urenco

# Sustainability report 2014

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URENCO is a leading provider of uranium enrichment services to the world's nuclear energy industry. With operations in four countries, we ensure our customers around the world receive safe and reliable supplies of enriched uranium to fuel civil nuclear reactors.

Sustainability goes to the very heart of who we are and what we do. Nuclear power plays a key role in meeting the world's low carbon energy demands and its production requires processes that are efficient, safe and cost-effective.

Nuclear is a long-term business. We take a long-term view of our operations, ensuring we have the people, skills and resources in place to meet the needs of our customers and our commitments to society and the environment.

It is what we call 'enriching the future'.

*We ensure our customers around the world receive safe and reliable supplies of enriched uranium to fuel civil nuclear reactors.*

# Chief Executive Officer's review

Within the nuclear fuel industry, URENCO plays its part responsibly by honouring its commitments to sustainability. Our Chief Executive Officer, Helmut Engelbrecht, answers questions about URENCO's sustainability performance in 2014.

### What does 'sustainability' mean in the context of URENCO's role and operations?

Sustainability is embedded within our business. The enrichment of uranium is sustainable for generations to come – both in the processes it deploys and the end product it delivers. Efficiency has always been critical to URENCO's operations, which by their very nature have to be safe and cost- effective. While this has always been a key part of URENCO, we are now recognising the importance of sustainability to all our stakeholders by raising sustainability up the corporate agenda and establishing a Board committee.

For me, sustainability underpins the long-term success of the company. To achieve this, we need to continue practising the sustainable behaviours that are already an established part of our culture: good health and safety, good training and efficient operations. Over time, strong financial and commercial performance will determine the sustainability of URENCO, ensuring that we continue to support our customers in the long term.

Sustainability is also about how we respond to the changes we have seen both in our industry and in the world in recent years. With uncertainty still surrounding the timing of reactor restarts in Japan, worldwide inventories continue to build up, creating an oversupply of enriched uranium and consequential pricing pressures. These factors, coupled with slowdown and nuclear phase-out in countries such as Germany, Switzerland and Belgium, make it a challenging environment in which to operate. In response, we are using the present slowdown as an opportunity to reassess our operations and look at how we can improve efficiencies. Rather than concentrate solely on enrichment services, we are making use of our plants to deliver uranium feed.

### Why is nuclear so important from a sustainable energy perspective?

Nuclear power plays a key role in meeting the low carbon energy demands of the world's growing population – powering our industries and our lives. World energy consumption is expected to increase by 56% by 2040.[1] In developed countries, people need energy to enjoy the benefits of everyday modern technology. In developing countries, where currently some 1.3 billion people have no access to electricity,[2] energy is needed to help improve social resilience, eradicate poverty and drive economic development.

Whatever the energy requirements of countries and individuals, nuclear power – which currently provides around 11% of the world's electricity[3] – offers a reliable and sustainable solution. Of course, other energy sources have an important part to play in a balanced energy mix – but baseload nuclear power ensures continuity and security while providing low carbon electricity.

As part of our commitment to sustainability, we seek to adapt our processes to benefit customers in different markets and parts of the world. For example, in the future we hope to provide fuel for Small Modular Reactors (SMRs) that provide energy in countries with no established national grid or infrastructure. In this way, through the current generation of larger reactors and evolving SMR technology, nuclear can meet present and future market needs, despite the current slowed pace. We believe that the nuclear industry will grow in the future and form an increasingly crucial part of a sustainable global energy mix.

### In terms of sustainability, what are URENCO's key focus areas?

Our sustainability strategy guides the way we manage the business and the way we fulfil our sustainability commitments to society and the environment. We focus on six key areas:

- Health and safety, safeguards and security
- Environmental impact
- Supplier of choice
- Employer of choice
- Community engagement
- Asset integrity.

We describe our approach to these focus areas further on in this report and highlight key developments in 2014.

### How is sustainability embedded and managed at URENCO?

In order to meet our responsibilities, we have sought to embed sustainability across every aspect of our business, guided by our firm belief that good corporate citizenship goes hand in hand with long-term commercial success.

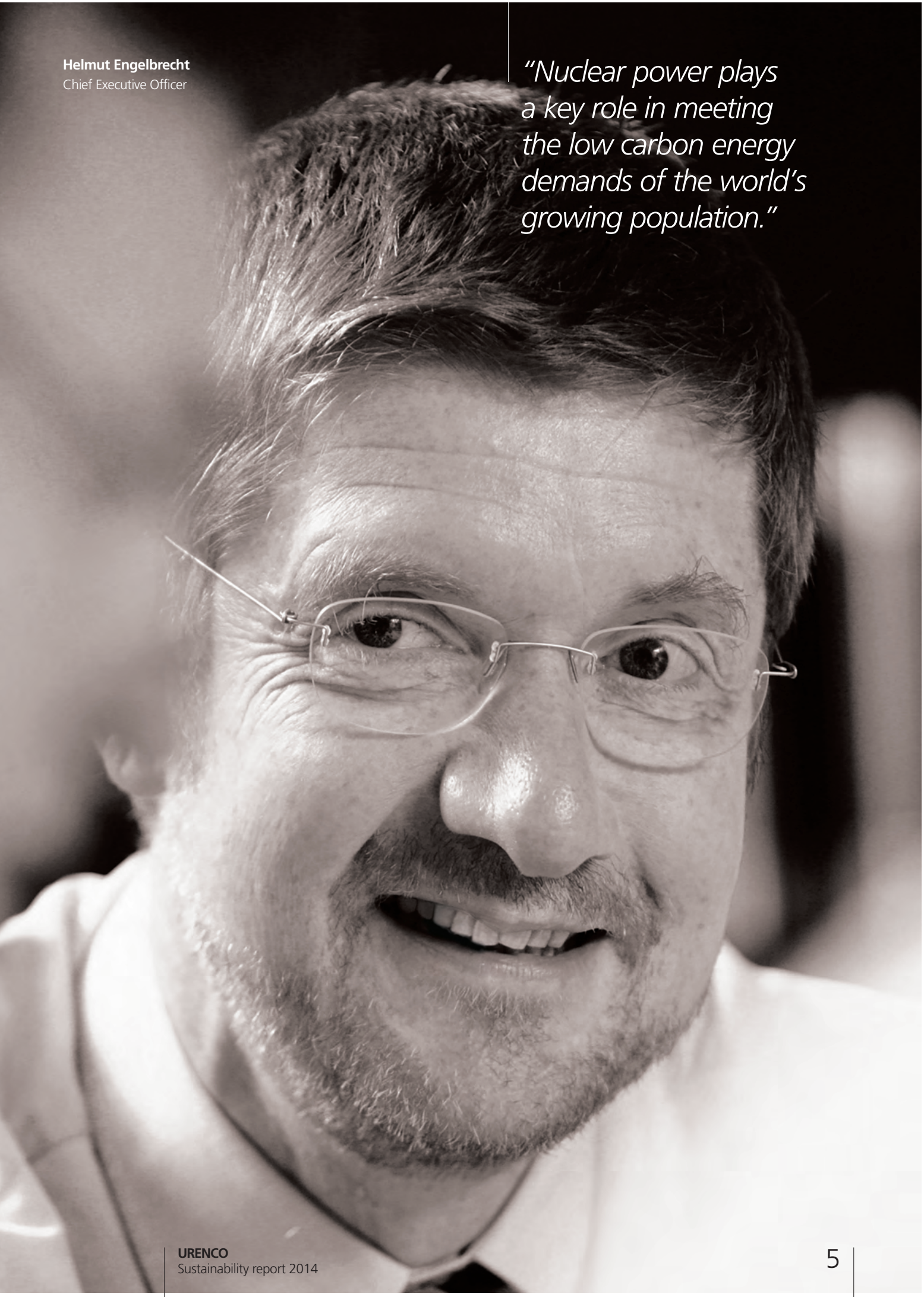
In recent years, we have made good progress in the way we manage sustainability at URENCO. In 2013, we established a Sustainability Committee to oversee our work in this area. The Sustainability Committee is a committee of the Board. Its meetings are attended by senior management from across URENCO. This enables our sustainability agenda to be successfully embedded across all areas of the business.

Our sustainability data is collected, interrogated and shared with URENCO's executive management team regularly. Managing Directors of each enrichment facility are accountable for the sustainability performance of their sites, with additional accountability assigned to corporate sponsors of each focus area within the sustainability strategy. Additionally, we have a range of key performance measures which are approved annually by the Sustainability Committee.

[1] US EIA, July 2013, www.eia.gov

[2] World Energy Outlook 2014, November 2014, Global Energy Trends to 2040, www.worldenergyoutlook.org

[3] World Nuclear Association, January 2015, www.world-nuclear.org



**Helmut Engelbrecht**
Chief Executive Officer

*"Nuclear power plays a key role in meeting the low carbon energy demands of the world's growing population."*

# Chief Executive Officer's review

### How did URENCO perform in 2014 in terms of sustainability?

We made good progress in a range of areas during 2014. For example, we carried out initiatives designed to improve our energy saving performance. Elsewhere, we carried out optimisation initiatives to help reduce the carbon emissions arising from our transportation.

Our 2014 Global Customer Survey also confirmed that our commitment to sustainability resonates with our customers, with 95% of those questioned saying that a supplier's approach to corporate responsibility was 'important' to them.

It was a good year for our Richie science workshops, which are designed to inspire primary school children to experience and learn about science in a fun and interactive way. The programme was highly commended by a national awards body (PRCA)[4] in the UK and its success has allowed us to share the Richie workshops even further in 2014 by partnering with the British Science Association (BSA) to include Richie as part of its CREST Star framework.[5]

Safety is a key priority across the URENCO Group. As a crucial element of URENCO's culture, we always seek to operate to the highest standards of safety, environmental and security requirements. Over the past few years we managed to decrease the number of lost time incidents (LTIs), however this year I am disappointed to report that despite continued focus on safety we experienced a significant increase of LTIs to 11, compared to one in 2013. Of these LTIs, four related to employee activities and seven were contractor- related. As the safety of employees, contractors and visitors is of primary importance, during 2015 we will reinforce behavioural safety and targets with employees and contractors.

### Where next for URENCO on its sustainability journey?

This report, which covers URENCO Group's performance during year ending 31 December 2014, is a milestone in our evolving sustainability journey.

*I am pleased to report that URENCO has achieved Core accreditation from the most up-to-date Global Reporting Initiative (GRI) sustainability reporting guidelines (G4).*

This report therefore has a strong focus on 'materiality' – on those issues that matter most to our business and our stakeholders. This shift in our reporting reflects our commitment to continuous improvement and demonstrates our engagement with clear and accountable reporting practices.

Looking ahead, we aim to use the lessons learnt from our engagement with the G4 criteria to improve our reporting standards and our overall sustainability performance. We also aim to continue building on the work achieved by our Sustainability Committee to embed sustainability across the Group.

Our progress in sustainability is underpinned by the strength of our strategic partnerships with our customers. By continuing to meet customer expectations and ensuring that all deliveries are on time and to a high standard, we reinforce the foundations on which our long-term future success is built.

Our behaviours and day-to-day activities are guided by our company values. These values are firmly embedded throughout our business and inform both our strategic and operational decision making processes.

**Safety**

We operate to the highest standards of safety, environmental and security requirements.

**Integrity**

We conduct all our relationships with honesty, fairness and respect.

**Flexibility**

We respond to best meet our customers' needs by flexibly deploying our skills and capabilities.

**Development**

We are committed to the sustainable development of our business by continuously developing our employees, services and products.

**Profitability**

We are committed to making profits to secure our future and reward our shareholders and employees.

[4] PRCA is the Public Relations Consultants Association, the largest public relations association in Europe, www.prca.org.uk

[5] CREST Star is a UK-wide award scheme enabling children, usually aged 5-11, to solve science, technology, engineering and maths (STEM) problems through practical investigation. www.creststar.org


*"Our five core values guide everything we do at URENCO."*

# Our global role

With operations in four countries, URENCO ensures its customers receive safe and reliable supplies of enriched and natural uranium to fuel civil nuclear reactors. Using centrifuge technology, we have provided quality and expertise in enrichment services for more than 40 years, helping our customers to meet global energy demands.

