urenco

enriching the future

Sustainability - our commitment

Sustainability report 2007

SUSTAINABILITY OUR COMMITMENT

Urenco is committed to ensuring that its business operations are truly sustainable and understands the impact it has on the outside world from an economic, social and environmental perspective.

In 2006 Urenco published its first Group Sustainability Report demonstrating the importance and commitment the Group gives to this area. The report will continue to develop in future years ensuring that the Group takes account of the latest guidelines and requirements.

Urenco appreciates that it has a responsibility to a wide ranging stakeholder group, from local community groups to the well-being and environmental security of the planet.

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CHIEF EXECUTIVE'S STATEMENT

Following the publication of Urenco's inaugural Sustainability report in mid 2006, we subsequently reported on our sustainable initiatives to cover the remainder of 2006 and first quarter of 2007. In this report we cover the entire of 2007, and will continue to publish our findings based on an annual basis, over a full year January to December.

Since we published our first Sustainability report in 2006, more focus has been placed on our sustainable initiatives and in turn, we've received much recognition for our efforts in the sustainable arena. We're also more aware of what our responsibilities are and how we should be reporting on them. Now the tools for measuring our findings are in place, reporting on our business practices is becoming second nature and we're continually thinking of ways to improve our reporting processes and increasing the transparency in our working practices.

The benefits and safety of nuclear power have been widely demonstrated over a significant period of time. Nuclear is the only low-carbon base-load generating option, making it an essential part of the energy mix. Nuclear fuel is not a short-term interruptible import, and its cost is just a small fraction of overall generating costs – ensuring stability of electricity prices. A balance of nuclear, renewables and all other low-carbon options is essential in the fight against climate change.

Urenco ensures there is a fuel supply for nuclear energy generation. We take our responsibilities seriously, protecting the environment in which we operate and contributing positively to our local communities.

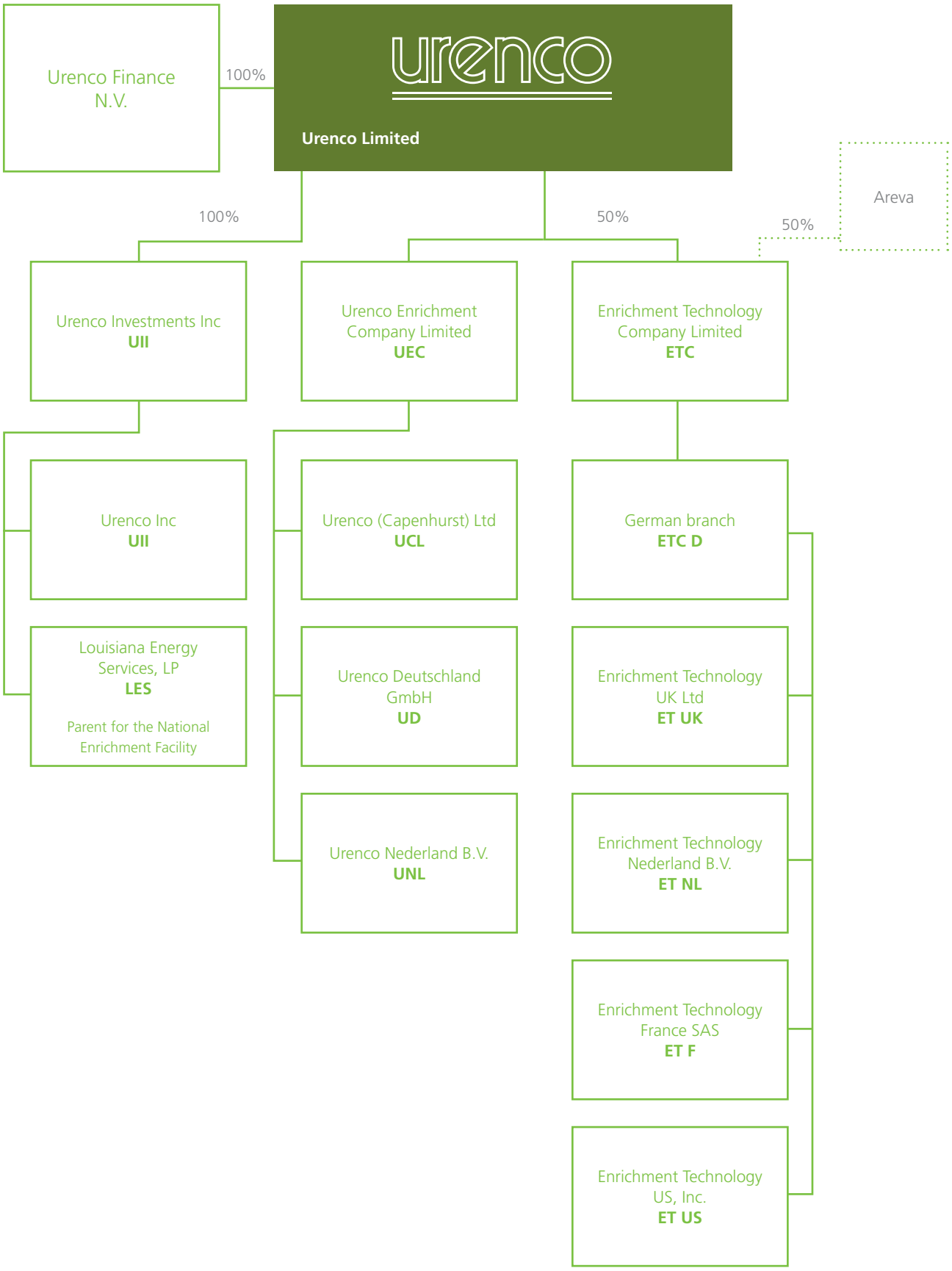
While striving to remain the supplier of choice for our customers, and at the forefront of technological developments, we are also committed to ensuring that our business operations are truly sustainable. We appreciate, monitor and mitigate the impact our operations have on the outside world, from an economic, social and environmental perspective. Our responsibilities encompass a wide ranging group of stakeholders, from the local communities in which we operate, to the well-being and environmental security of the planet. During our working practices, Urenco continually endeavours to reduce its impact on the health and safety of its employees, contractors, members of the public and on the environment.

Urenco embraces its slogan 'enriching the future' through the global deployment of our enrichment services, coupled with the provision of services and technology to support the production of sustainable nuclear energy. By delivering on our strategy of 'building for the future' we will ensure a continued security of supply to meet our current contractual requirements, plus providing ongoing support to the growing nuclear industry worldwide.

Outlook

The outlook for Urenco is further growth. In 2008, as for 2007, the focus will be on the successful execution of the Group's capacity expansion projects. All construction activity on Urenco's sites are carried out under strict regulations which minimise the impact on the surrounding environment.

ORGANISATIONAL PROFILE



PRINCIPAL ACTIVITY

An overview

Urenco operates in a pivotal area of the nuclear fuel supply chain which ends with the sustainable generation of electricity for consumers around the world. The supply chain itself can be subdivided into four key processes: mining; conversion; enrichment; and fabrication. With its industry-leading centrifugal technology and around 23% global market share, Urenco is firmly positioned in the enrichment stage, which is the highest value added segment of the supply chain.

Urenco's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities. Its enrichment service is mostly provided on a toll basis using customers' uranium. Urenco currently achieves this in Europe through its main operating subsidiary, Urenco Enrichment Company Limited ('UEC') and UEC's three operating subsidiaries which own and operate enrichment plants in the UK (Capenhurst), Germany (Gronau) and the Netherlands (Almelo).

In the US, another Urenco subsidiary, Louisiana Energy Services LLC ('LES'), is currently constructing an enrichment plant (the National Enrichment Facility) in Eunice, New Mexico, which is expected to become operational in 2009.

Urenco also owns a 50% interest in Enrichment Technology Company Limited ('ETC'), a joint venture company jointly owned with Areva. ETC provides enrichment plant design services and gas centrifuge technology for enrichment plants through its subsidiaries in the UK (Capenhurst), Germany (Gronau and Julich), the Netherlands (Almelo), France (Tricastin) and the US (Eunice).

OUR GLOBAL REACH

1	Almelo, Enrichment and Technology, Stable Isotopes	6	Julich, Technology only
2	Bad Bentheim, Enrichment only	7	Marlow, Urenco Headquarters
3	Capenhurst, Enrichment and Technology	8	Tricastin, Technology only
4	Eunice, Enrichment and Technology	9	Washington DC, Enrichment only
5	Gronau, Enrichment and Technology		Customer Base

Extending our global reach

Urenco is an example of an international success story. Developing from its origins as independent British, Dutch and German businesses in the 1970s, the company and its shareholders had the ambition, flexibility and drive to utilise the strengths of the three partner countries to create what has become a very successful technology Group. Urenco is now a global energy provider and industry leader in uranium enrichment and technology services.

