Working together to create a cleaner, circular world

Renewi plc Annual Report and Accounts 2021

renewi
waste no more

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We are working together with our customers, business partners and employees to create a cleaner, more circular world. Throughout this report we have highlighted some of our most exciting projects, which demonstrate the range of work we are involved in.

Customer collaboration

Unilever are as committed as we are to the circular economy, and we are working alongside them on a waste separation project

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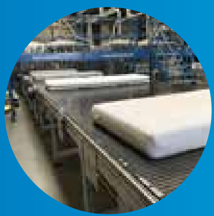

Mattress recycling

One year on, our investment in RetourMatras together with IKEA Group has saved one million mattresses from the incinerator, and we are in the process of increasing capacity

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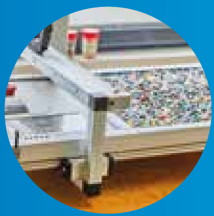

Advanced sorting

By investing in new technologies and innovating, we are building the foundations of a stronger, more sustainable future for us all

Page 28

Upcycled soil

ATM is making significant progress in producing secondary building materials from contaminated soil

Page 34

Bio-LNG

Along with our partners, we are going to build the first commercial bio-LNG plant in Europe. This clean alternative to diesel will help to decarbonise the transport industry

Page 36

Best techniques

European Union legislation gives guidance on best available technique references, but the Netherlands and Belgium go above and beyond

Page 49

Zero-emission trucks

Zero-emission waste collection is the future, and our first zero-emission vehicle shows our dedication to being a leader in this space

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WE ARE RENEWI

Our purpose is to protect the world by giving new life to used materials.

We recognise the value of waste and look for new ways to create something new out of discarded materials. We are committed to turning residual materials into secondary raw materials. In so doing we protect the world's natural resources and preserve the planet for future generations. This puts us at the heart of the circular economy, while creating value for our stakeholders. This purpose closely aligns with our business strategy: to be a leader in recycling and in secondary materials production.

Our purpose is in step with developments in the countries where Renewi operates and beyond: businesses across Europe, including Benelux, are exploring sustainability, driven by legislation, the wider economy and social pressures. We are working with companies to help them achieve their own sustainability targets.

Our vision is to be the leading waste-to-product company in the world's most advanced circular economies.

This differentiates Renewi as a company that focuses on extracting value from waste and supplying high-quality secondary raw materials.

We are positioned higher up the value chain in the segments expected to show structural growth. Our industry is driven by increasing environmental legislation, particularly in the European Union, such as the Circular Economy Package.

Key figures

Financial performance

€1,694m
Revenue
(FY20: €1,697m)

€73.0m
Underlying EBIT*
(FY20: €75.5m)

€47.4m
Underlying profit before tax*
(FY20: €42.5m)

€11.0m
Statutory profit for the year
(FY20: €77.1m loss)

Sustainability performance

0.261
Carbon avoidance intensity ratio
(FY20: 0.257)

65.8%
Recycling rate
(FY20: 64.7%)

1,495
>3-day accident rate
(FY20: 1,504)

+21
Employee net promoter score (eNPS)
(FY20: +14)

*Financial measures for the prior year are quoted on an ongoing business basis and exclude all sold businesses (both continuing and discontinued operations). The definition and rationale for the use of non-IFRS measures are on page 206.

STRATEGIC REPORT

Enabling the circular economy is the core of what we do. As the world tries to limit global warming to below 2°C, closing the loop and becoming more circular is more urgent than ever. Our purpose is to protect the world by giving new life to used materials, and our business and sustainability strategies are both consistent to help us to fulfil this

RENEWI AT A GLANCE

We have over 6,500 employees in six countries, working across three customer-facing Divisions, all united behind our vision: to be the leading waste-to-product company in the world's most advanced circular economies

Our structure

Our business is organised into three Divisions. Our Board and Executive Committee have ultimate oversight of the entire Company

Commercial Waste

Our Commercial Division is the market leader within both the Netherlands and Belgium. It provides a wide range of waste-to-product solutions and represents around 72% of Renewi's revenues. The commercial waste market covers the collection, sorting and processing of waste materials from a range of sources.

Mineralz & Water

Our Mineralz & Water Division consists of our ATM and Mineralz businesses. Its activities are centred on decontamination, stabilisation and reuse of highly contaminated materials, including soil, sludge, water, bottom and fly ash, and packed chemical waste. It produces certified secondary raw materials for the construction industry.

Specialities

Our Specialities Division consists of three businesses: Coolrec, Maltha and Municipal. These are focused on processing of specific waste streams: waste from electrical and electronic equipment (Coolrec), glass (Maltha) and residual municipal waste (Municipal). The operations span the Netherlands, Belgium and the UK as well as France, Portugal and Hungary.

Pure-play waste-to-product recycling company

Operating for over 100 years

Listed on London Stock Exchange since 1988, and on Euronext Amsterdam since 2020

Launched as Renewi in 2017 when Shanks and Van Gansewinkel Groep were combined

Benelux market leader

Operating in the Netherlands, Belgium, UK, France, Portugal and Hungary

165 operating sites

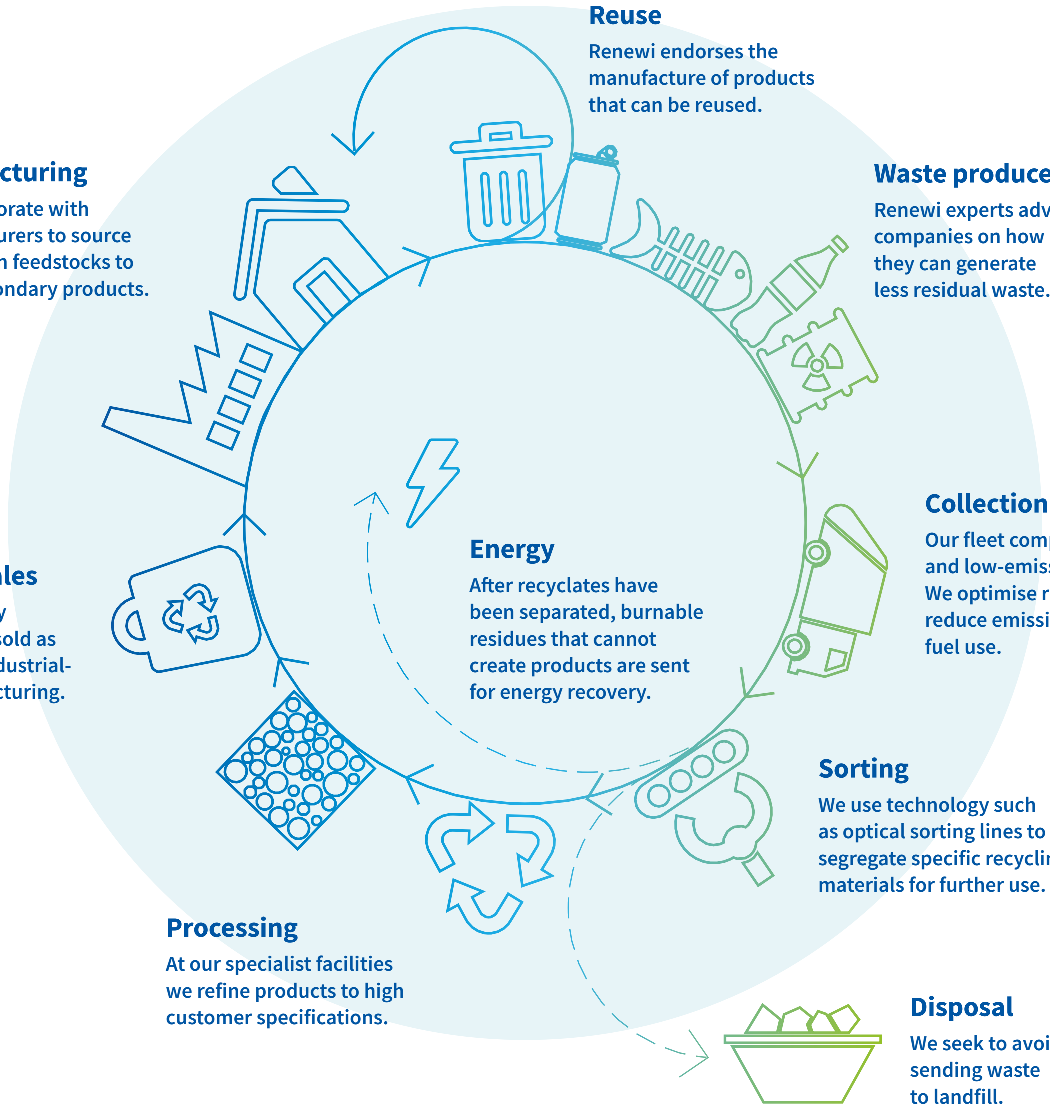
6,586 employees at year end

Our role at the heart of the circular economy

It is essential that the world takes action on climate change. Europe's ambitions are high, but relying on the current climate policy is not enough. There has never been so much raw material extraction, product manufacture, consumption and waste as there is today. The extraction and processing of materials is responsible for 70% of all greenhouse gases. Renewi's role is to slow down the need to extract and process primary raw materials by giving new life to used materials through the creation of high-quality secondary raw materials. This puts us at the heart of the circular economy – at the heart of climate action.

For more information on how we are enabling the circular economy, see Enable the circular economy on page 59

For more information on our sustainability strategy, see our Sustainability Review at renewi.com



Reuse
Renewi endorses the manufacture of products that can be reused.

Waste producers
Renewi experts advise companies on how they can generate less residual waste.

Collection
Our fleet comprises zero- and low-emission trucks. We optimise routes to reduce emissions and fuel use.

Sorting
We use technology such as optical sorting lines to segregate specific recycling materials for further use.

Disposal
We seek to avoid sending waste to landfill.

Processing
At our specialist facilities we refine products to high customer specifications.

Product sales
Our secondary products are sold as inputs into industrial-scale manufacturing.

Manufacturing
We collaborate with manufacturers to source and design feedstocks to make secondary products.

Energy
After recyclates have been separated, burnable residues that cannot create products are sent for energy recovery.

What makes us different

1. We are recognised as a waste-to-product leader in sustainability at the heart of the circular economy.
2. As a pure-play recycling company we exclusively focus on extracting value from waste rather than on its disposal through incineration or landfill.
3. Our waste-to-product approach addresses social and regulatory trends, and offers the most efficient solution to recycle used materials.
4. We have been recognised for our strong ESG performance. For example, S&P Global Ratings scored Renewi 83 out of 100.

A MESSAGE FROM THE CHAIRMAN

Ben Verwaayen

I am pleased to report that Renewi has performed with resilience during this Covid-19-impacted year. We maintained full services to our customers, kept our people safe from the worst effects of the pandemic and our financial performance was significantly more robust than we had originally expected. This performance is due to the dedication of the women and men of Renewi in ensuring that we could meet all our commitments. I would like to thank them all.

Our ambitions in the circular economy

The disruption of Covid-19 is a tiny foretaste of what is to come if our global society does not address the issues of climate change and sustainability. As *The Circularity Gap Report 2021* has concluded, society cannot achieve its carbon reduction targets without also very significantly increasing the reuse of materials in a circular economy. We have therefore maintained our singular focus on evolving Renewi to address these critical challenges for our collective future. We have an ambition to be a leading player in providing circular solutions in advanced economies, initially in the Benelux but ultimately in other territories as regulatory conditions make our circular initiatives economically viable or even mandatory. We are committed to making a positive impact on all the societies within which we work: reducing carbon emissions, reusing materials to preserve virgin resources, reducing pollution, and engaging with and educating our communities about circularity.

THE STRENGTH OF AN ORGANISATION IS ITS PEOPLE. THANKS TO THEM, WE HAVE NAVIGATED THROUGH COVID-19 AND TAKEN IMPORTANT STEPS ON OUR JOURNEY TO BE A LEADER IN CREATING AN ECONOMY WHERE MORE AND MORE OF OUR MATERIALS ARE REUSED

Making progress on our journey

With these ambitions, your Board and the Executive leadership of Renewi are clear that we are at the start of our journey to create the Renewi of the future. We will digitise our front-end operations to improve the customer's experience. We will increase the margins and cash generation of the company to provide the funds for our growth. We will invest in new technologies and capacity to increase our recycling rate to 75% and to increase the quality of our secondary materials. We want to be a leading voice and a change agent to help our societies move to the next level in circularity. We will continue to modernise and make Renewi a more diverse and inclusive place to work. We will drive a step change in the safety culture and performance of the company. This is a multi-year journey, with good progress made in all areas in this first year of my chairmanship. We are pleased with the first steps we have made, without ever losing sight of our ambitions for the future.

Our ambitions for improved safety

Safety remains the first of our six values and a significant focus of this Board. We have achieved some good things during the past year: rolling out our 10 Lifesaving Rules and increasing the rate of reporting of 'near misses' – an indicator of a growing safety culture. However, all this progress is overshadowed by the death of two of our colleagues when at work, by road traffic incidents involving the public, and by an unacceptable number of potentially fatal near misses. In response to this, we have created a new Safety, Health and Environment Committee of the Board to work alongside Executive Management to oversee an accelerated transformation in the safety culture and performance of the Company. The first report of this Committee is on page 101 of this Annual Report.

EPS and dividend

Given the disruption of Covid-19, we were pleased to report a 15% increase in underlying earnings per share from our ongoing businesses to 4.5 cents (FY20: 3.9 cents). A significant reduction in exceptional items also meant that Renewi reported a statutory profit of €11m (FY20: net loss of €77m). Significant uncertainty remains in the macroeconomy. Therefore, as previously announced and notwithstanding the stronger than expected performance during FY21, the Board has not declared a final dividend for the year. The future resumption of dividends will be kept under review during FY22 and will take into account the Group's trading performance, leverage, macroeconomic outlook, and significant changes in the investment and growth opportunities for Renewi.

Our colleagues admirably rose to the challenges posed by Covid-19

Corporate governance

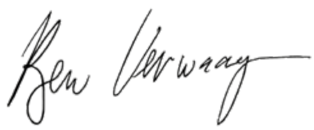
The Board continues to aim for the highest standards of corporate governance. Details of our policies and procedures, including those relating to the role and effectiveness of the Board and compliance with the UK Governance Code, are set out in the Governance section on pages 92 to 100.

Working together towards a circular future

Our purpose is to give new life to used materials; our sustainability and business strategies are aligned and entwined. We can't do it alone. Renewi partners with customers, technology providers and suppliers to build the circular economy. Sustainable solutions are not always as cheap as alternative means of disposal, such as landfill or incineration. Therefore, the circular economy also requires a clear regulatory framework to create an environment to attract investment. Carbon taxes, increased producer responsibility and mandatory secondary material requirements are effective long-term bases through which to incentivise the circular transition. Clear regulation is also needed on the levels of purity required in secondary materials. Much is being done and the regulation continues to support the transition, but we urge policymakers to move further and faster with these initiatives if they wish to achieve public targets such as being 50% circular by 2030.

Passion and dedication

I end this statement where I started; with our people. The strength of an organisation is its people. Thanks to them, we have navigated through Covid-19 and taken important steps on our journey to be a leader in creating an economy where more and more of our materials are reused. We are developing new solutions and installing new capacity to increase reuse and the quality of the secondary materials that we provide to manufacturers. We also recognise the loyalty of our shareholders and our banks during a challenging year and their consistent support for our journey to be a leader in the circular economy. The Board extends its thanks to all our people and our other supportive stakeholders.



Ben Verwaayen
Chairman

OUR BUSINESS: CREATING VALUE FOR STAKEHOLDERS

We consider our stakeholders in every decision we make. Our purpose and vision lead our strategy, with our ultimate aim being to benefit our stakeholders and wider society

Led by

Our purpose

To protect the world by giving new life to used materials

Our vision

To be the leading waste-to-product company in the world's most advanced circular economies

Taking into account

The world we live in

Climate change is the key issue of our times; the circular economy is a key part of the solution

Page 12

The resources we need

Our people, investments, innovation and technology are all essential to our business

Page 16

The views of our stakeholders

We encourage feedback from all our stakeholders, so that we can continue to grow and strengthen our business

Page 24

Driven by

Our strategy

We launched our enhanced strategy a year ago, and it is led by three market-facing pillars, underpinned by the Renewi 2.0 programme that will deliver a more efficient and digital customer experience.

1 Leader in recycling

2 Leader in secondary material production

3 Selectively gain market share

RENEWI 2.0
Digitalisation of the customer experience and
Simplification for efficiency and returns

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Our sustainability themes

Our enhanced business strategy and our sustainability strategy are closely aligned and complement one another. We have three sustainability themes that run through all our work.

- Enable the circular economy
- Reduce carbon emissions and waste
- Care for people

Page 20

Underpinned by our values

Safe
Safety above all else

Innovative
Do it better every day

Sustainable
Make a daily difference to our planet

Creating value at the heart of the circular economy

What we do

We generate revenue from collecting and processing waste and by selling the recyclates and energy we produce. Our focus is shifting towards the downstream end of the value chain in line with market value – from collection to processing. We plan to deliver more and higher-quality secondary raw materials and biofuels. This focus on creating products from waste differentiates us from many large competitors who typically draw revenues from incineration activities.

Page 6

For all stakeholders

We regularly engage with all our stakeholders, taking on board their feedback so that we can continue to address key issues, add value and resolve any problems .

- Waste-producing customers
- Product customers
- Innovation partners
- Suppliers
- Employees
- Local communities
- Government
- Regulators
- Investors
- Lenders

Pages 24 to 26

Aligned to the UN SDGs

Accountable
Do what we say we'll do

Customer-focused
Add value for our customers

Together
Always open and respectful

THE WORLD WE LIVE IN

Our purpose is to protect the world by giving new life to used materials. We do so by converting as much waste as we can into new raw materials, reducing pollution and preserving virgin resources

We engage with all stakeholders to address the big issues facing our planet and the communities in which we operate, and we partner with leading sustainable companies to innovate to accelerate the transition to a circular economy and protect the planet.

Climate change and a demanding regulatory agenda

The challenge Climate change issues constantly generate new policy and legislation, at both the national and international level. The United Nations Sustainable Development Goals (SDGs) set environmental targets, the European Union Circular Economy Action Plan promotes circular processes and sustainability, and the Dutch Government, for example, has a range of legislation to mitigate climate impacts, including secondary product targets, taxation on incineration and landfill, and planned carbon taxes.

In February 2021 *The Circularity Gap Report 2021* was published by impact organisation Circle Economy. The report highlighted that by designing out waste and pollution and keeping products and materials in use it is possible to put the world onto a path in which global warming can be kept below 2°C within 11 years. This will be achieved if the world economies double their circularity from 8.6% currently to 17%.

Our solution Our purpose directly addresses climate change and the consequent legislative and policy agendas. Our activities meet the needs of regulators and legislators; driving the circular economy is at our heart; we make secondary products and materials; we help customers to reduce waste; and we create green energy and biofuels – all of which address climate change.

The circular economy

The challenge In order to meet *The Circularity Gap Report 2021*'s recommendations, more waste will need to be turned into product and economies must become fully circular.

Our solution To achieve circularity, business has to focus on closing the production loop, so that old products are recycled into monostreams and then further refined and reprocessed into high-specification secondary products that can be reused in production processes. Since this is our entire waste-to-product focus, we are well placed to make the circular economy a reality. This is also a central pillar of our sustainability strategy. We target diversion of all possible waste away from energy recovery and, as a pure-play recycler, we have no energy-from-waste facilities to keep full. Instead, we maximise recycling and secondary materials production. Landfill is already minimal in the Netherlands and Belgium and we welcome the continued transition away from landfill in other European countries.

See page 59 for more on how we aim to enable the circular economy.

THE CIRCULARITY GAP REPORTS SHOW THE CIRCULAR ECONOMY'S ENORMOUS EMISSION MITIGATION POTENTIAL AND KEY ROLE IN ACHIEVING OUR CLIMATE GOALS. WE NEED SYSTEMIC CHANGE IN HOW WE USE OUR RESOURCES THAT GOES BEYOND RECYCLING AND INCORPORATES NEW BUSINESS MODELS, DESIGN AND METRICS

***Stientje Van Veldhoven, Minister for the Environment, Netherlands, in a comment for* The Circularity Gap Report 2021**

Pollution

The challenge Society is increasingly intolerant of pollution, and improved detection capabilities now identify trace levels in ever smaller amounts. This gives legislators more opportunity to set a higher sustainability standard on CO_2 and other emissions, and trace residual chemicals in secondary materials to be used in industrial processes. On the other hand, the use of secondary materials will likely require some tolerance for safe and negligible levels of contamination.

Our solution We have ambitious targets for our operations and fleet to stay at the forefront of the best practice standards in our industry, and we work with regulators to tackle pollution and progressively increase standards that are achievable using industry best practice.

Digitisation

The challenge Many of our stakeholders – customers, suppliers and employees – now expect digital access to services and information and are less tolerant of manual processes.

Our solution Renewi 2.0 has a major focus on automation and digitisation: we're rolling out a digital customer interface where customers can place and amend orders. They can also see how they contribute to CO_2 reduction as their waste gets recycled and reused. We are also progressing plans to implement digital waste acceptance and eliminate manual paperwork.

See page 18 for more on Renewi 2.0.

The job market

The challenge The labour market environment was unusually benign during the past year as a result of the pandemic; however, the long-term trend is adverse for manual roles in the waste management industry, such as driving, loading and sorting. The pool of people wanting these roles is expected to shrink and is ageing, as younger prospective employees often prefer jobs with less manual work.

Our solution Reducing manual intervention and increasing automation counter this trend, and there are many instances where we have introduced incremental automation across our operations. These include upgraded optical separation technologies on our sorting lines, which replace historically manual activities.

