⁴ Urenco 2018 employee 'pulse' survey.

Focus Areas

Materiality and Risk

Case Study:

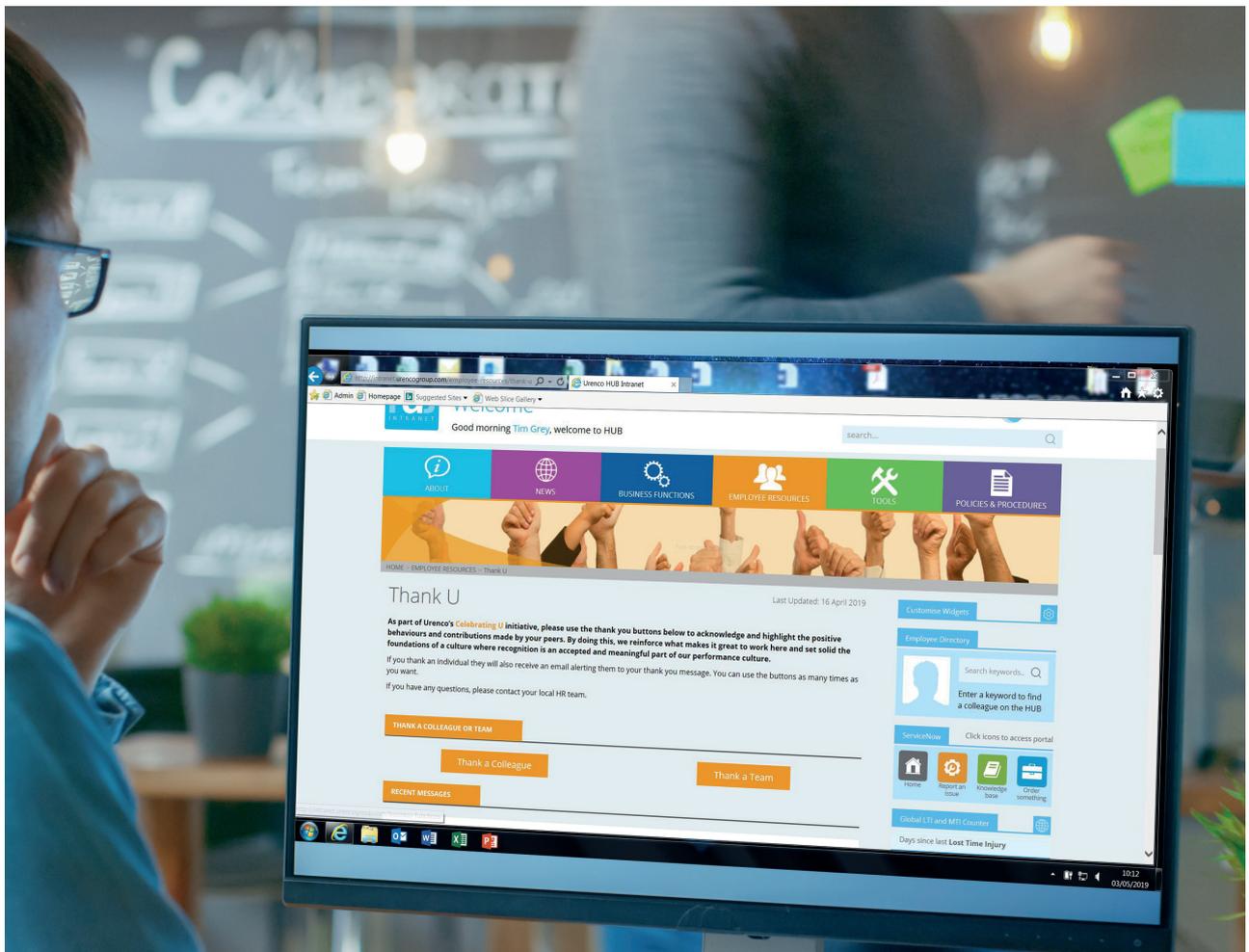
Celebrating U

In 2018, Urenco launched its 'Celebrating U' reward and recognition initiative to openly recognise the valued contribution made by our employees.

A key element of this, was the introduction of a thank you button on our internal Intranet. Via the thank you button, employees can highlight and appreciate the positive contributions made by their colleagues.

In 2018, more than one third of our 1,500 workforce thanked an employee using the button and the Intranet page received, on average, more than 7,000 visits¹⁵ per month.