## Our facilities

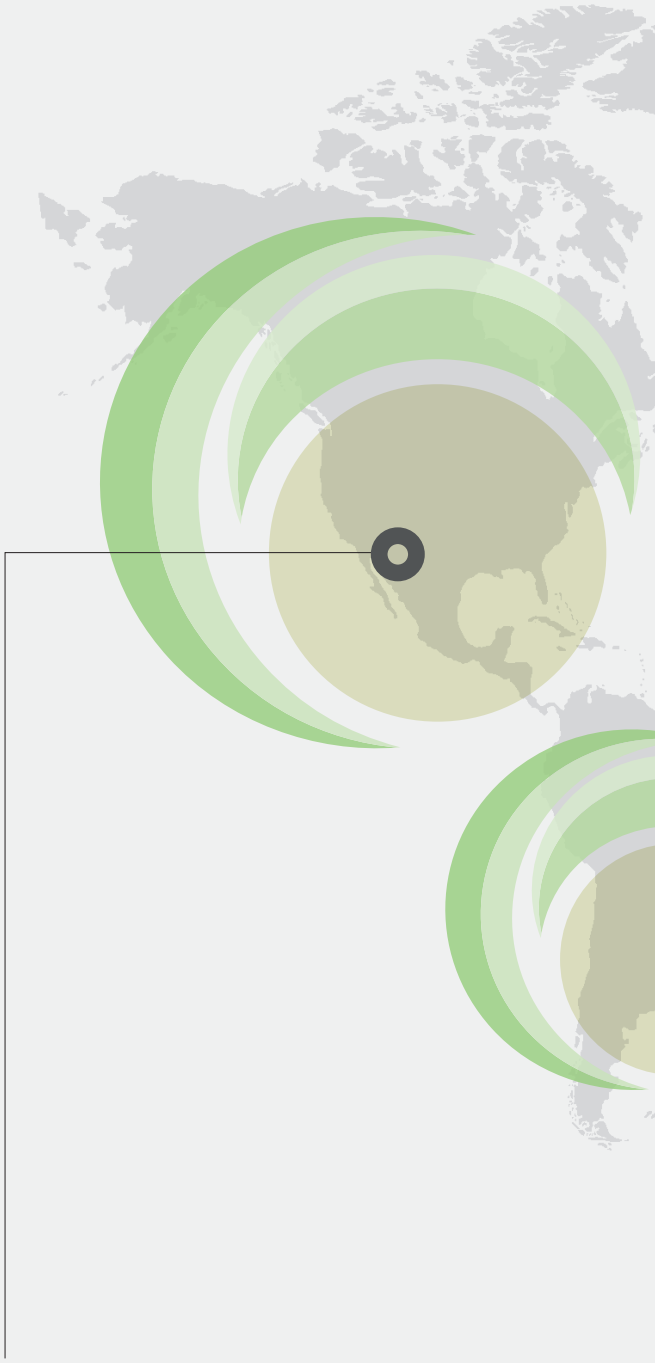
The URENCO Group has four uranium enrichment facilities. These are located in: Almelo in the Netherlands; Capenhurst in the UK; Eunice, New Mexico in the USA; and Gronau in Germany. Our Head Office is located close to London in the UK.

We are the only company in the world to operate enrichment facilities in four countries under four different regulatory regimes. This geographical reach and diversity of supply are distinct competitive advantages, enabling us to respond flexibly to the needs of our customers, regardless of their location. We have a strong order book which allows us to plan production volumes many years in advance.

## The Treaty of Almelo

Our leadership position and longevity are underpinned by the Treaty of Almelo. Signed in 1970 by the British, Dutch and German governments, the Treaty of Almelo laid the foundations for the international co-operation upon which URENCO was formed. At its core was a commitment to promote the peaceful application of nuclear power and to harness nuclear expertise for use in energy, science and medicine. It created a platform for the joint development of centrifuge enrichment technology and put robust safeguards in place to protect this technology from misuse and proliferation.

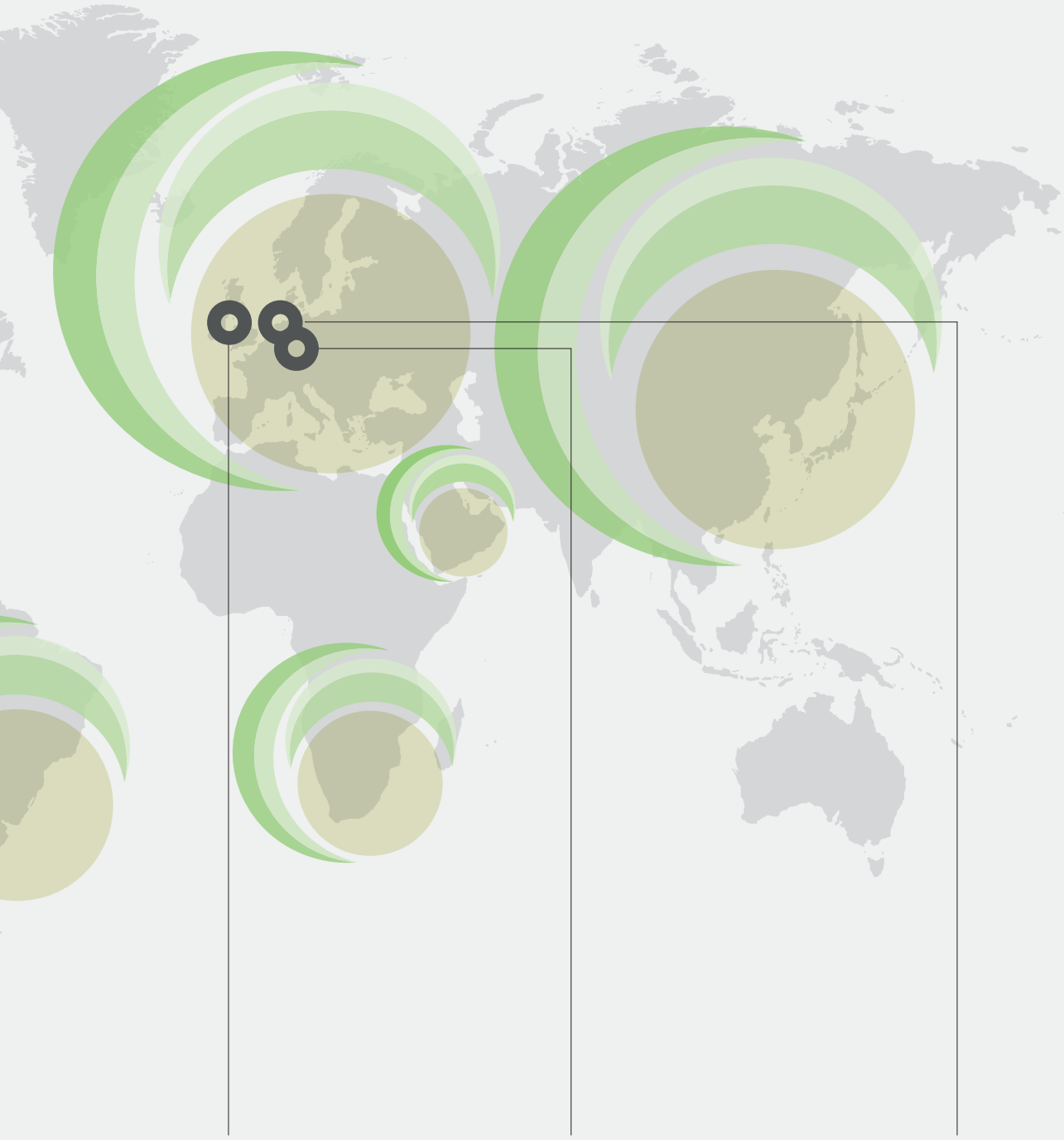
Since 1970, URENCO has developed in accordance with the terms and principles of the Treaty to become a market leader of enrichment services globally. As the URENCO Group has grown, it has extended its international co-operation through treaties with the USA and France. By complying with these agreements and living in accordance with our values (see page six of our Annual Report), we will continue to focus on quality, reliability, the highest standards of uranium stewardship and corporate responsibility.



**URENCO USA**
Eunice, New Mexico
– our American enrichment facility.

## Our operations and customers

URENCO operations
Customers



**URENCO UK**
Capenhurst, United Kingdom
– our UK enrichment facility.

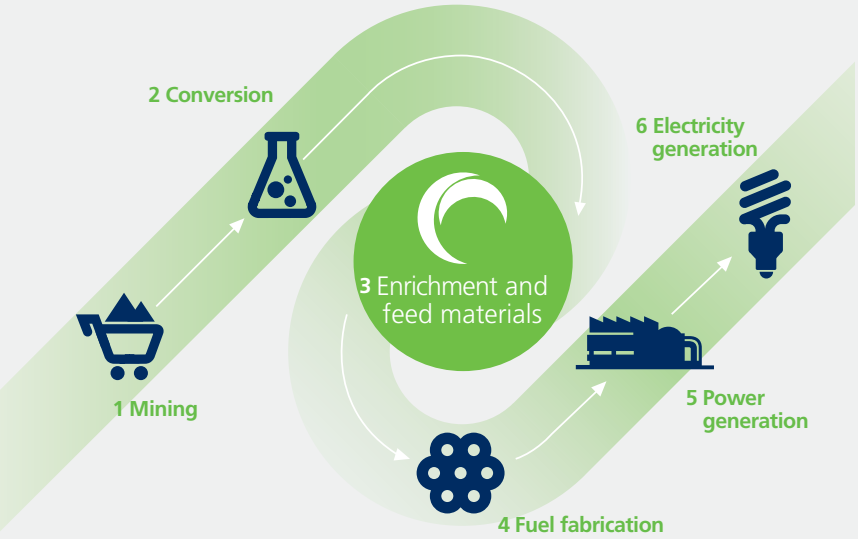
**URENCO Deutschland**
Gronau, Germany
– our German enrichment facility.

**URENCO Nederland**
Almelo, The Netherlands
– our Dutch enrichment facility.

# Our role in the nuclear fuel supply chain

URENCO has a key role in the global nuclear fuel supply chain. We use centrifuge technology to provide uranium enrichment services to customers, who then generate electricity using nuclear energy.

## Here we outline the key stages in the nuclear fuel supply chain:




### 1. Mining

Uranium ore is extracted, purified and milled to become uranium oxide, also known as 'yellow cake'.

### 2. Conversion

Uranium oxide is chemically converted into uranium hexafluoride ($UF_6$) and transported to one of our enrichment facilities.

### 3. Enrichment

The enrichment process starts with the arrival of our customers' uranium hexafluoride ($UF_6$) at our enrichment facilities. We heat $UF_6$ to turn it into a gas and feed it into our gas centrifuges. The centrifuge separates the two isotopes contained in uranium, $U_{235}$ and $U_{238}$. The lighter $U_{235}$ is generally enriched to up to 5%, which is sufficient to sustain a continuous fission reaction in a nuclear power plant. The flexibility of our centrifuges allows us to conserve feed material and therefore provide enriched uranium product (EUP) and natural uranium in addition to enrichment services.

### 4. Fuel fabrication

The customers enriched uranium is transported to fuel fabricators, where it is converted into pellets before being loaded into fuel rods.

### 5. Power generation

The fuel rods are transported to nuclear power stations, where they power the nuclear reactors. Fuel rods are placed into reactors and used to generate steam, which in turn drives turbines that power generators.

### 6. Electricity generation

At the end of the nuclear fuel supply chain, the nuclear power plants provide a secure source of low carbon energy – generating electricity for homes, schools, hospitals, offices and industries around the world.

# URENCO's supply chain

As an enrichment service provider, URENCO plays a vital role in the nuclear fuel supply chain. We cooperate with companies in all parts of the fuel cycle around the world, including converters and fabricators, to optimise our services and provide our customers with a reliable, efficient and secure supply of nuclear fuel for their reactors.

Unlike some of our competitors, URENCO's core business is primarily focused on the provision of enrichment services. We have spent the last 40 years developing our technology and expertise in this field to become a market leader. Our long-term order book gives us the flexibility to react to market and customer demands.

The number and location of our customers is shown in our 2014 Annual Report.

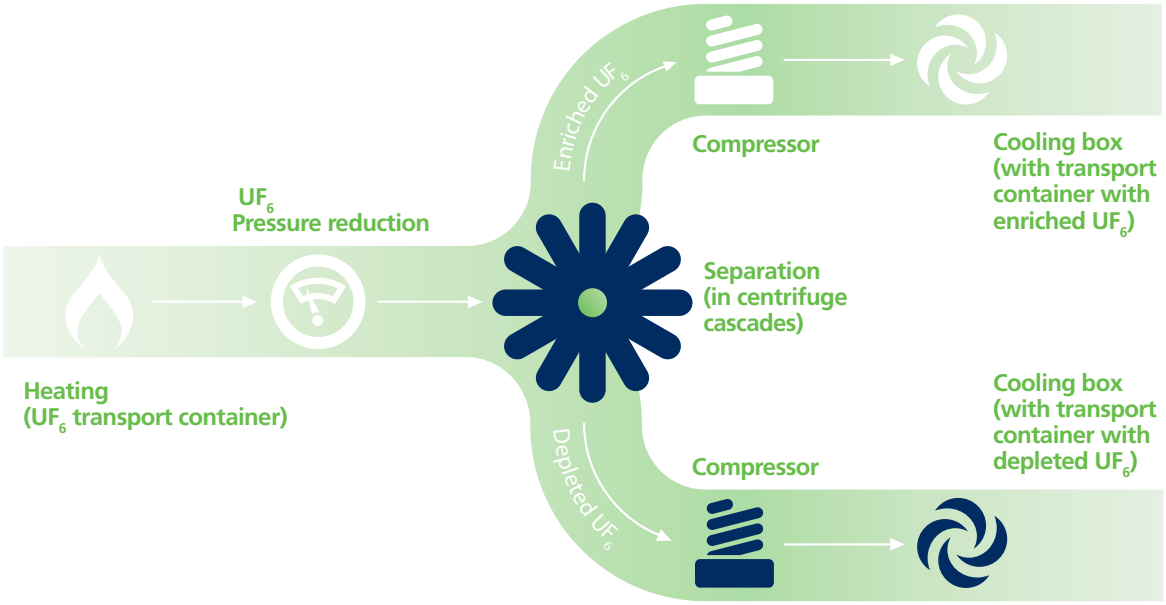
### Managing risk and sustainability in the supply chain

We adhere to International Atomic Energy Agency (IAEA) guidelines and all other national and international regulations regarding the transportation of fissile material, and we go beyond regulatory requirements in all aspects of our own logistics procedures. Beyond that, we actively contribute to the development of the regulatory framework by attending IAEA workshops, the results of which serve as recommendations for changes in legislation.