The waste market

The challenge The waste market is in transition, and is currently focused on the movement from incineration to recycling and from recycling to secondary products, with value and margins migrating from collection activities to processing and treatment. Industry leaders will need to invest in innovation, scale processing technologies and clean collection.

Our solution We're focused on circular innovation and new technologies, developing partnerships for recycling processes and sustainable products. We collaborate with the most sustainability-focused companies in the region on emerging and innovative technologies to recover useable materials and to refine these into valuable secondary materials.

Competitive landscape

The challenge The sector in our region is seeing a significant amount of M&A activity. Our single largest competitor has made an agreement to sell its operation in the Netherlands. The same player, also operational in Belgium, is a potential target for an acquisition in that country. In the UK, where the market is more fragmented, a number of participants are expected to change hands in the near future.

Our solution It is our strategy to selectively grow our market position and we see interesting opportunities arising from these changes.

See pages 42 to 58 for more on our business strategy.

COVID-19: OUR RESPONSE

We reacted swiftly to the pandemic, prioritising the safety of our employees and other stakeholders, ensuring the continuation of our business activities and making the necessary financial adjustments

Responding quickly: our Virus Response Team

On 1 March 2020 our Executive Committee, anticipating the seriousness of the Covid-19 outbreak, followed our established crisis protocol and the Virus Response Team (VRT) was created to oversee our pandemic response. Leaders from central teams such as health and safety, human resources and communication supported the divisional leadership to monitor the situation and create response plans and policies. The VRT's priority was the safety of our employees and other stakeholders and ensuring the continued operation of our essential activities to the communities and companies we serve.

Our precautions and social distancing measures helped keep infection rates relatively low, with 443 confirmed infections among our colleagues and a few more suspected self-isolating cases during the year. These incidences peaked in the later waves of the pandemic. Overall, the Group's sickness rate has been below the rate for FY20. The lost work time as a result of the Covid-19 virus has not impacted our operations and customer service has been maintained throughout.

Employees

We thank each and every one of our frontline employees who have continued to collect and process waste throughout the Covid-19 crisis, ensuring the continued operation of a vital industry that supports the effective functioning of the economy. Thanks also to all our office-based staff who have shifted to working from home, providing continuity of the critical support activities necessary for our business.

Our employees have adapted to ensure social distancing, implemented necessary sanitation and personal protective equipment (PPE) requirements, and completed all the necessary adjustments to respond to the virus. We have also focused on the mental health of our employees to encourage awareness of the issues that such rapid and profound changes to working practices can cause, and to ensure there is support where needed.

In such a rapidly changing environment, our teams pulled together exceptionally well to respond to the situation as it evolved. In recognition of the outstanding performance of all our staff throughout the pandemic we awarded a thank you bonus of €200 to each of our 6,000+ frontline and operational support team members.

1,500
colleagues transitioned to working from home in around 48 hours

443
confirmed cases reported among colleagues

€19m
cost savings delivered, exceeding the original target of €15m

€44m
lower capital expenditure than target

Customers

The initial phase of the first lockdown in 2020 saw a significant effect on business activity, including lower roller bin volumes and disruption to waste flows, with the closure of container parks and other essential parts of the waste processing value chain. Then we saw a significant improvement during the remainder of the first quarter, benefitting from changes in working practices across the industry including the adoption of social distancing, masks and sanitation. As a result, volumes grew steadily towards pre-Covid-19 levels throughout the year.

There was ongoing disruption throughout FY21 to the hospitality and leisure sectors as well as shifting working patterns, with large proportions of office workers working from home where possible rather than in their usual office locations. These changes altered patterns of waste flow away from traditional commercial locations and increased the volume of household waste. As the shift in patterns of work increased demand for home office spaces, we saw additional bulky waste and demolition waste in our Commercial Divisions.

As shops have been closed, volumes of home delivery have increased the demand for packaging materials, and with lower office attendance, quality segregated paper collections have been reduced. This favourable impact on both supply and demand has supported a price recovery for paper.

Innovation

Necessity is the mother of invention. One of our key Group values, innovation, has been at the heart of our successful adaptation to the pandemic. In the space of around 48 hours we were able to transition more than 1,500 colleagues to working from home, with minimal loss of productivity. Social distancing measures were implemented in our facilities and masks were issued to our drivers, along with new high-visibility clothing asking members of the public to keep their distance. New digital acknowledgements of customer collections were introduced to replace handwritten documents. Perhaps most strikingly, Renewi partnered with van Straten and GreenCycl to introduce a sterile recycling service for hospital PPE at a time when supplies were running critically low.

Economy

Government schemes have supported our customers and, as a result, we have seen few insolvencies or payment issues so far. We continue to anticipate that the withdrawal of government support will trigger business failures during the recovery phase, and the late-cycle construction sector is forecast to contract after a robust performance during 2020.

As we emerge from the Covid-19 economic crisis and governments start to re-establish fully functioning economies, there is consensus to rebuild those economies back stronger and more resilient, with a focus on a green recovery that promotes sustainability. This consensus supports establishing circular economies and reuse of materials – both of which are at the heart of our business model.

Cost and cash savings: FY21

Cost and cash savings	FY21 Target	FY21 Actual
Operational costs	€8m	€10m
Staffing costs	€7m	€8m
Structural costs	–	€1m
Total costs	**€15m**	**€19m**
Capex	€35m	€44m
Dividend	€10m	€14m
Total cash	**€60m**	**€77m**

We have seen strong support, including visits to our sites by senior government ministers and the Dutch prime minister, and also from our communities, with messages of support and thanks for our ongoing services.

Cash and cost actions

Cash and cost actions related to Covid-19 were swift and effective. We have exceeded the original targets of €15m cost savings and €60m cash savings, delivering €19m and €77m respectively.

The largest contribution to this was a reduction in our capital expenditure during the year, which was reduced to €62m, 16% lower than the previous year. We expect replacement capital expenditure to normalise during the next 12 months and growth capital expenditure to increase.

Staffing cost reductions were led by our Board and members of the Executive Committee, who voluntarily took reduced salaries during the initial lockdown. In addition, we took action to right-size staffing needs in response to the impact of the virus, including reducing overtime, reducing temporary workers and using temporary unemployment measures in Belgium. Renewi did not make use of Covid-19-specific government support schemes in the Netherlands or the UK. We also reduced operational costs.

We took the decision to close six processing lines or sites, providing structural cost reductions. In addition to these company-led initiatives, €60m of payroll and sales taxes have been deferred and will now be repaid over a three-year period starting during the next financial year.

Our relationship banks provided significant covenant headroom during the period of the pandemic, reverting to our long-term levels of 3.5x leverage ratio and 3.0x interest cover by September 2021. We were grateful for this precautionary support, but even more pleased that the combination of resilient business and our swift actions meant that leverage actually fell through the year and remained well within our normal covenant levels.

PROGRESS AGAINST OUR BUSINESS STRATEGY

We launched our business strategy a year ago and we will continue to set, refine and meet targets to further strengthen our position as a waste-to-product market leader

Renewi launched its enhanced strategy exactly one year ago, supporting its vision to be the leading waste-to-product company. This further differentiates Renewi as a pure-play recycler, a company that focuses on supplying high-quality secondary materials, which we believe is the best way to extract value from waste and contribute to a solution to the world's climate problem.

The strategy is based on three market-facing priorities to build our leadership position in the circular economy, and our more internally oriented Renewi 2.0 programme aimed at simplifying processes and digitising Renewi.

Market-facing strategies

1. Leader in recycling
Recycling is central to our waste-to-product mission, and also answers market demand.

2. Leader in secondary material production
Improving the quality of the products we produce increases the value of what we recycle.

3. Selectively gain market share
This strategy helps us grow the total volume of waste treated.

We've made good progress against our strategy, as set out in the table to the right.

Internal improvement strategies
These strategies, forming our Renewi 2.0 programme, are making Renewi leaner and more efficient through digitisation and simplification.

Digitisation of sales and services to improve the customer experience.

Simplification of processes across Renewi's Divisions to boost efficiency and reduce costs and errors.

See page 18 for further details of the Renewi 2.0 improvement programme.

Leader in recycling

Why
Recycling is key to realise our waste-to-product vision, and there is a strong market need that supports this vision. Customers, society and regulators are focused on increasing diversion from incineration and landfill because recycling and re-use reduce CO_2 emissions, pollution and resource depletion.

Measuring success
Key metrics to track our progress include our recycling rate, which is the percentage of our treated volumes that are diverted from incineration or landfill, and the realised carbon avoidance, which is the amount of CO_2 avoided in the supply chain by recycling. We will track innovation by the amount of waste treated by cutting-edge and upgraded processes.

Targets/progress
- We currently recycle 65.8% of volumes treated, an increase over last year's figure of 64.7%, driven mostly by a significant increase in recycled volumes within Commercial and Mineralz & Water (M&W) and a decrease of landfill across all Divisions.
- Mission75 is our Group-wide initiative to increase our recycling rate to 75% by 2025, an increase of 1.3m tonnes against our FY20 levels. We are focused on innovations that can avoid waste going to incineration and landfill, such as mattress recycling, among many others (see page 64 for more details on Mission75 and page 32 for more details on our innovations).

Risks
The biggest threats to recycling are alternative treatment methods, particularly incineration, and alternatives to secondary materials, most notably, virgin materials. We innovate to find new ways to divert waste streams away from incineration, by keeping sorting and processing costs at a competitive level and by lobbying for favourable regulation of recycling vs incinerating. Virgin material is dependent on commodity prices, government policy and the ability of production companies to work with secondary materials.

Future focus
- We will continue to invest in additional sorting and processing of waste streams currently going to incineration or landfill. Under our Mission75 initiative, we are determined to increase our recycling rate still further, towards 75% in FY25.
- We will continue to innovate with leading partners to find solutions to 'close the loop', including those identified in our innovation pipeline (page 32). Some examples that will fuel our growth are the continued expansion of our mattress recycling facilities, the advanced sorting of residual waste in Belgium, and the advanced recycling of waste plastics and wood.

Leader in secondary material production

Why

To build a circular economy, the usage of secondary raw materials must increase. We expect that most customers eventually will be prepared to pay a higher price for high-quality secondary raw materials, and are already seeing several examples of this.

Measuring success

We currently recycle as much of our incoming volumes as possible into secondary materials. A part of that is further treated by Renewi and the remainder is treated by other parties. We aim to significantly increase the value of our products by investing in advanced processing of our materials, which we call 'spread expansion', increasing the value we create per tonne of waste and producing high-quality secondary materials.

Targets/progress

- We have set an ambitious target of €20m additional EBIT from advanced sorting and processing.
- A notable example includes the additional processing of thermally treated soil (TGG) into secondary products sand, gravel and filler.
- We have also produced ready-to-use building products which bring greater economic value than TGG did (see page 34). We have expanded our mattress recycling capacity, which now stands at one million mattresses per year in the Netherlands alone (see page 23); a further example is our bio-LNG production venture (see page 36).

Risks

On the market side, a risk includes the readiness of customers in being able to accept secondary materials to replace their current virgin input streams. Changes to regulation also remain a key risk. While these are predominantly in favour of recycling and secondary material use, the sometimes unpredictable nature of the pace and specifics of regulation make it hard to anticipate. On the internal side, secondary material production requires Renewi to operate and compete in new markets or pioneer new technologies, which has inherent risks.

Future focus

- We aim to continuously improve the quality and 'spread' of the products we produce, by investing in new and innovative treatment technologies.
- Please refer to our innovation pipeline (page 32) for the latest overview of innovations contributing to this strategy.

Selectively gain market share

Why

Renewi operates in advanced circular economies where volumes are mostly driven by economic activity – an example is GDP or construction activity. We will continue to grow and acquire leadership positions in advanced recycling and secondary material processes which will allow us to increase market share.

As other countries progress towards becoming advanced circular economies we expect to find opportunities to extend the deployment of our technologies and know-how to these markets. Adding new markets and extending the scope of our operations will allow us to grow the total volume of waste treated.

Measuring success

Our primary focus is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, with this strategy we will selectively increase volumes through net customer gains and market share growth, niche acquisitions and, at the right moment and with the right opportunity, also through geographic expansion.

Targets/progress

- Total volumes processed: 12.1m tonnes (FY20: 13.2m tonnes), down 8.5% on the prior year. Volumes decreased within Commercial and Specialities. Small increase within M&W.
- Despite Covid-19 and lockdowns causing reductions in overall waste volumes, many waste streams have been resilient. We have seen notable increases in construction and demolition, bulky waste and healthcare.
- To support our ambition to become more active in M&A we've started to build a central business development team, rolled out our M&A approach and begun building a pipeline of acquisition opportunities per division.

Risks

Renewi is the market leader in the Benelux and a leader in most of the segments in which the Company operates, which limits significant volume growth opportunities. Entering new waste streams with organic volume growth opportunities brings inherent risks.

Future focus

- We are continuously evaluating opportunities for growth. For inorganic growth we'll consider both smaller acquisitions as well as larger ones that bring synergies and fit well with our strategy.

Renewi 2.0

This process improvement programme is a key pillar of our enhanced business strategy; we recognise that to be a leading waste-to-product company we must streamline our internal systems as well as enhance focus on our customers

Simplifying processes via Renewi 2.0

Renewi was created in 2017, bringing together Shanks and Van Gansewinkel Groep. The post-merger integration programme focused primarily on harmonising operational processes, integrating our shared service activities, and building one Renewi brand and culture. It successfully delivered the expected €40m of synergies in the first three years.

This year we launched Renewi 2.0, the next chapter of our integration and business optimisation journey. It will reduce complexity in our service offering, harmonise business processes, simplify the IT systems and streamline organisational design alongside improving master data. The Renewi 2.0 programme will deliver a €20m EBIT improvement run rate by the end of 2023. It will also improve customer and employee experiences with frictionless processes, to be measured by customer and employee Net Promoter Scores.

The programme consists of eight themes and around 30 projects. The first three themes are focused on the lead-to-order sales process. Under the first theme, Digital Customer Experience, we enhance our online sales channel. We launched the 'MyRenewi' online customer platform and mobile phone app for the Commercial Waste Division during the first year. MyRenewi makes interactions with customers frictionless and efficient, meeting their preferences to connect digitally.

€2.2m

Amount of net benefits Renewi 2.0 has delivered since its beginning in April 2020

MyRenewi is our online customer platform and mobile phone app

In the second theme, Digitise Internal Sales Processes, we transition to a 'touchless' service provider, ultimately allowing orders to flow from the customer directly to operations. The third theme, Strengthen Commercial Capabilities, will improve our commercial teams' quality and skills through knowledge management, sales tools, and training and development.

The fourth theme, Benefit from Complexity Reduction, focuses on making the fulfilment or order-to-cash process smoother and on eliminating the root cause of less effective parts of our service delivery.

Backbone functions like finance, procurement, HR and IT are also focus areas for further improvement. These functions, and their processes and procedures, require alignment and simplification across the Group. The remaining four themes address each of these functions. In particular, procurement is implementing a new and central procure-to-pay programme, PEAR (Procurement made Easy Across Renewi), and has installed leading software (Coupa) in order to drive the quality of our supply base up and obtain cost efficiencies.

Since its start in April 2020, the programme has delivered €2.2m, slightly ahead of the expected benefits. We will deliver further savings over the next few years as we grow our online sales, expand the number of customers using MyRenewi and further enhance its user management functionality. We will extend the scope of Coupa to increase control in the supply chain while aiming for efficiency gains and cost reductions.

Further digitising our processes means our systems are quicker and easier to use

INNOVATION IN ACTION
Working together to create a cleaner, circular world

CUSTOMER COLLABORATION

As part of our commitment to give new life to used materials, we work alongside companies, providing guidance and advice on how they can improve their circularity and meet their circular ambitions. One of our key priorities is to improve waste separation, and therefore recycling, and professional kitchens are an area in which we are delivering on this. In October 2020, we began a project with Unilever, working with the team managing their staff restaurant at their Foods & Refreshments HQ in Rotterdam in the Netherlands.

According to Mike Ross, Global Packaging Leader, Unilever Food Solutions, in 2019 the company launched an ambitious new commitment – to collect and process more plastic packaging than they sell by 2025. "Our focus is to halve our use of virgin plastic in our packaging. We are working hard to tackle plastic packaging waste and delivering on it through partnerships and collaborations that drive change beyond our own operations," he says.

Plastic waste gathered from professional kitchens is often co-mingled with general waste and ends up being incinerated. Renewi in the Netherlands is working to separate plastic, metal and drink cartons in these kitchens. The collected separated plastic material is sorted, cleaned and converted into secondary products, such as park benches, or as input to the creation of circular polymers from which new food-grade packaging can be made.

STRATEGIC PRIORITIES:

SUSTAINABILITY THEMES:

PROGRESS AGAINST OUR SUSTAINABILITY THEMES

Sustainability is at the heart of our operations. Last year, we introduced our new sustainability strategy following a comprehensive multi-stakeholder process. This took place under the guidance of company experts specialising in sustainability and business. We are delighted to announce that, despite the Covid-19 crisis, we made progress in almost all themes. Our commitment was further strengthened by the launch of Mission75 – a pledge to boost our recycling rate to 75% by 2025. To achieve this, we must divert a further 1.3 million tonnes of waste away from incineration and landfill towards recycling, taking us further as industry leaders.

We identified three sustainability themes that fit with the fundamentals of our company: Enable the circular economy, Reduce carbon emissions and waste, and Care for people. We also established six bold objectives which underline these and which have a clear connection with six of the 17 United Nations Sustainable Development Goals (SDGs). Per objective we designed a set of key performance metrics, each with ambitious targets.

This year we have worked tirelessly on rolling out this strategy internally and externally, and have identified a range of projects to help us achieve our objectives. We have kick-started new projects in areas that are underdeveloped. To take our strategy further, we have developed tailor-made approaches per Division and business line.

Each of our Divisions is currently preparing targets that fit with their specific business objectives. They have identified important stepping-stones in this journey and will integrate these into their business action plans. The next step is to start reporting against progress made and review it on a quarterly basis. In this way, the strategy will become more integrated into our day-to-day operations.

EXPERT RECOGNITION FOR SUSTAINABILITY

Green Economy Mark
Given to companies with 50% or more of their total annual revenues from products and services that contribute to the global green economy.

FTSE4Good
The FTSE4Good Index Series was created to measure the performance of companies that are able to demonstrate strong ESG practices.

S&P ESG report
S&P assessed our ESG strategy and our preparedness for ESG risks and opportunities, and awarded us a score of 83/100.

THEMES	OBJECTIVES	
Enable the circular economy We want to be a driving force in the transition towards a circular economy, in which waste is no more but is turned into new products and materials. **Link to SDGs** 13 Climate action; 12 Responsible consumption and production; 6 Clean water and sanitation	Turn our customers' waste into new products	
Reduce carbon emissions and waste We understand the need not only to reduce our footprint, but also to decrease the negative impact of carbon emissions and waste on wider society. **Link to SDGs** 13 Climate action; 11 Sustainable cities and communities; 7 Affordable and clean energy	Be a leader in clean and green waste collection	
	Reduce the carbon impact of our operations	
Care for people We have a responsibility to deliver our employees home safe and well, to create a rewarding, equal and inclusive working environment, and to have a positive impact on our communities. **Link to SDGs** 3 Good health and well-being	Positively impact our communities	
	Deliver people home safe and well every day	
	Make Renewi a rewarding, diverse and inclusive working environment	

KEY PERFORMANCE INDICATORS	MORE INFORMATION	2025 TARGETS
Recycling rate (%) FY21 65.8 FY20 64.7 FY19 66.9	Good progress in the year with an additional 0.3 million tonnes diverted from incineration and 0.3 million tonnes diverted from landfill.	**Recycling rate** (% of total waste handled) 75.0%
Carbon avoidance (kg CO_2) FY21 261 FY20 257 FY19 218	Increased carbon avoidance mainly due to decreased volumes sent to incineration.	**Carbon avoidance** (kg CO_2 per tonne waste handled) 275
Carbon intensity of collection (kg CO_2) FY21 9.84 FY20 10.04 FY19 10.51	The percentage of Euro 6 trucks owned by Renewi rose to 60.9% during the year. These trucks are more fuel efficient. In addition, we focused on ongoing route optimisation and 'white label' truck projects have driven improvements.	**Carbon intensity of collection** (kg CO_2 per tonne waste collected) <9.00
Carbon intensity of our sites (kg CO_2) FY21 11.10 FY20 10.47 FY19 11.43	Carbon emissions went down in line with less waste volumes handled. But the intensity rate slightly decreased, mainly due to less energy production from anaerobic digestion. This was partly offset by a 37% increase in renewable energy produced by solar roofs on site.	**Carbon intensity of our sites** (kg CO_2 per tonne waste handled) <9.42
Community engagement projects* FY21 N/A** FY20 ~150	In-person community engagement was difficult through the year due to the Covid-19 pandemic. The focus was on online engagement.	**Community engagement projects** (number of projects annually) 180
>3-day accident rate FY21 1,495 FY20 1,504 FY19 1,545	The >3-day accident rate improved slightly, but is still not on the right trajectory for us to achieve on target. We are therefore committed to take strong and decisive action to lower incidents and embed a 24/7 safety mindset across the Group.	**>3-day accident rate** (number >3-day accidents/FTE x 100,000) 600
Employee engagement* FY21 +21 FY20 +14	It is our goal to position ourselves as a leading company to work for in the circular economy. The employee engagement eNPS score shows we are making progress towards this goal.	**Employee engagement** (eNPS score in Pulse survey) +30

*Measurement began in FY20. **Community engagement N/A as restricted by Covid-19 during FY21.

MEASURING PERFORMANCE

Renewi's top-line financial results – from revenue to return on capital employed

FINANCIAL

Revenue (€m)

How it's measured
Ongoing Group revenue, shown for comparative years on a like-for-like basis.