The next stage of our 'Celebrating U' initiative is a global employee awards event, taking place in June 2019. We believe this will lead to a more inclusive and performance driven culture.



¹⁵ Data from Urenco 2018 Intranet hits.

Focus Areas

Materiality and Risk

Case Study:

Diversity & Inclusion (monitor topic)

Management approach

Diversity and Inclusion (D&I) continues to be of high importance to us as we believe that promoting and supporting inclusiveness, and making the most of diversity, is good business. It also creates a safer workplace, enhances decision making, improves performance and most importantly is the right thing to do.

For Urenco's employees, our networking groups, which include the Women's Network and Working Parents Network, act as a support mechanism. These groups raise awareness of potential issues, improve the working environment and boost employee confidence.

Overseen by our Executive Sponsor for Diversity and Inclusion, we set enhanced goals for recruitment, succession planning and training.

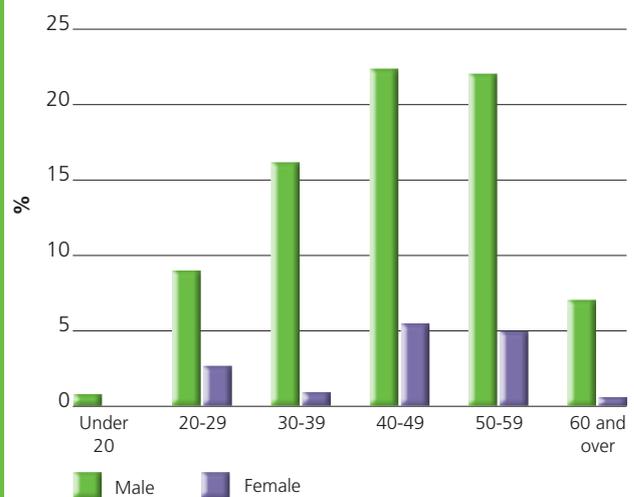
In 2018, we provided D&I awareness training for Senior Leaders and our target is to complete this training with at least 80% of employees across the organisation by the end of 2020.

The training, which covers a broad range of D&I topics, includes ways to identify and challenge behaviours. It also provides tools and techniques to recognise unconscious bias¹⁶ to support a transition to a more diverse and inclusive culture.

Additionally, in 2018 we reported our gender pay gap data for our UK businesses employing more than 250 people. We published the findings on our corporate website in March 2019.

 <https://urencocom/careers/gender-pay-gap-report>

Employees by age and gender 2018



Human rights

We are fully committed to upholding human rights in all areas of our business. We treat any discrimination incident seriously, and developed comprehensive complaints and grievance procedures, in line with the UN Guiding Principles, for all employees.

Code of Conduct

In support of our focus on culture and governance, in November 2017 we launched an organisation-wide Code of Conduct. The Code sets out a series of non-negotiable behaviours designed to ensure we maintain the highest ethical standards of professionalism, integrity and accountability.

Anti-bribery and corruption

Urenco adopts a zero tolerance approach to bribery and corruption, and all employees are required to adhere to stringent anti-bribery and corruption policies and procedures. We conduct regular communications and awareness campaigns on these issues, as well as online training. All employees are made aware of our focus and commitments in these areas.

¹⁶ Unconscious bias happens by our brains making quick judgements and assessments of people and situations without us realising. Our biases are influenced by our background, cultural environment and personal experiences. Source: <https://www.ecu.ac.uk/guidance-resources/employment-and-careers/staff-recruitment/unconscious-bias/>

Focus Areas

Materiality and Risk



Focus Area 5: Community engagement



Focus area highlights in 2018:

- 40% of employees volunteered in local community initiatives
- 100,000 students reached through our global Richie education programme
- Ongoing partnership with the Science Museum in London and the British Science Association
- We hosted more than 2,600 visitors at our enrichment facilities.

Community and education (priority topic)

Management approach

Supporting local community initiatives and building strong links in the areas in which we operate is a core part of our sustainability approach. Our community and education initiatives, overseen by our Director of Corporate Communications, PR and Sustainability, support our regular engagement with community stakeholders and increase their understanding of our business and industry.

Volunteering

Across Urenco, we provide both practical and financial support focused on education, the environment, healthy living and culture.

We assist local residents, disability groups, schools and charities through our volunteering policy, which allows each employee to dedicate eight hours per year to volunteering. In 2018, 40% of our employees volunteered.