Urenco benefits from an unlimited geographical reach. The Company currently supplies an international customer base, with contracts across the globe. With sites in the UK, the Netherlands and Germany, a marketing office in the US and a fourth enrichment plant under construction in New Mexico (US), Urenco is undeniably an international operation.

The phrase 'building for the future' was the Group's key message during 2007, and represents the drive to continue to be a truly international company both from a supply and customer base. This global presence will ultimately enable Urenco to improve its service and ensure we offer the most committed reliable and flexible service to customers worldwide.

KEY IMPACTS, RISKS AND OPPORTUNITIES

Urenco is committed to ensuring that its business operations are truly sustainable and understands the impact it has on the outside world from an economic, social and environmental perspective. In 2006 Urenco published its first Group Sustainability report demonstrating the commitment the Group gives to this area. The Report will continue to develop in future years ensuring that the Group takes account of the latest guidelines and requirements. Urenco appreciates that it has a responsibility to a wide-ranging stakeholder group, from local community groups to the well-being and environmental security of the planet.

Natural environment

Urenco's uranium enrichment plants operate with minimal effect on the external environment. Through continual improvement, research and development, Urenco endeavours to minimise its impact on the health and safety of its employees, contractors, members of the public and on the environment.
Urenco complies with all relevant legislation on health, safety and the environment and its sites adhere to all licences, authorisations and consents in relation to relevant standards and guidelines.

Urenco also continues to build on the Group's donation and sponsorship strategy launched in 2005. The Group focuses its support on three key areas, namely education, healthy living and environmental causes. This strategy allows Urenco to concentrate its support in these essential areas and provides both financial and practical help in building sustainable ways of supporting local stakeholders.

As is widely documented, nuclear energy is a vital part of the future energy mix as it provides safe, economic and reliable electricity. In 2007, the nuclear industry received further recognition as a sustainable and environmentally friendly energy source that meets the huge increase in demand for electricity, without the carbon impact of fossil fuels.

The importance of climate change on policy thinking has increased globally. During 2007, concerns over security of supply continued to grow worldwide. At the same time energy prices rose, pushed up by the depletion of global oil and gas reserves. In the UK, while CO_2 emissions continue to rise, progress on energy efficient and renewable generation options has been disappointing.

Globally, support for nuclear energy is increasing. According to the Nuclear Industry Association (NIA), studies have shown that the public is "willing to accept new nuclear stations if this will help tackle climate change".

After much deliberation and debate, the future of nuclear in the UK now seems certain. With the backing of the UK Government, discussions are currently under way regarding the financing of the new reactors. We will report upon the UK's new build progress in the 2008 edition of our sustainability report.

The Stable Isotopes team

STABLE ISOTOPES

The use of centrifuges beyond nuclear power

Since 1990 Stable Isotopes, a wholly owned business unit of Urenco, has employed Urenco's centrifuge technology to separate isotopes of other elements for a number of commercial purposes, supporting the medical industry and other key industrial applications. Although this is not a major part of Urenco's business in purely financial terms, it is of considerable value from commercial, social and environmental perspectives.

Based at Almelo in the Netherlands, the existence and success of stable isotopes is testament to our commitment to continual development. While the separation of elements other than uranium has presented many new challenges, the development Urenco has committed to stable isotopes is now delivering value in two specific segments of the medical market: diagnostics and brachytherapy. Thanks to Urenco's isotopes, images can be obtained via a gamma camera or a PET scan in nuclear diagnostics. Gamma cameras can accurately detect disease progression and staging in vital organs. Urenco is also producing materials that prove to be useful in an application of brachytherapy, the procedure of using temporary irradiation very close to an area of disease, in particular, cancer.

Industrial applications centre around nuclear and non-destructive markets. Zinc, depleted in the isotope Zn64, is widely used in nuclear reactors to reduce radiation levels to workers. Iridium and Selenium isotopes are the precursors for radioactive sources used in non-destructive test rig equipment.

RISKS TO THE BUSINESS

The Urenco Group is undergoing a rapid programme of capacity expansion and the delivery of these projects on schedule and within budget continues to be a major focus. The expansion programme is also the main area where resource is allocated either financially or in the area of project management, including development of accompanying strategies for construction, technical and legislative risk mitigation.

Whilst the market continues to support healthy revenues from the supply of enrichment services, there are several factors which may be perceived as risks. These include the overall expansion of global enrichment and uranium supply capacity together with the replacement of inefficient gas diffusion enrichment plants by modern centrifuge technology. As well as this, there is increased uncertainty regarding the extent of restrictions on the supply of Russian enrichment services to the West. The potential impact of such factors on UEC is considerably mitigated by its continuing strategy of engaging in long-term supply contracts at current market prices.

ACHIEVEMENTS TABLE

Objectives for 2006	Achievements for 2007	Objectives for 2008
Achieve sustained improvement in our safety and environmental performance	Throughout 2007 the Urenco Group has operated to the highest standards of safety, environmental and security requirements. All sites retained ISO 14001 certification, showing our continued commitment to environmental management	Continued and consistent high standards of safety, reliability and standard of operations
Achieve the budgeted capacity extension	By the end of 2007, installed enrichment capacity across Europe increased to 9,600 tSW/a, an increase of over 600 tonnes (almost 7%)	Successful project execution of the expansion programme in Europe and the US with a total planned capacity increase to 15,000 tSW/a by 2012. Initial capacity in the US will become available in 2009
Maintain and build our understanding of customers' needs and our ability to satisfy them	Urenco is 'supplier of choice'. The level of customer satisfaction was reviewed during 2007 through the Ipsos MORI customer survey. The results of the survey confirm that UEC is 'customer oriented, proactive, and helpful'. See page 34 for further information	Maintenance of Urenco's position as a reliable, long-term supplier, with future business based on long-term contracts
Increase enrichment sales, production and delivery	Urenco strengthened its position as a long-term stable supplier during 2007, the Group increased its order book to €18 billion (2006: €15 billion). The UEC portion is €15 billion (2006: €12 billion)	Continued strong business performance driving the capital investment programme
Reach financial targets	Continued strong operational performance with turnover exceeding €1 billion (see page 16 for further information) and proven strong credit fundamentals	Continued investment in Research & Development to ensure Urenco remains a world leader in centrifuge technology
Increase market share	The market share has grown during the year (currently 23%) in an expanding market	Further development of our enrichment services providing 'security of supply' of nuclear fuel to our customers
Develop process alignment across the Group	Significant steps were made in the alignment of processes across all sites. Continued progress will enhance efficiency and flexibility, moving further to a 'best-in-class' approach	Expansion of the alignment process across the Group focusing on compliance, chemistry and projects in order to develop further our 'one company' culture
Vision, mission and values – further develop the Company culture and working ethic across the Urenco Group	The Company continued to embed its Values in its working practices across the Group, see page 14 for further information	Continual investment in the development of our committed employees to ensure the future success of the Group

GOVERNANCE AND COMMITMENTS

Urenco's policy on corporate governance is to achieve principles of good governance, transparent reporting and the Company's core Values. Urenco's internal control framework is constantly being developed to ensure that strategic and operational risks are managed effectively within the Group.

The Board and its committees

The Board comprises the Chairman, six Non-executive Directors and two Executive Directors. The Chairman is elected onto the Board by unanimous resolution of the Shareholders and elected into his position as Chairman by the Board. The two Executive Directors are elected into position by the Board. Two Non-executive Directors are appointed by each of the Company's three Shareholders. The serving Directors for the whole of 2007 were:

Non-executive Directors

Chris Clark	Chairman
Walter Hohlefelder	Deputy Chairman
George Verberg	Deputy Chairman
John Edwards	
Victor Goedvolk	
Gerd Jaeger	
Michael Parker	

Executive Directors

Helmut Engelbrecht	Chief Executive Officer
Bart Le Blanc	Chief Finance Officer

Company Secretary

Sarah Newby-Smith*

* Sheila Graves served as Company Secretary until 1 October 2007 when she retired and was replaced by Sarah Newby-Smith.

Operation of the Board

The Board manages overall control of the Group's affairs and is responsible to the Shareholders for company policies and strategic direction. It meets on a regular basis to consider matters specifically reserved for its decision. These include the approval of the business plan, financing policies, budget and financial statements, major capital projects, acquisitions and disposals, major regulatory issues and major policies in respect of environmental, health and safety issues. During 2007 there were six meetings of the Board.