*We use centrifuge technology to provide uranium enrichment services to customers who then generate electricity using nuclear energy.*

# Our uranium enrichment process

URENCO's part in the process starts with the delivery of customers' uranium hexafluoride ($UF_6$) to our enrichment facilities. $UF_6$ is the most suitable form of uranium for enrichment because it is easily turned into a gas when heated.




## Heating $UF_6$ to turn it into a gas

$UF_6$ is delivered to our enrichment facilities in internationally standardised transport containers by approved suppliers.

$UF_6$ is solid at ambient temperature. At our enrichment facility, we connect the transport container holding $UF_6$ to the plant feed system. It is then heated in order to vaporise the $UF_6$ and turn it into gas at sub-atmospheric pressure.

## Spinning $UF_6$ at high speed to enrich it

We feed the $UF_6$ gas into a centrifuge casing containing a cylindrical rotor, which spins at high speed, separating the uranium's two isotopes. The heavier isotope $U_{238}$ is forced closer to the wall of the rotor than the lighter $U_{235}$. As a result, the $UF_6$ gas closer to the wall is depleted of $U_{235}$ and the $UF_6$ gas nearer the rotor axis is slightly enriched in $U_{235}$. We repeat the process over and over again in a series of centrifuges, known as cascades, until we achieve the desired levels of $U_{235}$ enrichment to meet our customers' specifications.

## Compressing and cooling the enriched uranium

The enriched uranium ($UF_6$ containing up to 5% of the $U_{235}$ isotope) is fed from the centrifuge cascades into a compressor and then into a cooling box containing a cylinder. As it cools, the $UF_6$ vapour solidifies in cylinders. We homogenise the cylinders and check the quality of a sample before delivery to customers. We weigh all cylinders to comply with the accounting and tracking requirements of the European Atomic Energy Community (EURATOM), the United States Nuclear Regulatory Commission (USNRC) and the International Atomic Energy Agency (IAEA).

## Storing and converting depleted uranium

The $UF_6$ gas closer to the wall in the centrifuge is partially depleted in $U_{235}$. This by-product is known as 'tails'. We collect and cool tails in a cooling box containing a cylinder, weighing it to ensure all material can be accounted for. Tails still contain a low concentration of $U_{235}$ and can be re-enriched if economically viable.

We store tails at our enrichment facilities in internationally approved containers pending deconversion to a chemically stable form – uranium oxide ($U_3O_8$) – for long-term storage.

As well as storing tails at our facilities, we currently contract with a third party to chemically transform depleted $UF_6$ into $U_3O_8$. We are constructing our own Tails Management Facility to convert $UF_6$ to $U_3O_8$. This conversion process additionally creates hydrofluoric acid, a valuable chemical used globally by industry.

# Engaging with our stakeholders

## As part of URENCO's commitment to good governance, we aim to engage with key stakeholders in an open and transparent way.

Our stakeholder engagement policy guides our efforts in this area and enables us to exchange information, shape opinion, and understand key stakeholder issues and concerns.

In this respect, stakeholder engagement forms part of our risk mitigation strategy. It supports the long-term development and success of the business, as well as the nuclear industry as a whole.

We recognise that the foundations of a sustainability strategy begin with the support of our employees. There have previously been challenges in creating an understanding of sustainability among our employees and how it can be integrated into day- to- day business. This is why we held a number of internal workshops and training sessions throughout 2014, culminating in the development of a more extensive sustainability strategy.

### Identifying our stakeholders

The core stakeholder groups we engage with include:

- Employees (across the Group)
- Customers (see URENCO's Annual Report 2014)
- Shareholders / investors / banks / rating agencies (see the investor section of our website)
- Regulators / politicians / governments / environment agencies (in the countries where we operate)
- Local communities (in the proximity of our enrichment facilities and offices)
- Media / social media (global)
- Suppliers
- Non-governmental organisations (NGOs):
  - –Environment
    - – Campaign groups (e.g. Greenpeace)
    - – Research bodies
  - –Community
    - – Local authorities (in the countries where we operate)
    - – Trade and industry associations (e.g. World Nuclear Association, national industry associations).

### Stakeholder mapping

In autumn 2014, we carried out a stakeholder mapping exercise to identify the stakeholder groups upon which URENCO has the biggest impact.

Correspondence with these stakeholder groups is collated and recorded in a stakeholder database throughout the year by each of our enrichment facilities. This ensures we maintain an up-to-date log of any stakeholder issues or concerns, which are managed locally and monitored at Group level. A brief outline of this dialogue is shown in the table below.

## How we engage

| Stakeholder group | Types of engagement | Examples of topics raised by individual stakeholders | Achievements in 2014 | Objectives in 2015 |
|---|---|---|---|---|
| Employees | • Group-wide employee survey<br>• Quarterly 'About U' company magazines across the Group<br>• European Works Council for employees to communicate with the CEO. | • Safety awareness<br>• Challenges facing the organisation<br>• Car parking availability. | • Launched ZERO HARM campaign to enhance the training of our employees and contractors on safety<br>• Continued dialogue with all employees and European works councils<br>• Updated business plan<br>• Conducted sustainability roadshows. | • Employee Survey 2015<br>• Consistent communication to be continued with employees in 2015 (ten dialogues in total)<br>• Employee volunteering scheme to be introduced. |
| Customers | • Independent customer survey every three years to assess customer satisfaction<br>• Opt-in customer alert system and use of social media for news and corporate updates<br>• Regular ongoing contact with each of our customers (including site visits). | • Delivery performance<br>• Public education<br>• Economic performance. | • Conducted Global Customer Survey which asked customers what corporate social responsibility areas they considered important to our business<br>• Carried out all deliveries, ensuring time and quality<br>• Launched new, user-friendly website in 2014. | • Regular customer engagement<br>• 100% customer delivery on time and in full. |

# Engaging with our stakeholders

| Stakeholder group | Types of engagement | Examples of topics raised by individual stakeholders | Achievements in 2014 | Objectives in 2015 |
|---|---|---|---|---|
| Shareholders/ investors / banks / rating agencies | • Board meetings<br>• Shareholder working groups<br>• Bond roadshow. | • News on a potential sale<br>• Current market conditions<br>• Economic performance. | • Issued successful bond issuances for €750 million and €500 million<br>• Held one- on- one meetings with investors throughout the year<br>• Hosted full year results webcast. | • Investor briefings<br>• Full year results presentation<br>• Rating agency briefings. |
| Regulators / politicians | • One-on-one meetings<br>• Active contribution to legislative processes through attending relevant conferences<br>• Enrichment facility visits from key officials. | • Continuing to meet regulatory requirements<br>• Political landscape<br>• Investment in local areas. | • Facilitated site visits and inspections<br>• Continued dialogue with key opinion formers in EU and the USA<br>• Exhibited and co-organised the 2014 Nuclear Industry Summit in Amsterdam. | • Presence at key exhibitions and visits to new markets<br>• Regular regulatory meetings<br>• Regular politician briefings. |
| Local communities | • Local liaison dialogue<br>• Practical and financial support for community initiatives<br>• Tours of our enrichment facilities. | • Transport to site<br>• Investment in local areas<br>• Noise (raised at our UK enrichment facility). | • Held regular council and local liaison meetings<br>• Continued with Richie science workshop programme, reaching a wider audience<br>• Continued with 'care in the community' initiatives. | • Employee volunteering policy to be introduced in 2015<br>• Two official meetings planned with the mayor of Gronau and members of the city council. |
| Media | • Journalist tours of our enrichment facilities<br>• Press releases and news releases. | • Local community grievances<br>• Potential change in ownership/ government privatisation. | • Conducted local press and radio interviews<br>• Launched new user-friendly website in 2014<br>• Facilitated site visits. | • Regular engagement with journalists. |
| Suppliers | • Face- to- face meetings<br>• Performance audits. | • Supply chain robustness<br>• Optimising transport. | • Fulfilled all supplier audits<br>• Continued to have regular dialogue with suppliers. | • Supplier survey planned for 2015. |
| NGOs [environment / community (e.g. trade / industry associations)] | • We are members of a number of industry associations (please see GRI index online for a full breakdown). | • Political landscape<br>• Public education. | • Sponsored World Nuclear Association reception at Annual Symposium<br>• Sponsored World Nuclear Fuel Market dinner in New York<br>• Attended key industry conferences. | • Sponsored industry events<br>• Strategic support of industry associations. |


*We aim to engage with key stakeholders in an open and transparent way.*

# Focus areas and materiality

At URENCO, our commitment to sustainability runs through every aspect of our business. We live up to this commitment by focusing on six key areas of sustainability.

Our sustainability strategy guides the way we manage sustainability across the Group. The six key areas of focus for our sustainability agenda in 2014 were:

1. Health and safety, safeguards and security
2. Environmental impact
3. Supplier of choice
4. Employer of choice
5. Community engagement
6. Asset integrity.

## Key performance measures

Within these focus areas we have identified the following key performance measures:

### 1. Health and safety, safeguards and security

- Pursue best practice in safety and establish a culture of ZERO HARM
- Monitor the number of incidents that result in a lost time injury or a medically treated injury
- Deliver excellence in stewardship.

### 2. Environmental impact

- Monitor direct energy usage
- Monitor indirect energy usage
- Implement energy reduction initiatives
- Monitor hazardous and non-hazardous waste.[6]

### 3. Supplier of choice

- Maintain 100% customer delivery on time and in full
- Track our performance and the quality of our service using an independent customer survey.

### 4. Employer of choice

- Monitor equality and diversity of workforce
- Monitor voluntary employee turnover.

### 5. Community engagement

- Support education, healthy living and culture
- Nurture an interest in science through delivery of our science education programme.

### 6. Asset integrity

- Measure asset reliability
- Maintain overall material condition.

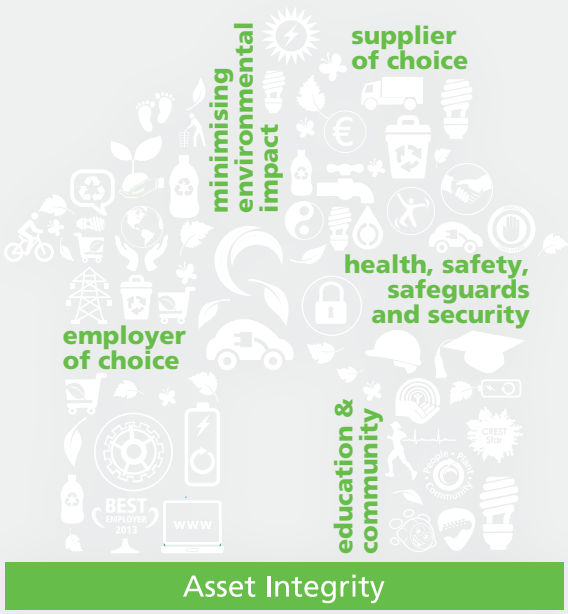
## Materiality

In this report, we have adopted the Global Reporting Initiative's (GRI's) G4 sustainability reporting guidelines. The main focus of the G4 Guidelines is 'materiality' – which means those 'aspects' or topics which are most relevant to our operations.

Under GRI definitions, relevant aspects are those that "may reasonably be considered important for reflecting [an] organisation's economic, environmental and social impacts, or influencing the decisions of stakeholders".[7]

'Materiality' is the threshold at which aspects become sufficiently important to merit inclusion within a report.

In 2014, URENCO conducted a materiality assessment that culminated in the selection of the six focus areas outlined previously, which form the core foundations of our approach to sustainability.




[6] Hazardous waste as defined by GRI refers to transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, VIII

[7] GRI, Materiality, January 2015, g4.globalreporting.org/how-you-should-report/reporting-principles/principles-for-defining-report-content/materiality

# Focus areas and materiality

## Determining 'material aspects'

Drawing on existing stakeholder data, and taking into account the key issues and concerns raised during our 2014 stakeholder engagement activities, we have identified a number of material issues which we believe are relevant to our business. As part of our focus on continual improvement in this area, we plan to carry out more extensive stakeholder engagements during 2015.

A core component of the determination process involved establishing thresholds. These thresholds have enabled us to ascertain which material issues are considered a priority (priority aspects) and which need to be monitored (monitor aspects), as set out in the table below:

| Aspects | Page | Boundary |
|---|---|---|
| **Priority aspects** | | |
| Safety | 18 | Inside and outside the organisation |
| Regulatory requirements | 20 | Inside and outside the organisation |
| Security | 20 | Inside and outside the organisation |
| Economic performance | 28 | Inside and outside the organisation |
| Transport | 28 | Inside and outside the organisation |
| Public education | 32 | Inside and outside the organisation |
| Investment in local communities | 34 | Inside the organisation |
| **Monitor aspects** | | |
| Emissions | 24 | Inside the organisation |
| Waste (hazardous / non-hazardous) | 25 | Inside the organisation |
| Water usage | 26 | Inside the organisation |
| Employee wellbeing / standards | 30 | Inside and outside the organisation |
| Political landscape | 34 | Inside and outside the organisation |
| Noise | 34 | Inside and outside the organisation |

As part of our commitment to the GRI framework and reporting process, we have included reference to these priority and monitor aspects (both inside and outside our organisation) within relevant focus areas. Aspects including nuclear waste and radiation have been referenced as areas of interest by stakeholders, including NGOs and the media, in respect to the wider nuclear industry. As these have not been raised specifically in respect to URENCO's operations, they are considered non-material for the scope of this report.