Richie education programme

Our Richie education programme continues to inspire school children to engage with science, technology, engineering and maths (STEM) subjects to nurture the next generation of talent in the nuclear industry. Since 2007, we reached more than a quarter of a million students globally.

The programme includes practical science workshops in Europe and the USA, which teach primary school children about nuclear energy and the importance of protecting our planet in a fun and interactive way.

In 2018, we continued our sponsorship of the Science Museum's interactive gallery 'Wonderlab: The Equinor Gallery'. 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 over 1,010,000 visitors.

Once again, in 2018 we hosted our annual Richie Lecture inside the Wonderlab. More than 120 students attended our fifth lecture, which focused on the scientific discoveries behind electricity. A video is available to watch here:



<https://urencocom/sustainability/material-areas/richie-education-programme#annual-richie-lecture>

During the year, we also continued our work with the British Science Association (BSA) to encourage young people to engage with STEM subjects through its project-based CREST Awards initiative. In 2018, our two digital educational resources proved incredibly popular in schools throughout the UK, leading to our target for digital reach to be exceeded by more than 110%.

To maximise the success of our resources, in 2018 we supported the BSA with their international expansion by launching the 'Enrich my Classroom' resource in the Netherlands. The resource was piloted in Dutch schools local to our enrichment site in Almelo before being made available on the BSA's website for other schools to download. In 2019, we will pilot this resource in Germany.

Focus Areas

Materiality and Risk

KPI: Community engagement

Reach through Richie education programme

Physical

Target: 5,000

Actual: 8,412



Digital

Target: 25,000

Actual: 91,545



External engagement on nuclear (monitor topic)

Management approach

Urenco is committed to increasing public understanding of the key role the nuclear power industry has in providing reliable, low carbon electricity.

Our work in this area is overseen by our Director of Corporate Communications, PR and Sustainability, who helps to coordinate partnerships with industry peers to support the provision of public education initiatives for a wide variety of stakeholders.

To help increase understanding, in 2018 we hosted more than 2,600 visitors at our enrichment facilities, including local community groups, government representatives, industry peers and customers. We also continued to provide our virtual tour for those who cannot visit in person, which offers an insight into our enrichment operations:

 <https://urencocom/about/tours>

Additionally, in 2018, we engaged with the public at regular council, local liaison and elected representative meetings and partnered with universities and other institutions to support their nuclear science, technology and engineering programmes. Meanwhile our key representatives from across the business participated in selected nuclear conferences and seminars, including the Department for International Trade's Civil Nuclear Showcase in the UK and the World Nuclear Fuel Market Meeting in the USA.

Political landscape (monitor topic)

Management approach

The political landscape in which we operate greatly influences our industry. We regularly monitor potential changes and engage with our stakeholders to ensure that policy decisions can be made on an informed basis and reflect the interests of those who matter most to our business.

In 2018, we made preparations for the UK's withdrawal from the EU and Euratom treaty to mitigate the material risks that this presents. We also continued our dialogue with stakeholders in regards to Germany's decision to end domestic nuclear power generation and provided input to the US Department of Commerce investigation into evolving USA trade policies.

Our Executive Director, Strategic and Government Affairs has responsibility for this area.

Focus Areas

Materiality and Risk



Focus Area 6: Asset integrity



Management approach

Asset integrity is a vital consideration in the design and ongoing maintenance phases of all of our enrichment facilities and is an area in which we continue to drive improvements through new systems and standards. In particular, Urenco has focused on enhancing collaboration and information sharing in asset management. Our Chief Operating Officer oversees this area.

Resilience to power loss

In 2018, improvements continued to be made in power loss management. All of Urenco's operational sites undertook power loss tests, designed to simulate power interruptions.

We made considerable progress in this area, which led to a reduction in the number of outages due to power fluctuations across the organisation. A comprehensive report has been produced to drive further improvements.

Continued improvement in alarm management

Following the implementation of an enhanced alarm management evaluation programme, in 2018 improvements were made where necessary to alarm prioritisation and visualisation.

Investment in asset protection

Continued improvements are being made to our plant control systems to enhance our asset protection. In 2018, a project commenced at Urenco Nederland to upgrade asset hardware to ensure its longevity over the next decade. In addition, a plant control update, introduced at UUSA, will allow cascades to recover more efficiently when returning to normal operation, following a power outage.