The Board and its committees are provided with full and timely information in advance of meetings. The agenda is set by the Chairman in consultation with the Executive Directors and Company Secretary. Formal minutes recording discussions and decisions of all Board and committee meetings are prepared and circulated to the respective Board and committee members.

The Board recognises the need for a reasonable balance between Executive and Non-executive Directors in providing judgement and advice in the process of decision-making. In addition to fulfilling their legal responsibilities as Directors, Non-executive Directors are valued by the Company for the judgment and experience they provide to the Board through their contribution at Board and committee meetings.

History and wider governance issues

Urenco was founded in 1971 following the entering into force of the Treaty of Almelo signed by the governments of Germany, the Netherlands and the UK and was incorporated as an English private limited liability company on 31 August 1971. The Almelo Treaty establishes the fundamental principles for effective supervision of Urenco's technology and centrifuge manufacturing and Urenco's enrichment operations. A committee comprising representatives of the governments of the signatory countries (the 'Joint Committee'), exercises this role but has no role in the day-to-day operations of Urenco.

The Joint Committee considers all questions concerning the international relationship with regards to all enrichment contracts and the safeguards system (as established by IAEA and EURATOM), classification arrangements and security procedures, exports of the technology and non-proliferation issues. The Joint Committee also considers potential non-proliferation issues connected with any changes in Urenco's ownership and transfers of technology. Urenco's Executive Management meet with the Joint Committee on a periodic basis.

In order to permit the completion (in 2006) of the joint venture with Areva regarding the Group's technology business ETC, France needed to adhere to the principles of the Treaty of Almelo, through a new treaty (the Treaty of Cardiff) which was signed on 12 July 2005. A further requirement for completion of the transaction was to obtain European Community competition clearance. This was granted on 1 July 2006. The terms of the clearance require certain commitments from Urenco and Areva to ensure they remain competitors in the field of enrichment and that no commercially sensitive information passes between Urenco and Areva by virtue of their being joint shareholders of ETC.

Additionally, there is a treaty in place between Germany, the Netherlands, the UK and the US (the Treaty of Washington, signed on 24 July 1992) which was required in order to permit the establishment of the National Enrichment Facility.

STAKEHOLDER ENGAGEMENT

Urenco understands that in order to effectively communicate with its stakeholders, it is essential to open up a two-way dialogue in order to get valuable feedback. The following table outlines the ways in which Urenco aims to communicate with key stakeholders and ensure there is a mechanism for collecting and reacting to feedback.

Stakeholder group	Mechanism	Example	Plans for 2008
Customers	Regular Ipsos MORI survey to assess customer satisfaction	Results incorporated into ongoing commercial strategy	Maintenance of Urenco's position as 'supplier of choice' with future business based on long-term contracts.
Investors	Investor website Investor events	Our investors appreciate the opportunity for regular direct access to the CEO/CFO	UK and European Roadshows Development of Investor Relations section of the website
Children/students	Urenco youth fund	School science workshops Young engineer awards	School science workshops expanded to the US
Local community	Local stakeholder surveys Local liaison dialogue	Provides an opportunity to share latest news with key local community members and for them to raise questions or concerns	Increased stakeholder dialogues
Employees	Two-way dialogue	Staff survey, Open forum, Internal magazine, 'about U'	Production of site 'Infopoint' and 'about U' publications, Group Intranet
Governments/EU	One-to-one meetings	Urenco met with European Commissioners to discuss the EU Energy Policy. Key officials also visited sites to gain more information about the Group. Structured communication with Governments/EU through Urenco's Joint Committee	UK, European and US Consultations
Shareholders	Regular contact	Shareholder working groups	Continued regular meetings

Stakeholder communications

One successful avenue of communication is the Local Liaison Committee at Capenhurst. People from all sectors of the local community are encouraged to attend these meetings and are given the opportunity to put questions, issues and points of view to Capenhurst's senior management as well as representatives of government agencies, regulators, emergency services and local authorities.

As part of the Company's commitment to being a good corporate citizen, Urenco engages with the local community through a number of initiatives and projects. The success of such programmes is very much dependent on the enthusiasm and commitment of employees in volunteering their services and time.

The 'Active in the Community' award seeks to reward these employees. Every year Urenco presents an award to an individual who has demonstrated dedication and support to the local community. In 2007, the 'Active in the Community' award was presented to Lisa Parker in recognition of the dedication she has shown to St Saviour's School, Ellesmere Port, UK.

Through financial contributions and the voluntary efforts of many employees, Urenco's policy focuses on three key areas: education, healthy living and the environment. For example, Urenco recognises that investing in children is investing in the future and supports a number of initiatives which focus on education.

SCHOOLS SCIENCE WORKSHOPS

The Urenco 'schools science workshops' were developed in response to feedback from a stakeholder survey conducted in 2005. With support from the Urenco Youth Fund - a sponsorship and donation scheme established to support projects specifically related to young people – the workshops were initially introduced in the Capenhurst area during 2005.

In response to their success, the workshops were introduced to Marlow, UK, in 2006 and a new series of workshops were established in Almelo, the Netherlands, during 2007. The workshops provide content adapted to complement the school curriculum of the country in question. This includes experiments to explain the process of enrichment (otherwise known as 'sorting') in an easy, fun and interactive manner, whilst developing the student's knowledge of chemical identification, chromatography and separation (using centrifugal forces) through practical, hands-on experiments.

As documented throughout this report, this initiative is an example of the company embracing its 'one company' culture and sharing of knowledge and experience.

VALUES RECOGNITION

Employee commitment to Urenco's Values

In November 2007, Urenco's CEO Helmut Engelbrecht rewarded Lydian Wanschers, Coordinator Archive, Telephone, Mail and Repro at Almelo, for her commitment to the Urenco Values. In her role, Lydian demonstrated the 'flexibility' value through adopting cost cutting measures, introducing new techniques (to make her role more efficient), while being a committed and highly-valued team member. On congratulating Lydian for her efforts, Helmut commented "I was impressed at the level of commitment all the winners have shown to living the Urenco Values, and how they demonstrate that each individual's contribution to the Company's success as a whole. Lydian responded, "I'm flattered to receive recognition for my contribution to Urenco."

VISION MISSION AND VALUES

Urenco launched its Group 'Vision, mission and values' in April 2006 and throughout 2007 employees have steadily embedded these qualities into their daily working lives. During 2007, staff were assessed on their demonstration of the Values during their working practices.

Those judged to have embraced the Values most were recognised and congratulated throughout the year. During 2008, the Group will continue to integrate the Values across all sites and employees will be encouraged to incorporate the Values further into their daily working lives, while being recognised for their efforts to do so. The inclusion of the Values (described below) has helped to develop a strong business culture and working ethic across the Urenco Group and a recognisable image of the entire Urenco Group towards (external) stakeholders.

Safety

Uncompromising safety and respect for the environment is the very fabric of daily life in Urenco.

During 2007, Urenco's employees have remained dedicated to safety. Across the Group, employees have demonstrated their commitment to safety by introducing a number of new initiatives into their daily working practices. These initiatives range from safety improvements in the immediate working environment to benefits for the wider community. We operate to the highest standards of safety, environmental and security requirements.

Integrity

Our utility customers continue to invest confidence in Urenco's ability to provide a long-term and reliable supply of enrichment services; only through integrity will we repay this trust and belief. Urenco is committed to conducting itself with integrity throughout all areas of its business, and in all its relationships with customers, suppliers, employees and stakeholders.

Development

New sites, new projects, new plants and new markets are all key to fulfilling Urenco's potential. Urenco is proud of its commitment to development, and through the actions of its employees, the Group has substantially grown and developed throughout 2007. The embracing of continuous development by our employees has been beneficial in improving effectiveness and efficiency throughout daily working practices and is evidenced by the successful site expansion projects.

Flexibility

We have the flexibility to meet our daily demands and to turn challenges into opportunities as the markets around us change. Flexibility is a value close to the heart of Urenco's employees. Over the last year, flexibility has been integrated into the Urenco work ethic, enabling the Group to meet the growing demands placed upon it, internally and externally. This commitment to flexibility is reflected in the efficiency and productivity of employees across the Group. We are responsive to the market to best meet our customers' needs through the flexible deployment of our skills.

Profitability

It is essential that we operate profitably in order to continue with our strategy of 'growth through investment'. The actions of all Urenco employees impact on its profitability. The embracing of profitability as one of our core Values reflects the importance of each and every contribution to ensuring a sustained profitable future. During 2007, Urenco's focus on 'building for the future' will ensure the Group's continued profitable growth and long-term security of supply for our customers. We are committed to making profits to secure our future and reward our Shareholders and employees.