## On a journey

This report is a milestone in URENCO's sustainability journey. By adopting the GRI G4 guidelines, we are making a commitment to clearer, more relevant and more focused reporting practices. However, we are aware there are still some areas in which we need to improve. We are not yet in a position to disclose the full range of our sustainability performance targets, as some of these are still being refined; this is something we will continue to evaluate in 2015.

## Materiality and focus areas

We outline URENCO's focus areas, including the relevant material issues, our approach to these issues and their indicators.

# Focus area 1: Health and safety, safeguards and security

As with every fundamental aspect of our business, we look to continuously improve the ways we manage health and safety, safeguards and security across the Group.

Safety is our number one priority and focus across the Group. In April 2014, we launched a Group-wide ZERO HARM campaign, the aim of which is to further enhance our efforts to keep all our stakeholders safe.

At all our facilities, our operations are scrutinised and regulated by government authorities. They approve the design and operating principles of our enrichment facilities and verify the systems we deploy to manage safety, security, safeguards and environmental protection.

## Health

We place great emphasis on the health and wellbeing of all employees and contractors who work for us in Germany, the Netherlands, the UK and the USA. This commitment ranges from the necessary checks and precautions that are part of our business, through to initiatives to help minimise workplace stress, including flexible working and encouraging employees to improve their general fitness – for example, through subsidised gym memberships.

In the USA, almost 75% of our workforce now take part in our Employee Wellness Screening programme, which includes regular, wide-ranging health checks (e.g. height, weight and overall body dimensions, blood pressure, and blood sample for analysis of a number of health indicators). We also offer health improvement incentives for all employees at our USA sites. In Germany, employees are able to participate in weekly fitness activities at a local physiotherapy centre.

We are also committed to enabling medical research and treatment around the world. Stable Isotopes harnesses our centrifuge technology and enrichment processes for use in industry, medicine and science. Each year, more than one million patient treatments are performed using radioactive sources made from Stable Isotopes' enriched materials, while approximately 100,000 people in Europe, the Middle East and Africa (EMEA) region benefit from radioactive diagnostics produced from Stable Isotopes' products. Stable Isotopes also participates in an EU programme to train students in the area of molecular technology for nuclear imaging and radionuclide therapy.

## Safety (priority aspect)

Safety is a material aspect for our business and a crucial element of our culture. We always seek to operate to the highest standards of safety, environmental and security requirements. We are responsible for the safety of our employees and we extend this duty of care to our contractors working across our business.

Safety is managed by our Group Compliance function, which holds health, safety and environment (HSE) meetings every three months in addition to regular local updates. Day-to-day accountability is assigned at enrichment facility level. Each enrichment facility has a Head of Compliance supported by an HSE team, which works with the Group Health and Safety Manager.

We focus on continuous improvement and our executive team receives regular HSE reports. HSE is on the agenda at each senior management meeting and is reported on at each Board meeting. It is at this level where the management approach is evaluated and new initiatives are discussed to improve safety awareness across the Group.

Over the past few years, we managed to decrease the number of lost time incidents (LTIs); however in 2014, despite continued focus on safety, we experienced a significant increase of LTIs to 11, compared to one in 2013. Of these LTIs, four related to employee activities and seven were contractor- related. As the safety of employees, contractors and visitors is of primary importance, during 2015 we will continue to reinforce behavioural safety and targets with employees and contractors across the Group.

### Employee and contractor LTIs 2009-2014

| | |
|---|---|
| 2014 | 11 |
| 2013 | 1 |
| 2012 | 2 |
| 2011 | 3 |
| 2010 | 11 |
| 2009 | 16 |

## Activities

Key activities and initiatives that address this material aspect:

- Group-wide safety campaign
- Regular training programmes
- Cross- site safety audits
- Safety warden and management field observations.

## Radiological safety

The centrifugal process involves physically 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 hazards associated with our facilities are more similar to those of a chemical facility than a nuclear facility.

In the UK, Public Health England has calculated that, on average, people are exposed to about 2.7 milliseverts (mSv) of radiation a year from naturally occurring sources in homes and workplaces and medical exposures, including x-rays.[8] Many people who visit our enrichment facilities for the first time are surprised at how low the levels of radiation involved in uranium enrichment actually are. The average radiation dose an employee working in a controlled environment at our UK enrichment facility received in 2013 was 0.40 mSv,[9] well below the average calculated by Public Health England. To put it into context, this is less than having one abdomen x-ray a year.[10]

[8] Public Health England, March 2011, www.gov.uk/government/publications/ionising-radiation-dose-comparisons/ionising-radiation-dose-comparisons

[9] URENCO internal data

[10] The Energy Collective, Facts and Information about Radiation Exposure, March 2011, theenergycollective.com/willem-post/53939/radiation-exposure

*We are responsible for the safety of our employees and we extend this duty of care to our contractors working across our business.*

# Health and safety, safeguards and security

All of our centrifuge plants are designed with the fail-safe principle, with no increased safety risks in the event of a loss of power, water, control, air or other inputs. Additionally, we place the utmost importance on the safe transportation of $UF_6$ at all stages of the enrichment process and only work with specialist audited transport suppliers.

Using industry-approved systems, we complete regular environmental monitoring exercises at all our enrichment facilities. These measurements are checked by independent bodies at our German enrichment facility. The approach is risk-based, ensuring that ionising radiation is kept 'as low as reasonably practicable' (ALARP). We experienced no adverse incidents involving ionising radiation during 2014.

## Safeguards and regulatory requirements (priority aspect)

URENCO works closely with governments and organisations to create and comply with safeguard regimes. We operate in accordance with stringent industry and regulatory standards regarding nuclear safeguards. Across our jurisdictions, our centrifuge technology and enrichment facilities are verified and protected by international safeguard policies. This is a key material aspect for our business as ultimately compliance with regulatory standards ensures we maintain our licence to operate.

We play an active role in developing the future of nuclear safeguards with representation at the International Atomic Energy Agency (IAEA) and the European Atomic Energy Community (EURATOM), alongside contribution to policy and rulemaking conferences and membership in the European Safeguards Research and Development Association (ESARDA). Our aim is to help ensure that nuclear energy remains a safe, secure and reliable energy supply regulated by adequate legislation.

The Group Head of Safeguards is ultimately responsible for monitoring our compliance with industry and regulatory requirements. The URENCO Safeguards Group, consisting of safeguards managers across the Group, facilitates the further development of international safeguards by allowing field trials for new techniques to take place at our enrichment facilities. For example, in 2014 we enabled an online enrichment monitoring (OLEM) field trial to take place at the request of the IAEA. This technology allows inspectorates to monitor our process and has the potential for reducing the number of routine inspections required in the field. This may prove to be a more cost-effective and efficient safeguarding initiative. In addition, during 2014 we held a training course for inspectors at our enrichment facility in Germany, in order to share our knowledge and expertise on nuclear safeguards.

## Meeting international standards

In the USA, our Nuclear Regulatory Commission Licence requires us to have a robust Corrective Actions Programme in place, ensuring that all safety and quality issues across a wide area are reported and promptly rectified within a culture of continuous improvement. All of our enrichment facilities operate management systems are accredited to the international standards ISO 14001 (environmental) and ISO 9001 (quality).

## Activities

Key activities and initiatives that address this material aspect:

- Compliance with all industry and regulatory standards
- Representation at the International Atomic Energy Agency (IAEA) and membership of the European Safeguards Research and Development Association (ESARDA)
- European enrichment facilities' management systems accredited to EN ISO 14001 (environmental) and ISO 9001 (quality).

## Security (priority aspect)

Each year, URENCO processes thousands of tonnes of uranium and operates sensitive gas centrifuge technology. We ensure the security of uranic material and our own technology and assets. For us, security is a key material issue and we have invested in comprehensive measures to ensure both the physical security of our sites as well as cyber security.

Our Group Head of Security oversees the management of this function across the business. This role is supported by security managers across the Group who provide guidance and help our employees to ensure they are able to maintain their security online.

We comply with all applicable national and international security requirements, and have procedures in place to ensure security personnel and our contractors receive formal training on safeguarding the integrity of our assets (both physical and online) to ensure commercially sensitive information does not get misused. We are unable to give any specific data in this area due to the sensitivity of our industry.

## Activities

Key activities and initiatives that address this material aspect:

- Investment in measures to address site security and cyber security
- Guidance and help for employees regarding online security
- Stringent onsite security measures and precautions
- Co-organised the Nuclear Industry Security Summit in Amsterdam
- Our enrichment facility in Germany is certified to ISO 27001 (IT security).


We operate in accordance with stringent industry and regulatory standards.

# Focus area 2: Environmental impact

## We are committed to minimising the environmental impact of our business and achieving greater efficiencies across our facilities.

Minimising our environmental impact goes hand in hand with our long-term commitment to a low carbon energy future. Ongoing efforts and initiatives include developing and reviewing environmental objectives; minimising waste and use of natural resources; engaging employees on environmental issues; and assessing the environmental credentials of potential partners and suppliers where possible.

### Energy savings and $CO_2$ reduction

Our commitment to energy saving is spearheaded by a Group-wide joint energy savings taskforce.

In 2014, we carried out a range of initiatives designed to improve our energy saving performance. We set up a formal Energy Savings Group which is tasked to drive accountability and action across the Group.

In Germany, we piloted new and more efficient cooling systems to help reduce both total and peak energy consumption. The new systems have the potential to save up to 1.5 GW hours a year and if successful, the potential for efficiency improvement will be investigated across the whole Group. The assessment of the actual savings will be carried out at the end of 2015. Our German enrichment facility also introduced ultrasound testing for compressed air pipes to help identify leaks and reduce energy wastage, and continued to implement the voluntary Eco-Management and Audit Scheme (EMAS) to improve overall environmental performance, having been first validated in 1996.

### Towards a low carbon future

Nuclear energy is inherently low emission, particularly in terms of $CO_2$ emissions. Indeed, studies show that $CO_2$ emissions in the nuclear fuel cycle are between 0.5% and 4% of those from the equivalent coal-fired generating capacity.[11]

Through our involvement in the development of low carbon energy, we support the USA's efforts to cut carbon emissions from power plants; to reduce such emissions by 30% by 2030 from 2005 levels.[12]

Similarly, we are encouraged by the European Commission's long-term target to reduce carbon emissions, as well as the creation of a new common nuclear energy framework. This framework will assist URENCO and our European industry partners in the safe and secure development of nuclear energy globally.

Building further on Europe's nuclear energy expertise, we also support the creation of a formal European Strategy and Board to lead the promotion of nuclear energy. We believe the focus at a European level should be on maintaining the highest safety standards, and extending investment programmes for new, modern nuclear power generation.

We see public debate and accurate and transparent communication across all areas of nuclear as an important part of developing understanding and consensus around nuclear energy.

### Meeting our environmental commitments

URENCO's environmental priorities are agreed by the Group CEO and administered by each enrichment facility's compliance function. We monitor aspects, including emissions, water usage and waste, as part of our commitment to reduce our environmental impact. These material aspects in particular were requested by our key stakeholders and thus we will continue to report in this area. Additionally, we work closely with regulators in all markets to ensure we fully comply with all legal obligations.

Full performance figures are included in the summary on pages 46-49.

### Emergency planning

We complete annual emergency planning exercises at all our enrichment facilities, working closely with the relevant regulatory bodies and emergency services. These exercises are carefully designed to help us improve our readiness to handle a wide variety of external and operational situations which, in the highly unlikely event that they occur, may pose risks to health, safety and the environment.

### Environmental certification

All our enrichment facilities have certification to ISO 14001. Our facility in Germany is also EMAS validated. Our Tails Management Facility at our UK site is also due to gain ISO 14001, once commissioned.

### Responsible uranium stewardship

We recognise that depleted uranium (tails) is a by-product of our industry and we are firmly committed to leading the way in responsible uranium stewardship - with several subsidiaries dedicated to overseeing our work in this area. URENCO is committed to the strategic investment in the TMF, which will enable us to deconvert depleted uranium ($UF_6$) arising from our European plants into a chemically stable form – uranium oxide ($U_3O_8$) – for long-term storage.

In the UK, our subsidiary Capenhurst Nuclear Services (CNS) takes responsibility for the storage of certain uranic materials on behalf of the Nuclear Decommissioning Authority (NDA).

[11] IAEA, Greenhouse gases and the nuclear fuel cycle: What emissions, 1997, p.36, www.iaea.org

[12] EPA, February 2014, yosemite.epa.gov

*We complete regular environmental monitoring exercises at all our enrichment facilities.*

# Environmental impact

## Sustainability performance data

### $CO_2$ emissions (monitor aspect)

In 2014, we emitted 291,765 tonnes of $CO_2$. This is an increase on 2013 levels due to the continued expansion of enrichment capacity at our facility in the USA.

| $CO_2$ tonnes[13] | 2012 | 2013 | 2014 | Change 2013 - 2014 |
|---|---|---|---|---|
| Total | 280,173 | 278,288 | 291,765 | 4.8% |

### Energy usage (monitor aspect)

Our total direct energy usage for the year was 21,847,685 kWh. Group-wide, we have reduced our direct energy usage by 4%.