5S

5S¹⁷ remains an important foundation of Urenco's asset management strategy. The 5S housekeeping standard is reviewed at regular meetings with our operational and technical heads at each of Urenco's sites.

During 2018, Urenco conducted a number of 5S audits at each facility, conducted by cross-functional teams. During these meetings, participants carried out rigorous site audits in their respective areas of expertise, using a standardised scoring methodology.

A 5S KPI ensures group-wide tracking and visibility of each site's performance, the outcome of which is collated, analysed and scored against the Urenco 5S standard.

Implementation of the 5S standard continues to drive site housekeeping improvements across the organisation by improving the cultural and behavioural aspects of human performance. In this respect, we strive to meet and maintain the highest industry standards in asset integrity.

¹⁷ 5S enables an organisation to evaluate its workplace organisation capability and visual management standards. Source: <https://uk.kaizen.com/knowledge-center/what-is-5s.html>



The SDGs are a universal set of goals to end poverty, protect the environment, and ensure prosperity for all as part of the global sustainable development agenda. Adopted by UN member states in September 2015, the SDGs will shape government, business and civil society priorities to 2030.

There are 17 SDGs, each supported by specific targets to be achieved over 15 years, which relate to economic development, social development and inclusion, and environmental sustainability.

Urenco analysed the SDGs and assessed where our operations have the potential to positively impact the 17 goals. In the areas where we make the biggest impact, we include a synopsis of how our business aligns to each specific goal.



SDG 3: Good health and well-being

Safety is a priority and a core value for Urenco. Our Zero Harm programme drives our strong safety culture. We encourage employees to take responsibility for their personal safety at work and home.



SDG 4: Quality education

Each year, we carry out a range of initiatives designed to promote science education. Through our Richie education programme, we engage and inspire young people about science, technology, engineering and maths (STEM) subjects, with a view to creating energy leaders of the future.



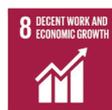
SDG 5: Gender equality

Diversity and inclusion (D&I) is a high priority for us as we want to create a workforce that reflects the society in which we operate. We believe that promoting and supporting inclusiveness, and making the most of diversity, is good business, creates a safer workplace, enhances decision making, improves performance and most importantly is the right thing to do.



SDG 7: Affordable and clean energy

Our role in the nuclear fuel cycle facilitates the production of clean and reliable electricity. The U-Battery will also enable the supply of off-grid, low carbon power to remote communities and isolated locations.



SDG 8: Decent work and economic growth

Urenco provides practical and financial support to local communities. We also generate employment opportunities and economic growth in the local communities in which we operate.



SDG 9: Industry, innovation and infrastructure

We support the research and development of new and innovative technologies, through our Dutch-based business unit Urenco Stable Isotopes, our involvement in the U-Battery consortium and our investment in nuclear new builds through the construction of the TMF.



SDG 11: Sustainable cities and communities

Through our integral role in the production of nuclear power, we are indirectly supporting cities and communities to reduce their CO₂ emissions and engage meaningfully with sustainable development.



SDG 12: Responsible consumption and production

We are committed to minimising our impact on the environment through initiatives which cover energy efficiency, emissions, water usage and waste.



SDG 13: Climate action

In October 2018 the United Nations International Panel on Climate Change predicted severe effects of climate change by 2030 and identified nuclear as one of the technologies necessary to hold global warming to 1.5 degrees Celsius¹⁸. In this respect, Urenco plays a hugely significant part in this based on its role in the nuclear fuel supply chain.



SDG 16: Peace and justice – strong institutions

We are fully compliant with all the laws and regulations governing the nuclear industry. Through our commitment to the treaties that govern us, we promote the peaceful application of civil nuclear power.

 <https://urengo.com/investors/wider-governance>

¹⁸ Source: NEI <https://www.nei.org/CorporateSite/media/filefolder/resources/factsheets/nei-clean-energy-020519.pdf>

We take a rigorous approach to managing sustainability at Urenco, ensuring robust governance to meet our legal obligations and fulfil the high levels of social and environmental performance we expect of ourselves.

Accountability and rigour

In recent years, we made continuous progress in the way we manage sustainability at Urenco. Each quarter, sustainability data is collected and interrogated. The Managing Directors of each enrichment facility are accountable for the sustainability performance of their sites, with additional accountability assigned to a focus area Sponsor. Each Sponsor is responsible for defining the policy that guides our business activities within their specific sustainability focus area, as part of our wider sustainability strategy.