GRI CONTENT

The GRI (Global Reporting Initiative) Reporting Framework

The GRI reporting framework is intended to serve as generally accepted guidelines for reporting on an organisation's sustainable performance. This framework sets out the principles and indicators to measure and report on economic, environmental, and social performance. This report sets out Urenco's initiatives in the following areas: Economic, Environmental, Labour Practice, Society and Human Rights.

ECONOMIC

Urenco's sustained strong business performance has enabled continuation of the capacity expansion programme, funded largely from cash flows generated from our operating activities. The Company's strong performance has also been recognised by the credit rating agencies. Once again our credit rating has been affirmed by Moody's Investor Services (A1) and Standard & Poor's (A-).

Urenco's success has been built on the strong foundations of a solid safety and environmental record. These qualities were recognised by the European Investment Bank (EIB) in March 2007. Urenco was the first nuclear organisation to be granted an EIB loan since the bank introduced a specific strategy of support for 'sustainable, competitive and secure energy'. With this objective in mind, Urenco underwent a tough due diligence process and stringent environmental assessments. Successful completion of the process secured a €200 million debt facility from the bank, and demonstrated Urenco's compliance with EU and national law, and also confirmed that Urenco is technically, economically, financially and environmentally robust.

The indicators in this report illustrate how Urenco ensures a successful financial performance for its shareholders and stakeholders. For more detailed information about the Company's economic performance during the reporting period, please refer to Urenco's 2007 Annual report and Accounts.

2007 Annual report and Accounts:

Share of the global uranium enrichment market

The Group consolidated its position as a favoured supplier to the enrichment market: Urenco has a 23% share of a growing worldwide market. Its order book, which grew by 20% during 2007 to €18 billion (2006: €15 billion), positions the Group for market share growth in the future. Contracts in the forward order book now extend beyond 2025. The development of the order book over the past five years is shown in the chart opposite.

EC1

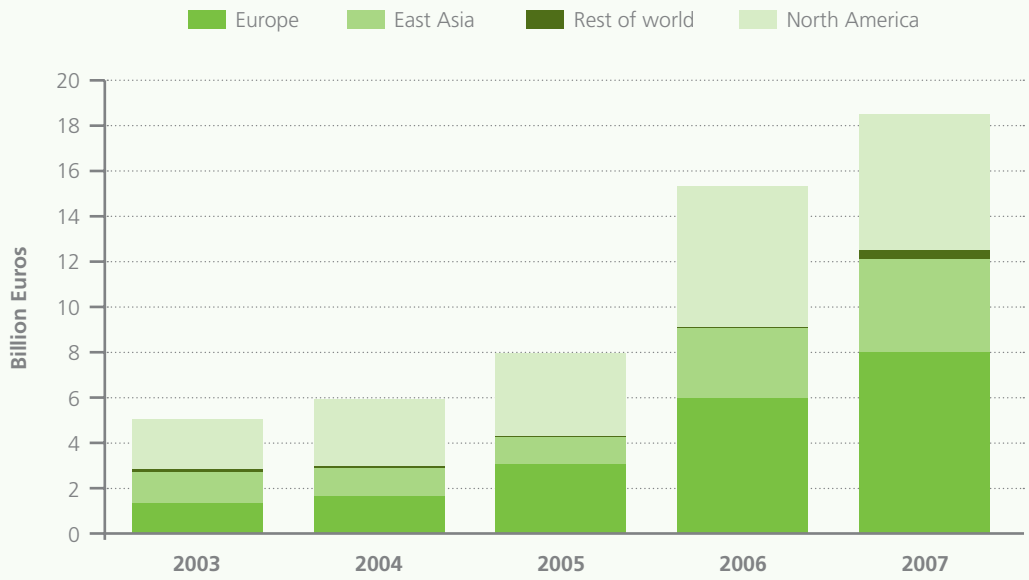
Insurance realignment that embraces 'one company' culture

Keeping the company's 'Profitability' value at the heart of business matters, a review of the Group's insurance arrangements was carried out by a leading global insurance specialist during 2006. Taking on board the findings of the review, Urenco successfully implemented the recommendations and, in 2007, appointed a single broker to arrange its insurance cover.

The Group now has comprehensive global policies in place to cover property damage, transport, and third-party non-nuclear liability, and has also rationalised its third-party nuclear liability insurance arrangements. These changes have resulted in the same or increased levels of insurance cover as under previous arrangements, at lower cost and more importantly with a much higher consistency of cover across the Group's operations.

ECONOMIC

ORDER BOOK



EC3

Group pension funds

The Group operates pension schemes for its employees in the UK, Germany, the Netherlands and the United States. As at 31 December 2007, the schemes in the UK and the Netherlands are defined benefit in nature, whilst the scheme in the US is a defined contribution scheme. The German scheme is of a defined benefit nature, and is unfunded (i.e. the Company provides for its obligations but there are no invested funds).

Under International Accounting Standard 19, the Group records as a liability on its balance sheet any shortfall between the value of the defined benefit schemes liabilities and the value of the assets held under the schemes, at the balance sheet date. The net liability in respect of the Group's defined benefit pension schemes at 31 December 2007 was €52 million, €30 million lower than the liability at the end of 2006 (82 million). The main reasons for the reduction in the liability were the changes to the defined benefit schemes in the Netherlands at the beginning of 2007 and the increase in the discount factor applied in calculating scheme liabilities, due to an increase in long-term capital market interest rates.

The 2006 Annual report noted that a Group Retirement Benefits Committee (GRBC) had been established to ensure that the Group's pension arrangements were aligned with current market practice and would be operated under a common Group policy, setting a framework for investment decisions and for the management and matching of scheme assets and liabilities.

Following a review of the Group's pension arrangements, management took the decision that the UK defined benefit schemes would be closed to new members, and replaced with defined contribution arrangements. A process of full consultation with employee representative bodies was carried out and concluded before the end of 2007. The defined benefit schemes operated for employees at the Group's Capenhurst and Marlow sites closed to new employees with effect from 1 January 2008, and replaced with a defined contribution scheme potentially providing a level of benefits comparable with the Group's UK defined benefit schemes. The rights of existing members of the Group's UK defined benefit schemes are unaffected by this change. The importance of this change is not primarily the impact on pension costs, but a division of risk and liabilities between the Group and the individual employee that is less weighted towards the Group.

PRESERVING AND ENCOURAGING BIODIVERSITY ON URENCO SITES

Urenco's stakeholders, ranging from customers to parish councils, are now requesting higher visibility of Urenco's environmental agenda. In response to this a new environmental garden design has been created at the Capenhurst site. The garden will provide a tranquil area for employees and positively enhance the surrounding area for visitors. The project reaffirms the Company's commitment to continual improvement of its site landscape.

ENVIRONMENT

At Urenco, we are committed to ensuring that our business processes are as sustainable as possible. Throughout the year, the Company reviews and investigates its processes and systems to ensure they adhere to safety regulations and to safeguard environmental concerns.

Urenco is proud to play a key role in the global nuclear energy industry. We provide a service which meets energy requirements efficiently, economically and with minimal impact on the natural environment. Urenco is therefore mindful that its own operations must be as efficient as possible. All our sites consistently monitor the levels of energy and water used as part of their standard operations and continually seeks ways to reduce these. Similarly, we strive to reduce emissions from our plants. The information below illustrates our success in these areas.

Urenco hosts successful UF_6 seminar at Almelo

Urenco continues to strive for improvements in and around its core business. In 2006, the lack of an expert industry forum to exchange ideas on UF_6 handling was identified and, in response, in May 2007, UEC sponsored, arranged and hosted a UF_6 seminar where over 150 experts from the fields of handling, transporting and storing of UF_6 met in Almelo to exchange ideas on best practices.

Energy

The examples outlined in this section illustrate that uranium enrichment by gas centrifuge is efficient both economically and environmentally. Compared to other forms of enrichment, Urenco's centrifugal method is now widely accepted as the only viable option for uranium enrichment. The energy costs per Separative Work Unit (SWU) are hugely different (40kWh per SWU using a centrifuge, up to 2,400 kWh per SWU using diffusion).

Total production capacity

The data highlighting Urenco's environmental performance measures are set against its total production capacity, which is increasing each year:

2007 = 9,600 tSW/a
2006 = 9,000 tSW/a
2005 = 8,100 tSW/a

SWU is the standard measure of the effort required to increase the concentration of the fissionable U^{235} isotope.

Tonne of separative work (tSW) is a unit used to express the effort necessary to separate the isotopes U^{235} and U^{238}.