Our performance
Overall revenues were flat in the year, showing a robust performance against the lower volumes arising in the early months of the pandemic. Volumes recovered well in the second half and certain recyclate prices increased sharply back to levels last seen in 2017.

Link to business strategy

Link to sustainability strategy

EBIT margin (%)

How it's measured
Ongoing Group underlying profitability as a percentage of revenue.

Our performance
Lower activity in Belgium caused by Covid-19 reduced margins was not fully compensated by higher margins in the Netherlands. Covid-19 cost actions avoided a more pronounced movement.

Link to business strategy

Link to sustainability strategy

EBITDA margin (%)

How it's measured
Ongoing Group underlying EBIT before depreciation and amortisation as a percentage of revenue.

Our performance
EBITDA margins increase slightly on prior years due to Covid-19 cost controls. Renewi 2.0 and ATM recovery are expected to contribute to an improvement in both EBIT and EBITDA margins going forward.

Link to business strategy

Link to sustainability strategy

Return on capital employed (%)

How it's measured
Based on the past 12 months, ongoing Group underlying EBIT as adjusted for the effective tax rate, divided by a 13-month average of total net assets, excluding core debt, lease liabilities and derivatives.

Our performance
ROCE has increased year on year largely due to tight control of capital expenditure in the year in response to Covid-19. Capex is expected to increase in future years.

Link to business strategy

Link to sustainability strategy

Leverage ratio

How it's measured
Based on the bank facility definition of net debt to adjusted EBITDA. EBITDA is calculated on a frozen GAAP basis, specifically excluding the impact of IFRS 16, against the core net debt facilities excluding asset-backed PFI loans and IFRS 16 lease liabilities.

Our performance
Net debt reduced significantly during the year benefitting from decisive cash controls in response to Covid-19 plus the deferral of €60m of taxes. These taxation deferrals will unwind over three years.

Link to business strategy

Link to sustainability strategy

KEY

Link to business strategy

- Leader in recycling
- Leader in secondary material production
- Selectively gain market share

Link to sustainability strategy

- Enable the circular economy
- Reduce carbon emissions and waste
- Care for people

INNOVATION IN ACTION
Working together to create a cleaner, circular world

HELPING YOU TO SLEEP MORE SOUNDLY

Last year, we announced our investment, together with IKEA Group, in Dutch mattress recycler RetourMatras, which opened a new recycling plant in Zeeland. Over the course of the year, one million Renewi-sourced mattresses were saved from the incinerator in the Netherlands through automated processes, and around 90% of the materials were recycled or reused. As Renewi CEO Otto de Bont summarises it: “Innovation, partnering and a passion for secondary life for used materials are prerequisites for the circular economy, for really closing the loop.”

Following further investment, a fourth mattress recycling plant in the Netherlands and the first Belgian plant in Ghent are being built. Once the Etten-Leur plant opens, it will be possible for 1.5 million Dutch and Belgian mattresses to be recycled. As of 2 March 2021, in the Netherlands the minimum standard for mattresses was changed from incineration to separation into materials or other processing in which 90% of materials retrieved are recycled. This is positive, but is some way off Belgium, where mattress incineration was banned early in 2021. The next step for this co-operation is to create a truly circular mattress. Through further investment in refinement processes, the polyurethane foam from discarded mattresses can be converted back into a polyol, from which new foam can be created for new mattresses. Once the fourth factory opens, it will be possible to convert 200,000 mattresses into polyol per year.

90%
Of mattress materials now recycled and reused in the Netherlands

1.5 million
Expected number of Dutch and Belgian mattresses that will be recycled

200,000
Number of mattresses it will be possible to convert into polyol per year

STRATEGIC PRIORITIES: SUSTAINABILITY THEMES:

ENGAGING WITH STAKEHOLDERS

From customers to partners, lenders to governments, employees to communities, we constantly seek to create value for stakeholders by understanding and addressing their priorities and concerns

Our waste-producing customers

Why we engage

We co-operate closely with our customers to understand their needs, find solutions to manage their waste, encourage source segregation of recyclate waste, help them to deliver on their sustainability ambitions, enhance our customer service and collaborate on addressing emerging market trends.

How we engage

- Regular engagement through daily interactions, knowledge-sharing sessions and reports on sustainability performance
- Being part of coalitions that contribute to sustainability and circularity
- Sustainability and separation advice
- Educational and training programmes
- Customer questionnaires and surveys
- Customer events

Key issues discussed

- Commercial terms of engagement and services provided
- Quality of service – on time, every time, responsiveness and flexibility
- Responsible management of waste
- Market developments and requirements of legislation and regulations
- How to deliver quality waste streams/ get the workforce aligned behind better sorting
- How to support the circular economy

Our product customers

Why we engage

We work collaboratively with customer design teams to create materials of sufficiently high quality for re-use or secondary materials production. We also align to gain a deeper understanding of product customers' purchasing needs and pricing expectations. We share knowledge of market changes and the impact of such changes, and gain knowledge of customer perspectives so we can bring them forward when participating in setting industry standards.

How we engage

- Regular strategic and operational engagements
- Customer meetings with the engineering team to collaborate/ conceptualise new solutions
- Marketing collateral, including factsheets
- Industry and customer events
- Questionnaires and satisfaction surveys

Key issues discussed

- Certainty of supply – timeliness and sufficient volumes
- Technical feasibility and potential commercialisation
- Ways to minimise customers' cost through pricing reductions, while delivering high product specifications
- Innovative solutions
- Requirements following changes in legislation and regulations
- Market developments

Our innovation partners

Why we engage

Renewi recognises that co-operation is key to succeed in the circular economy, so we partner with technology providers and manufacturers to develop circular innovations. We use our collective expertise to create innovations for a broad range of materials and processes to meet manufacturing customers' needs. Partnering models are varied and include how to fund and risk-share the projects. In addition, we engage with knowledge institutions, governmental organisations, innovative logistics providers, and certification bodies to exchange knowledge and align initiatives towards a comprehensive circular economy.

How we engage

- Regular meetings with potential manufacturers to explore and develop new product possibilities
- Work alongside network organisations that provide a platform to meet potential partners and to screen the innovation potential of ideas/co-operation opportunities

Key issues discussed

- How to bring ideas to life. This may include construction of a facility, for example, bio-LNG, or co-investing in a circular partner, for example, mattress recycling with RetourMatras
- Market expectations on use of secondary materials and potential of recycled content
- Opportunity of waste-to-product processes, improving the viability of circular developments

Our suppliers

Why we engage

Working with a trusted group of suppliers is key to support us to provide the best possible service to our customers. Our procurement team works closely with the business sponsor to help us translate internal requirements for goods and services and to make the best possible decision. We focus on safety and on high ethical standards in our supply chain. Our focus is to build long-term relationships; this is achieved through a combination of trust in supplier expertise and skills and a strong and collaborative partnership.

How we engage

- Initial formal market tender
- Once appointed, definition of processes to support suppliers to become embedded
- Regular dialogue to ensure transparency and engagement
- In-person or virtual meetings, coupled with monitoring through regular interactions
- Listening sessions to identify and address supplier concerns
- Annual audit to ensure compliance (safety, legal, governmental)

Key issues discussed

- Ways to bring additional value by introducing new sustainable technical innovations
- Responsible sourcing throughout the supply chain
- Enhanced safety of our products, especially trucks and heavy machinery

Our employees

Why we engage

We engage with our employees to create a great working experience as we unite to deliver our purpose. Living our values daily with our employees is also a priority. Our first value, Safety, is a key priority as we seek to reduce the number of accidents, ensuring everyone gets home safe every day. We are also increasing our focus on increasing diversity and inclusiveness in our organisation.

How we engage

- Quarterly Group-wide employee surveys (Pulse survey) and leader-led feedback
- Performance and development reviews
- Monthly Group-wide leadership and management team meetings
- Employee relations through Works Councils in Belgium and the Netherlands
- Toolbox Training, safety stand-downs for non-desk workers
- Lifesaving Rules and Safety reporting for all employees
- Group, divisional and business newsletters, and news on screens, noticeboards and intranet
- Opening growth pathways through training – leaders (LEAD) and employees (online)
- Physical and mental health (RUNewi – see page 69)

Key issues discussed

- Define employee experience through Pulse and Pulse Exchange sessions
- Identification of key risk areas locally, divisionally and at business level through HIT reporting and listening

Local communities

Why we engage

Our business is better positioned to succeed if we are part of a community that recognises the need for our services and appreciates the value that Renewi brings to the local and neighbouring communities. We recognise that our sites can bring some disruption. Therefore, we prioritise ongoing and transparent dialogue: we listen so that we understand, we manage risks and we work collaboratively to address challenges. Where there is an adverse event, such as a fire, we actively engage with community stakeholders.

There is a mutual benefit in this co-operation. After all, we depend on society and local communities as much as they depend on us. Renewi collects, sorts and recycles their waste in order to do more than keep the community operating – we also act in order to help the country make progress in delivering on its recycling.

How we engage

- Community events/open days
- Meetings and liaison committees with special interest groups
- Education events (educating children about recycling and sustainability)
- Newsletters
- Leafleting
- Continuous dialogue with our neighbours and local legislators

Key issues discussed

- How we can improve the environmental impact of our activities
- Ways to deliver essential services with minimal impact to the local environment

Government

Why we engage

To bring about meaningful change by positively impacting regulatory changes. We share our intentions, educate governments as to what is now possible, and seek to understand their concerns and priorities and find mutually beneficial solutions.

How we engage

- Face-to-face engagement with the state secretary, politicians and other local, regional and national government officials
- Lobbying on recycling, secondary materials usage and climate transition
- Engaging directly or through trade and industry associations and lobby groups
- Media coverage

Key issues discussed

- Ways to shape the legislative agenda to deliver on climate change and the circular economy
- How the industry can play its part in helping to meet climate change targets (including CO_2 reduction, energy transition and creating secondary raw materials to lower CO_2 emissions)
- Regulatory compliance
- Use of fiscal and monetary incentives and regulation to encourage desired outcomes
- Sustainable and safe solutions for Covid-19-related waste

Regulators

Why we engage

We engage with a wide range of regulators to understand the interpretation between European Commission (EC) regulation and national legislation and to ensure the best possible compliance with existing and prospective regulations. We look to build strong and effective relationships with regulators and society at large to support our ambition to measure and manage the impact of our operations and to contribute to mitigations. We have dialogue regarding appropriate regulations to handle and process difficult-to-recycle waste streams, and to deal with substance of high concern, such as per- and polyfluoroalkyl substances (PFAS).

How we engage

- Virtual meetings, site inspections, testing and data submissions
- Participate in investigations
- Through trade and industry associations
- Join community advisory panels

Key issues discussed

- EC-wide harmonisation and permitted national differences
- Enforcement policy
- Operational compliance against permits
- Meeting permitted environmental standards
- Quality requirements – best ways to measure
- Defining evolving standards and addressing topical concerns
- Applications of best practices and best available techniques
- Responding to compliance breaches appropriately

Investors

Why we engage

We actively and regularly engage with our investors and analysts to inform them of our business strategy and performance. We maintain a deep and engaged dialogue on our outlook and on their requirements. We use the feedback to refine our strategy and to shape our reporting for optimal clarity.

How we engage

- Capital Markets Days and analyst site visits
- Roadshows, telephone calls and other meetings
- Regular trading updates on regulatory platforms
- Annual and interim results and Annual Report
- Annual General Meetings
- Integrated and Sustainable Development reports – clear reporting
- Independent disclosure platforms for investors, such as the carbon disclosure project (CDP)
- Investor perception studies

Key issues discussed

- Ways in which we are responding to Covid-19
- Progress of the three strategic growth drivers: ATM, Renewi 2.0 and Innovations
- Progression of the circular economy and the market in which we operate
- Our strategy to increase the performance of the Group

Lenders

Why we engage

We build relationships with debt investors and banks as key providers of capital to the Group, to ensure we have access to fund the capital investments of the Group.

How we engage

- **Regular financial reporting and covenant compliance reporting documents**
- **Close contact regarding the ongoing performance of the Group**
- **Discussions regarding the ongoing facilities and utilisation**
- **Consultation regarding alternative financial products available**
- **Regularly sharing insights**
- **Execution of financial derivatives**

Key issues discussed

- **Ways to optimise debt facilities, including new issuance**
- **Market changes, including Brexit and benchmark rate reforms**
- **Financial market insights**
- **Experiences and expectations for the local economies**
- **How we can optimise liquidity, cash management and other treasury activities**

Section 172(1) statement

When making decisions, the Directors of Renewi plc act in the way that will best promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business.

Throughout the past year, the Board of Directors has acted to promote the long-term success of the Company while also having due regard to the matters set out in section 172(1) of the UK Companies Act 2006, namely:

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

In discharging their section 172(1) duties, the Directors have had regard to these factors, as well as others that are relevant to the decision being made. To this end, the Board acknowledges that not every decision will result in a positive outcome for all stakeholders. By considering our purpose and values, together with our strategic priorities, the Board aims to ensure that decisions are consistent and intended to promote the Company's long-term success.

The Company continued its engagement with key stakeholders throughout the year to deepen understanding of the issues and factors that are significant for them. These groupings and Renewi's response to their individual priorities are set out in the Engaging with stakeholders section on pages 24–26 of the Strategic Report. The Board's interactions with stakeholders, and the impacts of these interactions, are set out in the Connecting with our stakeholders section on page 99 of the Corporate Governance Report. Further details of how the Board of Directors discharged their section 172(1) duties when making Principal Decisions during FY21 are also set out on page 96 of the Corporate Governance Report.

Renewi is a waste-to-product company. To this end, environmental and sustainability matters are at the heart of what we do. The consideration and impact of the Group's operations on the environment and our wider contribution to the circular economy are evidenced throughout the Strategic Report section of this Annual Report and also in our FY21 Sustainability Review, which has been published on our website. The key themes of our long-term sustainability strategy also remain entirely consistent with the Board's section 172(1) duties, namely:

- Enable the circular economy
- Reduce carbon emissions and waste
- Care for people

Our directors recognise the importance of actively engaging with a wide range of stakeholders, taking decisions that will support the circular economy and acting in a way that will promote the long-term success of the business.

INNOVATION IN ACTION
Working together to create a cleaner, circular world

INVESTING IN THE FUTURE

Delivering our purpose and vision requires constant innovation. Our investments aim to increase recycling rates, accelerate the transition to a circular economy, and support customers and society at large.

Renewi focuses on advanced operational solutions that improve the quantity, quality and usability of our products. Our subsidiary Coolrec has invested €3m in a range of new technologies, including a new degassing process to capture the greenhouse and toxic gases contained in fridges. We have also invested in new separation techniques for metals and thermoplastic polymer and polystyrene plastics coming from discarded electrical and electronic equipment. Our new advanced plastics sorting, grinding and washing line in Ghent produces recycled high-quality polypropylene/polyethylene to be reused in new plastics manufacturing. The new €0.5m wood sorting line in Eeklo installed in 2020 has led to a 35% higher yield of solid wood, which can be given a new life as chipboard rather than going to biomass incineration. Continuous improvement projects in our UK PPP contracts enhanced operations, reduced incidents and cut costs in FY21.

€3m
Amount Coolrec has invested in various new technologies

€0.5m
Investment in the new wood sorting line installed in Eeklo in 2020

35%
Increase in yield of solid wood produced by the new sorting line

STRATEGIC PRIORITIES: SUSTAINABILITY THEMES:

A MESSAGE FROM THE CEO

Otto de Bont

Our performance improved as the year progressed, despite the pandemic. I am pleased to report final results are significantly better than we had anticipated in early 2020. This is due to the determined efforts of our people as they delivered seamless service to our customers and communities in the most challenging environment. These results also reflect our swift actions on cost and cash, our resilient business model and the strengthening recyclate prices in the second half.

Overview

The financial performance in the year ended 31 March 2021 was significantly better than we had originally expected at the start of the Covid-19 pandemic. This was driven by our swift actions on cost and cash, our resilient business model and by stronger recyclate prices in the second half. As a result, underlying EBIT from ongoing businesses fell by only 3% to €73.0m. With a significant reduction in exceptional items, statutory profit increased to €11.0m (FY20: loss of €77.1m). Core net debt reduced by €113m to €344m and our leverage ratio reduced to 2.2x (FY20: 3.0x).

Sustainability is at the heart of our business model. Our purpose of giving new life to used materials enables the circular economy, which is essential if society is to meet its carbon reduction goals. We have therefore maintained our focus on the longer-term strategic drivers for Renewi: increasing our recycling rate; increasing the quantity and quality of the secondary materials we supply; expanding our market share and improving both efficiency and customer service through our Renewi 2.0 programme. Good progress has been made with the strategy and we remain well positioned to benefit from the continuing drive towards circularity of the European economies.

Group financial performance

Renewi made two strategic disposals in the prior year, generating €107m gross cash proceeds. The table on page 30 includes the results from Reym in the last year prior to its disposal. The Canada Municipal segment is not included as it was reported as a discontinued operation. Renewi subsequently changed the divisional and reporting structure from 1 April 2020 and the prior year comparatives for the ongoing businesses have been restated. Excluding businesses sold in the prior year provides a more representative view of performance in the year. These results therefore focus on ongoing businesses as we believe that this gives a clearer comparator.

Revenue from continuing operations was down 5% to €1,694m and underlying EBIT was down 17% to €73.0m. Excluding businesses sold in the prior year revenue was flat and underlying EBIT decreased by just 3%. Underlying profit before tax from ongoing businesses increased by 11% to €47.4m, reflecting primarily lower borrowing costs as a result of reduced debt and leverage ratios. Underlying earnings per share from ongoing businesses increased by 15% to 4.5c (FY20: 3.9c).

The Commercial Division saw revenues fall by 1% and underlying EBIT by 2%. This was a highly resilient performance, particularly in the Netherlands and in the second half, with volumes recovering well from the first lockdown and certain recyclate prices increasing sharply back to levels last seen in 2017.

The Mineralz & Water Division made underlying progress and saw revenues increase by 21%, due to the transfer in of a facility from Specialities. Underlying earnings fell to €0.3m with additional offsite soil storage costs of €4.1m, as previously announced, now included in ordinary trading, having previously been accounted for as exceptional. We also made a further accrual of €5m to allow ATM to ship legacy inventories of TGG and related materials at worse prices. Other activities in the division were slightly ahead of expectations.

OUR PURPOSE OF GIVING NEW LIFE TO USED MATERIALS ENABLES THE CIRCULAR ECONOMY, WHICH IS ESSENTIAL IF SOCIETY IS TO MEET ITS CARBON REDUCTION GOALS

The Specialities Division generated an underlying EBIT of €2.4m compared to a loss of €1.3m in the prior year. Coolrec recovered particularly well after a difficult first quarter, and Maltha and the UK Municipal contracts performed in line with expectations despite significant ongoing challenges arising from Covid.

Group summary

	REVENUE			UNDERLYING EBIT		
	FY21 €m	FY20 €m	Variance %	FY21 €m	FY20 €m	Variance %
Commercial Waste	**1,240.6**	1,250.2	-1%	**76.8**	78.6	-2%
Mineralz & Water	**182.8**	151.6	21%	**0.3**	5.6	-95%
Specialities	**300.8**	323.2	-7%	**2.4**	(1.3)	N/A
Group central services	**–**	–		**(6.5)**	(7.4)	12%
Inter-segment revenue	**(30.6)**	(28.0)		**–**	–	
Ongoing businesses	**1,693.6**	1,697.0	0%	**73.0**	75.5	-3%
Reym	**–**	78.4		**–**	12.1	
Continuing operations	**1,693.6**	1,775.4	-5%	**73.0**	87.6	-17%

The underlying figures above are reconciled to statutory measures in note 2 in the consolidated financial statements. Ongoing businesses as presented for the prior year exclude the financial results for the Canada Municipal business which was sold on 30 September 2019 and the Reym business which was sold on 31 October 2019.

The business delivered a positive operational cash performance of €117.5m in the year (193% free cash flow conversion), including a €54m impact in the year from tax deferrals in the Netherlands as a result of Covid-19. This strong performance also reflected a determined focus on working capital, reduction of cash outflows in Municipal, reduced exceptional cash outflows and a 14% reduction in replacement capital expenditure. Our core net debt at 31 March 2021 was €344m, a 25% reduction on the previous year and a 38% reduction from the peak two years ago. Leverage fell to 2.2x (FY20: 3.0x), well within our covenant. Liquidity headroom including cash and undrawn facilities was also strong at €364m (FY20: €252m).

The Board has decided not to pay a dividend this year while the full impacts of Covid-19 and the shape of the recovery remain uncertain. The Board will keep the future resumption of dividends under review during FY22.

Managing the impact of Covid-19

The last year has demonstrated the resilience of the Renewi business model. As market leader, our scale means that we serve most segments of the Dutch and Belgian economies. Therefore, as some segments contracted, such as hospitality, others increased, such as bulky waste. In addition, our dynamic pricing model protects us when recyclate prices fall, as they did in the first half before recovering strongly in the second half.

Our virus response team coordinated a decisive action plan from the outset to prepare for and then to manage Covid-19. We are an essential service and we were able to maintain all services to our customers throughout the year. Rapid changes were made to some collection processes, such as digitising collection notes, and to our operating facilities in order to protect our people. Total confirmed infections over the year were relatively low at 443 given that our drivers travel extensively within communities every day. We are deeply appreciative of the commitment and flexibility of all our colleagues who enabled this seamless maintenance of an essential service to the community. We recognised the exceptional effort of over 6,000 essential frontline and operational support team members with a one-off ex gratia cash bonus of €200 each.

We took prompt action to reduce costs and preserve cash and were able to exceed both targets. We reduced operational costs (beyond the variable costs) by €19m and secured cash savings of €77m against targets of €15m and €60m respectively. We deployed €3m of these savings to reward our frontline and operational support teams. We have additionally taken steps to rationalise our footprint in certain locations and activities, recognising that the economic impact of the pandemic will be longer lasting. Our Covid-19 cost action plan has resulted in the closure or planned closure of six processing lines or sites with a cash cost of €3m and an annual benefit of circa €2m from next year.