Each of Urenco's four sites and Head Office is represented by site data champions, whose role is to collate and interrogate data, such as energy emissions, water and waste, in accordance with the GRIs sustainability standards. They work alongside group champions, who monitor Urenco's performance against its non-financial KPIs in each of its six focus areas.

The Sustainability Committee

To augment and support our management of sustainability, in 2013 we established a Sustainability Committee. The Committee's meetings take place three times, including at one enrichment facility, with senior management attending from across the organisation. This approach ensures that sustainability is incorporated into all operational and strategic decision making and embedded across the organisation. The Chair of the Sustainability Committee, Miriam Maes, is also a Non- Executive Director and Member of our Audit Committee, and her Board-level involvement demonstrates the depth of our commitment in this area.

The sharing of information and decision making at Urenco takes place through the Senior Leadership Forum and Executive Committee. These bodies bring various senior leadership functions together to help improve the quality of our decision making. They provide additional high level support to the work of the Sustainability Committee and help to drive our performance in this area.

Supporting our sustainability endeavours

The overall responsibility for sustainability lies with our Director of Corporate Communications, PR and Sustainability. This reinforces our organisation-wide approach to the management of sustainability.

Working with our regulators

In each of the countries where we operate, we work closely with the regulators and report to them on an ongoing basis. Government authorities regulate and approve the design and operating principles of our facilities to ensure safety and security.

They also monitor and inspect them to check compliance with all relevant legislation.

Informing and involving employees

To provide regular updates on developments within the organisation, Urenco's CEO, CFO and the Managing Directors of all enrichment facilities communicate regularly with our employees. In addition, the CEO is invited to an annual forum of employee-nominated representatives from across the organisation who are brought together to discuss business matters. Any issues raised are accounted for in our stakeholder log, a summary of which is shown on page 9.

Reporting on our financial performance

Our 2018 Annual Report and Accounts provides an overview of Urenco's business, economic and operational performance and market presence.



<https://urencocom/investors/annual-report>

Each year, we follow best practice in sustainability disclosure to give our stakeholders a detailed and transparent view of our sustainability performance.

In 2018, we adopted the very latest reporting parameters and guidelines.

Reporting period and cycle

This report covers Urengo's corporate sustainability activities during 2018. All data relates to the calendar year 2018, unless stated otherwise. Where we used data outside 2018, it is to provide broader context for the activities or achievements described. We have made no restatements of data in 2018. We published our most recent Sustainability Report in June 2019, relating to the 2018 calendar year.

GRI reporting guidelines and principles

We prepared this year's Sustainability Report in accordance with the GRI Standards at a core level. Our GRI checklist is available online.

The GRI Standards are focused on the ten core principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness.

By reporting to the GRI Standards we are demonstrating alignment to best practice in sustainability reporting and a commitment to open and transparent communication around Urengo's sustainability performance.

United Nations Global Compact

Our policies incorporate the practices and standards from Urengo's Code of Conduct as well as the principles of the United Nations' Global Compact.

The United Nations Global Compact is the world's largest corporate sustainability initiative to align companies' strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.

Defining report content

In line with GRI guidelines, in 2018 we undertook a materiality assessment of our operations to understand the key issues that are important to our stakeholders and which could impact business performance. This includes an assessment of the focus areas' boundaries in terms of whether they affect Urengo itself (internal) or organisations/stakeholders separate from our company such as local communities or third parties (external). Our materiality analysis also involved establishing thresholds to help us ascertain which material issues are a priority (priority topics), and which need to be monitored (monitor topics).

Sustainability data is provided by Urengo's facilities, compiled by Group Audit and externally assured. A sustainability working group, consisting of a cross section of managers from key functions, is involved in the writing of the report. The report content has Board-level approval by members of the Sustainability Committee.

Measuring data, setting KPIs and carrying out internal audits

This report includes technical data that we have collated across Urengo using relevant regulatory guidelines.

Our operations adhere to industry regulatory requirements in each country and uphold strict international safeguards, security and non-proliferation agreements. Urengo's operating environment is audited, ensuring a high degree of data accuracy. We also carry out internal audits on technical data and adhere to GRI principles within this report.

Data for sustainability KPIs is gathered throughout the year and submitted quarterly. The Group Audit function is responsible for all data gathering and reports progress into a Sustainability Programme Team, which reports against targets internally to the Sustainability Committee.