EN2

Materials recycled

The following tables illustrate recycling on each operational site. All figures provided are in tonnes.

Almelo

Material	2005	2006	2007
Paper & cardboard	-	-	46
(Lead)-batteries	-	0.3	1.4
Plastics	-	-	2.4
Wood	-	-	21
Rubble	-	-	-
Electronic scrap	-	-	-
Metals	438	580	615
Organic waste	-	-	38
Composite municipal solid waste	-	-	58

In the years 2005 and 2006 the exact quantities were not measured. In those years quantities were based on the extrapolation measurements. The data from Almelo above excludes materials recycled from the demolition of the SP3 Plant Building. This included 27,000 tonnes of concrete, bricks, tiles and ceramics, and 2,400 tonnes of iron and steel. This data was excluded as it is not representative of normal operations. The metals entry in the above table includes steel from recycling of UF_6 cylinders and steel and aluminium recovered from recycled centrifuges.

Capenhurst

Material	2005	2006	2007
Paper	20	27	23
(Lead)-batteries	0.4	3.0	4.6
Cardboard	14	23	20
Scrap metal	66	117	123
Polythene	7	7	17
Plastic cups	0.4	0.4	0.4
Fluorescent tubes	0.4	4.0	2.8
Wood, glass, plastic	-	37	25

EN2 (continued)

Gronau

	2005	2006	2007
Material			
Paper & cardboard	150	160	210
(Lead)-batteries	0.5	0.5	0.9
Plastics	1.8	1.2	8.8
Wood	3	-	16
Rubble	24	218	20
Electronic scrap	1.1	1.3	1.3
Metals	5	7	15
Organic waste	54	9	10
Composite municipal solid waste	30	29	67

The units in the above tables are recycled tonnes. The paper usage at Gronau has been addressed with the introduction of a digital archiving system as documented below. The increase in recycled rubble, plastics and metal is a result of the UAG-2 expansion project.

Digital archive

At Urenco's Gronau site, around 6,500 paper folders of documents are currently archived. With this amount likely to double due to the expansion of the site, Gronau launched a 'concept study' to determine a sustainable solution to their archiving situation. The study concluded that a digital solution was the answer to the site's ongoing archiving requirements. With the digital archiving facility now in place, the continued need for the paper resource will eventually cease, which benefits both the environment while also reducing the financial burden of housing the paper.

What originated as a Gronau project in 2007, is now be used as a pilot project for the entire Urenco Group. This provides a strategically and operationally significant component of business process alignment and gives its users an efficient and user-friendly documentation tool.

Direct energy consumption

The majority of the electrical energy consumed is used for driving the centrifuges. Specific power consumption has been significantly reduced by the addition of more energy efficient centrifuges, improved usage of plant systems, increased plant capacity and effective energy management.

The chart shows how much energy Urenco Enrichment Company Ltd. (UEC) used to produce each tonne of separative work during the period 2005 - 2007. Continued capacity installation using new generation centrifuges has further reduced specific energy usage in 2007 compared to previous years.

Year	Tonnes of CO_2	Equivalent kWh/SWU
2005	144,000	45
2006	155,000	42
2007	158,000	40

EN3 (continued)

Initiatives to provide energy efficient services

Marlow office waste audit

The 'Green Group' at Urenco's Marlow office, whose role is to identify initiatives to decrease the impact of its working practices on the environment, invited the Corporate Energy Advice Centre (CEAC) to carry out a waste disposal audit on the waste disposed at the Marlow office. The audit, which CEAC perform for free, was the first of its kind at Marlow.

As a result of feedback from the audit, the waste management and collection system at Marlow has been revised. Indoor recycling centres have been introduced in all of Marlow's kitchens, including paper, cardboard and plastic recycling bins.

While adhering to UK Government directives and being responsible office practice, the recycling centres will also result in a considerable cost saving. In 2007, the cost for waste collections amounted to just over €6,500; whereas the estimated cost for SITA (a recycling and waste management company) collection for 2008 is quoted at under €2,540. Additionally, the total number of bins has reduced and the recycled material collection takes place alongside the general collection.

EN4

Indirect energy consumption

Gas and oil is used for heating buildings and to provide heat used in plant systems. In some of UEC's centrifuge enrichment plants the waste heat from the cooling water systems is recovered in heat exchangers to heat the buildings, thereby reducing the amount of gas consumed. The graph shows the CO_2 emissions arising from the use of gas and oil for heating buildings during the period 2005 - 2007. Values may vary slightly from year to year depending on the severity of winter weather.

CO_2 emissions from fuel (natural gas & oil) used for heating

Year	Tonnes of CO_2 equivalent
2005	3,300
2006	3,400
2007	3,200

Note: Carbon Dioxide emissions - Gas

Gas calculation of CO_2 emissions: CO_2 emissions (tonnes) = Energy consumption (kWh) x fuel emission factor (kg CO_2/kWh) x 0.001
Conversion factor to kWh for gas is 11.0 kWh per m^3
Fuel emission factor for gas is 0.19 kg CO_2/kWh

Source: Defra - Guidelines for the Measurement and Reporting of Emissions by Direct Participants in the UK Emissions Trading Scheme (Annex A)

Note: Carbon Dioxide emissions - Fuel oil

Calculation of CO_2 emissions: CO_2 emissions (tonnes) = Energy consumption (kWh) x Fuel emission factor (kg CO_2/kWh) x 0.001
Conversion factor to kWh for Fuel Oil is 11.9 kWh per litre fuel emission factor for fuel oil is 0.26 kg CO_2/kWh

Source: Defra - Guidelines for the Measurement and Reporting of Emissions by Direct Participants in the UK Emissions Trading Scheme (Annex A)

EN8

Total water usage

The chart below shows how much water was used per tonne of separative work (tSW) during the period of 2005 - 2007. The majority of this water is used by the cooling systems for the removal of heat from the process. The capacity brought on line benefits from more modern systems that make more effective use of water than our older plants. Therefore we expect to see an overall downward trend in specific water usage subject to annual temperature fluctuations resulting in more cooling system usage.

The reduction in water usage per tSW can be judged in the context of an increased production capacity as noted on page 19.

Year	M^3/tSW
2005	36
2006	35
2007	32

EN13

Habitats protected or restored

At Urenco's Gronau site, the conservation area ('Naturschutzgebiet') - located east of the plant – is not affected by light emissions from either construction activities or plant operations. Furthermore there is no other disturbance (e.g. from noise) for the wildlife and animals that use the area, as confirmed by third party conservation experts that check the area.

EN14

Continued support for the regional environment

Urenco's Almelo site supports the local 'Stichting Landschap Overijssel' project, a foundation for environmental conservation in the Almelo region. The foundation aims to stimulate and maintain the agricultural environment, while preserving natural features indigenous to the region.

The foundation's slogan is: 'your back garden is larger than you think', to encourage people to take care of the wider environment like their own garden and to enjoy the benefits of nature and the environment to the fullest.

Almelo's long-standing relationship with the foundation began in 1995. In 2007, the foundation celebrated its 75th birthday. A new sponsoring contract has been agreed for a further three years (2008-2010).

Current certifications and future plans for managing impacts of biodiversity

All of UEC's enrichment sites have environmental management systems accredited to the international standard EN ISO 14001. During the reporting period all of UEC's enrichment sites were successfully reaccredited to the EN ISO14001:2004 version of the standard. Further to this, the Urenco Gronau Environmental Management system is also certified according to Directive (EC) No. 196/2006 (dated 3.2.2006) - EMAS (Eco-Management and Audit Scheme).

Urenco can accommodate customers' requirements to carry out environmental audits at any of the production facilities. Urenco continues to audit itself and its subcontractors, where appropriate, to ensure that they comply with all relevant requirements and standards.

EN14

Reduction of container movements on site

At the beginning of this decade, extensive research was carried out to identify how to improve the logistics of container movements at Almelo. The aim was to find a way to reduce the movements in spite of continued capacity increase. The research concluded that by constructing a new Container Receipt and Dispatch Building (CRDB) with an indoor storage capacity of over 500 containers, container movements by forklifts and carriers could be reduced by almost 90%. Another advantage of the new CRDB was that onsite container movements could be carried out around the clock. To achieve these improvements, the CRDB was constructed at a central location in between separation plants SP4 and SP5 and close to the current (outdoor) tails yard. Construction was completed at the end of 2005.

The container storage hall in the CRDB is equipped with two automatic cranes. This enables containers to be moved from one location to another within the storage hall during the night (under supervision of the plant operators). During the day, the cranes are used intensively by the Material Handling and Distribution department to on and offload trucks and to carry containers to and from separation plant SP5. Thanks to the automatic cranes, forklifts are no longer used for container movements in SP5, making the process altogether more efficient and sustainable.