Well positioned in a market focused on increasing circularity

The Covid-19 pandemic has strengthened the resolve of Western European leaders to "build back better" and to focus on a "green recovery". This recognises the urgent need for action to address global warming and resource depletion, including water.

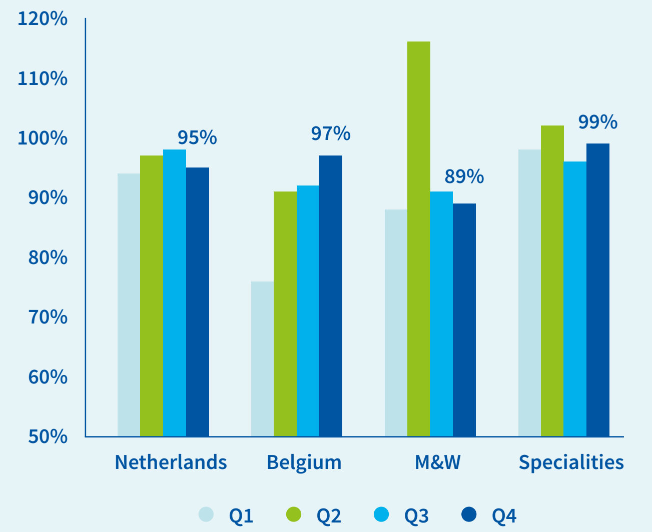
Our purpose is to protect our planet by giving new life to used materials, and our vision is to be the leading waste-to-product company in the world's most advanced circular economies. This differentiates Renewi as a company that focuses on reuse: supplying high-quality secondary materials, which we believe is the best way to extract value from waste. We are a key player in the rapidly emerging circular economy and a pioneer among companies that collect our society's waste to find new uses for it.

Regulatory changes within the last year include the passing into law of Vlarema 8 in Flanders that effectively bans the incineration of any recyclable waste. This will require a further step change in source segregation by waste producers by 2023 and a significant investment by the recycling industry to offer a capability to sort waste streams that cannot be segregated at source. The Netherlands is pressing ahead with a progressive carbon tax that will ramp up over the next decade, while the UK Government has promised a significant strategy for waste in 2023. We believe that Renewi is well placed to meet the needs of these regulatory developments.

Looking forward, legislators are considering further action, including further carbon taxes, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will help to accelerate the transition to increased recycling rates and, critically, increased demand for secondary materials. While progress is being made, we believe that it will have to accelerate significantly if governments wish to meet their own recycling and circularity targets.

Last year we launched Renewi's upgraded sustainability strategy and our new sustainable development objectives for the next three and five years. Starting from the UN Sustainable Development Goals, we focus on three key themes: Enable the circular economy; Reduce carbon emissions and waste; and Care for people. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. By delivering on one, we deliver on the other.

Divisional volumes as a % of prior year



During the last year we have made good progress with our strategy, including the following highlights:

- Increased recycling rate from 64.7% to 65.8% (+1.1% points), mainly driven by a decrease in volumes to incineration in Commercial Belgium, and an improved recycling performance in Mineralz & Water
- 3.1m tonnes of carbon avoidance, up 1.5% year on year per tonne of waste processed
- Additional 7 solar roofs installed, and permit for the largest Belgium on-land wind turbine in Ghent obtained
- eNPS (employee net promoter score) improved by 50%, as a result of active management follow-up on employee feedback

Progress against each of our specific targets is detailed in full in our Sustainability Review.

Our strategy for long-term profitable growth

To expand our position as a secondary raw material producer, our strategy is based on three pillars:

1. Leader in recycling: increase our recycling rate
We will invest to start or expand production of secondary raw materials out of waste streams currently going to incineration or landfill. Our ambitious goal, launched as "Mission75", is to increase our recycling rate within five years to 75% from the current 65.8%, which we believe is already the highest in the industry.

2. Leader in secondary material production: Enhance value of the products we produce
To build a circular economy, the usage of secondary raw materials must increase. For production companies currently using primary raw materials, the easiest way to convert is by using high quality secondary raw materials that they can "drop-in". We aim to significantly increase the value of our products by investing in advanced processing of our materials.

3. Selectively gain market share
Our primary focus in the Benelux is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, there are consolidation opportunities in our sector, and we intend to participate both in smaller acquisitions in our core markets and potentially to enter into new geographies with strong growth potential for our waste-to-product model.

This strategy is further underpinned by our modernisation of Renewi in the Renewi 2.0 programme.

Good progress with our innovation portfolio

Innovation is one of our core priorities and we are working on a growing number of initiatives to deliver the first two pillars of our growth strategy with a view to delivering an additional EBIT of €20m by FY26. Given that a number of these initiatives relate to new products or technologies, we do not expect them all to proceed to commercialisation.

Renewi 2.0 programme

We announced last year our Renewi 2.0 programme: a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, orientated around two key themes:

- **Digitisation of the business**. We are developing a new front-end interface for customers that will allow them to place and amend orders, have full visibility on our services and related cost as well as on the circular benefits their waste is creating. This digitisation will deliver a better 24/7 customer experience, while reducing our cost to serve.

- **Simplification and harmonisation of processes.** Our core processes can be simplified and standardised across our divisions to reduce cost, reduce errors, and improve customer, supplier and employee experiences. We are implementing global process owners for our core processes and centres of excellence to simplify our product offering, improve our core data and eliminate wasted activity.

As previously indicated, the programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three year programme to 2023 for a total cash cost of €40m, which will be split into an exceptional cost of €33m and capital investment of €7m. €2.2m of net benefit was reported in FY21 against a target of €1.0m. We remain confident that we will achieve the targeted savings in the coming years.

Key progress during FY21 included the initial go-live of MyRenewi, our customer portal. Around 15,000 customers now have access to MyRenewi and feedback is positive. Further modules are in development and we will progressively transition more of our customers onto MyRenewi during FY22. We also went live with the invoice-to-pay module of Coupa, our source-to-pay system. The procure-to-pay modules will be introduced, by division, starting from the summer of 2021. The restructuring of four divisions into three delivered the expected €2m benefit. We have also invested in new "centres of excellence" for global process management, product and service pricing, record to report and data management that are expected to drive significant benefits going forward.

ATM profit recovery

ATM is our major site that cleans contaminated soil, water and chemical waste, providing a unique range of services in the Netherlands. The market for the thermal treatment of contaminated soil and its reuse as thermally treated soil ("TGG") was disrupted from mid-2018 due to environmental concerns, reducing earnings by around €20m. ATM's TGG was cleared by IL&T, the national regulator, for use in appropriate locations from late 2019.

Innovation portfolio

PROJECT	PARTNER	OPPORTUNITY	STATUS
ATM Gravel sand & filler	Stand-alone	€€€€€	Filler capacity installed and product certifications progressing well
Organics: bio-gas production	Stand-alone	€	Construction underway for commissioning in late 2021
Organics: bio-gas to bio-LNG	Shell & Nordsol	€€	Construction underway for commissioning in late 2021
Mattress recycling	IKEA group	€€€	New facilities: third complete, fourth to open in summer 2021 and fifth in planning. New investment to chemically recycle polyurethane
NEW: Expansion plastic recycling	Stand-alone	€€	New sorting lines in Ghent, Acht and Waalwijk to convert up to 100kt of hard plastic to high quality plastic recyclates
Feedstock for chemical recycling of plastics	SABIC	€ – €€€	Discussions ongoing concerning feedstock specification and sourcing
Polyurethane recycling	Chemical recycler	€ – €€€	Technical feasibility studies underway
Wood flake for low-carbon steel	Arcelor-Mittal	€€ – €€€€	Commercial discussions ongoing
NEW: Advanced residual waste sorting	Stand-alone	€€€€€	To meet the stringent requirements of Vlarema 8 legislation in Belgium per 2023

Cellulose recovery and bottom ash treatments have been returned to earlier stage-gates in the innovation pipeline following detailed evaluations.

ATM made good underlying progress in FY21

Good underlying progress was made in FY21, with growth in the inbound soil pipeline, installation of capacity to separate and store the new filler product, and increasing quality certification of the new building products; sand, gravel and filler. However, it has taken longer than expected to secure local permits for outlets for accumulated TGG, which slowed the operational ramp up of manufacture of new products in FY21. Recently new contracts have been signed to ship over 0.5MT of TGG. This will in turn allow us to increase the production of the new building materials as space becomes available. We remain confident that our three-year recovery will be delivered as expected.

Divisional and Group outlook

The Commercial Division has started the year strongly, supported by positive volumes and ongoing strong recyclate prices. We expect several sectors within Commercial to recover to pre-Covid-19 volumes in the coming months, particularly in hospitality and retail. At the same time, we remain alert to a potential weakening of the construction sector in the Netherlands, a softening of recyclate prices and the risk of increased insolvencies and credit issues as government support is withdrawn.

We expect to see the Mineralz & Water Division's results improve through the year as TGG is cleared from the ATM site and certification of the new secondary materials can complete. Selective investment, both in the more efficient production of the secondary construction materials and in improved capacity on the waterside, will support the return towards the €20m EBIT target by the end of FY23.

In the Specialities Division, we expect a recovery in Maltha and ongoing progress in Coolrec during FY22. UK Municipal is expected to perform as previously forecast, with the cash losses from contracts reducing further to around €10m in FY22 (FY21: €15m).

Looking ahead, the Board now expects the Group's performance in FY22 to be materially ahead of its previous expectations, given the Group's strong results in FY21, particularly in the second half, and the prevailing high recyclate prices.

The transition to a circular economy will increase demand for recycling and higher quality recyclates, which supports our business model. The sustainability agenda and the potential for a "green recovery" driven by the EU and national governments are expected to present more attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident our three strategic growth initiatives – recovery of earnings at ATM, the Renewi 2.0 programme and our innovation pipeline – will deliver significant additional earnings over the next three years and beyond.

Otto de Bont
Chief Executive Officer

INNOVATION IN ACTION
Working together to create a cleaner, circular world

UPCYCLING CONTAMINATED SOIL...

Contaminated waste is a threat to the environment and people's health and, therefore, it must be treated with extreme care. It's with this care that ATM, the European leader in purifying contaminated materials, cleans soil from remediation sites.

In November 2018, the Dutch Human Environment and Transport Inspectorate imposed a ban on the use of thermally treated soil (TGG) pending a period of testing to understand its full chemical composition. In December 2019, after extensive testing, it was found that TGG contained no contaminants at harmful or significant levels, and the Ministry of Infrastructure and Water Management lifted the TGG market ban, allowing ATM to continue with its vital work.

Soil brought by inbound customers is tested in ATM's sophisticated laboratory to determine the concentration of pollutants. Once our scientists have determined that the soil is treatable to the standards required by regulatory bodies for safe re-use, it is placed in a rotating drum to be heated at more than 400°C. In this way, all organic contaminants are destroyed. The TGG is then fragmented in the sieving and sorting installation,

... TO SECONDARY BUILDING MATERIALS

where the streams are stripped of iron, ferrous rocks and light fractions. The resulting streams of sand, gravel and filler become secondary raw materials suitable to produce concrete and asphalt for infrastructure works, replacing primary raw materials used in the production of kerbstones and paving stones, among others. The thermal cleaning process and TGG are BRL certified, while the gravel fractions 2–5mm, 4–16mm and filler are certified per NEN 12620 and NEN 13043.

ATM's experts have worked tirelessly to upgrade facilities into producing purified gravel, sand and filler. These steps include the acquisition of the adjacent site to our Moerdijk plant, the installation of new storage and sorting machines, and working to obtain certifications for all secondary materials by 2022. This strategic move has placed ATM in a solid position to play its part in enabling the circular economy for the construction industry, which is one of the biggest CO_2 emitters in Europe due to its reliance on carbon-intensive cement and steel.

STRATEGIC PRIORITIES: SUSTAINABILITY THEMES:

INNOVATION IN ACTION
Working together to create a cleaner, circular world

THE FUEL OF THE FUTURE

Renewi, Nordsol and Shell have partnered to build the first commercial bio-LNG plant in Europe. The new installation at Renewi Amsterdam Westpoort is an addition to our existing industrial digesters. Bio-LNG is a clean alternative to fossil fuels. It has almost zero particulate matter emissions, generates 80% lower greenhouse gas (GHG) emissions and eliminates GHG emissions from fossil sources.

Production begins with Renewi collecting organic waste throughout the Netherlands from restaurants, the retail sector and the food processing industry. This is processed and converted into biogas via anaerobic digestion. Nordsol will use the new installation to clean and liquefy the methane within the biogas (60%) into bio-LNG and the CO_2 (40%) into liquid bio-CO_2. Shell will then sell the bio-LNG in its gas stations to power heavy-duty trucks and short-haul shipping. The liquefied bio-CO_2 will instead be used in horticulture and has great potential in sustainable chemistry. This project will promote greener transportation and reduce reliance on fossil fuels while contributing to a more circular economy.

80%
Lower greenhouse gas emissions created by bio-LNG compared to diesel

60%
Level of methane within the biogas that Nordsol will convert into bio-LNG

STRATEGIC PRIORITIES: SUSTAINABILITY THEMES:

A MESSAGE FROM THE CFO

Toby Woolrych

In FY21 we were able to demonstrate the resilience of our evolving business model. The Group has traded well and reduced debt. The outlook in the recovery phase is positive.

The response of our teams to manage changes resulting from the pandemic was exceptional and I would like to thank all of our employees for their commitments to maintain our essential services and to keep the company safe. The first finance tasks when the pandemic started were to cut costs, preserve cash and ensure our banking covenants were sufficient to withstand the worst of outcomes. We were successful in all these areas:

- Cost savings of over €19m were delivered against our initial target of €15m. In addition to these short-term actions, our Covid-19 cost action plan has resulted in the actual and planned closures of six processing lines or sites, which will rationalise our footprint going forward
- Cash reductions of over €77m were delivered against our initial target of €60m. Capital expenditure was reduced by 16% vs the prior year and a working capital inflow of €35m was better than expected, excluding €54m of tax deferrals in the Netherlands
- We increased our main bank facility leverage covenant to as high as 6.0x during the year before it reverts to the normal 3.5x from September 2021. We were grateful to the banks for their strong support, although it has not been needed as leverage has fallen through the year to 2.2x at 31 March 2021 as a result of the actions taken

Total exceptional items in FY21 of €24.8m were a 79% reduction on the prior year and, except for the €9.5m non-cash goodwill impairment at Maltha and €3.7m relating to landfill provisions, were primarily related to cost reduction actions. We do not intend further exceptional items beyond previously announced Renewi 2.0 costs in the coming year.

Looking forward, our financial strategy for Renewi remains centred on:

- improving margins and returns through increased diversion, higher value products and more efficient processes including through the Renewi 2.0 programme;
- increasing free and net cash flows and reducing leverage; and
- eliminating unplanned exceptional items.

Financial review

As noted earlier excluding businesses sold in the prior year provides a more representative view of performance in the year. On a comparable ongoing businesses basis with last year, revenue was flat, underlying EBITDA increased by 4% and underlying EBIT fell by 3% to €73.0m. A lower level of interest and exceptional charges in the current year has resulted in a statutory profit before tax of €18.2m compared to a loss of €59.4m in the prior year (see financial performance table on page 38).

Overall, the Group saw a significant strengthening of performance in the second half of FY21, with underlying EBIT outperforming the prior year by 19% in the second half, having been 25% below the prior year in the first half (see H1 vs H2 variance table on page 38). This included a benefit of around €6m from recyclate pricing in the second half.

Non-trading and exceptional items excluded from underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying profit before tax due to their size, nature or incidence. Total non-trading and exceptional items including tax were reduced by 79% to €24.8m (FY20: €101.3m plus €18.9m from discontinued operations), of which €14.8m was non-cash. As previously reported, we have accounted for the costs of two important programmes as exceptional due to their size and nature; Renewi 2.0 and the Covid-19 cost action plan.

THE GROUP HAS TRADED WELL AND REDUCED DEBT. THE OUTLOOK IN THE RECOVERY PHASE IS POSITIVE

The Renewi 2.0 programme will deliver cost benefits at an annualised run rate of €20m by March 2023 as previously forecast. The cost of the programme is still expected to be €40m, split between capital and an exceptional charge. Benefits of €2.2m were secured in the year slightly ahead of plan, with cash spend of €12.5m in line with expectations. The table on page 38 sets out the expected costs and benefits over later periods.

Financial performance

	FY21 €m	FY20 €m	Variance %
Revenue			
Ongoing businesses	**1,693.6**	1,697.0	0%
Reym	–	78.4	
Total: continuing operations	**1,693.6**	1,775.4	-5%
Underlying EBITDA			
Ongoing businesses	**195.7**	187.6	4%
Reym	–	12.1	
Total: continuing operations	**195.7**	199.7	-2%
Underlying EBIT			
Ongoing businesses	**73.0**	75.5	-3%
Reym	–	12.1	
Total: continuing operations	**73.0**	87.6	-17%
Underlying profit before tax			
Ongoing businesses	**47.4**	42.5	11%
Reym	–	11.6	
Total: continuing operations	**47.4**	54.1	-12%
Non-trading and exceptional items	**(29.2)**	(113.5)	
Profit (loss) before tax	**18.2**	(59.4)	
Total tax charge for the year	**(7.2)**	(1.1)	
Profit (loss) for the year from continuing operations	**11.0**	(60.5)	
Loss for the year from discontinued operations	–	(16.6)	
Profit (loss) for the year	**11.0**	(77.1)	

The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

Renewi 2.0: expected costs and benefits

	FY21 €m	FY22 €m	FY23 €m	FY24 €m
Annual net benefit	**2**	5	12	20
Exceptional costs	**(7)**	(11)	(12)	–
Capital spend	**(5)**	(2)	–	–
Net cash flow	**(10)**	(8)	–	20

The total €40m programme costs include the exceptional cost and capital spend of €37m plus non-cash impairments of circa €3m.

In light of Covid-19 and ongoing lower economic activity we took action to structurally reduce capacity. Cash costs of €3.1m and €5.3m of asset impairments have been reflected following the decision to close two processing lines in Belgium and some sites and business activity in the Netherlands. Further details are provided in note 3.3 to the consolidated financial statements.

EBIT from continuing operations, after taking account of all non-trading and exceptional items, was a profit of €43.4m (FY20: €28.1m loss).

Net finance costs

Net finance costs, excluding exceptional items, decreased by €7.2m to €27.2m (FY20: €34.4m). The key drivers relate to changes in borrowings levels which benefit from lower debt following the cash preservation actions taken in the first few months of the year as a result of the pandemic, Covid-19 deferral schemes for tax payments in the Netherlands, a lower rate secured by new cross currency swaps and the impact of the 123bps lower coupon on the retail bonds taken out in July 2019 compared to the previous bonds. The reduction of rates for discount unwind of provisions as reflected in March 2020 has resulted in the charge for the current year being €1.4m lower. Adjusting for the disposal of Reym, lease interest costs have increased by €1.2m as a result of new IFRS 16 lease contracts entered into. Further details are provided in note 5.4 to the consolidated financial statements.

Profit (loss) before tax

Profit before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was €18.2m (FY20: loss of €59.4m).

Taxation

Total taxation for the year was a charge of €7.2m (FY20: €1.1m). The effective tax rate on underlying profits was 24.5% at €11.6m, unchanged from the prior year. A tax credit of only €5.4m is attributable to the non-trading and exceptional items of €29.2m given a proportion of these are non-taxable. Recent changes to the Dutch corporate income tax rate were enacted in December 2020 to revoke the originally planned reductions and retain the rate at 25% for the foreseeable future. This has resulted in an increase in deferred tax liabilities which is recorded as an exceptional tax charge of €1.0m in the year. Recently announced UK corporate tax increases from 19% to 25% from April 2023 have not yet been enacted and as such this potential circa €3m credit is not reflected in the UK deferred tax balances at March 2021.

H1 vs H2 variance

	H1		H2		FULL YEAR	
	€m	%	€m	%	€m	%
NL Commercial Waste	**(5.0)**	-19%	**9.3**	40%	**4.3**	9%
BE Commercial Waste	**(6.3)**	-43%	**0.2**	1%	**(6.1)**	-21%
Commercial Waste	**(11.3)**	-28%	**9.5**	25%	**(1.8)**	-2%
Mineralz & Water	**(0.2)**	-8%	**(5.1)**	-165%	**(5.3)**	-95%
Specialities	**0.2**	N/A	**3.5**	N/A	**3.7**	N/A
GCS	**1.8**	35%	**(0.9)**	41%	**0.9**	12%
Underlying EBIT	**(9.5)**	-25%	**7.0**	19%	**(2.5)**	-3%

Looking forward, we anticipate the underlying tax rate to remain around 25% given the recent changes in the Netherlands and the UK.

The Group statutory profit after tax, including all discontinued and exceptional items, was €11.0m (FY20: loss of €77.1m).

Earnings per share (EPS)

Underlying EPS from ongoing businesses, excluding non-trading and exceptional items, was 4.5 cents per share, an increase of 15%. Basic EPS from continuing operations was 1.4 cents compared to a loss of 7.7 cents per share in the prior year.

Dividend

The Board has decided not to pay a dividend this year while the full impacts of Covid-19 and the shape of the recovery remain uncertain. The Board will keep the future resumption of dividends under review during FY22.

Cash flow performance

The funds flow performance table (to right) is derived from the statutory cash flow statement and reconciliations are included in note 8.3 in the consolidated financial statements.

The table shows the cash flows from an adjusted free cash flow to total cash flow. Adjusted free cash flow is a new measure that focuses on the cash generation excluding the impact of Covid-19 tax deferrals, settlement of ATM soil liabilities and spend relating to the UK PPP onerous contracts. Adjusted free cash flow also includes lease repayments for IFRS 16 leases. The prior period comparatives have been restated to reflect this new layout (see funds flow performance table to right).