### Table for direct energy usage

| DIRECT energy (kWh)[14 15] | 2012 | 2013 | 2014 | Change 2013 - 2014 |
|---|---|---|---|---|
| Natural gas | 17,395,235 | 18,419,287 | 15,339,238 | -16.7% |
| Fuel from distilled crude oil | 5,745,511 | 4,380,102 | 6,508,447 | 48.6% |
| Total | 23,140,746 | 22,799,389 | 21,847,685 | -4.2% |

The reduction in direct energy is largely because the main construction works taking place at our enrichment facility in the UK have progressed to the next phase.

Our total indirect energy usage for the year was 616,289,255 kWh. This figure is largely in line with the previous reporting year.

### Table for indirect energy usage

| INDIRECT energy (kWh)[16 17] | 2012 | 2013 | 2014 | Change 2013 - 2014 |
|---|---|---|---|---|
| Renewable | 58,523,359 | 94,644,394 | 122,343,455 | 29.3% |
| Non-renewable | 512,485,449 | 511,540,847 | 493,945,800 | -3.4% |
| Total | 571,008,808 | 606,185,241 | 616,289,255 | 1.7% |

Key activities and initiatives that address this material aspect:

- Pilot scheme in Germany for new and more efficient cooling systems to help reduce peak energy consumption with the potential to save up to 1.5 GWh per year
- Ultrasound testing in Germany for compressed air pipes to help identify leaks and reduce energy wastage
- Improved the efficiency of our TC21 centrifuges (further information on page 26) resulting in energy savings in 2014 of approximately 1.3 GWh per year
- Plans are in place to roll out centrifuge efficiency upgrades at our USA facility in 2015, adding another approximately 2 GWh per year of savings
- Continued to implement the voluntary Eco-Management and Audit Scheme (EMAS) to improve overall environmental performance, having been first validated in 1996.

[13] The $CO_2$ emissions in 2013 and 2014 omit data from CNS (which was commissioned in November 2012) to ensure an accurate year on year comparison

[14] Direct energy figures in 2013 and 2014 omit data from CNS (which was commissioned in November 2012) to ensure an accurate year on year comparison

[15] We are using 2014 DEFRA conversion rates in our calculations

[16] Indirect energy figures in 2013 and 2014 omit data from CNS (which was commissioned in November 2012) to ensure an accurate year on year comparison

[17] We are using DEFRA conversion rates in our calculations

# Environmental impact

## Waste (monitor aspect)

In 2014, we produced a total of 56 tonnes of hazardous waste. This was managed in the following ways:

| Hazardous waste (tonnes) | 2012 | 2013 | 2014 | Change 2013 - 2014 |
|---|---|---|---|---|
| Recycled | 12 | 531 | 48 | -91.0% |
| Recovered | 29 | 21 | 1 | -95.2% |
| Incinerated | 4 | 2 | 6 | 200.0% |
| Landfill | 2 | 16 | 1 | -94.0% |
| Total | 47 | 570 | 56 | -90.2% |

Hazardous waste levels for the year were significantly lower than in 2013, mainly due to the fact that project waste from toilets and road sweepers was re- categorised as 'non-hazardous'. All future reporting will take this into account.

During the year, we produced a total of 9,674 tonnes of non-hazardous waste. This was managed in the following ways:

| Non- hazardous waste (tonnes) | 2012 | 2013 | 2014 | Change 2013 - 2014 |
|---|---|---|---|---|
| Composted | 33 | 12 | 30 | 150.0% |
| Reused[18] | 90,430 | 22,898 | 6,624 | -71.1% |
| Recycled | 1,071 | 1,043 | 1,443 | 38.4% |
| Incinerated | 77 | 70 | 102 | 46.0% |
| Landfill | 1,661 | 15,531 | 1,475 | -90.5% |
| Total | 93,272 | 39,554 | 9,674 | -75.7% |

Non-hazardous waste levels were also significantly lower than in 2013, mainly due to works at our UK site contributing less soil to landfill. These levels may fluctuate as ongoing project works continue to vary in scope and volume. Looking ahead, we aim to separate operational and project waste to enable more accurate assessments of management efficiency across our waste streams.

Key activities and initiatives that address this material aspect:

- Analysis of intra-Group data culminating in initiatives to minimise waste and our use of natural resources
- Recycling scheme in place at Almelo site to separate waste into defined streams (i.e. plastic, compost, etc. )
- Systems in place to reduce the amount of waste being sent to landfill.

[18] The term 'reuse' means putting a product to another use once its primary use has been exhausted, whereas 'recycle' means converting used materials – or waste – into new products

# Environmental impact

## Water usage (monitor aspect)

Our water usage for 2014 was 617,574m³, which is largely in line with 2013 levels.

| Water usage | | 2012 (m³) | 2013 (m³) | 2014 (m³) | % change 2013-2014 |
|---|---|---|---|---|---|
| | Total domestic water | 332,010 | 322,173 | 339,109 | 5.3% |
| | Total river water used | 263,925 | 284,825 | 278,465 | -2.2% |
| | Total | 595,935 | 606,998 | 617,574 | 1.7% |

The total amount of waste water discharged during the year was 198,980m³, which is a 20% increase on 2013 levels. This increase is mainly due to our USA facility reporting on evaporated water discharge and onsite ground water discharge in order to comply with GRI G4 guidelines.

| Water discharge | | 2012 (m³) | 2013 (m³) | 2014 (m³) | % change 2013-2014 |
|---|---|---|---|---|---|
| | To water courses (UUK and UUSA only) | 76,848 | 76,600 | 100,686 | 31.4% |
| | To sewers (all sites) | 88,479 | 89,228 | 98,294 | 10.2% |
| | Total | 165,326 | 165,828 | 198,980 | 20.0% |

## Other key environmental initiatives and achievements

- **BREEAM certification of our Head Office**

  Our Head Office building continues to be rated 'good' under BREEAM certification – the world's foremost environmental assessment method and rating system for buildings. We must continue to work within the guidelines to ensure we retain the certification.

- **Improving the efficiency of our centrifuges**

  In 2014, we demonstrated and implemented improved efficiency of our latest generation (TC21) centrifuges at our German enrichment facility, resulting in energy savings of approximately 1.3 GWh per year. We plan to roll out this improvement at our USA enrichment facility towards the end of 2015, adding another approximately 2 GWh per year of energy saved.

- **Energy efficient lighting**

  In 2014, LED lighting and motion detectors were installed across all our enrichment facilities to save energy.

  At our enrichment facility in the USA, the facilities team installed energy efficient LED lighting in the cylinder receipt and dispatch building. Due to this change, we expect over 600,000 kw of energy will be saved in the forthcoming year and there will be a return on investment in just one year.

- **IT infrastructure**

  In order to improve efficiency and decrease our environmental impact, a new Group-wide printer solution was introduced in 2014. The new system automatically defaults to printing double-sided and black and white with the intention of reducing paper waste and costs.

*In 2014, we demonstrated and implemented improved efficiency of our latest generation centrifuges.*

# Focus area 3: Supplier of choice

URENCO has always believed that building long-term relationships with our customers is at the core of our sustainable business. Being a supplier of choice is the mark of this commitment.

Our customers choose us for a number of reasons – namely our reliability in meeting their delivery requirements, our diversity of supply and our desire to respond flexibly to their changing needs.

### Customer engagement and satisfaction

We work very closely with our customers and regularly ask for their feedback on our service, both formally and in our day-to-day dealings with them. Every three years, we carry out surveys with URENCO customers to ensure ongoing customer satisfaction. We track our performance and the quality of our service using an independent survey to ensure we gain a true and credible picture of how well we are meeting our customers' needs.

In 2014, our Global Customer Survey confirmed URENCO as one of the most favourably-regarded uranium enrichment companies by our customers – having received an excellent response rate of 85%. Key results from the survey include:

- Strong customer satisfaction with URENCO's enrichment services: 81% 'very satisfied'
- Strong customer satisfaction with relationship with URENCO: 76% 'very satisfied'.

We are committed to maintaining this high level of customer engagement and satisfaction in 2015 and beyond.

### Delivering for our customers

To maintain our market share and position as a leading worldwide supplier of uranium enrichment services, we focus on consistently delivering excellent customer service across the Group.

The core of this commitment is to deliver on our promises. In 2014, we once again met 100% of our customer delivery commitments.

### Responding to market challenges and changing customer requirements

Our speed of response and flexibility are key elements in our customer offering. In today's challenging market environment, these qualities are proving especially valuable. For example, we are responding to market conditions by offering increased amounts of natural uranium (feed). Rather than concentrating solely on enrichment services, we have slowed capacity expansion and are making better use of our technology and resources to deliver feed material.

Despite the present industry slowdown, we will continue to provide the best possible customer service and support, including flexibility in shipping storage requirements for both feed and product materials.

### Economic performance (priority aspect)

URENCO is a leading provider of uranium enrichment services to the world's nuclear energy industry, and our stable economic performance is vital to the longevity of our business and thus a key material aspect. Our Annual Report provides an overview of URENCO's business, economic performance and market presence.

The Group's financial goals are set out in the company's annual business planning process.

This strategy is presented to all employees at a roadshow led by the CEO and CFO.

In terms of indirect economic impact, the Group employs a large number of people from the communities around each of our enrichment facilities. As such, we support local economies through both employment and local services. URENCO also ensures that it supports local community initiatives through an extensive sponsorship and donations programme.

The responsibility for economic management lies with the CFO, CEO and ultimately the Board.

For direct economic value generated and distributed, please see page 30 of our 2014 Annual Report.

Key activities and initiatives that address this material aspect:

- Continued long-term commercial success, ensuring that we continue to do business – and are here for our customers – long into the future
- Strong financial and commercial performance in 2014
- Revenue and EBITDA up on 2013.

### Transport (priority aspect)

URENCO is committed to being the supplier of choice for our customers and supply chain partners. The responsibility for the transportation of uranic materials lies with URENCO's Commercial department and supply chain partners. Due to the nature of our industry, there are strict rules and regulations relating to the transportation of these materials and we adhere to IAEA guidelines and all other national and international regulations. We go beyond regulatory requirements in aspects of our own logistics procedures. Our involvement therefore extends beyond our organisation in order to govern third party suppliers transporting uranic materials. URENCO's ability to deliver product to customers from four locations around the world provides reassurance that we can and will deliver 100% of the time.

As part of our commitment to reduce the environmental impact of our operations, we have collated data on the $CO_2$ emissions of transporting products that are key to our business.

*In 2014, we emitted 3,701 tonnes of $CO_2$ from the transportation of uranic material.*

Although this is a relatively low amount compared with the transport emissions reported by our industry peers, we feel it is important to show that we are continuing to monitor our emissions to ensure our impact remains low.

Key activities and initiatives that address this material aspect:

- We plan deliveries well in advance to maximise efficiency
- 100% customer delivery on time and in full
- Combined pick-ups and deliveries in Europe to limit the number of empty vehicles on roads.


*We once again met 100% of our customer delivery commitments.*

# Focus area 4: Employer of choice

## URENCO wants to be recognised as an employer of choice that offers an inspiring and fulfilling working environment for all our employees.

Our people are one of our core strategic strengths – their skills and expertise are valuable assets. We are proud to have an immensely capable and engaged workforce and we strive to inspire and challenge our employees, to manage their performance effectively and fairly and to recognise their achievements.

In 2014, we began to roll out a new Group-wide initiative to focus on establishing a consistent way of doing business in those areas that are most important to URENCO's success. This focuses on developing and implementing common URENCO standards across our business, educating employees and integrating our sustainability agenda into day-to-day business. A series of roadshows, site visits and executive management communications have enabled us to progress in this area.

### Employee wellbeing/satisfaction (monitor aspect)

A happy and engaged workforce is very important to our business, as we want to achieve staff retention and attract the best candidates to our industry.

Every two years, we run a Group-wide employee survey to independently monitor employee satisfaction. We share the survey results with all employees and each enrichment facility and office then takes responsibility for implementing actions required to address issues or concerns that are articulated during the survey. We will conduct our next employee satisfaction survey in 2015 and results will be published when it is complete.

URENCO's Human Resources department is responsible for managing performance, reporting key performance measures and implementing processes to monitor performance within all other areas related to being an employer of choice.

### Employee turnover

We closely monitor employee turnover in order to maintain an up-to-date understanding of employee satisfaction.