In the course of 2008, further upgrading is planned commencing with the introduction of a shunter for container transports to and from the second plant, SP4. Due to the layout of the site, it is not possible to use the automatic cranes for this purpose. Unlike the carriers currently used, the shunter will be able to move a container and the stillage it rests on in one go. This means a further reduction of transportation movements. The carriers will still be used for transport within the tails yard, until this area is equipped by an additional automatic crane in the near future.

EN16

Total direct and indirect greenhouse gas emissions

Year	CFC (kg released)	HCFC (kg released)
2005	0.5	5
2006	0.5	5
2007	0	2,750

At Urenco, we are continually striving to improve our environmental performance. Prior to 2004, ozone depleting chlorofluorocarbon (CFCs) were replaced by hydrochlorofluorocarbons (HCFCs). All of UEC's operations are totally CFC free. The majority of facilities now use non ozone depleting hydrofluorocarbons (HFCs). However, small quantities of HCFCs, which have a small ozone depleting potential, are still in use at UEC enrichment facilities.

In late 2006, at its Gronau site, it was found that the valves of a large cooling system needing replacing. In contrast to the old valves the new ones consist of stainless steel bellows to avoid any loss of coolant. More than 100 valves were individually replaced manually in the course of 2007, during daily operations. In the process of replacing the valves, it was unavoidable that R245fa was released caused by the intertank transfer (which is necessary part of the replacement process). The release of R245fa is the reason for the increase in HCFC emissions in 2007. At the end of the replacement the overall loss of HCFC totaled 2,750 kg, which is a loss of only 5.6% of the 40 tons of coolant.

After the replacement no further R245fa has been lost, demonstrating that the new valves are keeping the leakage to a minimum and the replacement was a complete success.

EN20

Significant air emissions – gaseous discharges

	Annual Limit	2005	2006	2007
Almelo				
Gaseous discharges MBq Beta/gamma	1.300	0.41	0.14	0.19
Gaseous discharges MBq Alpha	13	0.01	0.005	0.03
Capenhurst				
Gaseous discharges MBq Alpha	2.5	0.44	0.26	0.30
Gronau				
Gaseous discharges MBq Beta	5.2	0.25	0.29	0.2
Gaseous discharges MBq Alpha	5.2	0.01	0.01	0.02

Discharge limits for the Urenco operational sites are set by national regulators taking into account activities carried out on site and other activities in the vicinity. Urenco is committed to remaining within authorised limits and reducing discharges where reasonably practical.

Urenco Almelo radioactive gaseous discharges 2005 - 2007

Radioactive gaseous discharges occur from the operation and maintenance of the centrifuge plants and the decommissioning activities. The annual limit for uranic activity in gaseous discharges is 13MBq Alpha + 1.300MBq Beta/gamma. The annual limit is the limit in the licence. The actual discharges remain well below these limits.

Urenco Capenhurst radioactive gaseous discharges 2005 - 2007

Radioactive gaseous discharges occur from the operation and maintenance of the centrifuge plants and the ET UK plant test facility. The annual limit for uranic activity in gaseous discharges is 2.5 MBq. The actual discharges remain well below these limits.

Urenco Gronau radioactive gaseous discharges 2005 - 2007

Radioactive gaseous discharges occur from the operation and maintenance of the centrifuge plants. The annual limits for radioactive gaseous discharges are 5.2MBq Alpha + 5.2MBq Beta. The actual discharges remain well below these limits.

EN21

Radioactive discharges to water for UEC's enrichment sites

Similar to EN20, UEC's enrichment facilities have site specific authorisations/licences granted by the relevant national regulatory authorities to discharge/transfer radioactive aqueous wastes. Due to the differences in national requirements, it is not appropriate to aggregate data across the sites.

The radioactive aqueous discharges for the period 2005 - 2007 are as follows:

Almelo radioactive aqueous discharges

Very low-level radioactive aqueous wastes arise as effluents from the operation of the centrifuge plants, decommissioning activities and chemical analysis facilities. The annual limits are 20MBq Alpha and 200MBq Beta/gamma. The actual discharges remain well below these limits.

	Annual Limit	2005	2006	2007
Almelo				
Aqueous discharges MBq Beta/gamma	200	2.5	17.4	3.2
Aqueous discharges MBq Alpha	20	3.1	2.2	0.6

Capenhurst radioactive aqueous discharges

Very low-level aqueous wastes arise as effluents from the operation of scrubber systems in the centrifuge plants and effluents from the site laundry and chemical analysis facilities. The annual limits are 2,000MBq Alpha and 2,000MBq Beta. The actual discharges remain well below these limits.

	Annual Limit	2005	2006	2007
Capenhurst				
Aqueous discharges MBq Beta/gamma	2,000	18	16	15
Aqueous discharges MBq Alpha	2,000	15	20	18

Gronau radioactive aqueous discharges

Very low-level aqueous wastes arise as effluents from the operation of scrubber systems in the centrifuge plants and effluents from the site decontamination facilities. The annual limits for Alpha and Beta activity in aqueous discharges are 1.95 MBq Alpha and 7.35 MBq Beta. The actual discharges remain well below these limits.

	Annual Limit	2005	2006	2007
Gronau				
Aqueous discharges MBq Beta	7.35	0.003	0.007	0.001
Aqueous discharges MBq Alpha	1.95	0.003	0.002	0.001

EN24

Safe, reliable movement and handling of UF_6

Before the enrichment process can take place, Urenco must first receive UF_6 – the 'Feed' material required for the enrichment process - from its customers to one of its enrichment plants. The weight of the 'Feed' is approximately 15,000tU per annum. The responsibility for transport and delivery of the 'Feed' from customer to plant is divided between Urenco and the customer with the customer or his agent (the converter), taking a slightly greater portion when measured by quantity. As Urenco does not have an in-house transport company, it uses Transport and Logistics Specialist Companies (referred to as 'Transporters') to fulfil these contractual requirements.

Before Urenco can employ a company as a transporter, it must be audited by its Transporter Audit Team (consisting of an Auditor, trained to internationally recognised Lead Auditor status, transport specialist and commercial representative). Upon successful completion of the audit, the company will be included on Urenco's List of Approved Transporters. Only companies on this list will be commissioned for transporting duties. At present, UEC contracts its transporters on a one or two-year basis, dependant on the most cost effective option available.

The audit process assesses the transporter company against the International Standards ISO 9001:2000 and ISO 14001:2004 (Quality and Environmental standards respectively). Additionally the audit involves a predefined UEC questionnaire that encompasses items such as emergency arrangements and licence applications (which can only be achieved by reaching extremely high safety standards). Urenco's transport specialist will advise the Lead Auditor whether the company has produced answers and evidence to adequately cover these requirements.

Once on the 'List of Approved Transporters' companies are re-audited every three years to ensure continued compliance. In 2007, UEC audited two of its transport companies, both of which remain on the approved list. In 2008, a further two companies will be audited.

The audit may result in "Request(s) for Action" which are findings that must be rectified with supporting evidence before returning to the list of approved transporters.

EN26

SP3 decommissioning

Last year we reported on the achievement made on the active decommissioning of the SP3 enrichment plant at Almelo. All of the redundant centrifuges and other process equipment were removed from the plant to enable demolition of the building. In total, over 30,000 tonnes (30 million kilos) of material were removed from site, the majority of which (96%) are being reused or recycled.

Urenco also made significant progress in the decontamination and recycling of its redundant SP3 centrifuges. The machines continue to be decontaminated in a dedicated cleaning facility on site. The aluminium is subsequently transported to a smelter, sold and reused.

The transformation of the SP3 facility from an operating enrichment plant to a green field site was achieved within budget and in just 2.5 years. Full advantage has now been taken of this area with part of the former SP3 site being used to construct Hall 6 of enrichment plant SP5 along with temporary offices for construction workers.

LABOUR PRACTICE

The health, safety and development of Urenco's employees are at the heart of the business and fundamental to its success.

Urenco continually maintains and improves the quality and effectiveness of its health, safety and environmental management system. Before any new activity, product or service is introduced it will have undergone a rigorous assessment of its health, safety and environmental impact. Additionally, the same scrutiny is regularly applied to our existing activities, products and services. Wherever and whenever any activity takes place at Urenco's operations, strict controls are in place to ensure that they are adequately resourced and undertaken by competent people. We also seek to select suppliers who operate to a similarly high standard of health, safety and environmental control.