Adjusted free cash flow was strong at €108.8m, an increase of €33.4m from last year, boosted by a strong working capital performance. Customer collections have remained strong throughout the year with Covid-19 having a minimal impact on days sales outstanding. We continue to expect a deterioration in this area in the new financial year once governmental support reduces.

Replacement capital spend was well controlled at €55.4m (FY20: €64.2m). In addition, €60.9m of new leases have been entered into which are now reported as right-of-use assets with a corresponding lease liability. These leases include the continuation of the truck replacement programme, property lease renewals or extensions and other assets. Growth capital spend included the new silos and infrastructure for construction materials at ATM, and initial spend on the €10m facility to process out-of-date food waste in Amsterdam.

Funds flow performance

	FY21 €m	FY20 €m
EBITDA	**195.7**	202.8
Working capital movement	**35.4**	16.9
Movement in provisions and other	**8.9**	(4.5)
Net replacement capital expenditure	**(55.4)**	(64.2)
Repayments of obligations under lease liabilities	**(40.4)**	(38.5)
Interest, loan fees and tax	**(35.4)**	(37.1)
Adjusted free cash flow	**108.8**	75.4
Deferred Covid taxes	**54.1**	6.0
Offtake of ATM soil	**(2.6)**	–
UK Municipal contracts	**(19.3)**	(23.6)
Free cash flow	**141.0**	57.8
Growth capital expenditure	**(6.9)**	(10.1)
Synergy, integration and restructuring spend	**(12.7)**	(24.3)
Other	**(3.9)**	(8.4)
Disposals net of acquisitions	**–**	95.7
Dividends paid	**–**	(8.6)
Total cash flow	**117.5**	102.1
Free cash flow conversion	**193%**	64%

The numbers for the prior year include both continuing and discontinued operations.
Free cash flow conversion is free cash flow as a percentage of underlying EBIT.
The non-IFRS measures above are reconciled to statutory measures in note 8.3 in the consolidated financial statements.

The three components that we have shown below the adjusted free cash flow will have a reducing impact over the next three or more years. The Dutch Covid-19 tax deferral, which amounted to €60m at the end of March, will be settled in 36 monthly instalments starting in October 2021. TGG soil stocks with a cumulative liability of up to €25m are expected to be placed in the market in the coming year or so. Spend on UK PPP contracts was €19.3m, €4.3m better than prior year and expected to reduce further in FY22.

Synergy, integration and restructuring spend of €12.7m related to the Renewi 2.0 programme together with carry forward costs from the original integration programme.

Other cash flows include the funding for the closed UK defined benefit scheme and the purchase of short-term investments in the insurance captive net of sundry dividend income from other investments.

Net cash generated from operating activities increased from €157.7m in the prior period to €243.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 8.3 in the consolidated financial statements.

Renewi has made significant investments across sites, including at Coolrec, to recycle metal and hard plastics

Investment projects

Expenditure in FY22

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY22 replacement capital spend is expected to be around €95m which includes some catch-up from the prior two years and investment in a replacement LUVO emissions cleaning unit at the ATM TRI plant. In addition up to €45m of IFRS 16 lease investments are expected.

Growth capital expenditure is expected to increase as some of the innovation pipeline comes into the construction phase. Overall spend for FY22 is estimated at around €25m including the completion of the out-of-date food waste facility in Amsterdam, and other initiatives.

WE HAVE BEEN PLEASED WITH THE RESPONSE TO OUR SECONDARY LISTING ON EURONEXT IN AMSTERDAM IN JANUARY 2020 AND THE INCREASED LIQUIDITY OF OUR SHARES ON BOTH EXCHANGES THAT FOLLOWED

Return on assets

The Group return on operating assets, excluding debt, tax and goodwill increased from 19.0% at 31 March 2020 to 22.6% at 31 March 2021. The Group post-tax return on capital employed was 6.3% (FY20 ongoing businesses only: 6.0%).

Treasury and cash management

Core net debt and leverage ratios

Core net debt excludes IFRS 16 lease liabilities and the net debt relating to the UK PPP contracts which is non-recourse to the Group and secured over the assets of the special purpose vehicles. Core net debt was significantly better than management expectations at €343.6m (FY20: €457.2m), with working capital and capital expenditure well controlled and the impact of Covid-19 related tax deferrals in the Netherlands. Net debt to EBITDA was 2.2x, comfortably within covenant and below 3.5x which is the normal test level applied from September 2021. Liquidity headroom including cash and undrawn facilities was also strong at €364m (FY20: €252m). Cash balances were reduced in the year from a high of €194.5m at March 2020 and used to repay borrowings.

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long-term.

All our core borrowings of bonds and loans are green financed. The main facility has been hedged with four cross currency swaps totalling €168.4m at fixed Euro interest rates of between 1.27% and 1.40% which expire between October 2022 and December 2022. The retail bonds of €100m maturing in June 2022 have an annual gross coupon of 3.65% and the bonds of €75m maturing in July 2024 have an annual gross coupon of 3.00%. As at 31 March 2021, 98% of our core net debt was fixed or hedged.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2021 was €80.3m (FY20: €88.0m).

The introduction of IFRS 16 in 2019 increased lease liabilities by €155.4m. Total right-of-use assets at March 2021 include plant and machinery of €124.0m (FY20: €110.0m), incorporating ongoing truck investments, and land and buildings of €109.8m (FY20: €105.9m). Bank facility covenants exclude IFRS 16 leases.

Debt borrowed in the special purpose vehicles (SPVs) for the financing of UK PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2021 this debt amounted to €87.8m (FY20: €90.0m).

Provisions and contingent liabilities

Around 85% of the Group's provisions are long-term in nature, with landfill provisions being utilised over more than 20 years.

Onerous contract provisions were increased between 2017 and 2020 to a peak of €109.5m in 2018 and have now reduced to €80.9m following a utilisation of €15.6m (FY20: €20.6m, FY19: €27.0m) during the current year. Of the outstanding balance €11.0m is in current provisions and the remainder will mainly be used for BDR and Wakefield over the remaining 15+ years of these contracts.

The total current element of provisions amounts to €39m, including onerous contracts, €4m for restructuring, €8m for landfill related spend and €16m for environmental, legal and others.

The position on the alleged Belgian State Aid claim remains unchanged since last year, with a gross potential liability of €63m as at 31 March, against which we have provided for €15m. We expect a ruling from the European Commission during FY22 but no monies would likely become payable until FY23. Details of contingent liabilities are set out in note 8.4 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Debt structure

	FY21 €m	FY20 €m	Variance €m
€100m Belgian Green retail bonds	**(100.0)**	(100.0)	–
€75m Belgian Green retail bonds	**(75.0)**	(75.0)	–
€495m Green RCF and term loan	**(185.0)**	(437.1)	252.1
Green EUPP	**(25.0)**	(25.0)	–
Gross borrowings before leases	**(385.0)**	(637.1)	252.1
IAS 17 lease liabilities and other	**(13.6)**	(19.3)	5.7
Loan fees	**3.5**	4.7	(1.2)
Cash and money market funds	**51.5**	194.5	(143.0)
Core net debt (as per covenant definitions)	**(343.6)**	(457.2)	113.6
IFRS 16 lease liabilities	**(236.7)**	(211.7)	(25.0)
Net debt excluding UK PPP	**(580.3)**	(668.9)	88.6

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002 and was closed to future benefit accrual in November 2019. At 31 March 2021, the scheme had reverted back to an accounting deficit of €4.0m (FY20: €16.0m surplus). The change in the year was due to a decrease in the discount rate assumption, which was unusually high at March 2020, together with an increase in inflation, offset by a small increase in asset returns. The next actuarial valuation of the scheme is due as at 5 April 2021 and the future funding plan has been maintained at the current level of €3.5m per annum until February 2022.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €7.4m at 31 March 2021, a €0.1m decrease from 31 March 2020.

Share consolidation

We have been pleased with the response to our secondary listing on Euronext in Amsterdam in January 2020 and the increased liquidity of our shares on both exchanges that followed. We have received feedback from some investor groups, notably Dutch and Belgian retail investors, that they prefer a share price in excess of €1. The Board therefore intends to seek approval to consolidate our shares at the rate of one for ten and to put forward a resolution to be included at the Annual General Meeting on 15 July 2021. The share consolidation will reduce the number of ordinary shares in issue and is expected to result in a share price that the Board believes is more appropriate for a company of its size. Further details will be set out in the notice of the Annual General Meeting.

Toby Woolrych
Chief Financial Officer

COMMERCIAL WASTE

This Division is the market leader in recycling and the production of secondary materials in the Netherlands and Belgium

Marc den Hartog, Managing Director, Commercial Waste Netherlands

Mark Thys, Managing Director, Commercial Waste Belgium

Revenue

€1,241m (FY20: €1,250m)

Underlying EBIT

€76.8m (FY20: €78.6m)

Operating sites

111

Volume of materials recycled

4.5MT

Employees

5,080

Business model

SOURCE

- Renewi collections
- White label collections
- Third-party delivered

SORT

- Optical sorters
- Magnets
- Eddy current separators
- Trommels
- Depackaging
- Shredding
- Hand picking
- Sieving
- Windshifters
- Induction
- AI technologies

PROCESS

- Balers
- Composting
- Stone crushers
- Anaerobic digestion
- Soil washing
- Pelletization
- Cleaning
- Water treatment

PRODUCTS

- Aggregate
- Compost
- Glass
- Green electricity
- ICOPOWER® pellets
- Metal
- Metal blocks
- Paper
- Plastic
- Solid recovered fuel
- Wood chips
- Biomass feedstock
- Granulate
- Soil

Our fleet of trucks start the recycling process by collecting inbound waste

The Commercial Waste Division, the market leader in the Netherlands and Belgium, provides a wide range of waste-to-product solutions and represents around 72% of Renewi's revenues. The Division collects, sorts and recycles waste materials from a wide range of sources, disposing only those streams that cannot be recycled. It is increasingly investing in the production of quality secondary materials, in line with Renewi's strategy to be a leader in secondary materials production.

While our focus is on providing customers with cost-efficient waste-to-product solutions, we create additional value by offering advisory services to help customers, for example to optimise source separation with the aim of ensuring waste recovered can be converted into high-quality raw materials. By doing so, we actively help our customers to deliver on their own sustainability goals and, at the same time, ensure that the maximum amount of waste collected can be given a new life.

Our market is divided into four segments: Industrial and Commercial (I&C); Domestic; Construction and Demolition (C&D), which is within the Netherlands only; and Hazardous, which is within Belgium only. In each segment our unique business model allows us to focus on the value that we can recover from specific waste streams. Our process begins using our fleet of trucks – predominantly clean Euro 6 vehicles – to collect inbound waste. Our customers are increasingly supporting re-use by segregating their waste at source. They are encouraged in this by legislation, corporate sustainability targets and good practice. The waste is then processed through one of our 111 sites where we have dedicated capacity to sort specialist waste such as paper, cardboard, organics, wood, plastics, metals and rubble, among others, in addition to mixed waste processing and sorting capacity. This enables us to produce high-quality secondary materials and recyclates.

We are the market leader in recycling and the production of secondary materials. Where the quality of the waste is of the right standard, we use our technological solutions to optimise reuse wherever possible. We only dispose of the residues that we are unable to convert into products or recyclates. This increases margins, and also makes a significant environmental contribution by minimising the depletion of virgin materials. Our general business model is set out in the graphic on the opposite page.

Sustainability

We believe our Commercial businesses set best practice, with 70% and 41% recycled respectively in the Netherlands and Belgium in FY21 (FY20: 68% and 40%), and levels of recycling and energy recovery standing at 95% and 94% respectively (FY20: 96% and 91%).

The business is successfully growing its recycling rate through innovation. Projects such as RetourMatras, which over the past year has diverted one million mattresses from incineration and given them a new life, directly contribute to this. One of our partners, Purified Metal Company, commissioned their facility in the Netherlands during 2020 to reprocess contaminated steel. As a result, up to 25,000 tonnes of steel will be recycled instead of landfilled.

Our activities saved 1.5 million tonnes CO_2 emissions which would be emitted if these materials were produced from virgin sources (FY20: 1.7 million). This comes at a cost of 0.135 million tonnes (FY20: 0.136 million) of processing, transportation and energy emissions from our operations. The recycling of 4.5 million (FY20: 5.0 million) tonnes of waste preserved a significant amount of finite virgin resources. This equates to a carbon avoidance intensity ratio of 200kg CO_2 per tonne of waste handled.

The most material contribution to the carbon avoidance comes from materials with high CO_2 production costs due to mining, refinement, global transportation, fabrication and installation, such as ferrous and non-ferrous metals, which account for 22% of the Commercial Division CO_2 avoidance. Of the remaining 78%, the next most material waste streams are: plastics, wood, paper, rubble/aggregates.

During the past four years we have made a major investment to upgrade our fleet to low-emission Euro 6 vehicles, as well as trialling electric vehicles and electric cranes, loaders and shovels that operate on our sites. Our Euro 6 or higher standard fleet now accounts for 60% (FY20: 48%) of the total Commercial vehicles. On-site energy requirements are increasingly provided by on-site solar roofs and wind turbines. During the year we secured permission for Belgium's tallest onshore wind turbine, to be located at our Ghent site. This will generate some 13 million kWh of electricity annually.

Safety is paramount and is a particular challenge due to the number of vehicle movements in total, but this is also further heightened by the proximity to pedestrians around customer sites. During the year, the Division has had a strong focus on the safety culture including ongoing training and awareness around the HomeSafe agenda and our 10 Lifesaving Rules. Despite these activities, the Division has experienced a difficult year for safety with two fatal accidents of our employees. The root causes of each of these incidents have been fully investigated and lessons learned have been applied into our operations. Our safety strategy for FY22 will focus on our sites, safety leadership, driving standards and raising risk awareness. The approach to safety is being aligned to have a uniform process for driver induction, ongoing assessment and training. We are committed to spending time on the road with every one of our drivers to experience the environmental conditions they face every day and help embed safe thinking into our everyday decisions.

WE ACTIVELY HELP OUR CUSTOMERS TO DELIVER ON THEIR OWN SUSTAINABILITY GOALS AND, AT THE SAME TIME, ENSURE THAT THE MAXIMUM AMOUNT OF WASTE COLLECTED CAN BE GIVEN A NEW LIFE

During the year we completed several fire improvement upgrades at our sites, focused on fire prevention, detection and suppression.

An enhanced fire standard has been issued for all sites in the organisation and this has been communicated across the Division with accompanying training. Graded assessments have been completed for all applicable sites against this standard, which were reviewed by the central group SHEQ team. Resulting action plans have been developed to increase performance. A fire risk register has been created to rate our sites as Low, Medium or High risk and the associated risk mitigations, including the levels of fire prevention, detection, suppression and water reserves available.

Markets

The I&C segment meets the needs of specific markets, sectors and businesses covering the broad activities of the total economy, including hospitals, factories, offices, shops and restaurants amongst others. Waste streams, such as segregated paper or plastic, food waste or glass, are preferably separated at source to retain quality. However, within this sector there is still a significant flow of mixed waste. The Domestic segment provides clean and efficient 'hands and wheels' services in door-to-door municipal collection. Waste is then delivered as instructed by the authority, which retains responsibility for sorting, treatment and disposal. The Hazardous segment in Belgium is a niche operation focused on industrial cleaning and hazardous waste collection and decontamination.

The C&D segment is core for Renewi in the Netherlands and arises from residential, commercial and infrastructure construction. The Commercial Waste Division also operates in several niche segments, many of which are complementary to the principal segments outlined above. These include the collection, separation and aggregation for treatment of small-packed hazardous waste such as batteries, paint and out-of-date pharmaceuticals. We also collect and treat organic waste streams from restaurants, manufacture wood chips for furniture, recycle mattresses, manage confidential paper shredding and recycling, and have a leading position collecting medical waste from hospitals.

Many of our customers were profoundly impacted by the pandemic, resulting in lower roller bin collection activity in our hospitality, retail and leisure customers in the I&C business. These are expected to substantially recover in the coming year. With large portions of the workforce moving to home working and with vacation plans much reduced, during the past year many households diverted resources to household renovations which drove strong bulky waste volumes. This is expected to soften slightly over the next 12 months. Construction volumes have remained robust; however, as a late-cycle activity, we are closely monitoring these for a forecast slowdown during 2021.

Many recyclate markets have improved during the year, notably ferrous metal prices and paper prices. The rise in paper prices has been driven by increased demand for packaging required for home deliveries and lower supply from segregated collections offices which were closed during the pandemic. Some of these trends are expected to revert as the normal functioning of the economy returns.

The competitive landscape is dynamic, with a number of ongoing M&A transactions impacting our closest competitors. It is encouraging to see increased capital deployment in the recycling and EfW sectors. None of the transactions are expected to materially change the competitive balance of our core markets.

Commercial Waste financial performance

	REVENUE		UNDERLYING EBITDA		UNDERLYING EBIT	
	FY21	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
Netherlands Commercial	**828.4**	812.6	**113.9**	104.4	**53.7**	49.4
Belgium Commercial	**412.9**	439.1	**52.5**	56.1	**23.1**	29.2
Intra-segment revenue	**(0.7)**	(1.5)	**–**	–	**–**	–
Total (€m)	**1,240.6**	1,250.2	**166.4**	160.5	**76.8**	78.6
Year on year variance %						
Netherlands Commercial	***2%***		***9%***		***9%***	
Belgium Commercial	***-6%***		***-6%***		***-21%***	
Total	***-1%***		***4%***		***-2%***	

	RETURN ON OPERATING ASSETS		UNDERLYING EBITDA MARGIN		UNDERLYING EBIT MARGIN	
	FY21	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
Netherlands Commercial	**15.7%**	13.1%	**13.7%**	12.8%	**6.5%**	6.1%
Belgium Commercial	**24.2%**	25.4%	**12.7%**	12.8%	**5.6%**	6.6%
Total	**17.6%**	15.9%	**13.4%**	12.8%	**6.2%**	6.3%

Following the change in the composition of the reporting segments from 1 April 2020, Netherlands Commercial now includes Orgaworld, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets for Belgium excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

Divisional strategy

The Commercial Waste Division creates value from its leadership position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, density, operational scale and advantaged processing technologies position it strongly in its core markets.

The Division's strategy is closely aligned with the core Renewi strategy as follows:

- Delivery of margin enhancement and higher returns from core activities through the Renewi 2.0 programme alongside multiple other commercial and operational initiatives
- Investment in new technologies to increase diversion of waste from incineration and landfill
- Investment to increase the spread of our margins from processing by adding value to the products we make
- Selective growth in market share through organic share gain from our compelling customer proposition as well as potentially through small acquisitions
- Working with partners in the supply chain to reduce the cost and the CO_2 impact of our collection activities, which are necessary to secure the waste as our raw material input

Legislation to encourage the circular economy continues to be introduced. Renewi's strategy is positively aligned to benefit from new legislation.

Our strategy will increase our operating margins, and new investments are expected to deliver an accretive return on investment.

Financial performance

The Commercial Division performed strongly in FY21 despite the loss of volumes due to Covid-19. A strong second half performance completely offset weakness in the first half which was impacted by the first lockdown and the Netherlands exceeded its FY20 performance. Revenues fell by just 1% to €1,240.6m, while underlying EBIT fell by 2% to €76.8m. EBIT margins reduced by 10bps to 6.2% and the return on operating assets increased by 170bps to 17.6%. The Division delivered €15m of Covid-19 cost savings during the year, with 56% in the second half, amidst second lock downs and despite recovering volumes.

Revenues in the Netherlands grew by 2% to €828.4m and underlying EBIT increased by 9% to €53.7m. Underlying EBIT margins increased by 40bps to 6.5% and return on operating assets increased by 260bps to 15.7%. The performance was driven by improved inbound prices, cost actions and higher recyclate prices.

Volumes in the Netherlands were less impacted by Covid-19 than in Belgium and the UK, with fewer segments badly affected, combined with some market share gain. Volumes were 94% of the prior year in the first quarter, strengthening to 97% and 98% in the second and third quarters before slipping back to 95% with the fourth quarter lockdown. Core volumes were down by 1.4% on the prior year: Commercial waste volumes, which include hospitality, were 11% lower than the prior year, but this was significantly offset by a 4% growth in construction & demolition volumes, and an 18% increase in bulky waste volumes. Recyclate volumes reduced by 2.5%, with 5% falls in paper and plastics offset by a 7% increase in wood. Food waste volumes fell by 21%, reflecting the near closure of the hospitality sector. Inbound pricing has remained relatively unaffected to date, with a small net margin increase driven by the price increases introduced before Covid-19 in January 2020.

Recyclate prices increased in the fourth quarter, most notably for paper and ferrous metal. This represented an expected recovery from the very low prices seen in 2018-19 supported by specific near-term supply/demand changes caused by Covid-19. For example, European demand for cardboard has been strong, reflecting increased online deliveries following lockdown restrictions. At the same time generation of wastepaper in offices contracted due to remote working. The full year impact of recyclate volumes and prices was €3m versus prior year.

Belgium experienced a significantly greater impact from Covid-19 than the Netherlands. Revenues fell by 6% to €412.9m and EBIT by 21% to €23.1m. Underlying EBIT margins contracted by 100bps to 5.6% and return on operating assets by 120bps to 24.2%.

Belgian volumes in the first quarter reduced to 76% of prior year in a very sharp lockdown which closed large parts of the economy. This recovered to 91% in the second quarter, 92% in the third quarter and 97% in the fourth quarter, noting that this last data point compares to a sharp initial lockdown in the prior year. Core volumes were down by 12%, with commercial down 14%, and recyclate volumes by 5%. Belgian cost actions amounting to €8m were delivered, which partially offset the lost profit from lower volumes. EBIT in the second half was broadly flat on the prior year, reflecting positive progress compared to the first half.