**Total number and rates of employee turnover by age group and region in 2014**

| Leaving age | UD | UNL | UUK | UCP | UUSA | Head Office | Total[19] |
|---|---|---|---|---|---|---|---|
| Under 20 | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 2 (100.0%) | 0 (0.0%) | 2 (22.2%) |
| 20- 29 | 2 (5.4%) | 0 (0.0%) | 0 (0.0%) | 1 (5.9%) | 33 (82.5%) | 6 (19.4%) | 42 (24.6%) |
| 30 - 39 | 0 (0.0%) | 3 (6.7%) | 2 (2.9%) | 0 (0.0%) | 11 (8.9%) | 4 (8.2%) | 20 (5.1%) |
| 40 - 49 | 1 (1.4%) | 0 (0.0%) | 4 (4.4%) | 0 (0.0%) | 5 (6.8%) | 5 (11.4%) | 15 (3.8%) |
| 50 - 59 | 1 (1.4%) | 2 (2.2%) | 15 (16.1%) | 0 (0.0%) | 6 (7.6%) | 8 (22.2%) | 32 (8.4%) |
| 60+ | 0 (0.0%) | 8 (28.6%) | 45 (173.1%) | 0 (0.0%) | 11 (26.8%) | 2 (22.2%) | 66 (59.5%) |
| Total leaving | 4 (1.5%) | 13 (4.9%) | 66 (21.4%) | 1 (1.2%) | 68 (19.1%) | 25 (14.8%) | 177 (12.1%) |

UUSA's high proportion of employees leaving between the ages of 20 and 29 is due to the temporary nature of the internship programme.

### Activities

Key activities and initiatives that address this material aspect:

- Employee survey and HR forum
- Initiatives to help minimise workplace stress
- Flexible working.

### New talent and diversity

We focus on bringing new talent into our business in a number of ways, including apprenticeships. In 2014, we recruited 12 apprentices across the Group.

Improving the diversity of our global workforce is important to us and we are collecting data on diversity across the Group, such as age and gender split of employees.

[19] The percentage calculation is based on total leavers for 2014 divided by the total number of employees at 31 December 2014.

# Employer of choice

## Development

We invest a great deal in developing the skills and potential of our people. We need the best people operating at the best of their abilities to ensure continual excellence in business performance and customer service. At our USA enrichment facility, for example, we have introduced URENCO University, an internal educational resource designed to enable every employee to gain a better understanding of the enrichment process.

We also run leadership development training programmes across the Group designed to develop leadership skills and capabilities. These programmes are enabling employees to further develop their management and leadership skills.

## Performance

We manage performance systematically across the Group. Through our Performance Management System, we set annual expectations for each employee, identify areas for improvement, and outline plans for future roles, relevant training and development activities. This provides a strong framework both for enhancing performance across the business and developing our employees' skills, experience and careers. Additionally, the system enables us to create a Group-wide pool of talent for targeted development and succession planning. In particular, it encompasses behavioural competences that have been identified as necessary to future success, which are then assigned to jobs across the Group.

All of our employees in 2014 participated in an annual appraisal where their performance was monitored.

| | 2012 | 2013 | 2014 |
|---|---|---|---|
| Overall % of employees having formal appraisal | 81 | 82 | 100 |

## Cultivating good employee relations

We respect and promote our employees' rights to freedom of association and collective bargaining. Active works councils are in place in Germany and the Netherlands. In the UK, a Company Consultation Forum includes employee representatives. Members of trade unions, works councils and other employee representatives from each site also attend a European Forum every year, during which they meet our CEO and have the opportunity to discuss our business plan and matters of a Group-wide interest.

## Upholding human rights

As a responsible business and employer, we incorporate and uphold human rights within our decision-making, including in our supplier and contractor selection processes.

Throughout the workplace, we are committed to non-discrimination. We would treat any discrimination incident seriously, escalating each case to the relevant management level. Comprehensive complaints and grievance policies are also in place for all employees.

## Anti-bribery and corruption

We conduct regular communications and awareness campaigns on our anti-bribery and corruption policy. In the past, we have delivered roadshows to all sites to engage employees on this and related issues. All new employees are made aware of our policies and procedures in this area.

We are committed to detecting and avoiding corruption at all levels and adopt a zero-tolerance approach to bribery and corruption.

## Grievance procedure

All employees have a grievance procedure available to them. There is a mechanism to deal with genuine grievances and complaints any employee may have regarding terms of employment, alleged unfair treatment, working conditions and procedures at each site.

## Awards

- Highly commended at PRCA Awards for Richie CSR programme
- Initiatives at our enrichment facility in Germany led to a successful audit of berufundfamilie (job and family life).[20]

[20] We were re-audited for this award after the successful period of three years (2011-2014).

# Focus area 5: Community engagement

Building strong links with the local communities where we operate is a core aspect of our sustainability programme and one of our principal responsibilities as an industry leader.

Engaging with the communities we live and work in is key to our reputation, our operations and the future development of our business.

Through our community and education programmes, we work to enhance people's understanding of our business and our industry. We also aim to nurture interest in science among school children and raise awareness of career opportunities within science, technology and engineering.

## Engaging with the community

We engage with a wide range of stakeholders on a regular basis. At each of our enrichment facilities, we hold meetings with local stakeholder groups, during which we provide updates on business development and operational performance. These meetings present a good opportunity for dialogue between URENCO and the local community, and a chance for us to communicate openly and transparently about our long-term aims and objectives.

In the past, local communities have proved to be key advocates of URENCO and we keep them fully informed of activities taking place at our sites. We also review all outputs from stakeholder engagement, allowing us to address any concerns that may be raised.

## Increasing understanding - public education (priority aspect)

We are keen to increase the public's understanding of the nuclear industry and the key role it plays in meeting the world's growing need for reliable, low carbon energy. We believe that in doing so, we can help change public opinion on our industry for the better.

We proactively support our nuclear industry peers in the provision of education and information for a wide variety of stakeholder audiences. We are also keen to encourage the next generation of talent, to ensure that we and our industry peers can be confident of having enough good people to sustain our success.

To encourage young people to enter our industry, we support science and education initiatives in our local communities and are also closely involved with universities and international science education programmes.

Through Richie, URENCO's science ambassador, we host science workshops in each of the four countries in which we operate and inspire children to learn about science in a fun and interactive way. The workshops bring the science that supports our operations alive through a series of practical experiments. Our aim is to use Richie to nurture the young engineers and scientists of the future.

*In 2014, more than 17,000 school children participated in our Richie programme in schools, bringing the total number of pupils who have participated since the programme began to more than 60,000.*

Richie programmes are implemented across the Group, and supplemented by social media engagement and attendance at key science, technology, engineering and maths (STEM) events.

In the UK, in 2014, we formalised our Richie partnership with the British Science Association (BSA), one of the leading organisations promoting science as a fundamental part of the UK's culture and society. We did this via their CREST Star Framework, a UK-wide award scheme enabling children to solve STEM problems through practical investigation. The scheme enabled URENCO to roll out a set of Richie-inspired classroom materials across the UK, thus enabling a greater number of pupils to understand the enrichment process and how this links into nuclear energy and the wider concepts of energy and electricity. We will continue to work with the BSA to further expand the reach of the Richie programme in 2015.

Additionally, we increased understanding of our business and the benefit of nuclear energy through visits to our enrichment facilities. We receive on average 8,800 visitors at our enrichment facilities' each year. In 2014, we continued to host visits from local interest and community groups, government representatives, industry peers and customers across all URENCO sites.

For those who cannot visit personally, we have invested in creating an online virtual tour of our sites which is accessible via our website: **www.urenco.com/about-us/virtual-tour**

The responsibility of increasing public understanding of the nuclear industry lies with the Director of Corporate Communications, which is cascaded down to Communications Managers at each of our facilities who run the above initiatives in their local areas.

Key activities and initiatives that address this material aspect:

- Promoting our 'Enabling Our Every Day' ad campaign through our website and social media channels[21]
- Facilitating tours of our enrichment facilities
- Organising Richie school workshops to take place within our local communities
- Hosting the inaugural Richie Lecture at the Royal Society.

## Collaborations with universities

Our extensive connections with universities across the Group include:

- Research programme at the University of Manchester Dalton Nuclear Institute
- Research support for the Technical University of Delft in the Netherlands
- A partnership with Rheinisch-Westfälische Technische Hochschule (RWTH) Aachen in Germany
- Scholarships at New Mexico Junior College, USA, for students pursuing an Associate of Applied Science in Energy Technology.

Through the collaborative relationships we forge with these institutions, we are able to play a key role in helping to advance research and development in nuclear science, technology and engineering.

[21] Visit: www.urenco.com/community-education/enabling-our-every-day

*To encourage young people to enter our industry, we support science and education initiatives in our local communities.*

# Community engagement

### Investing in local communities (priority aspect)

Across the URENCO Group our different businesses forge strong links with, and make long-term contributions to, the local communities in which our facilities are based. This is a key material aspect for our business, as without their continued support we would find it difficult to keep our social licence to operate.

We support local communities through donations and investments focused on education, environment, healthy living and culture. The Director of Corporate Communications oversees this area and the Communications team at each facility ensures that the donations we make reflect our core values.

*In 2014, we made 430 donations in support of education, culture and healthy living initiatives.*

In addition, we actively encourage our people to contribute to their own communities. They regularly meet with representatives from local residents' groups and engage with schools and charities, taking part in initiatives ranging from sponsored runs to community farm projects. For example, in 2014 URENCO UK funded a part-time youth professional as part of the Youth Federation NGage Project, which helps disadvantaged young people develop their physical, mental and spiritual capabilities. URENCO UK also supported a new social enterprise called Bridge Community Farms CIC, which provides job opportunities to long-term unemployed people through the growing and selling of organic fruit, vegetables, salads and herbs.

In 2015, to further enhance our position as a good corporate citizen we will be giving each employee one day a year to dedicate to specific community initiatives.

- **Taking the lead in community-wide sustainability**

  In Almelo in the Netherlands, we were a founding member of Duurzaam Network Almelo (DNA), a community-wide sustainability network of local businesses from many different sectors. A URENCO employee chairs this group, which promotes various local sustainability initiatives.
- **Community volunteering**

  At URENCO USA, our employees support many local and regional charitable organisations through donations of their time and/or money. These include: United Way; Red Cross; Relay for Life; Boys and Girls Club; and the American Cancer Society.
- **Supporting students**

  Our Stable Isotopes business has been working on a European project - Trace 'n Treat - to enable students to carry out research into medical radio isotopes. In 2012, eight students enrolled in the four-year programme. See page 36 for more information on the work of Stable Isotopes.

In the UK, URENCO sponsors graduates as part of the Cheshire Energy Hub. We help develop the careers of the very best engineers and scientists who are conducting research into STEM activities.

Key activities and initiatives that address this material aspect:

- Richie science workshops
- Sponsorship of local events
- Donations to local charities.

### Political landscape (monitor aspect)

Our industry is greatly influenced by the political landscape in the countries in which we operate. Having pro-nuclear support from local governments benefits our business and the industry on the whole.

Key activities and initiatives that address this material aspect:

- Support for the creation of a new common nuclear energy framework
- Support for the creation of a formal European Strategy and Board by the European
- Commission (EC) to lead the promotion of nuclear energy.

### Dealing with community grievances

### Noise (monitor aspect)

If a complaint is made by local residents about an activity, this is dealt with immediately by the shift manager, reported to senior management and acted upon.

In 2014, an issue arose when night time construction work by a contractor at our UK enrichment facility led to noise complaints being made by local residents. Procedures were put in place to change work patterns and limit noise emissions. Although this was an isolated incident at a single site, we are committed to preventing incidents of this nature occurring across the Group.

Community relations are constantly maintained - and are also supported by our supply chain partners, for example, the suppliers currently working on our construction site for the TMF.

Key activities and initiatives that address this material aspect:

- Any complaints from local residents are logged and reported to senior management
- Community liaison to keep local residents informed of upcoming works.

# Focus area 6: Asset integrity

The smooth, ongoing running of our plant components, systems and infrastructure is vital to the success of our business.

URENCO runs a rigorous asset integrity programme designed to maintain exceptional operational standards. This provides a strong foundation for the other core areas of focus in our business.

## At the heart of URENCO's strategy

As URENCO is a long- term business, it is imperative to ensure the multiple elements of our business function efficiently now and in the future. As such, asset integrity lies at the very heart of URENCO's overall strategy. This is also why asset integrity is a core element of the terms of reference of the Board-level Sustainability Committee, signifying the importance with which it is treated.

## Asset integrity audit

In 2014, we implemented common URENCO standards and conducted a Group-wide asset integrity audit of those standards as well as our operational assets. The audit was conducted in a structured and formal way using internal and external resources to compare all assets across the Group, while also peer reviewing our sites to help us achieve an industry-wide perspective.

## Global approach

As we come to the end of our rapid capacity expansion at our newest facility, in the USA, our priority will be to ensure a continued smooth and efficient transition from a construction project to a fully operational enrichment facility. As such, there will be an additional focus on asset integrity, upgrade and improvement of the specific facilities at our UK operations, and across the Group.

# Stable Isotopes – Enabling progress in medicine, industry and research

Our Stable Isotopes business harnesses our centrifuge technology and enrichment processes to produce a variety of products for medical, industrial and research applications.

Our Stable Isotopes business applies the enrichment principle to a range of elements, working in partnership with customers across the USA, Europe and Asia to deliver the high-quality materials they need for research and product development.

Leveraging URENCO's expertise and technology to benefit science and stimulate industrial innovation, Stable Isotopes embodies the Group's commitment to sustainability. The company's product range includes several dozen isotopes of more than ten elements, with research being carried out into many more. Committed to the highest standards of quality and continuous improvement, Stable Isotopes aims to broaden the diversity of its portfolio to meet the demands of its specialist and high-tech customer base.