Urenco's commitment to employees is clearly demonstrated at Gronau. In the nationwide 'top job' competition, Urenco was recognised as one of the best 100 employers among medium-sized companies in the country. The competition, which identifies and honours excellent personnel policy, praised Urenco in the areas of 'leadership and vision', 'motivation and dynamics', 'culture and communication', 'employee advancement and perspective', 'family and social orientation', and 'internal entrepreneurship'. This is a position Gronau intends to maintain.

Urenco takes the health and safety of our employees seriously, and this is one of the cornerstones of our operations. This commitment to the continual improvement of our health and safety performance is highlighted in the examples below.

LA7

Lost Time Accidents (LTA)

	UEC employees at sites
Almelo	230 fte
Capenhurst	378 fte
Gronau	207 fte
Total	813 fte

Note: fte = full time equivalent

The following table shows injury statistics for UEC operational sites 2005 – 2007

In the table the following definitions apply:

LTA - The total number of injuries resulting in an absence from work of one day or more.

Site	2005	2006	2007
	LTA	LTA	LTA
Almelo	1	0	0
Capenhurst	0	0	2
Gronau	0	3	1
Total	1	3	3

LA8

European health and safety week 2007

The 'European week for health and safety' takes place annually across the Urenco Group. In Gronau, the 2007 event was themed around the motto 'Lighten the load'. Aided by a selection of supporting materials, Gronau's employees were informed of causes and effects of various physical disorders – musculoskeletal in particular – that can be avoided or improved through using certain techniques during working practices.

Highest safety standards at Gronau

More than half a million safe working hours were recorded during the Gronau extension project, demonstrating the high standards of safety on site.

The high quality standards at Gronau, including operational safety and health protection, form an integral part of company culture as well as a visible part of everyday work routines.

The UAG-2 construction project, which commenced in April 2005, included the integration of operational safety into all working procedures. This extensive project included the construction of UTA-2, TI-2, a new diesel building, a compact transformer station, a fire brigade building, the enlargement of feed and tails storage areas, a noise protection dam and the extension of the existing rail head. The safety regime is reflected in the 550,000 safe work hours achieved on the construction site up to end 2007. With daily on-site inspections and safety checks – performed on the basis of government regulations and rules set by professional organisations – operational safety has been achieved convincingly.

In addition to operational safety, a health and safety protection plan was agreed before the UAG-2 building activities began. The plan has been in force for nearly 400 employees working regularly on the construction site and has continually improved and updated as the construction work progresses.

In practice, all aspects of operational safety and hazard protection are explained to contractors and their employees before activities begin. The detailed rules also include information about personal protection equipment for individual workers. This demonstrates how safety aspects are integrated systematically into operational routines at Gronau, which helps to avoid lost work hours caused by accidents and work-related illness.

LA9

Joint fire drill of Gronau site fire brigade and Gronau town voluntary fire brigade

A joint fire drill involving Gronau's plant fire brigade and the Gronau town voluntary fire brigade took place at Gronau's UTA 2 construction site on 13 October 2007. The exercise simulated the effects of an on-site incident to test the procedures to be followed if such an event should occur, to ensure a safe outcome for all employees and provide effective communication between the teams. The exercise was successful which demonstrates that the necessary procedures are in place and fully-functioning.

SOCIETY

Urenco understands that it cannot act in isolation of its local community. Urenco must take responsibility for the outcome of its operations by understanding how it impacts on neighbouring communities and how it can make a positive contribution.

Uranium enrichment must remain a secure process, both from a commercial and national security perspective. Bound by the International Treaty of Almelo to ensure non-proliferation, Urenco understands its obligations and trains its staff in understanding the sensitive nature of the business within which they work.

The nature of Urenco's business dictates that the 'Society' performance indicators are extremely important. In order to continue operation of our sites we have to ensure complete compliance with all national and international regulations.

Urenco works hard at building strong relations with the communities in which it operates. Recognising that each locality has a diverse cultural mix, support varies from charitable donations to providing educational support to local schools and colleges. Urenco's sponsorship focuses on education, healthy living and environmental causes.

Group donation and sponsorship strategy

Urenco recognises that supporting arts and culture is an important part of social responsibility and sponsors cultural projects at both a local and national level. Beneficiaries of Urenco's sponsorship include classical concerts and performances in the Almelo community and the famous Jazz Festival in Gronau, which has received support from Urenco for over 17 years. Similarly there is a long running association between Urenco's Capenhurst site and the Liverpool Philharmonic Orchestra, which continued in 2007. Additionally, Capenhurst is involved with a number of Shakespeare events for school children at a local theatre. Most recently, LES in New Mexico has set up a sponsorship programme with its local Southwest Symphony orchestra. These examples demonstrate Urenco's commitment to supporting a broad educational and cultural experience for local communities.

At Parent Company level, Urenco's commitment to national culture and the arts has been demonstrated through its sponsorship of The British Museum and the Royal Opera House. Through such financial support Urenco ensures that it both allows access for stakeholders to cultural events and preserves a national heritage for future generations to enjoy.

As a direct response to feedback from a stakeholder survey conducted in 2005, the Urenco Youth Fund - a sponsorship /donation scheme - was established to support projects specifically related to young people. One of the first projects to benefit from the fund was the school science workshops which have now expanded (as detailed on page 13) and will continue to be supported in the future.

During 2007, another project receiving assistance from the fund was the Wildlife Workshops presented in the area near Urenco's Capenhurst site. These workshops were run by members of Cheshire Wildlife Trust (which Urenco also supports – see page 31) and provide children from local schools the opportunity to learn about the environment in which they live.

PLATINUM MEMBERSHIP OF THE CHESHIRE WILDLIFE FUND

Urenco's Capenhurst site is the first company to become a Platinum member of Cheshire Wildlife Trust. As part of their upgraded membership Urenco now sponsors a nature reserve at Moston, near Chester, UK.

In May 2007, the Trust awarded Urenco the 'Eric Thurston Award'. This award has not been presented to any other company and recognises the support Urenco has given the Trust over many years.

SAFETY SUCCESS

Learning by example

As detailed in our previous Sustainability report, the '5S' safety process was successfully introduced at Almelo. Building on this success, the programme was extended to Capenhurst during 2007. This demonstrates the benefits of the 'one company' culture at Urenco, where the sharing of resources and information is valuable for the company as a whole. The system is based on 5 essential steps:

- 'Seiri' or 'Sort' – identify all unnecessary items and decide what to do with them
- 'Seiton' or 'Set in order' – arrange easy and efficient access for necessary items
- 'Seiso' or 'Shine' – clean and keep it clean
- 'Seiketsu' or 'Standardise' – confirm how Sort, Set in order and Shine should happen
- 'Shitsuke' or 'Sustain' – keep it that way, by discipline and teamwork

This initiative will be introduced at Gronau during 2008.

Urenco Capenhurst

During 2007 Urenco's UK site was awarded a second RoSPA Gold Medal for Occupational Safety and Health (this represents recognition for six successive RoSPA Gold Awards).

Urenco's people are considered its most valued resource. As such, employees are treated fairly and with honesty at all times.

At all stages of the working relationship, Urenco strives to ensure it nurtures and develops its employees to the best of their ability. Urenco respects the rules and regulations at all of its international sites in terms of works councils and trade union recognition.

HR5

Freedom of association and collective bargaining

At Capenhurst the arrangements for joint consultation and negotiation operate through an established body called the Company Consultation Forum (CCF). This is the consultative body for employee relations within the company and it is here that pay and general terms and conditions of employment are negotiated.

In the Netherlands it is a legal requirement to have a works council. The works council, or Ondernemingsraad, is controlled by the Works Council Constitution Act (Wet op de Ondernemingsraden). This act dictates very precisely a number of matters which must be referred to the works council for consultation.

In Germany, Urenco has a single works council known as the Betriebsrat. This works council plays an important role in negotiating agreements with the Head of Human Resources and Organisation and in dealing with and representing the employees of the site and also has to be informed when employees are to be dismissed, or before recruiting new staff.

In Marlow, there is neither a trade union nor works council in place. Terms and conditions of employment are maintained to ensure they are both equitable and competitive.

PRODUCT RESPONSIBILITY

Urenco is committed to conducting itself with integrity throughout all areas of its business and in all its relationships with customers, suppliers, employees and stakeholders.

Urenco is regulated both nationally and internationally to ensure the safe transportation of UF_6 both when it is delivered to Urenco's enrichment sites and when it is delivered back to our customers. The Environmental Initiative EN24 on page 27 describes how Urenco is working with regulators, transporters and customers in order to maintain safe and reliable movements of material around the world.