Operational review

Our Commercial Division was clearly primarily focused, at least in the first half, on managing Covid-19. Nevertheless, good progress was also made with its longer-term strategic projects.

Covid-19 operational response

Our rapid response to the crisis required agility and innovation from our teams on the ground. We implemented innovations such as digital collection notes which reduced physical contact to avoid transmission and to protect our customers. Our back-office staff quickly transitioned to working from home with no loss of productivity. We extended our activities supporting the healthcare sector with additional collection services and new PPE and medical equipment recycling partnerships.

Our cost controls began with reductions in discretionary costs such as marketing and travel, but also extended to finding ways to operate with reduced overtime and temporary labour. We expect to retain the benefit of some of these changes when volumes fully return. Four sites or processing lines in the Netherlands and two in Belgium have been closed or are expected to close during FY22 as we further optimise our footprint to meet new demand patterns.

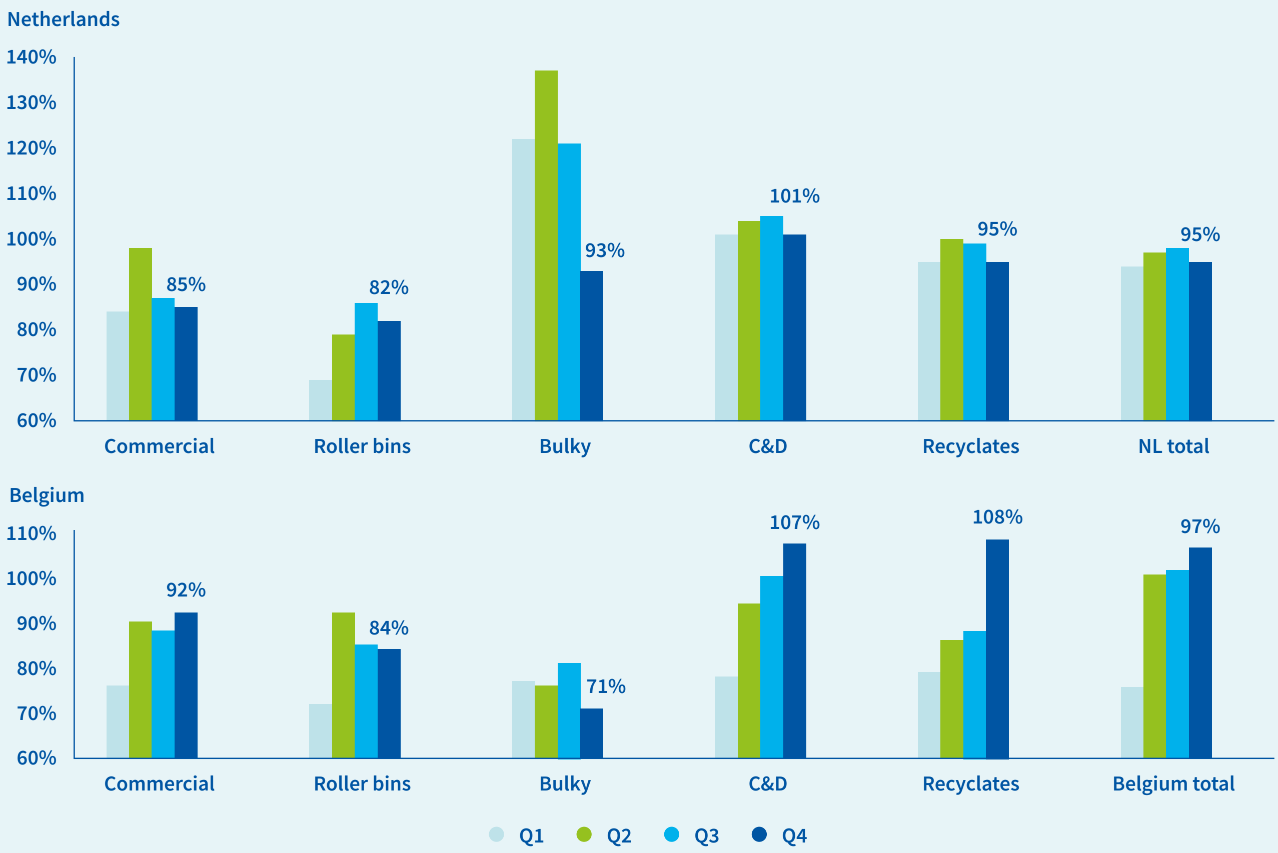
OUR ENERGY TRANSITION: NO WINDY TALK!

A wind turbine with a maximum tip height of no less than 242 metres – the highest on the Belgian mainland to date – was licensed and will be built on our site in Ghent by ENGIE, Belgium's largest energy producer. The new wind turbine is expected to generate some 13 million kWH of electricity annually, which is equivalent to the annual consumption of circa 4,300 families. It will be able to cover 75% of the electricity use at our Ghent site, saving about 5,700 tonnes of CO_2, the equivalent of the annual emissions of around 2,850 diesel cars. The turbine is a community asset, with Renewi employees and local residents having the opportunity to own shares in Electrabel CoGreen, ENGIE's co-operative company. Each year, they can receive a dividend depending on the amount of electricity generated by their wind turbines.

"ENGIE is committed to playing a leading role in the transition to a carbon-neutral future and has ambitious targets," says Philippe Van Troeye, CEO of ENGIE Benelux. "Renewi's recycling and recovery activities already provide a valuable benefit of avoided CO_2 emissions, but the company still recognises the need to reduce the CO_2 impact of its own operations as much as possible. Waste-to-product with zero CO_2 impact is one of their ambitious sustainability targets and, thanks to our co-operation, we are both one step closer to achieving this objective."

In order to reduce the carbon impact of our operations on site, we are investigating the installation of wind turbines on other sites. Where our own renewable energy isn't sufficient, we will purchase green energy from front-runner green energy providers.

Volumes as a % of prior year



Increasing diversion of waste and adding value to our secondary materials production

Long-term waste volumes are expected to be broadly flat, with some growth for Renewi from customer share gain. We expect to continue to drive our margin expansion from these volumes by increasing the diversion of waste we collect away from landfill and incineration. Having diverted waste from landfill and incineration, our next priority is to increase the value we add from the products we make through increased quality. We call this "spread expansion".

We made good progress with a number of key projects to deliver our longer term growth strategy during the year:

- Our RetourMatras joint venture with the IKEA Group continues to expand rapidly. During the last year we commissioned the third facility with a fourth expected to be on stream this summer, thereby giving us complete coverage of the Netherlands and an ability to recycle over one million Dutch mattresses. We also welcomed IKEA's partner IKANO as a shareholder. IKANO has technology to recycle the recovered foam back into polyurethane that can be used to make new mattresses, therefore closing the loop. We are exploring international expansion opportunities with our fellow shareholders, starting in Belgium;
- Construction is underway of a €10m dedicated facility to process out-of-date food waste and provide feedstock to our anaerobic digester in Amsterdam. Construction will complete and the site fully commissioned in late 2021;
- We signed an agreement with Shell and Nordsol to build and operate a new facility at our Amsterdam anaerobic digester site to take bio-methane and convert it to bio-LNG for zero carbon transport fuel. Construction is underway for this innovative unit and commissioning is planned for late 2021;
- The new €6m stone crusher at Wateringen has demonstrated its enhanced product quality in its first year of operation, allowing us to sign our first 12KT contract to supply the recycled stones back into the concrete industry;
- We have completed a €1.2m dockside loading installation at our Vlaardingen facility, allowing us to ship wood chips to customers abroad;
- We generated record product sales at our Hoek van Holland green waste treatment facility, entering into more closed loop agreements with local horticultural customers;

- We commissioned our new €2.5m plastics sorting line at Ghent. The new facility produces much higher quality plastic granulates, allowing us to significantly increase the spread on the products we sell; and
- We have started our investment of €2.4m to install a new sand washing line in Mont-St-Guibert. The new line will improve sand capacity and quality and will reduce our environmental impact by using 80% less water.

Clean and green collection

The efficient collection of waste provides an essential service to customers and provides us with the raw materials from which to create new products. However, we seek to minimise pollution and traffic impacts to become cleaner, greener and more efficient, in support of our primary focus to increase diversion and close the loop in the circular economy. We therefore seek to optimise our capital-intensive logistical activity while preserving our customer intimacy and service.

We continue to reduce pollution by investing in the latest technologies. During the past year we invested €39m in purchasing 272 Euro VI trucks with the lowest emissions. These trucks reduce pollutants by over 90% compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. Over 60% of our fleet is now Euro VI and we are on track for 100% by 2025.

Over the next decade, we expect a step change in the reduction of carbon emissions from waste collection through two approaches. The most significant will be a transition to use of zero emission vehicles (ZEV), likely electric or hydrogen powered, in response to zero emissions zones in major cities. The second is an opportunity for waste companies to combine to collect waste in single "white label" truck fleet operation per town, increasing route efficiency and reducing the number of vehicles. During the last year we ordered the first electric rear end loaders produced by both Volvo and DAF. The Volvo is commissioned and on operational trials with us and the DAF will follow later in FY22. We have also purchased a vehicle to collect organic waste from Albert Heijn supermarkets that runs on bio-LNG in a closed loop solution.

To support the transition to cleaner and safer inner cities we will reduce heavy goods movements through a new joint venture, the "Green Collective". Together with other major Dutch waste operators we aim to jointly collect waste within thirty municipal regions by 2025, to increase route density and reduce CO_2 emissions from collections.

Leadership changes

In addition to the previous appointment of Marc den Hartog, who joined us as Managing Director, Commercial Waste Netherlands from 1 April 2021, we are also now pleased to announce the appointment of Mark Thys as Managing Director, Commercial Waste Belgium, with effect from 1 June 2021. Mark joins from Eurofins Scientific where he led global transformations and prior to this, he was a regional Managing Director at Goodyear Dunlop. Mark succeeds Wim Geens who has been part of Renewi and predecessors for 15 years and we wish him every future success.

Taking waste, such as paper, and sending it for further processing is at the heart of our business

INNOVATION IN ACTION
Working together to create a cleaner, circular world

HONING OUR TECHNIQUES

European Union waste regulations define a large number of best available technique references that serve as a minimum standard. However, the most advanced circular economies, including the Netherlands and Belgium, go further than these European references.

For example, in the Netherlands, there is a ban on landfill for all but a few types of waste for which there are no alternative solutions. In addition, a number of recyclable waste streams may no longer be incinerated, and a tax on incineration has been introduced.

In Flanders, Belgium, there are also explicit landfill and incineration bans, a recycling obligation, and separate collection requirements and sorting rules, which have been in force since 2012. The most recent adaptation of Vlarema, the Flemish regulation on the sustainable management of material cycles and waste, which is effective from May 2021, determines how the incineration ban on recyclable materials is to be met.

Explicit regulations that support the best available technologies also support Renewi's purpose of protecting the world by giving new life to used materials.

The Netherlands and Belgium lead the way in Europe on waste management, with countries such as the UK and France currently relying more extensively on fiscal measures; for instance, taxation to direct waste away from landfill.

We anticipate that several other European countries will progress towards being advanced recycling economies during the next decade, making them interesting future markets for our unique range of recycling solutions.

STRATEGIC PRIORITIES: SUSTAINABILITY THEMES:

MINERALZ & WATER

This Division, established in April 2020, processes highly contaminated waste streams, enabling materials to be returned to the circular economy

Theo Olijve,
Managing Director,
Mineralz & Water

Revenue

€183m (FY20: €152m)

Underlying EBIT

€0.3m (FY20: €5.6m)

Operating sites

11

Volume of materials recycled

1.9MT

Employees

338

Business model

SOURCE
- Third-party delivered soils, TAG, fly ashes, bottom ash, waters and sludges
- NORM and asbestos contaminated materials
- Dockside cleaning of contaminated ships
- Packed chemical waste

SORT
- Pre-acceptance chemical tests
- Cleaning and grading
- Oil and water separation

PROCESS
- Separation
- Thermal treatment
- Decontamination
- Immobilisation
- Biological water treatments
- Pyrolysis
- Metal extraction and grading
- Soil washing
- Gravel grading

PRODUCTS
- Gravel
- Sand
- Filler
- Clean soil
- FORZ
- Metalz
- Clean water

The Mineralz & Water (M&W) Division was newly established in April 2020. It includes our soil and water treatment activities at ATM, which were previously part of the Hazardous Division, and the Mineralz business, which was previously part of the Monostreams Division.

M&W plays an essential role in the circular economy by processing a significant volume of highly contaminated soils, old road surfaces, industrial waters, sludges, chemical waste, incinerator residues and packed hazardous waste, with a processing capability of nearly three million tonnes of waste per year.

These waste streams are decontaminated through separation processes, biological, thermal and pyrolysis treatments to make secondary materials available for the building and construction industries. Often the solutions are in a closed loop, such as gravel being put back into new tarmac. Our flagship ATM site has a leading position due to its unique combination of technologies, the cost advantages provided by its integrated plant processes and its waterside location for the cleaning of ships. It operates according to the extensive set of environmental controls and permits required in the hazardous waste processing market. Maasvlakte, near Rotterdam, is another unique site. It is the only landfill site in the Netherlands capable of the immobilisation of leaching hazardous waste, and the disposal of naturally occurring radioactive materials.

The business model is shown in the graphic on the opposite page.

Sustainability

M&W processed 2.4 million tonnes of waste in FY21 (FY20: 2.3 million), well below the peak production capacity of three million (our historical maximum production) as a result of the reduced throughput of soil at ATM. The Division has a blended recycling rate of 82% (FY20: 73%) and, within this, ATM has an exceptionally high recycling rate of 92% (FY20: 93%). It is expected to increase with soil processing volumes as soil recycling rates are very high, at circa 98%.

The principle purpose is the decontamination of materials that would otherwise pollute our world and the reuse of material, which contributes to the preservation of virgin materials. The Division has comparatively lower carbon avoidance than other Divisions, at 0.74 million (FY20: 0.81 million) due to the lower carbon cost of production for aggregates building materials from virgin sources.

M&W facilities are strictly regulated

As specialist processing sites, M&W facilities operate to the highest environmental standards, within multiple permits, and are proud to meet leading standards and regulations. Compliance is at the heart of the licence to operate. The Division has exacting standards for the acceptance of waste, testing of the clean products produced and all emissions arising from operations. Around 20 people work at ATM's high-tech laboratory doing over 35,000 tests per annum to ensure that ATM not only complies every time with technical standards but can also develop new capabilities for issues arising as a result of our industrialised economies. The team further ensures that we meet the broader tests of our duty of care as a responsible operator.

As a Seveso controlled site, our ATM plant is strictly regulated and has high safety standards. The team at the plant has worked this year to improve further and has developed bespoke safety leadership training. As part of this, they established a 'safety street' and used actors to help set up safety situations to teach our people how to intervene and have a safety conversation. This model is being rolled out across the business to help further improve our safety culture.

Markets

The underlying market drivers for inbound waste to ATM are industrial activity in the region. This includes the oil and gas sectors that predominate in Rotterdam and Antwerp, as well as construction and site remediation activity across Europe which drives demand for inbound and outbound soil materials. Incineration activity and the Dutch Green Deal requirements ensure responsible treatment of incinerator ashes is undertaken domestically.

Following the regulatory shutdown of the thermally treated soil (TGG) market in 2018–19, the market has been slow to recover. This is particularly the case for the offtake of TGG. We expect significant progress in rebuilding these markets over the next 12 to 24 months.

Waterside and pyrolysis activities were slightly impacted in the year by low oil prices, Brexit and Covid-19. However, activity is expected to revert to normal in FY22.

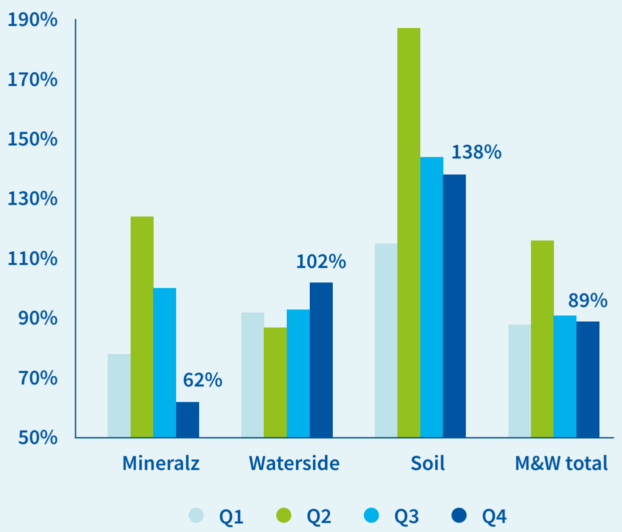
ATM has installed capacity to separate TGG into three building materials: gravel, sand and filler. Certifying each of these new products and then producing at scale to the required standards is the core focus of market development for M&W (see page 34 for details).

Mineralz & Water financial performance

	FY21 €m	FY20 €m	Variance %
Revenue	**182.8**	151.6	21%
Underlying EBITDA	**15.0**	18.7	-20%
Underlying EBITDA margin	***8.2%***	*12.3%*	
Underlying EBIT	**0.3**	5.6	-95%
Underlying EBIT margin	***0.2%***	*3.7%*	
Return on operating assets	**0.8%**	13.9%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous Hazardous Waste Division and Mineralz, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

Volumes as a % of prior year



Divisional strategy

The strategy is focused on restoring ATM to full production, expanding activities in water treatment, increasing bottom-ash treatment and creating an integrated portfolio of secondary materials.

Progress is being made to restore ATM's position in the market for processing contaminated soils. Further investments are being made in processing, storage and certification of these products in order to build our capability to serve the higher-value building materials market. This will continue to be the core focus of the Division until the soil cleaning kiln is back to 100% of processing capacity. Additional areas of focus include expanding the contaminated water treatment, extending bottom-ash cleaning processes and developing the synergies of an integrated portfolio of secondary materials activities with a joint go-to-market approach directed towards the construction market.

Financial performance

Revenues increased by 21% to €182.8m, primarily as a result of the transfer into the division of a metal extraction facility. Revenue on a like for like basis was up 2% year on year. Underlying EBIT fell by €5.3m compared to the prior year to €0.3m. This included €5.0m of additional provisions to reflect higher expected costs of disposal of TGG and related materials and €4.1m in external storage costs of these inventories that were previously reported as exceptional charges: excluding these items EBIT increased by €3.8m in the year. This was lower than initially planned for the year, primarily due to delays in clearing the Moerdijk site of cleaned TGG.

Operational review

The recovery of full soil treatment production requires progress in three interlinked areas: revitalisation of the inbound soil pipeline, placement of historic cleaned TGG stocks in the market, and the installation of capacity to produce sand, gravel and filler as certified products for the construction markets.

Good progress has been made with the revitalisation of the inbound pipeline. The volume of contaminated soil and asphalt under negotiation for future supply increased by more than 0.5MT and, combined with existing inventories, we are confident we have sufficient input for FY22. The ability to bid for new soil contracts is linked to our being able to prove there are suitable outlets for the cleaned soil or products: hence an increase in certainty of outlets will improve the success rate for new soil contracts. Covid-19 had a negative effect on the broader European soil remediation market during the past year, which is expected to steadily recover going forward. Volumes processed through the kiln increased by 28% vs the prior year, to 30% of processing capacity.

Renewi is committed to investing in ATM to transition soil to gravel, sand and filler

The placement of historic cleaned TGG stocks has been slower than originally expected, driven by caution among local regulators in providing permits. 140KT of TGG was placed during FY21 and we have signed contracts for FY22 to ship a minimum of 0.5MT of thermally treated soil in the Netherlands, with shipments starting in May. Further discussions are taking place regarding outlets of up to 1MT, enough to place all of our remaining TGG stocks. We have increased our provision for some of the cleaned products by €3.5m to allow for the logistics required for export outlets.

The preferred applications for cleaned soil are as separated and refined filler, sand and gravel which are each secondary construction materials. New transport systems and silos to store up to 5KT of filler were installed and commissioned during the last year. Further investments are planned to improve the sand quality, upgrade the sieve capacity and improve logistics. In parallel we are making progress with certifications for the new products which will, over time, open new outlet markets and improve prices. Our commercial pipeline for each product is growing and we are confident that our fully certified secondary materials will have long-term outlet markets and customers.

The remainder of the division performed well following the initial Covid-19 lockdown. At ATM we saw a strong increase in contribution from the Pyro unit with production volumes up 8% vs prior year following investments to improve production capability and despite a weak first quarter due to Covid-19. The waterside at ATM was more severely affected by Covid-19 in the first half and volumes fell by 6% vs the prior year. The Mineralz business saw lower profits in the landfill segment, as forecast, including the scheduled closure of the Braine landfill from 1 January which will reduce annualised profits by circa €2m. The soil washing and metals extraction facilities saw growth on the prior year, despite Covid-19, partly due to increases in metal prices. New divisional management were able to deliver significant reductions in operational and SG&A costs as synergies were realised from the creation of the new division.

FROM POT TO PLATE

In the Netherlands, around 150kg of household residual waste per inhabitant is fed into incinerators every year. As old pottery is commonly part of it, our Mineralz & Water Division sided with Urban Nature Culture to promote more circular uses. Urban Nature Culture collects second-hand and wasted tableware and reglazes it with Renewi's FORZ®Glaze – a glaze made from secondary raw materials like cleaned incinerator bottom ash. FORZ®Glaze is a greener alternative to conventional glazes that contributes to the use of circular raw materials in ceramics without affecting the product's final look. Not only does the final upcycled pottery meet the applicable environmental requirements, it is of course completely safe to eat from. Urban Nature Culture sells its circular pottery at various home furnishing shops inside and outside the Netherlands, as well as at the Bijenkorf.