Independent Assurance of Urenco Limited's sustainability data 2018:

ISAE 3000 statement

The nature of the assurance

This statement has been prepared by Corporate Citizenship for Urenco Limited (Urenco). A full version of this statement can be found on the Urenco website <https://urencolimited.com/sustainability> which covers in more detail the nature of the assurance, the work performed and Corporate Citizenship's experience and independence.

Corporate Citizenship has undertaken limited assurance of Urenco's 2018 sustainability data, as described below:

- Disclosure 302-1 Energy consumption within the organization
- Disclosure 303-1 Water withdrawal by source
- Disclosure 305-1 Direct (Scope 1) GHG emissions
- Disclosure 305-2 Energy indirect (Scope 2) GHG emissions
- Disclosure 306-1 Water discharge by quality and destination
- Disclosure 306-2 Waste by type and disposal method
- Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

The assurance covers the period from 1 January 2018 – 31 December 2018.

Urenco is entirely and solely responsible for the production and publication of the data assured, Corporate Citizenship for its assurance.

The data relates to Urenco and its wholly owned subsidiaries. Data related to joint ventures and is not included in the scope of the assurance.

Our work has involved reviewing selected environmental claims and data included in the report against the GRI Principles for Defining Report Quality. The carbon emissions data has been prepared using the UK Department for Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines: Including mandatory greenhouse gas reporting guidance (June 2013) and the appropriate GHG conversion factors for company reporting, as published by DEFRA.

GHG quantification is subject to inherent uncertainty due to factors such as incomplete scientific knowledge about the global warming potential of different GHGs and uncertainty around the models and parameters used in estimating GHG emissions.

This engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject-matter specific ISAE for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements).

Corporate Citizenship has complied with the requirements for independence, professional ethics and quality control as stipulated by ISAE 3000.

Assurance work performed

The assurance engagement was undertaken to a limited level, and included: interviews with employees responsible for the delivery of Urenco's sustainability performance, checks on a sample of data back to source evidence, review of GHG calculation method used, examination of the 2018 sustainability report against the GRI Principles for Defining Report Quality.

Conclusion

Based on the scope of work and assurance procedures performed, nothing came to our attention that causes us to believe that the key performance data described above is not prepared, in all material respects, in accordance with the GRI Principles for Defining Report Quality and in accordance with the DEFRA Environmental Reporting Guidelines. We believe the report is in line with the GRI Standards – Core option.

Corporate Citizenship Limited

London

20 May 2019

GRI performance

Performance data 2018

GRI Standards indicator	Description	2016	2017	2018	Unit	Change 2017-2018	
GRI 102-7 Scale of the organisation	Total employees	1,618	1,513	1,489	Employees	-2%	
	Total number of operations	4	4	4	Operating Sites	0%	
	Net revenue	See Annual Report					
	Quantity of products or services produced	See Annual Report					
GRI 102-8 Organisational profile	Total employees by employment contract	Permanent	1,551	1,477	1,453	Employees	-2%
		Temporary	67	36	36	Employees	0%
		Total	1,618	1,513	1,489	Employees	-2%
	Total permanent employees by employment type	Full-time	1,466	1,391	1,364	Employees	-2%
		Part-time	85	86	89	Employees	3%
		Total	1,551	1,477	1,453	Employees	-2%
	Total workforce by employees and supervisors by gender	Managers – male	250	234	216	Employees	-8%
		Managers – female	46	37	41	Employees	11%
		Non-managers – male	1,006	966	951	Employees	-2%
		Non-managers – female	285	276	281	Employees	2%
		Total	1,587	1,513	1,489	Employees	-2%
	Total workforce by region and gender	Europe male	1,060	1,026	1,002	Employees	-2%
		Europe female	267	261	272	Employees	4%
		America male	196	174	165	Employees	-5%
		America female	64	52	50	Employees	-4%
		Rest of world	0	0	0	Employees	-
		Total	1,587	1,513	1,489	Employees	-2%
% of employees covered by collective bargaining		47%	48%	46%	%	-2%	
GRI EN302-1: Energy consumption within the organisation	Natural gas	20,285,324	19,887,228	26,147,085	kWh	31%	
	Diesel	6,323,050	1,919,465	2,201,456	kWh	15%	
	Petrol	443,721	439,625	405,086	kWh	-8%	
	Fuel Oil	1,039,566	1,120,812	884,370	kWh	-21%	
	Total Direct Energy Consumption	28,091,662	23,367,130	29,637,997	kWh	27%	
	Total Indirect Energy Consumption	618,576,558	594,359,888	596,229,417	kWh	0%	
	Total Energy Consumption	646,668,220	617,727,018	625,867,414	kWh	1%	
	% of Total Energy from Renewables		16%	18%	21%	%	4%
	% of Total Energy from Non-Renewables		84%	82%	79%	%	-4%
GRI 303-1: Water usage	Total mains m ³ /year	401,948	316,333	291,104	m ³	-8%	
	Total other m ³ /year	284,671	292,614	297,279	m ³	2%	
	Total m ³ /year	686,619	608,947	588,383	m ³	-3%	