## Industry

Stable Isotopes generates the majority of its sales from products with an industrial application. The most important products in this field are depleted zinc oxide and depleted zinc acetate (DZO/DZA). DZO and DZA are used as a corrosion inhibitor in nuclear reactors. They also reduce the already minimal dose rate of maintenance workers in nuclear power plants and are widely deployed across the nuclear energy industry.

## Medicine

Each year, more than one million patient treatments are performed using radioactive sources made from Stable Isotopes' enriched materials, while approximately 100,000 people in the Europe Middle East and Africa (EMEA) region benefit from radioactive diagnostics produced from Stable Isotopes' products.

Our Stable Isotopes' products are used for a range of diagnostics applications, including for respiratory, thyroid and pulmonary diseases, as well as infections and inflammation.

Stable Isotopes also helps to advance medical science by participating in the EU sponsored 'Trace 'n Treat' programme, which is aimed at training students in the area of molecular technology for nuclear imaging and radionuclide therapy.

## Research

Stable Isotopes collaborates with research institutes in the fields of nuclear physics, health and nutrition. Several of Stable Isotopes' products have been used to create super heavy elements or study extremely small particles such as neutrinos.

The company's enriched zinc products have been used in nutrition studies focused on optimising the diet of children in developing countries.

## Future developments

Looking ahead, Stable Isotopes is exploring how to increase the flexibility of its production capacity so it can respond to changes in the market and continue to meet customer demand. R&D projects include several products that can be used for the production of radioisotopes for therapeutic and diagnostic purposes.

Stable Isotopes


*Each year, more than one million patient treatments are performed using radioactive sources made from Stable Isotopes.*

# Risks

In addition to our approach to materiality and the key performance measures we created within our six focus areas, we are also aware of broader issues which may affect the success of our future business. Some risks to our business include:

## Safety

Across the URENCO Group we seek to operate to the highest standards of safety. Risks arise from the processing of uranic material and the inherent dangers of operating heavy machinery.

**Mitigation measures:** Our sites are designed to minimise the risks associated with the processing of uranic material and operation of heavy machinery. Regular monitoring ensures compliance with safety standards. We focus on continuous improvement and the detection and remediation of potential hazards before incidents have a chance to occur.

We also meet or exceed regulatory requirements and follow regulatory protocols for the safe handling of uranium and other chemicals. By adhering to best practice in this area, we continually seek to ensure minimal impact to employees, contractors, the public and the environment.

## Public and political environment

The nuclear industry remains a topic for debate, with public and governmental opinion differing on its role in the future energy mix.

**Mitigation measures:** We continually monitor nuclear policy and developments around the world and actively engage with policy makers.

## Markets

Our ability to remain flexible and respond to changing market conditions and cyclical demand contributes to our success. Some countries are considering adopting nuclear energy for the first time, others are keen to expand the role nuclear energy has in their future energy provision, and some may be choosing to reassess their dependence on nuclear.

**Mitigation measures:** We cultivate close working relationships with all our customers. Our global diversification and flexible plant structure ensure we are responsive to customer demands, making us confident of a robust order book.

## Foreign exchange rate movements

The Group's cash flows and reported earnings are exposed to the risk of exchange rate variations, in particular between euros, sterling and US dollars.

**Mitigation measures:** The Group hedges a portion of its forecast US dollars revenues and its forecast sterling capital expenditure; it also holds a portion of its borrowings (after swaps) in US dollars.

## Transportation

URENCO works with third party suppliers who transport natural uranium and enriched $UF_6$ on behalf of our customers. The risks we face are non-compliance with IAEA regulations, and accidents resulting from unsafe behaviour when handling materials.

**Mitigation measures:** The safe behaviour of our transportation partners is guided by the standards we set at URENCO. Such standards reduce the risk of an accident or the misappropriation of sensitive materials. We only place contracts with approved companies and ensure we perform regular contract and performance monitoring audits. We adhere to IAEA guidelines and all other national and international regulations regarding the transportation of fissile material, and we go beyond regulatory requirements in aspects of our own logistics procedures.

## Security

Each year, URENCO processes thousands of tonnes of uranium and operates sensitive gas centrifuge enrichment technology. We ensure the security of uranic material and our own technology and assets. As a global leader in enrichment services, we prioritise all areas of security, including the increasing threat of cybercrime to the energy sector, ensuring protection of our operations, investment, materials and technology.

**Mitigation measures:** We are required to comply with all applicable national and international security requirements. We screen all personnel and ensure controlled access to sites.

To help combat the less defined but evolving threat of cybercrime, we are able to access expert strategic advice from government bodies – for example, from GCHQ in the UK and the Department of Homeland Security in the USA. Cybercrime is one of the principal risks we face, and in 2014 we continued to monitor our exposure carefully and take action across the organisation.

## Asset integrity

Poor maintenance of assets can result in the failure of plant components or systems.

**Mitigation measures:** In 2014 as part of our asset integrity programme, we commissioned an in-depth review of our asset integrity. Actions are now in progress to ensure the robustness of our asset integrity procedures and controls supported by an ongoing compliance programme to monitor the effectiveness of controls. Following the events in Japan in 2011, our sites have undergone 'stress tests' designed to ensure all facilities handling nuclear materials continue to do so safely and securely.

*We meet or exceed regulatory requirements and follow regulatory protocols for the safe handling of uranium and other chemicals.*

# Managing sustainability

We ensure robust governance throughout URENCO in order to comply with our legal obligations in all markets and meet our long-term sustainability commitments.

## Ensuring robust governance

### The Sustainability Committee

In December 2013, the Board approved the creation of a Sustainability Committee, to further enhance the way we manage sustainability across the Group. The Sustainability Committee is a committee of the Board; its meetings take place at each of URENCO's facilities and are attended by site managers as well as Head Office representatives. This ensures that our sustainability commitments can be fully embedded across all areas of the business.

The Sustainability Committee held its first meeting on 5 March 2014 and continues to meet three times a year. Looking ahead, the Committee will focus on reviewing and driving improvements across core areas including safety, environmental impacts, social performance and sustainability reporting. In addition, the Sustainability Committee will review all processes, procedures and associated policies with a view to aligning these with our commitment to continuous improvement across the business.

### Working with our regulators

In each of the countries where we operate, 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. We work closely with our regulators and report to them on an ongoing basis.

### Informing and involving employees

URENCO's Chief Executive Officer (CEO) and the managing directors of all enrichment facilities hold regular meetings with employees to provide updates on developments in the Group. In addition, the CEO is invited to an annual forum of employee-nominated representatives from across the Group who are brought together to discuss business matters. Any issues raised are accounted for in our stakeholder dialogue, a summary of which is show on pages 13-14.

### Reporting on our financial performance and economic impact

Our 2014 Annual Report and Accounts provides an overview of URENCO's business, economic performance and market presence. You can find more details on pages 30-33 of URENCO's 2014 Annual Report and Accounts.

We set out the Group's financial goals in our annual strategic document, our Business Plan. This strategy is presented to all employees through a roadshow led by the CEO and CFO.

We report on economic impact through regular community liaison meetings.

# About this report

We have followed a set of reporting parameters to give stakeholders a clear and comprehensive overview of our sustainability performance in line with best practice on sustainability reporting.

## Reporting period and cycle

The report is a review of URENCO Group's corporate sustainability activities during 2014. All data covers the calendar year 2014 unless otherwise stated. Where data is used from outside 2014, it is to provide context for the Group's operations or achievements.

## The process of defining content of the report

In line with GRI G4 guidelines, URENCO undertook a materiality assessment of key issues that are important to our stakeholders and may impact business performance. This report provides an overview of our six core sustainability focus areas going forward: health and safety, safeguards and security; environmental impact; supplier of choice; employer of choice; community engagement and asset integrity.

Data is provided by the Group Compliance function 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.

## Reporting principles

This report has been prepared according to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. The GRI principles checklist can be found on our website at www.urenco.com/investors/group-reports.

## Report scope and boundary

The data and information contained in this report relate to URENCO Ltd and its wholly owned subsidiaries. Data and information relating to Enrichment Technology Company (ETC), our joint-venture with Areva, Capenhurst Nuclear Services (CNS) and URENCO Inc, are not included in this report unless specifically referenced. CNS will be publishing its own Sustainability Report in 2015, which will report on 2014 data.

As there is currently no sector disclosure for nuclear within the G4 guidelines, we have explained our management approach for each material issue, as well as any key performance measures we have in this area. The G4 indicators for our material issues are published if relevant to our business, or if we currently collate the appropriate data. Once a more in-depth materiality review is conducted in 2015, we may be able to provide the sufficient data, where applicable.

With regard to our supply chain, we understand that we are part of the wider nuclear industry. However, as we are only in the early stages of our sustainability journey, we will only include GRI data that is relevant to our organisation internally.

## Following GRI guidelines

We have published a sustainability report according to the GRI guidelines since 2006.

In 2014, we transitioned to GRI G4 reporting guidelines and this report has been independently verified in accordance with **GRI G4 Core requirements**.

## Measuring data and carrying out internal audits

We have collated technical data for this report across the URENCO Group, using relevant regulatory guidelines. URENCO's operations adhere to regulatory requirements of the nuclear industry in each operational country and uphold strict international safeguards, security and non-proliferation agreements. The URENCO 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.

There are some instances where we have been able to determine a greater degree of accuracy over 2013 data compared to that reported last year. In particular, we have omitted CNS[22] data from 2013 and 2014 figures, to enable an effective year- on- year comparison.

[22] CNS was commissioned in November 2012.

# Assurance statement

## Independent assurance statement

### Scope and objectives

URENCO commissioned DNV GL Business Assurance Services UK Limited ("DNV GL") to undertake independent assurance of its Sustainability Report 2014 (the "Report").

Our assurance engagement was planned and carried out in accordance with the DNV GL Protocol for Verification of Sustainability Reporting, VeriSustain.™ * We evaluated the report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability.

We evaluated the performance data using the reliability principle together with URENCO's data protocols for how the data is measured, recorded and reported. It was agreed with URENCO that the performance data in scope were:

- Number of lost time incidents
- Waste (hazardous and non-hazardous)
- Water (usage and discharges)
- Air emissions
- Direct energy usage
- Indirect energy usage
- $CO_2$ emissions from direct and indirect energy consumption.

The basis for agreeing the performance data in scope was to cover the most material indicators in the performance summary table.

We understand that the reported economic data and information are based on data from the Annual Report and Accounts for 2014, which are subject to a separate audit process by Deloitte LLP. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'moderate level' of assurance. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

Information on 'Responsibilities of the Directors of URENCO and of the assurance providers' and 'Basis of our opinion', together with our 'Observations' in relation to the VeriSustain™ principles, can be found in the full- length version of the Statement published at: www.urenco.com/environment

### Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe URENCO's adherence to the Principles. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

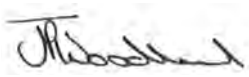
We believe that the report is in line with the 'Core' elements of the GRI G4 Guidelines.

* The VeriSustain protocol is available on dnvgl.com

For and on behalf of DNV GL Business Assurance Services UK Limited London, UK

20th March 2015

**Anne Euler**
Principal Consultant and Lead Assuror
UK Sustainability, DNV GL – Business Assurance



**Jon Woodhead**
Regional Assessment Services Manager and Reviewer
UK Sustainability, DNV GL – Business Assurance

DNV GL Business Assurance Services UK limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

www.dnvgl.com

*Our global diversification and flexible plant structure ensure we are responsive to customer demands.*

# Summarising our performance

We have summarised our performance on sustainability below in line with the principles and framework of the Global Reporting Initiative (GRI). You can read our GRI checklist (in full) online at **www.urenco.com**

| | |
|---|---|
| **Scale of the Organisation (G4-9)** | Total number of employees |
| | Total number of operations |
| | Net revenue |
| | Quantity of products or services produced (production capacity) |

| | |
|---|---|
| **Organisational profile (G4-10)** | Total employees by contract and gender |
| | Total permanent employees by employment type |
| | Total workforce by employees and supervisors by gender |
| | Total workforce by region and gender |
| | Not applicable |
| | Not applicable |
| | Percentage of employees covered by collective bargaining |

| | |
|---|---|
| **Employee and contractor LTIs by location (LA6)** | UUK |
| | UNL |
| | UD |
| | UCP |
| | UUSA |
| | HO |
| | **Total** |

| | |
|---|---|
| **Employee absence rate by location (LA6)** | UD |
| | UNL |
| | UUK |
| | UCP |
| | UUSA |
| | Head Office |
| | Total Group inc UUSA |
| | Total Group exc UUSA[23] |

# Summarising our performance

| 2012 | | 2013 | | 2014 | |
|---|---|---|---|---|---|
| 1,436 | | 1,474 | | 1,457 | |
| 4 | | 4 | | 4 | |
| €1,601.4m | | €1,514.6m | | €1,612.0m | |
| 16,900 tsW/a | | 17,600 tsW/a | | 18,100 tsW/a | |
| Male | Female | Male | Female | Male | Female |
| Employees | | Employees | | Employees | |
| 1,163 | 273 | 1,190 | 284 | 1,158 | 299 |
| Permanent | | Permanent | | Permanent | |
| 1,377 | | 1,405 | | 1,367 | |
| Part-time | | Part-time | | Part-time | |
| 59 | | 58 | | 63 | |
| Managers | | Managers | | Managers | |
| 268 | 38 | 219 | 31 | 214 | 34 |
| Non-managers | | Non-managers | | Non-managers | |
| 895 | 235 | 971 | 253 | 944 | 265 |
| Male | Female | Male | Female | Male | Female |
| Europe | | | | | |
| 907 | 184 | 924 | 193 | 896 | 205 |
| Americas | | | | | |
| 256 | 89 | 266 | 91 | 262 | 94 |
| Rest of world | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |
| 41% | | 38% | | 37% | |

| | | | 2014 lost days |
|---|---|---|---|
| 1 | 0 | 1 | 5.0 |
| 0 | 0 | 2 | 12.0 |
| 0 | 0 | 2 | 17.0 |
| 0 | 0 | 4 | 85.0 |
| 1 | 1 | 2 | 27.0 |
| 0 | 0 | 0 | 0.0 |
| 2 | 1 | 11 | 146.0 |

2014 Lost time injury rate (IR) **0.34** Lost time injury rate per 200,000 hours worked
2014 Lost workday rate (LDR) **4.51** Lost days per 200,000 hours worked

| No. Employees | Absence rate | No. Employees | Absence rate | No. Employees | Absence rate |
|---|---|---|---|---|---|
| 271 | 2.9% | 272 | 3.6% | 273 | 3.6% |
| 262 | 2.9% | 264 | 2.9% | 268 | 2.3% |
| 358 | 2.7% | 330 | 3.1% | 308 | 2.4% |
| 36 | 0.5% | 81 | 0.3% | 83 | 1.0% |
| 345 | 0.0% | 357 | 0.0% | 356 | 0.0% |
| 164 | 1.9% | 170 | 2.0% | 169 | 1.5% |
| 1,436 | 1.9% | 1,474 | 2.0% | 1,457 | 1.8% |
| 1,091 | 2.6% | 1,117 | 2.8% | 1,101 | 2.5% |

[23] UUSA's data is separated due to the fact annual leave is structured differently to the rest of Europe, such as the first five days absence is incorporated into annual 'paid time off.'