SPECIALITIES

Established in April 2020, this Division includes glass recycler Maltha; Coolrec, which recycles household appliances; and UK municipal PPP operating contracts

James Priestley, Managing Director, Specialities

Revenue

€301m (FY20: €323m)

Underlying EBIT

€2.4m (FY20: €1.3m)

Operating sites

43

Volume of materials recycled

1.6MT

Employees

772

Business model

	SOURCE	SORT	PROCESS	PRODUCTS
COOLREC	• WEEE recycling scheme collections • WEEE plastics • Fridges • Small electrical goods	• Magnetic and eddy current separators • Density separators • Air separators • Windshifters • Electrostatic separation • Optical sorting	• De-pollution • De-gassing • Shredding	• Plastics (PS/ABS) • Metals (ferro/ non-ferro) • Raffinates • Recovered gas
MALTHA	• Flat glass • Recycled container glass		• Cleaning • Drying • Milling • Shredding	• Glass cullet • Glass powder • Metals
MUNICIPAL	• Residual 'black bag' • Mixed dry recyclates • Green waste	• Magnetic and eddy current separators • Mechanical sorting e.g. Trommels • Air separators • Manual picking	• Shredding • Bio-drying • Mechanical press • Anaerobic digestion • In-vessel composting • Milling • Balers	• Cardboard • Glass • Metals • Paper • Plastics • Aggregates • Digestate/ compost • Green electricity • Refuse-derived fuel • Solid recovered fuel

Maltha is a European leader in glass recycling

The Specialities Division was newly established in April 2020. It includes our UK municipal PPP operating contracts, in addition to the specialist recycling businesses of Maltha for glass and Coolrec for household appliances.

The five municipal contracts operate residual waste treatment facilities for UK councils, typically under long-term PPP contracts. In addition, Renewi continues to provide support to the Derby and Derbyshire Councils to manage their waste following the failure of that PPP contract. The PPP contracts are rigid in structure with an inflation-linked inbound fee and an exposed offtake cost of the disposal for sorted and treated materials. This resulted in significant onerous contract provisions in prior years.

Coolrec has a strong position in the recycling of fridges, freezers and other small domestic appliances. It produces recycled plastics and both ferrous and non-ferrous metals following decontamination. Inbound supply comes from so-called producer schemes on long-term supply contracts, and outbound products provide industry partners with secondary materials to make closed-loop circular products. Waste electrical and electronic equipment recycling rates are still poor for small personal devices such as phones; however, we expect further legislation to support responsible lifecycle management of these products.

Maltha is a European leader in glass recycling, focused primarily on recycling flat and container glass into cullet and glass powder for re-use in the glass industry. O-I, a world leader in packaging glass, owns 33% of the Maltha group. Maltha has sites in the Netherlands, Belgium, France, Portugal and Hungary.

Sustainability

Specialities processes 2.6 million tonnes of waste per year (FY20: 2.7 million), 54% of which is within the UK municipal contracts, 42% in Maltha and 4% in Coolrec. Levels of recycling in the UK from the PPP contracts are lower than is achieved in our Commercial Division. This is due to most of the input being residual waste, which is what is left after other streams have been separated for recycling. At the outset, the contracts were established to facilitate diversion from landfill and to boost the recycling and recovery rate of 93% (FY20: 91%). By contrast, Maltha and Coolrec both have exceptionally high recycling rates and their purpose is to create secondary products. This results in a divisional recycling rate of 63% (FY20: 65%).

We continually strive to recover even the lowest grade wastes and in the UK we have improved the recycling and recovery rate from 88% to 91%.

Carbon avoidance contributions come from the recovery of usable materials and the fuels generated by these processes, which collectively produce a positive CO_2 avoidance of 0.95 million tonnes (FY20: 0.93 million). Given that the majority of waste is delivered to our facilities, transportation emissions are not significant in Specialities. Site processing is important, however, as we operate complex mechanical and biological treatment facilities.

Safety is a key area of focus for Specialities, and particular challenges are the complexity of the various technologies and processes deployed across the Division. As with the other Divisions, there has been a focus on HomeSafe and the 10 Lifesaving Rules, as well as adaptation for the pandemic response. In addition, the Specialities Division has the most mature risk awareness culture, based on the largest number of HITs reported each year and the number of people reporting them, leading to progressive closure of the associated risks identified by our teams.

There has also been a strong focus on fire prevention and detection within our UK sites, with BDR completing and ELWA initiating major fire improvement works. We remain focused on further improving our fire prevention and detection at other sites across the UK.

Markets

Although we have no intention to invest further in PPP contracts, the UK waste market remains an interesting market adjacent to our core Benelux-based operations. The market is expected to transition towards more mature and higher environmental standards for the treatment of waste, with structurally inadequate supply of incineration capacity being addressed and active migration away from comparatively high landfill rates. To reach the same standards as the most advanced European countries, such as Germany, the Netherlands and Belgium, increased focus on recycling, circularity and secondary materials production is required. We are therefore optimistic that the UK Resources and Waste Strategy, to be announced in 2023, will be ambitious and provide a basis for further investment opportunities for Renewi to support this transition. We also note with interest significant waste M&A activity and further consolidation of the fragmented landscape.

The UK left the EU following the transition period on 31 December 2020. As a result, there are additional requirements for transportation of RDF to incineration capacity in the EU, which is relevant to our ELWA operation. However, these new measures have not caused any material disruption or delays to our activities. Within the UK market the structural undersupply of incineration capacity is being addressed and new capacity is being brought on line. This supports the UK transition away from landfill and reduces the supply–demand imbalances domestically, which could in future provide cost-effective domestic incineration opportunities for RDF we are currently exporting.

The fridges and freezers recycling market across Europe was impacted by the closure of container parks and household waste recycling centres during the initial Covid-19 lockdown. However, volumes recovered strongly as working from home and home schooling took hold, and as household leisure spending was in part directed towards home improvements. Although off-take prices initially weakened, they then recovered.

There was a more pronounced impact on the glass recycling market, with materially lower demand for glass from the hospitality and events sectors. This is expected to return once the economies re-open post vaccinations.

Divisional strategy

The core focus for Municipal is on continuing to improve the operating performance of the remaining assets to reduce cash losses and create a platform for future growth. We watch with interest the evolution of the UK waste market more broadly, and hope to find opportunities to participate in the transition to a circular economy in due course. The focus for Coolrec is to enhance the value added nature of the products produced, to retain share within the chosen areas of speciality such as fridges, and to selectively increase share in other white goods and small electrical appliances recycling. For Maltha the focus remains on the operational performance of the sites, working in close co-operation with O-I as our principal cullet customer and Maltha joint venture partner.

Financial performance

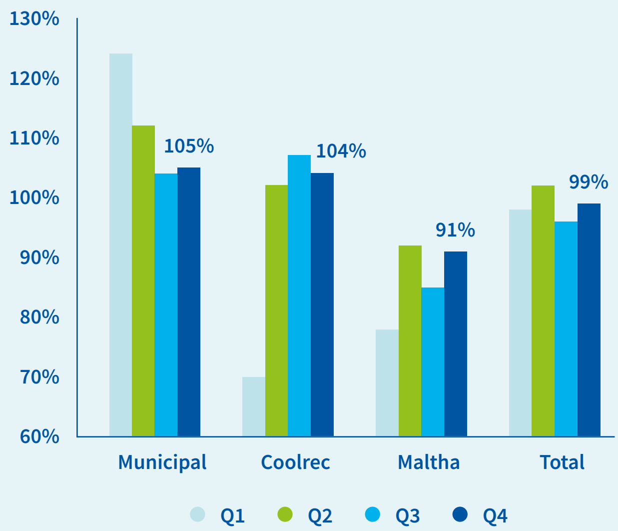
Revenue fell by 7% to €300.8m, primarily as a result of the transfer of a metal recovery facility to Mineralz & Water. Underlying EBIT moved from a loss of €1.3m to a profit of €2.4m despite negative Covid-19 impacts. The ongoing recovery at Coolrec was particularly positive, with EBIT up by over 100% despite a very tough first quarter when the French and Belgian sites were closed for lack of inbound fridges. In contrast, Maltha saw earnings fall by 96% as it was particularly hard hit by the closure of the hospitality sector and the postponement of major events, which resulted in a furnace closure in France and generally lower demand for cullet. Municipal performance was helped by the first full year of the new short-term Derby contracts. Underlying performance, including the contracts reported as onerous, deteriorated as much higher black bag waste volumes and lower recyclate volumes in the household waste recycling centres led to increased losses relative to prior year.

Specialities financial performance

	FY21 €m	FY20 €m	Variance %
Revenue	**300.8**	323.2	-7%
Underlying EBITDA	**12.0**	8.1	48%
Underlying EBITDA margin	***4.0%***	*2.5%*	
Underlying EBIT	**2.4**	(1.3)	N/A
Underlying EBIT margin	***0.8%***	*-0.4%*	
Return on operating assets	**5.4%**	4.6%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous UK Municipal business together with Coolrec and Maltha, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. Underlying EBIT includes utilisation of €11.4m (FY20: €12.2m). The return on operating assets excludes the UK Municipal business. The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

Volumes as a % of prior year



We're making good progress in transitioning hard plastics into high-quality granulates for re-use

Operational review

Coolrec has now restructured successfully to operate from three main facilities in the Netherlands, Belgium and a smaller site in France. Each of these is a national leader in the recycling of fridges and white goods, and also depollutes and recycles small domestic appliances to recover valuable metals and hard plastics. Despite a very difficult first quarter, in which volumes fell to 70% of prior year, volume recovery for the remainder of the year was very strong with total volumes ending 5% down. Having completed the initial restructuring, management has invested over the past year to significantly upgrade the core sites, improving the recycling content, carbon footprint and capacity. This was rewarded, just after year end, by the renewal of a key contract in Belgium to secure volumes for another six to nine years.

As reported above, Maltha experienced a significant impact from Covid-19 as one of few businesses in Renewi that is dependent on the glass bottle manufacturers who are exposed to the hospitality sector. The business has a high fixed cost base and so the lower volumes fed through to reduced profits. As a result a goodwill impairment of €9.5m was taken.

UK Municipal also experienced a challenging year as Covid-19 reduced recyclates and increased black bag waste. Nevertheless, good underlying progress was made in a number of areas. The underperforming Derby contract that impacted FY20 was replaced in August 2019 by an improved contract to manage the Councils' waste and to maintain the Sinfin Lane site, until the Councils have sufficient time to determine its long-term plan. ELWA also saw some significant underlying improvements and we are confident that incinerator gate fees have peaked and that improved outlets can be secured going forward. Overall we continue to operate the loss-making contracts within the aggregate provisions taken in previous years. Composition of the provisions has been updated with reductions in ELWA offset by an increase in Wakefield. We have not yet reached agreement with Wakefield Council to improve operations with the aim to save money and reduce the contract's environmental footprint. Continuous improvement initiatives delivered a further €1.3m of annualised savings.

ROCKEEES ARE COOL

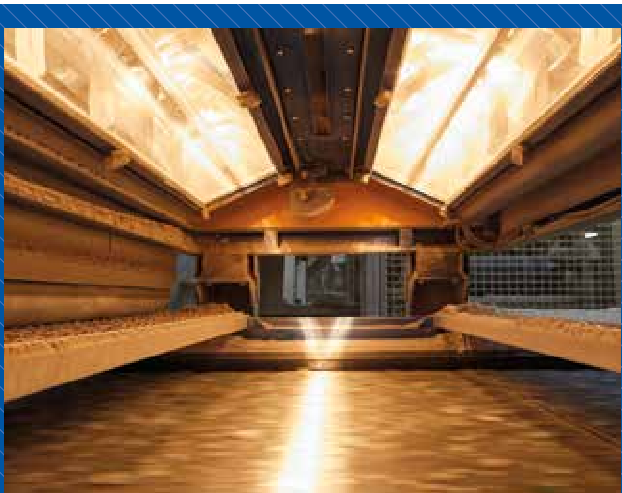
Refrigerators are urban mines for recyclers. Recydel, part of the Coolrec business, recovers and recycles up to 98% of the valuable materials in a refrigerator using innovative recycling techniques.

The collected refrigerators are de-polluted and shredded by Coolrec. In this process, the raw materials are released in different fractions and separated into metals and plastics. These plastics are then further sorted into their various polymers using density and electrostatic sorting techniques, and then converted into a high-impact granulate with a tailor-made composition for our customers. Coolstar is 100% recycled High Impact Polystyrene from recycled fridges, a sustainable alternative to 'virgin' polymers that is so clean that it fully complies with the European Toy Regulation tested according to EN73. These granules are then injected into 'ROCKEEES', a fully sustainable waste-to-product toy.

ROCKEEES are inspired by the beautifully stacked, seemingly gravity-defying stones that you see along beaches and hiking trails all over the world. This gravity stacking game is the result of a wonderful collaboration between Dutch design agency Apollo-11, injection moulding company Injection Point and Coolrec. Making toys from waste challenges our conventional thinking about the purity of recycling. It is an excellent example of the kind of circularity that is only possible by continuously investing in innovation, and which can only happen through deep collaboration with partners towards a truly circular economy.

IMPROVING THE QUALITY OF COMPOST-LIKE OUTPUT

In the recycling site serving Barnsley, Doncaster and Rotherham in Yorkshire in the north of England, Renewi has installed an innovative zig-zag separation system. The innovation lies in adopting a common technology used in the paper industry and repurposing it to separate glass and ceramic fragments from organic waste. The separation system works with organic fines material from within residual 'black bag' waste from households that are fed into it following drying and separation. The fines stream drops down into the zig-zag structure while air flows in the opposite direction. Because of their different weight and shape, the heavier glass particles end up at the bottom of the separator. Simultaneously, the organic fines are lifted by the air, collected and later turned into a compost-like output in the on-site dry anaerobic digestors, ready to be used as a soil conditioner instead of being incinerated. Biogas generated by the anaerobic digestors is also used to generate electricity, which helps to power the facility.



MALTHA'S 100TH BIRTHDAY

Maltha, a joint venture between Renewi and glass maker O-I, is a leading closed-loop recycler of waste glass in Europe. Every year Maltha processes more than one million tonnes of glass waste from companies and municipalities into high-quality secondary raw materials for reuse in the production of recycled glass. On 15 April 2021 Maltha recognised a special day: its 100th birthday. To celebrate this major centennial milestone, we wish to raise awareness of our shared ambition to enable glass packaging to be made of 100% recycled glass. With glass being endlessly recyclable, and with an average European recycle content of 52% in glass packaging, closing the loop entirely is possible. While the event is meant to praise companies that have reached a 100% share of recycled glass bottles, our main aim is to ask collection companies, glass producers, customers and policymakers to collaborate to further boost the proportion of recycled materials in glass making. Maltha's centenary will be celebrated with many initiatives throughout 2021.

ENABLE THE CIRCULAR ECONOMY

At Renewi, our purpose is to protect the world by giving new life to used materials. To achieve this, we need to take action to make the economy more circular

Objectives

- Turn our customers' waste into new products

SDG links

When your business strategy and sustainability strategy meet, sustainability becomes part of your organisation's DNA.

Enabling the circular economy is at our core and is expressed in our purpose: to protect the world by giving new life to used materials. That is exactly why two of our business strategy objectives are to be both a leader in recycling and a leader in secondary raw material production.

The need for climate action is urgent. There has never been so much raw material extraction, product manufacturing, consumption and waste as there is today. According to *The Circularity Gap Report 2021* published by Circle Economy, the extraction and processing of materials is responsible for 70% of all anthropogenic greenhouse gas emissions.

The world economy is now only 8.6% circular. The report states that if this can be increased to 17% by 2032, we can limit global warming to 2°C, instead of the projected 4°C rise by 2100. The good news is that this is attainable. Recycling plays a crucial role here – according to *The Circularity Gap Report*, the circular economy can be 85% of the solution to curbing global warming to this level. By diverting waste from landfill and incineration, we keep valuable materials in the product value cycle. If this doesn't happen, some materials are lost again for thousands of years, putting constraints on resource availability.

A sustainable transition is attainable via a combination of primary raw material reduction, eco-design, product lifespan extension, use of recyclate in products, recycling and the recovery of secondary raw materials from waste streams. Too often, and wrongly, recycling fades into the background when it comes to the circular economy. Recycling is more than the last option for a product. Of course, products must first be repaired and reused, but there will eventually become a time to give new life to a material.

Keeping materials in the loop is the missing link in achieving worldwide climate ambitions. Linking the chains at the end and beginning of supply chains means closing the loop.

Our goals and metrics for 2025

Our objective is to turn our customers' waste into new products, through focusing on three metrics: recycling rate, carbon avoidance and innovative secondary materials produced (see table below).

Our goals and targets

OBJECTIVE	METRIC	FY20	FY21	FY25 TARGET
Turn our customers' waste into new products	**Recycling rate** (% of total waste handled)	64.7%	65.8%	**75.0%** (+10% point)
	Carbon avoidance (kg CO_2 per tonne waste handled)	257	261	**275** (+15%)
	Innovative secondary materials produced (tonnes)	~200,000	353,500	**1M**

Recycling bags in this truck carry plastic flakes to be used by the packaging industry

Transforming waste into new products

An important element of closing the circularity gap is turning waste into new products and, as such, one of our key objectives is to give new life to our customers' waste. We help customers with guidance and advice on circularity. From developing their own circular business models, to designing products so that materials can be reused or recycled more easily, and bringing forward inspirational ways to make customers' procurement practices more circular.

In this way, we encourage greater environmental responsibility, both in the product value chain and in the community. Our objective is based on our belief that our customers' waste materials today are tomorrow's resources. We actively prioritise recycling over incineration or landfill disposal for all the waste we receive.

We have set clear and measurable metrics to track how we will continue to close the circularity gap. Foremost, by 2025, we intend to divert 75% of all the waste we receive towards recycling, saving more than 10 million tonnes of materials from going to incineration and landfill. Secondly, we want to produce one million tonnes of secondary materials annually.

Carbon avoidance from recycling and recovery

An important aspect of a circular economy is the carbon avoidance that occurs in the supply chain when secondary raw materials are used instead of primary raw materials. Recycling leads to huge savings, both in terms of raw materials used as well as the energy expended to bring these into our production cycle.

Giving preference to recycled materials over primary raw materials could make a big difference. For example, as calculated by the Bureau of International Recycling, the carbon footprint of recycled PET is 90% lower than its virgin alternative. For textiles the figure is 98%, for steel up to 85%, aluminium 92% and paper 18%.

Our goal is to enable a total of 4.2 million tonnes of CO_2 avoidance in the supply chain annually by 2025. As a consequence of the increased recycling rate, 2.6 million tonnes CO_2 will be avoided. Other sources of carbon avoidance are energy production from residual waste, production of waste-derived fuels, biogas production from food waste, landfill gas power generation and the use of waste-derived fuels on the ATM site. Together, these account for another 1.6 million tonnes of CO_2 emissions avoided.

It is important to note that with the increasing effort to recycle and produce secondary raw materials, the energy use of companies like Renewi will also increase. As we indicate in 'Reduce carbon emissions and waste' (see page 65), we are working on reducing these carbon emissions by switching to green energy where possible and by producing our own energy via solar and wind. However, the net carbon benefit of our efforts is always positive because the amount of carbon avoidance in the supply chain is almost seven times higher than our own footprint. The entire chain of recycling and waste processing avoids emissions in much greater quantities than it produces itself.

How do we want to accomplish this goal?

Recycling is the engine of a circular economy. It is precisely in the ability to recycle products that there is growth potential. A significant amount is already recycled in Western Europe, partly by producers rethinking and reinventing production processes to achieve eco-design targets. But there are still some challenging material flows, such as residual mixed waste, mixed plastics, wood and hazardous waste, which are difficult to recycle and therefore need innovation.

Renewi already has a recycling rate of 65.8%. Last year, we committed to raising this and will work to increase it to 75% by 2025 through the launch of Mission75. To achieve this uplift, we must actively transition our business by working innovatively to extract as much value as possible from waste and recycled materials.

This mission requires new and innovative recycling solutions from us as a waste company. We can start by recycling materials that currently end up in landfill or incineration, as well as working towards uplifting current low-grade recycling to achieve higher specifications. But we also need to innovate on the supply side, since we will become an essential supplier of secondary raw materials in the future. Hence, our recycled products will have to be as close as possible to virgin materials to be a viable alternative.

We're currently working on several new, advanced technologies across the whole Renewi portfolio. With Mission75, we identify hard to recycle waste streams such as mattresses and undertake advanced sorting that will allow sorting of mixed streams into recyclable fractions.

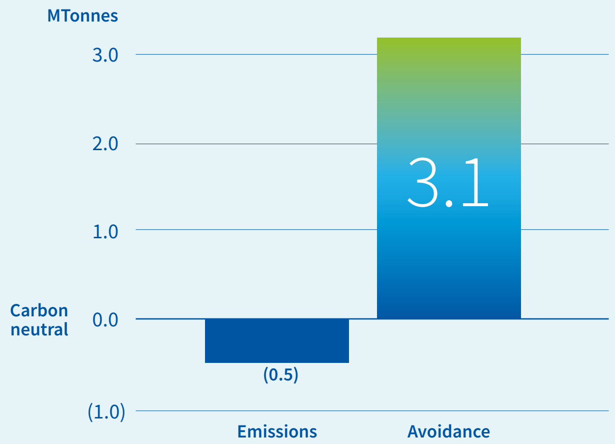
This mission focuses on all of the Renewi Divisions:

Within the Commercial Division our primary goal is to divert at least 25% of the current residual waste volumes (mixed consumer and business waste) from incineration and landfill. We want to accomplish this by actively encouraging better sorting at source and by using innovative techniques in post-sorting. Within our Mineralz & Water Division our primary goal is to get ATM soil recycling volumes back to 2017 levels and increase the secondary material production of sand, gravel and filler to one million tonnes annually. Beyond ATM, we also want to increase FORZ® and other mineral product volumes.

continued on page 64

Better than carbon neutral

Renewi prevents carbon emissions in value chains. Production of virgin materials consumes vast amounts of energy, as well as depleting natural resources. We expend far less energy to sort and process waste. This enables these materials to recirculate which delivers a net saving of over 3 million tonnes of CO_2 emissions every year. Most of our recycled and secondary materials therefore have a better carbon impact than virgin materials.