GRI performance

Performance data 2018

GRI Standards indicator	Description	2016	2017	2018	Unit	Change 2017-2018
GRI 305-1: Direct (Scope 1) GHG emissions	Direct emissions: from chemicals used for operational processes	4,610	10,181	5,395	Tonnes CO ₂ e	-47%
	Direct emissions: from fuels	5,673	4,536	5,702	Tonnes CO ₂ e	26%
	Total direct emissions	10,283	14,717	11,096	Tonnes CO ₂ e	-25%
GRI 305-2 Energy indirect (scope 2) GHG emissions	Indirect emissions	282,293	257,323	222,362	Tonnes CO ₂ e	-14%
	Total CO ₂ e emissions	292,576	272,040	233,458	Tonnes CO ₂ e	-14%
Transport (formerly reported under G4-EN30)	Total CO ₂ e generated through the transportation of UF ₆ material (feed, tails, product)	4,219.53	3,775.49	5,093.56	Tonnes CO ₂ e	35%
Scope 2 CO₂e	Calculation is total Urenco group CO ₂ e Emissions ÷ Measured Output total for all sites resulting in one figure for the whole group	15.91797	14.85633	12.79133	Tonnes CO ₂ e/SWU	-14%
GRI 306-1: Water discharge by quality and destination	Total m ³ : treatment method - to sewer	98,072	95,610	85,519	m ³	-11%
	Total m ³ : treatment method - to water courses	48,025	34,938	55,193	m ³	58%
	Total m ³	146,097	130,548	140,711	m ³	8%
GRI 306-2: Waste by type and disposal method	Hazardous – composting	0	0	0	Tonnes	-
	Hazardous – reuse	1	0	0	Tonnes	-
	Hazardous – recycled	49	37	26	Tonnes	-29%
	Hazardous – recovery	17	14	9	Tonnes	-36%
	Hazardous – incineration	5	2	44	Tonnes	2659%
	Hazardous – landfill	63	3	27	Tonnes	821%
	Total hazardous waste	135	55	105	Tonnes	90%
	Non-hazardous – composting	35	71	56	Tonnes	-21%
	Non-hazardous – reuse	3,979	2	225	Tonnes	12,525%
	Non-hazardous – recycled	3,827	9,126	776	Tonnes	-91%
	Non-hazardous – recovery	1,123	152	1,927	Tonnes	1,169%
	Non-hazardous – Incineration	308	192	41	Tonnes	-79%
	Non-hazardous – landfill	1,310	311	352	Tonnes	13%
	Total non-hazardous waste	10,583	9,855	3,377	Tonnes	-66%
Nuclear material for disposal:	Volume of nuclear material for disposal	1,549.64	5,196.28	6,521.52	m ³	26%
Radiation dose: Legal limit: Europe 20mSv / UUSA 50mSv	Average dose for employees	0.23	0.45	0.39	mSv	-
	Maximum dose for employees	2.92	2.74	3.37	mSv	-
	Average dose for external companies workers	0.20	1.42	0.18	mSv	-
	Maximum dose for external companies workers	3.81	3.31	1.63	mSv	-