Customer satisfaction

During 2007, a survey of Urenco's customers and non-customer utilities concluded that Urenco is the leading enrichment company in terms of familiarity, favourability and customer service.

The survey, undertaken on Urenco's behalf by the market research company Ipsos MORI, was commissioned as part of Urenco's compliance with the Management Systems standard ISO9001:2000, which requires a regular measurement of customer satisfaction. It was also intended to assess changes in utilities' perception of Urenco since the last survey, conducted in 2004.

Ipsos MORI reported that Urenco leads its competitors in terms of familiarity and reputation, and has strengthened its position since the 2004 survey. 75% of respondents rated Urenco as customer orientated, reliable, friendly and helpful, scoring significantly higher than our competitors. Utilities consider that Urenco's advanced centrifuge technology is one of its key strengths, together with its financial and political stability, its diversity of supply sources, and its attention to customer care.

Most customers noted their awareness of Urenco's company Values, and 96% considered them to be very appropriate. When asked to express their overall satisfaction with Urenco, a greater proportion of responses were in the 'very favourable' category compared with 2004, with no responses in the 'dissatisfied' category. Even so, those that were satisfied with Urenco made some critical comments that will be taken as learning-points for improvement.

Urenco is aware that it will need to keep improving and innovating to ensure that it maintains the highest standards for customer service, and address its customers' future needs, to stay ahead in an increasingly competitive market.

ADHERING TO SITE REGULATIONS

Our commitment to safety is embodied in everything we do

Urenco's focus is on providing safe, cost effective and reliable uranium enrichment services for civil power generation within a framework of environmental, social and corporate responsibility. Our commitment to safety is total. All Urenco sites are regularly and thoroughly inspected by the appropriate authorities working to strict governmental and international controls.

The Government of every country in which Urenco operates has undertaken, in international agreements, to protect nuclear material and centrifuge technology. Wherever we operate, Urenco is regulated by appropriate government authorities. These authorities are responsible for approving the sites' security plans, and monitor and inspect the sites to ensure compliance.

This control and regulation is designed to deliver a number of vitally important safeguards. These include ensuring that uranium is not misappropriated, and that total quantities are accounted for accurately. It is also undertaken to ensure that the highly engineered technology for producing enriched uranium is not acquired by unauthorised persons, and that the plant produces enrichment for civil purposes only.

AIR QUALITY MONITOR

Urenco's Capenhurst site annually sponsors the Air Quality Monitor provided by Ellesmere Port and Neston Borough Council, which measures the air quality across the borough.

The Air Quality Monitor provides a comprehensive source of information about the air composition in the area. Air quality is monitored around the clock at four different sites and the data received compared against the government's health index. Regularly updated web pages provide the latest local data on air quality and smoke nuisance, plus a regional forecast for up to 24 hours.

A representative from the Urenco Compliance Department attends the local Air Quality Forum, which meets twice a year. The forum was set up to allay concerns of residents with respect to the air quality due to the large amount of heavy industrial sites located within the surrounding area. The forum comprises representatives from the local community; through open discussion the Forum seeks to co-ordinate awareness raising initiatives and to identify local priorities.

REPORT PARAMETERS

The purpose of this report is to provide information on Urenco's commitment to sustainability during 2007, as a follow-up to its 2006 / 2007 Sustainability report published in May 2007. In order to assess the Company's performance the report looks at three key areas – environmental performance, social performance and economic performance. The report will now be produced on an annual basis, with this edition covering the period 1 January to 31 December 2007.

The content of the 2007 Sustainability report is largely based on figures already published in a number of separate Urenco reports. The health, safety and environmental data are published by Urenco's operating sites at Almelo (the Netherlands), Capenhurst (UK) and Gronau (Germany) in local reports, depending on the national regulatory requirements.

Whilst these Reports perform important roles in communicating local site issues to stakeholders, it is increasingly important to collate the data in these publications into a single report.

The economic figures are published in the Urenco Annual report and accounts 2007. Urenco's customers request data in order to demonstrate the Company's awareness of sustainability at other points of their supply chain. The areas that the report highlights have been identified as important in terms of GRI guidelines as well as relevant to our key stakeholders. Our key stakeholders in this respect are our customers, shareholders, employees, local communities, the nuclear industry, regulators, governments and the general public. Additionally this report is intended to demonstrate the efficiency and low impact of Urenco's centrifuge technology in the uranium enrichment process, as well as the wider benefits of nuclear energy as a whole.

This is the third Sustainability report published by Urenco. The report utilises specific data collected from across UEC by site-based Compliance teams and follows the GRI sustainability guidelines wherever possible. This report primarily relates to the UEC arm of the Urenco Group. This includes the Head Office based in Marlow, Buckinghamshire, and its subsidiaries in the UK, Germany and the Netherlands. In future reports there will be increasing reference to the new site in New Mexico in the US.

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GRI INDEX AND GUIDELINES

Economic

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

EC3 Coverage of the organisation's defined benefit plan obligations.

Environmental

EN2 Percentage of materials used that are recycled input materials.

EN3 Direct energy consumption by primary energy source.

EN4 Indirect energy consumption by primary source.

EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

EN8 Total water withdrawal by source.

EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.

EN16 Total direct and indirect green-house gas emissions by weight.

EN20 NOx, SOx, and other significant air emissions by type and weight.

EN21 Total water discharge by quality and destination.

EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

EN26 EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Human Resources

HR5 Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.

Labour

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.

LA9 Health and safety topics covered in formal agreements with trade unions.

GLOSSARY OF TERMS

Areva

The French energy and connectors Group.

Assay

This describes the relative proportion of the useful uranium ^{235} (U^{235}) isotope with respect to the total amount of uranium.

Capital investment

Purchases of property, plant and equipment and investments in intangible assets.

Deconversion

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

EBITDA

Earnings before interest, taxation, depreciation and amortisation (where earnings is profit for the year from continuing operations).

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 nuclear power reactors.

ETC

Enrichment Technology Company Limited.

Euratom

The European Atomic Energy Community, established in 1957 by members of the European Union.

EUP

Enriched Uranium Product, i.e. UF_6 enriched, typically, to between 3% and 5% U^{235} content.

Feed

Natural or reprocessed uranium, previously converted to UF_6.

GDP

Gas diffusion plant.

Gas centrifuge

A uranium enrichment process which uses rapidly spinning cylinders to separate the fissionable U^{235} isotope from the non-fissionable U^{238} isotope.

Gaseous diffusion

A uranium enrichment process which uses porous barriers to separate the U^{235} and U^{238} isotopes.

IAEA

International Atomic Energy Agency.

Joint Committee

The committee of representatives of the Governments of the Netherlands, the UK and Germany that oversees Urenco's compliance with the Treaty of Almelo.

LES

Louisiana Energy Services Limited Liability Company is the US partnership that is the investment vehicle for the National Enrichment Facility.

NEF

National Enrichment Facility - Urenco's enrichment plant under construction in New Mexico, USA.

Net financial debt

Loans and borrowings (current and non-current) less cash and cash equivalents.

Net profit

Profit for the year attributable to equity holders of the parent.

Net working capital

Inventories, trade and other receivables, and cash and cash equivalents, less the current portion of trade and other payables.

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.

NRC

Nuclear Regulatory Commission - the United States Nuclear regulator.

GLOSSARY OF TERMS

Order book
Contracted and agreed business.

Product assay
The U^{235} concentration of the product material.
Typical light water reactors require between 3% and 5% U^{235} to operate efficiently.

R245fa
A refrigerant gas.

SWU
Separative Work Unit. The standard measure of the effort required to increase the concentration of the fissionable U^{235} isotope.

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

Tails assay
The U^{235} concentration of the by-product material (depleted UF_6). Material is extracted naturally from mines at 0.711% U^{235} and Urenco's by-product is typically below 0.3% U^{235}, still containing a considerable amount of this fissionable U^{235} isotope.

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.

Treaty of Cardiff
In July 2005 the German, Dutch, British and French Governments signed the Treaty of Cardiff, an agreement between the four Governments to supervise the collaboration between Urenco and Areva in their joint venture, ETC.

Treaty of Washington
In July 1992 the German, Dutch, British and Unites States of America Governments signed the Treaty of Washington, an agreement which was required in order to permit the establishment of the NEF.

tSW
Tonnes of separative work.

tSW/a
Tonnes of separative work per annum.

Turnover
Revenue from the sale of goods and services.

UEC
Urenco Enrichment Company Limited.

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 isotope found in natural uranium.

U^{238}
The non-fissionable isotope found in natural uranium.

U_3O_8
Uranium oxide, the most stable form of uranium.

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