# Summarising our performance

| | |
|---|---|
| **Direct energy consumption by primary energy source (kWh) (EN3)** | Natural gas |
| | Diesel |
| | Petrol |
| | Fuel oil |
| | Total |
| **Indirect energy consumption (kWh) (EN3)** | Renewable source |
| | Non-renewable source |
| | Total |
| **Indirect energy emissions (tonnes) (EN16)** | |
| **Direct energy emissions (tonnes) (EN15)** | |
| **$CO_2$ emissions (tonnes)** | |
| **Total water withdrawal by source (m3) (EN8)** | Total domestic water |
| | Total river water used |
| | Total |
| **Total water discharge by quality and destination (m3) (EN22)** | To water courses (UUK only) |
| | To sewers (all sites) |
| | Total |
| **Total waste by type and disposal method (tonnes) (EN23)** | Total hazardous - Composting |
| | Total hazardous - Reuse |
| | Total hazardous - Recycled |
| | Total hazardous - Recovery |
| | Total hazardous - Incineration |
| | Total hazardous - Landfill |
| | Total non-hazardous - Composting |
| | Total non-hazardous - Reuse |
| | Total non-hazardous - Recycled |
| | Total non-hazardous - Recovery |
| | Total non-hazardous - Incineration |
| | Total non-hazardous - Landfill |
| | Total |
| **Report the significant environmental impacts of transporting products and other goods and materials for the 'organisations' operations and transporting members of the workforce (tonnes $CO_2$) (EN30)** | |
| **Employee turnover by location (%) (LA1)** | UUK |
| | UD |
| | UNL |
| | UCP |
| | UUSA |
| | HO |
| **Employee turnover by age (%) (LA1)** | Leaving: Age: under 20 |
| | Leaving: Age: 20 - 29 |
| | Leaving: Age: 30 - 39 |
| | Leaving: Age: 40 - 49 |
| | Leaving: Age: 50 - 59 |
| | Leaving: Age: 60 + |
| **Percentage of employees receiving career development review during reporting period (LA11)** | |

# Summarising our performance

| 2012 | 2013 | 2014 |
|---|---|---|
| 17,395,235.47 | 18,419,287.20 | 15,339,238.28 |
| 4,988,075.00 | 3,554,079 | 5,162,429.96 |
| 0.00 | 529,274 | 507,686.37 |
| 757,435.93 | 296,749.00 | 838,331.02 |
| 23,140,746.39 | 22,799,389.20 | 21,847,685.63 |
| 58,523,359 | 94,644,394 | 122,343,455 |
| 512,485,449 | 511,540,847 | 493,945,800 |
| 571,008,808 | 606,185,241 | 616,289,255 |
| 275,511 | 273,813 | 287,300 |
| 4,662 | 4,475 | 4,465 |
| 280,173 | 278,288 | 291,765 |
| 332,010 | 322,173 | 339,109 |
| 263,925 | 284,825 | 278,465 |
| 595,935 | 606,998 | 617,574 |
| 76,848 | 76,600 | 100,686 |
| 88,479 | 89,228 | 98,294 |
| 165,326 | 165,828 | 198,980 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 12 | 531 | 48 |
| 29 | 21 | 1 |
| 4 | 2 | 6 |
| 2 | 16 | 1 |
| 33 | 12 | 30 |
| 90,430 | 22,898 | 6,624 |
| 1,071 | 1,043 | 1,443 |
| 0 | 0 | 0 |
| 77 | 70 | 102 |
| 1,661 | 15,531 | 1,475 |
| 93,319 | 40,125 | 9,731 |
| Not available | Not available | 3,700.86 |
| 5.3 | 11.2 | 21.4 |
| 3.7 | 1.5 | 1.5 |
| 3.1 | 2.7 | 4.9 |
| 0 | 2.5 | 1.2 |
| 13.9 | 19.0 | 19.1 |
| 11.0 | 8.8 | 14.8 |
| 18.2 | 62.5 | 22.2 |
| 11.8 | 16.0 | 24.6 |
| 6.8 | 5.6 | 5.1 |
| 4.0 | 5.9 | 3.8 |
| 5.6 | 7.2 | 8.4 |
| 15.6 | 20.3 | 59.5 |
| 81% | 82% | 100% |

# Summarising our performance

| | |
|---|---|
| **Standard entry- level wage compared to local minimum wage at significant locations of operation (EC5)** | UUK |
| | UD |
| | UNL |
| | UCP |
| | UUSA |
| | HO |

**€/£**
1.2841 Exchange rate as at 31 December 2014

**€/$**
0.8226 Exchange rate as at 31 December 2014

# Summarising our performance

| 2012 | | | 2013 | | | 2014 | | |
|---|---|---|---|---|---|---|---|---|
| Minimum URENCO rate (€/hour) | Minimum country rate (€/hour) | URENCO min ratio to country min | Minimum URENCO rate (€/hour) | Minimum country rate (€/hour) | Minimum country rate (€/hour) | Minimum URENCO rate (€/hour) | Minimum country rate (€/hour) | URENCO min ratio to country min |
| 11.75 | 6.14 | 1.91 | 16.34 | 7.57 | 2.16 | 18.03 | 8.35 | 2.16 |
| 14.84 | 8.50 | 1.75 | 14.84 | 8.50 | 1.75 | 15.39 | 8.50 | 1.81 |
| 11.72 | 8.25 | 1.42 | 11.72 | 8.25 | 1.42 | 11.96 | 8.63 | 1.39 |
| 15.84 | 6.14 | 2.58 | 17.98 | 7.57 | 2.37 | 19.92 | 8.35 | 2.39 |
| 13.64 | 5.49 | 2.48 | 16.26 | 6.63 | 2.45 | 14.71 | 5.99 | 2.46 |
| 13.88 | 6.14 | 2.26 | 14.47 | 6.03 | 2.40 | 11.99 | 6.59 | 1.82 |

# Glossary

### BREEAM
Building Research Establishment Environmental Assessment Methodology (BREEAM) is the world's leading design and assessment method for sustainable buildings.

### British Science Association
A registered charity founded in 1831, whose vision is of a world where science is at the heart of society and culture.

### Cascade
The arrangement of centrifuges connected in parallel and in series is termed a "cascade". In a uranium enrichment plant, several cascades are operated in parallel to form an "operational unit" producing one $U_{235}$ assay. Various operational units form one enrichment plant.

### CREST Award
A UK award scheme that recognises success and enables students to build their skills and demonstrate personal achievement in STEM (science, technology, engineering and maths) project work.

### CNS
Capenhurst Nuclear Services Limited. This company has taken responsibility for storage of certain uranic materials on behalf of the Nuclear Decommissioning Authority at the Capenhurst facility in the UK.

### Deconversion
This is the process of removing the volatile fluorine component from uranium hexafluoride to make stable uranium oxide ($U_3O_8$). URENCO has chosen to use $U_3O_8$ as the long-term retrievable storage form of uranium.

### DEFRA
The UK government department responsible for policy and regulations on the environment, food and rural affairs.

### Enrichment
The step taken in the nuclear fuel cycle that increases the concentration of $U_{235}$, relative to $U_{238}$, in order to make uranium usable as a fuel for light water nuclear reactors.

### ETC
Enrichment Technology Company Limited.

### EUP
Enriched Uranium Product, i.e. $UF_6$ enriched, typically, to between 3% and 5% $U_{235}$ content.

### Feed
Natural or reprocessed uranium, converted to $UF_6$, and fed into the cascades for enrichment.

### Focus areas
Six key elements which contribute to URENCO's sustainability strategy to guide the way the company manages the business and the way it fulfils its sustainability commitments to society and the environment.

### Global Reporting Initiative (GRI)
The reporting framework which provides guidance on sustainability performance reporting.

### GRI G4
G4 is the fourth and most up-to-date generation of the GRI guidelines and was launched in May 2013.

### Hazardous waste
Transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII.

### Head Office
URENCO Group's Head Office in Stoke Poges, UK.

### IAEA
The International Atomic Energy Agency is the world's central intergovernmental forum for scientific and technical co-operation in the nuclear field.

### Materiality
Materiality refers to the sustainability elements which are sufficiently important that they should be reported. They cover the organisation's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.

### Nuclear fuel supply chain
The multiple steps that convert uranium as it is extracted from the earth to nuclear fuel for use in power plants. Uranium enrichment is one step in the nuclear fuel supply chain.

### Non-hazardous waste
Transported, imported, exported, or treated waste that is not deemed hazardous under the terms of the Basel Convention Annexes I, II, III and VIII.

### Order book
Contracted and agreed business estimated on the basis of "requirements" and "fixed commitment" contracts.

### PRCA
Public Relations Consultants Association, the largest public relations association in Europe, www.prca.org.uk.

### Recycled
The process of converting used materials – or waste – into new products.

### Reused
The process of putting a product to another use once its primary use has been exhausted.

### Richie
Richie is an animated character and acts as URENCO's science ambassador. The Richie programme is a core element of URENCO's school and education outreach. Through Richie, URENCO connects with its youngest audiences, teaching them about science and energy in an engaging and interactive way.

### Richie Lecture
URENCO's annual Richie Lecture is a celebration of STEM education for schoolchildren, featuring a lecture on a science topic and interactive activities, held at a prestigious location.

### Separative work unit (SWU)
The standard measure of the effort required to increase the concentration of $U_{235}$ so that there is enough to fuel a nuclear reactor. The capacity of an enrichment facility is expressed in Tonnes of Separative Work per annum (tSW/a).

### Stable Isotopes
URENCO's Stable Isotopes business uses centrifuge technology to produce a variety of other products for medical, industrial and research applications.

### STEM
Refers to the core subjects of science, technology, engineering and maths.

# Glossary

### Tails (depleted $UF_6$)
Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of the $U_{235}$ isotope.

### Tails Management Facility (TMF)
The facility managed by URENCO ChemPlants Limited that will manage the deconversion of tails to stable uranium oxide ($U_3O_8$). Currently under construction at URENCO's UK site in Capenhurst, UK, it will consist of a number of associated storage, maintenance and residue processing facilities to support URENCO's long-term strategy for the management of tails.

### Treaty of Almelo
In the early 1970s, the German, Dutch and British governments signed The Treaty of Almelo, an agreement under which the three partners would jointly develop the centrifuge process of uranium enrichment.

### Uranium
A fairly abundant metallic element. Approximately 993 of every 1,000 uranium atoms are $U_{238}$. The remaining seven atoms are $U_{235}$ (0.711%), which is used in today's nuclear power stations to generate energy by fission.

### Uranium hexafluoride ($UF_6$)
All enrichment processes today work with gaseous material; therefore, uranium is converted to $UF_6$.

### $U_{235}$
The fissionable uranium isotope found in natural uranium.

### $U_{235}$ assay
The weight percent of $U_{235}$ atoms in uranium presented as a percentage of $U_{235}$ atoms divided by all uranium atoms.

### $U_{238}$
The non-fissionable uranium isotope that makes up most of natural uranium.

### URENCO ChemPlants Limited (UCP)
URENCO ChemPlants Limited, a subsidiary company of URENCO, is responsible for the construction and operation of the Tails Management Facility at URENCO's UK site in Capenhurst.

### UUK
URENCO UK.

### UD
URENCO Deutschland.

### UNL
URENCO Nederland.

### UUSA
URENCO's enrichment facility in New Mexico, US, owned and operated by Louisiana Energy Services LLC.

## Further information

For more information on sustainability at URENCO, please contact:

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