GRI performance

Performance data 2018

GRI Standard indicator	Description	2016	2017	2018	Unit	
GRI 401-1: New employee hires and employee turnover	Employee turnover by location	UUK	4.5	7.9	13.3	%
		UNL	2.5	1.8	1.4	%
		UD	2.0	3.8	6.0	%
		UCP	4.1	2.1	7.3	%
		UUSA	5.0	9.3	7.9	%
		UNS	3.4	2.4	13.8	%
		HO	10.5	26.9	12.7	%
	Employee turnover by age	Under 20	0.0	0.0	0.0	%
		20-29	6.7	12.0	5.8	%
		30-39	4.7	8.1	6.5	%
		40-49	4.1	4.6	6.3	%
		50-59	1.7	6.8	8.7	%
		60 and Over	11.5	14.5	29.1	%
2018 lost days						
GRI 403-2: Occupational health and safety	Employee and contractor MTI's/LTI's by location	UUK	2	1	1	0
		UNL	1	0	0	0
		UD	0	1	0	0
		UCP	1	0	2	0
		UUSA	0	1	2	0
		UNS	1	0	1	0
		HO	0	0	0	0
		Total	5	3	6	0
		2018 LTI rate		2018 lost day rate	16.29	
	Absentee rate	UUK	1.4	2.2	2.1	%
		UNL	2.4	3.0	2.9	%
		UD	4.0	4.0	4.7	%
		UCP	1.3	0.8	0.9	%
		UUSA	0.0	0.0	0.0	%
		UNS	2.4	2.6	3.6	%
		HO	2.9	2.2	2.7	%
		Total Group inc. UUSA	2.6	2.9	3.4	%
		Total Group ex. UUSA	2.6	2.9	3.4	%

Per 200,000 hours worked

Note: UUSA data is separated due to the fact that annual leave is structured differently to Europe, as the first five days' absence is incorporated into annual 'paid time off'

GRI performance

Performance data 2018

GRI Standards indicator	Description	2016	2017	2018	Unit	
GRI 404-3: % Employees receiving regular performance and career development reviews	% Employees receiving regular performance and career development reviews	100	100	100	%	
GRI 405-1: Diversity of governance bodies and employees	Male	Under 20	0.6	0.7	0.9	%
		20-29	9.1	8.3	8.5	%
		30-39	20.4	19.7	18.8	%
		40-49	21.7	21.9	22.2	%
		50-59	21.9	22.3	21.8	%
		60 and over	5.4	6.5	6.2	%
	Female	Under 20	0.0	0.1	0.1	%
		20-29	3.2	2.7	3.1	%
		30-39	6.5	6.5	7.2	%
		40-49	5.9	5.6	5.4	%
		50-59	4.7	5.0	5.1	%
		60 and over	0.6	0.8	0.7	%
		Total	100	100	100	%

GRI Standards indicator	Location	2016			2017			2018		
		Minimum Urengo rate (€/hour)	Minimum country rate (€/hour)	Urengo min ratio to country min	Minimum Urengo rate (€/hour)	Minimum country rate (€/hour)	Urengo min ratio to country min	Minimum [†] Urengo rate (€/hour)	Minimum country rate (€/hour)	Urengo min ratio to country min
GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage	UUK	9.80	8.39	1.17	9.85	8.27	1.19	4.74	4.74	1.00
	UD	16.29	8.50	1.92	16.67	8.84	1.89	17.27	8.84	1.95
	UNL	12.43	8.93	1.39	12.67	9.00	1.41	11.69	7.97	1.47
	UCP	18.84	8.39	2.25	22.00	10.00	2.20	6.66	8.84	0.75
	UUSA	21.03	7.10	2.96	16.45	5.06	3.25	18.17	5.60	3.25
	UNS	16.56	9.09	1.82	13.63	8.80	1.55	13.51	8.84	1.53
	HO	10.88	6.47	1.68	15.14	8.27	1.83	9.30	8.84	1.05

[†] Minimum Urengo rate has decreased for UUK and UCP due to Apprenticeships

* Bank of England rates at 15 January 2019

£:€ 1.12895

\$:€ 0.877038

GRI performance

Performance data 2018

Membership	Hold position on the governance body	Participate in projects or committees	Provide substantive funding beyond routine membership dues	View membership as strategic
European Nuclear Society	✓			✓
European Safeguards Research & Development Association		✓		✓
FORATOM				✓
Nuclear Industry Association	✓			✓
NucNet	✓			✓
World Nuclear Association	✓			✓
World Nuclear Fuel Market	✓			✓
World Nuclear Transport Institute	✓	✓		✓
World Institute for Nuclear Security	✓			✓
German Atomic Forum	✓			✓
German Nuclear Society	✓	✓		✓
WKK German Nuclear Front End Institute	✓	✓		✓



Further information

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