Recycling and recovery performance

Volumes (million tonnes)	FY20	FY21
Total waste handled at sites	13.18	**12.05**
Materials recycled[1,2]	8.52	**7.94**
Materials recovered for energy production from waste[1,2]	3.45	**3.16**
Total materials recycled and recovered for energy production	11.97	**11.11**
Recycling rate (% of total waste handled)	64.7%	**65.8%**
Recycling and recovery rate (% of total waste handled)	90.8%	**92.2%**

1. Recycling is material given a 'second life' for reprocessing into new goods/materials. Recovery is waste used for energy production, such as production of waste-derived fuels, bio-mass and similar
2. Includes water recovery and moisture loss during treatment for some technologies employed

Carbon avoidance in the supply chain as a result of our activities

Volumes ('000 tonnes)	FY20	FY21
Materials separated for re-use/recycling	2,630	**2,425**
Energy recovery and waste-derived fuels produced and sold	469	**473**
Landfill gas/anaerobic digestion electricity production	42	**44**
Waste-derived fuel used at ATM	250	**206**
Total avoided emissions	3,391	**3,148**
Carbon avoidance (kg CO_2 per tonne waste handled)	257	**261**

Our role at the heart of the circular economy

The world urgently needs to take action on climate change if we are to have a chance of limiting global warming to below 2°C. At Renewi, we believe that developing a truly circular economy is key to achieving climate change goals. And we believe that we have the knowledge and means to play an important role in bringing this plan to fruition. Our activity slows down the need to extract and refine by giving new life to used materials, putting us at the heart of both climate action and resource preservation.

The circular economy is essential to meet climate targets

The statistics are staggering. In the 20th century, the global population used 34 times more materials, 27 times more minerals, 12 times more fossil fuels and 3.6 times more biomass than throughout the prior century*. This increase threatens to accelerate as the population continues to grow and prosperity rises. This rate of increase is not tenable.

Worldwide, more than 100 billion tonnes of raw materials are extracted every year. The extraction and processing of these materials is responsible for 70% of all greenhouse gases**. This rate of extraction is resulting in increasing environmental degradation, loss of biodiversity, resource depletion and climate change.

Since the 2015 Paris Agreement, it has been widely acknowledged that if we don't take action the Earth could warm by 4°C or more by 2100. According to a study by Circle Economy and Ecofys, prioritising circularity could play a key role in limiting global warming to under 2°C.

The Circularity Gap Report 2021 suggests that current global climate plans may only contribute 15% of the targeted reduction, and that a circular global economy could address the other 85%. If international governments, industry and other key actors can instigate a move from the current 8.6% circularity to 17% by 2032, it may be possible to close the gap and limit global warming to under 2°C. Recycling has a crucial role to play.

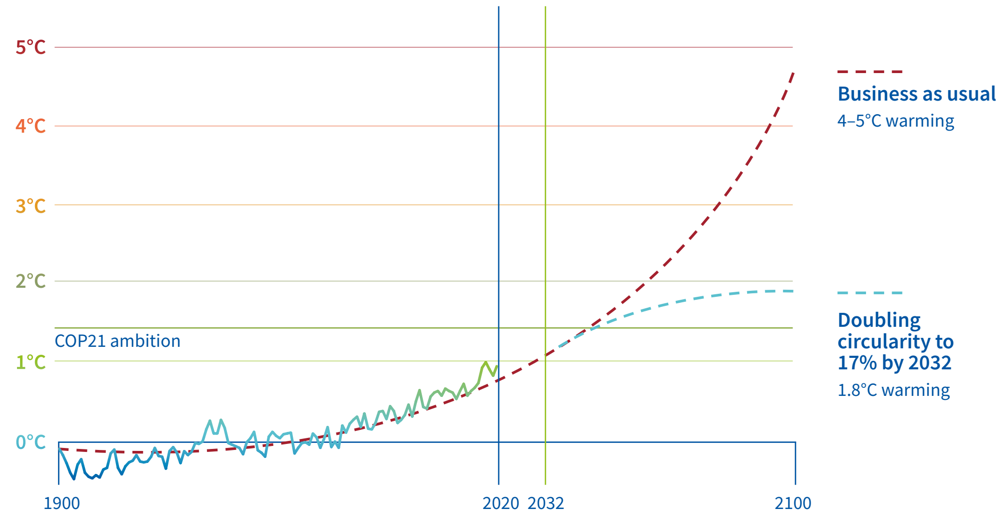
The critical role of recycling

Recycling means that fewer finite virgin materials are used and that their residues are more regularly reused. It is also the precondition for closing material cycles, which makes a circular economy possible. By diverting waste from landfill and incineration, we keep valuable materials in the product value cycle.

Most waste companies are conflicted in progressing to fully circular solutions, as they have incinerators and landfill voids to fill. These are cheaper and easier solutions for the disposal of waste, but deliver poor outcomes compared with recycling. As a pure-play waste-to-product company, Renewi minimises incineration and landfill. We want to create better outcomes by producing secondary materials. We are also focused on driving down the proportion of inbound waste being sent for energy recovery. During FY20, 35% of our processing was sent to incineration or landfill. By 2025, we will bring this down to 25%. This is an increase of circa 1.5 million tonnes that will be recycled and kept in the loop.

Temperature impact of doubling global circularity

The current policies and national climate pledges of governments are only 15% of the path to a world where climate change remains well below 2°C. The other 85% could be delivered by the circular economy. Over the next 11 years, if we doubled the level of circularity globally from 8.6% to 17% we would return to a below 2°C world. By doing so, we would partially close the circularity gap and also limit global warming.



Source: Based on *The Circularity Gap Report 2021* by Circle Economy, and global temperature time series by NOAA.

35%
Amount of our handled volumes sent to incineration or landfill in FY20

1.3MT
More recycling over five years, equivalent to 10% points increase

25%
Amount that will be sent to incineration or landfill by FY25

Challenges of recycling

Recycling has become more difficult as product manufacturing has become more sophisticated, with the use of complex composites and compositions of refined virgin materials. The complex and different forms of plastic are now combined with metals, batteries and other materials assembled with glues. These often contain toxic substances. Incorporating recyclability into product design thinking is vital if the world is to successfully recover a greater percentage of materials and create circularity.

It is technically possible to recycle almost every product to create reusable materials. However, when the economic cost of virgin raw materials is low and does not fully account for the carbon cost or the cost of the material’s degradation, it is not always economically viable to recycle.

Giving virgin raw materials an economic value that accurately represents their full environmental cost would allow the implicit value of secondary raw materials to be realised. It would also boost their usage, contributing to the targeted doubling of the circular economy. Secondary materials typically struggle to achieve the same purity as virgin production due to non-homogeneous inputs. This is a challenge when they are incorporated into production lines that have a precise and narrow definition of inputs. Recycled raw materials must therefore be further refined to improve quality, and manufacturers need encouragement to overcome the obvious challenges of using circular materials in their production processes. Producer responsibility is key.

At Renewi, we are working closely with innovative partners to raise the quality of recycled and secondary materials to address the challenge outlined above. We are also working with manufacturers to help them incorporate secondary materials into their design and production processes. We are encouraged by the supportive dialogue with leading sustainability-conscious manufacturers, and hopeful that this design thinking and collaboration will permeate into the general manufacturing economy over time.

Recycling as starting point of production processes

By putting recycling at the starting point of the production design process, co-investing in upgrading the quality of secondary materials and undertaking a collective effort to create a circular economy, together we can make a significant contribution to the climate while also diminishing degradation.

* Nederland circulair in 2050, Rijksbreed programma Circulaire Economie
** Circularity Gap Report 2021

Within our Specialities Division the focus mostly lies in improving quality of material outputs at Maltha and Coolrec and maintaining volumes. Long-term UK PPP contracts limit the scope of possibilities within our UK business. However, we continue to increase volumes that are diverted from landfill to waste-derived fuels production.

Performance

As a company, Renewi is driven by the rhythm of society and the economy. In FY21, Covid-19 slowed down that pace considerably. However, despite the lower volumes of waste (-1.13 million tonnes), recycling and recovery rates and the carbon avoidance as a result of our activities – the key indicators for our sustainability performance – we are progressing towards our target. The recycling rate rose almost 1.1 percentage points to 65.8%, mainly due to a decrease in waste sent to incineration and landfill, while at the same time levels of waste recycled remained stable in a market with lower volumes.

The level of innovative materials produced also significantly increased, to 353,500 tonnes, mainly due to ATM's production of purified gravel, sand and filler. We will continue investing to enable a major leap forward. For example, our projects include:

- RetourMatras, our investment with IKEA Group in Dutch mattress recycler RetourMatras (for more information, see page 23);
- our bio-LNG project with Shell and Nordsol (see page 36);
- the AP4terra products created by ATM (see page 34); and
- our investments (see page 28) to get higher quality and quantity waste to products.

As a result of our increased recycling and recovery rate, our carbon avoidance intensity ratio rose by 1.5% compared with FY20, to 261kg CO_2 per tonne waste handled.

Conclusion and outlook

Despite the Covid-19 crisis, these rates show a positive trend and slight increases. We are therefore well on track to meet our 2025 targets. We continually invest in innovative technologies and business models for circular products to maximise sustainability benefits.

For more information on some of our promising innovation initiatives in the pipeline see page 32.

ON A MISSION TO INNOVATE

Our goal to increase our recycling by 10 percentage points to 75% by 2025 will require teamwork, focus and effort. We will need to galvanise the entire Renewi organisation – we are already a market leader, diverting eight million tonnes of waste away from incineration or landfill. But our ambitious goal requires us to divert an additional 1.3 million tonnes of waste. This is our Mission75.

In April 2021 we launched Mission75 to all our people, including frontline key workers who serve our clients and our support teams. Our objective in engaging them was to motivate them to join the journey, give them sight of our ambition and inspire them to help us achieve our potential.

The 'i' in Renewi stands for innovation. We have multiple innovative projects under way, both individually – ATM transitioning contaminated soil into gravel, sand and filler – and in partnership: IKEA Group and RetourMatras working with Renewi to recycle mattresses. There is opportunity, however, for our colleagues to extend the 'i' for innovation further. We want them to come up with innovative ideas, to create continuous improvement projects and to find new ways to partner with customers to help reduce residual waste. Working together with our colleagues we are confident we can deliver on our Mission75 and so protect the world for future generations.

We recognise this challenging goal is a stretch. But it is one to which we are fully committed. It's our equivalent of a moonshot, and to borrow from the words of John F Kennedy, we choose to do it not because it is easy but because it is right – because it will help to slow climate change.

To deliver on this, Renewi needs to find innovative ways to extract the most possible value from recycled materials, to find new ways to transition hard-to-recycle waste streams and to undertake advanced sorting in order to allow the sorting of mixed streams that are currently being incinerated into recyclable fractions.

We recognise that if we are to deliver on our Mission75 goal, we also need to partner with external stakeholders, drawing on their expertise and passion to develop new solutions and realise breakthrough technologies. We need to work together through the entire supply chain: with producers thinking about specifications of materials and on design thinking, with customers on the production of high-quality secondary raw materials and with governments to support choosing secondary over primary raw materials.

Innovation is at the centre of our ambition so we will be extending an invitation to all external parties to join us on our Mission75 journey during 2021. If we can deliver this innovation in our home markets then hopefully we can encourage and support other markets to follow the circular economy.

REDUCE CARBON EMISSIONS AND WASTE

Our operations generate carbon emissions and we are committed to reduce these. Our role in the circular economy means we save more greenhouse gas emissions than we generate

Objectives

- Be a leader in clean and green waste collection
- Reduce the impact of our carbon operations

SDG links

13 CLIMATE ACTION
11 SUSTAINABLE CITIES AND COMMUNITIES
7 AFFORDABLE AND CLEAN ENERGY

Globally, 2020 was one of the hottest years on record, tying with 2016. Overall, Earth's average temperature has risen more than 1.2°C since the late 19th century. Human activities, specifically those that generate emissions of greenhouse gases, CO_2 and methane, play a significant role in the rising temperature. If we do not stop global warming and subsequent climate change, the impact on humans and global ecosystems will accelerate irreversibly.

The good news is that climate change can still be tackled. Renewi's purpose is to be part of the solution: reducing millions of tonnes of carbon emissions in value chains every year through the reuse of secondary materials.

However, Renewi's collection and recycling activities also use electricity and fuel, leading to CO_2 emissions. Some of our processes to treat the waste arising in other industries, like thermal cleaning of soil, the production of compost and mechanical biological treatment, create direct carbon emissions. In addition, we have a large fleet of trucks that collect and transport waste across the Benelux; these emit vehicle particulate matter and further carbon emissions. Despite the fact that the entire chain of recycling and secondary material production avoids emissions in much greater quantities than it produces itself, we acknowledge the impact our operations have on the environment, and we are working to decrease our emissions. As we produce more secondary raw materials and recyclates, our own energy use is likely to rise in the coming years. That's why we have put a focus on reducing our environmental impact and carbon footprint per tonne of waste handled.

In the short term, we cannot get to carbon neutral as defined by linear manufacturing companies producing consumables. Instead, we are 'carbon positive' in the value we bring through circularity.

Our goals and metrics

Our dual objectives are to be the leader in clean and green waste collection and to reduce the carbon impact of our operations. We have three metrics for each of these objectives (see table below).

Our goals and targets

OBJECTIVE	METRIC	FY20	FY21	FY25 TARGET
Be a leader in clean and green waste collection	**Carbon intensity of collection** (kg CO_2 per tonne waste collected)	10.04	9.84	**<9.00** (-10%)
	Share of clean-emission trucks (% Euro 6 trucks of total fleet)	48.5%	60.9%	**100%**
	Zero-emission trucks (number)	0	2	**65**
Reduce the carbon impact of our operations	**Carbon intensity of our sites** (kg CO_2 per tonne waste handled)	10.47	11.10	**<9.42** (-10%)
	Share of renewable energy used on site (% renewable electricity out of total electricity use)	~15%	15.8%	**25.0%** (+10% points)
	Hybrid or electric lease cars (% (PH)EV vehicles out of total fleet)	12.5%	23.7%	**40.0%** (+27.5% points)

Performance

We are committed to growing our share of clean-emission trucks and zero-emission trucks. To this end, we have commissioned 239 Euro 6 vehicles, Europe's highest specification trucks, across the Netherlands and Belgium. In total, 95% of trucks purchased replaced older trucks in the fleet, and 5% were new additions. We have also acquired two zero-emission vehicles (ZEVs), prototypes from leading manufacturers Volvo and DAF, one of which has been deployed in the city of Amsterdam (see next page). We expect delivery of the second truck during FY22.

Through the year the carbon intensity of our collection has decreased slightly compared with FY20 (-0.20kg CO_2 per tonne of collected waste), to 9.84. This is largely as a result of the expansion of our Euro 6 fleet, which are more fuel efficient.

To reduce the carbon impact of our operations on site, we have invested in renewable energy production such as solar panel roofing at our sites. We have commissioned panels at seven locations over the past 18 months. We have another to be completed soon and are currently investigating installing panels at four more locations.

In Ghent, we have secured the permit for a wind turbine, which will be the biggest land turbine in Belgium. It will be capable of covering 75% of the electricity use at our Ghent site and therefore around 10% of total electricity use within Commercial Belgium.

Another area of development is the electrification of our company car fleet. Renewi is actively migrating its fleet of employee cars to electric and hybrid cars and building energy charging stations on our sites.

The carbon intensity at our sites slightly increased relative to FY20. Energy production from anaerobic digestion decreased, but this loss was partly counterbalanced by an increase in renewable energy production through our solar panels.

We are investing in the electrification of our company car fleet

Outlook

We will continue our efforts to be a leader in clean and green waste collection through the acquisition of at least 40 ZEVs in the Netherlands and 25 in Belgium. We have also invested in two compressed natural gas trucks in Groningen. We have taken steps to optimise our collection routes to reduce the number of kilometres driven, urban traffic and emissions. This has been achieved in a number of ways, including by collaborating with competitive waste collectors on a 'white label' collection basis in the Netherlands and Belgium, increasing route density and collecting contracted waste from multiple parties (see page 48). 'Green Collective', a joint venture with Suez, is an example of this, and is a platform that other collectors can also join in order to minimise heavy logistics within urban areas.

To decrease the total carbon impact from our operations, we are currently investigating the installation of wind turbines on other Renewi sites and, where our own renewable energy isn't sufficient, we will purchase green energy from front-runner green energy providers.

Carbon footprint[1]

Volumes (CO_2 equivalent '000 tonnes)[2]	FY20 ex UK	FY20 UK	FY21 ex UK	FY21 UK
Process-based emissions (scope 1)	286	50	**255**	**42**
Transport-based emissions (scope 1)	108	4	**105**	**4**
Site fuel use emissions (scope 1)	32	3	**31**	**3**
Site gas use emissions (scope 1)	22	1	**18**	**1**
Site electricity use emissions (scope 2)	70	12	**73**	**12**
Total emissions from significant sources	517	70	**482**	**62**
Carbon intensity (kg CO_2 equivalents per tonnes waste handled)	44	49	**45**	**42**

1. This table is drafted in accordance with the Streamlined Energy and Carbon Reporting (SECR) disclosure requirements. For a full methodology on numbers used to calculate the information disclosed above, please see the sustainability section on our corporate website.
2. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding. Some data based on carbon 'factors'. These vary from country to country and are periodically updated, such as by government agencies.

Energy use[1]

Megawatt hours	FY20 ex UK	FY20 UK	FY21 ex UK	FY21 UK
Fuel use transport (scope 1)	356,755	4,070	**356,740**	**3,662**
Fuel use sites (scope 1)	106,300	10,888	**101,217**	**10,709**
Gas use sites (scope 1)	114,220	6,068	**95,156**	**5,534**
Electricity use (scope 2)	156,098	32,799	**163,353**	**34,927**
Total energy use from significant sources	733,374	61,054	**716,466**	**61,427**

1. This table is drafted in accordance with the Streamlined Energy and Carbon Reporting (SECR) disclosure requirements. For a full methodology on numbers used to calculate the information disclosed above, please see the sustainability section on our corporate website.

INNOVATION IN ACTION
Working together to create a cleaner, circular world

RENEWI'S FIRST EMISSION-FREE ELECTRIC TRUCK

Collection is often required in order to bring us the raw materials that we can sort and recycle. We carry out these activities as sustainably as we can. For example, we have invested more than €120m over the past three years to upgrade over 60% of our fleet to Euro 6 standard, cutting NOx and particulate emissions by 25% annually. We are also working with other waste companies to reduce kilometres travelled as we collect jointly from inner-city locations.

This year we bought our first zero-emission electric truck, making us the first waste company in the Netherlands to trial an electric collection vehicle in operation. Our Volvo FE Electric 6x2 has started the collection of commercial waste within the Amsterdam region. The 27-tonne truck has four 50 kW lithium-ion batteries which are powered up overnight or with DC fast charging, as well as during braking, making the vehicle suitable for urban collection. Zero-emission collection is the future – with a growing number of Dutch cities only allowing emission-free vehicles in built-up areas from 2025. This will have a significant impact on our industry, as zero-emission vehicles (ZEVs) are currently more expensive than their diesel equivalents. We intend to continue to be a leader in the development and operation of ZEVs, working closely with the manufacturers to optimise performance.

€120m
Amount we have invested in our vehicle fleet over the past three years

60%
Over 60% of our fleet has been upgraded to Euro 6 standard

25%
Level that NOx and particulate emissions have been cut by as a result

STRATEGIC PRIORITIES: **SUSTAINABILITY THEMES:**

CARE FOR PEOPLE

People are at the heart of Renewi, both our colleagues and the communities we work in. The past year has been particularly hard, but our people have risen to the challenge

Objectives

- Deliver people home safe and well every day
- Make Renewi a rewarding, diverse and inclusive working environment
- Positively impact our communities

SDG links

3 GOOD HEALTH AND WELL-BEING

Our people are our most valued asset. Over the past year our colleagues have lived and worked in truly unusual circumstances. The Covid-19 pandemic has shown just how important a happy, healthy, engaged and committed workforce is. Our primary goal is to ensure the safety and wellness of all our people every day. Another priority goal is to keep our people motivated by emphasising how important their role is in serving their communities and customers. They are helping us to deliver on our purpose – to protect the world by giving new life to used materials.

We have also worked alongside our people to support them as they adapt to the changes needed as we deliver on our Renewi 2.0 integration and business optimisation journey targeted to reduce complexity, harmonise business processes, simplify IT systems and streamline integration. We are committed to improving our working environment with the aim of making Renewi the best company to work for in the circular economy.

RENEWI PEOPLE

Operating in unusual circumstances

We entered FY21 shortly after the world was struck by the Covid-19 pandemic. Our key focus at the outset was to protect our employees while continuing to support our customers. Early on, we introduced a set of new policies and guidelines to help our people to work in the safest possible way. As a critical business employing key workers, our priority was to create a safe working environment for our frontline workers operating on 165 sites across the Netherlands, Belgium and the UK. Our office-based employees worked largely from home throughout the period.

Our goals and metrics for 2025

Our two objectives are: to deliver people home safe and well every day; to make Renewi a rewarding, diverse and inclusive working environment (see table below).

Our goals and targets

OBJECTIVE	METRIC	FY20	FY21	FY25 TARGET
Deliver people home safe and well every day	**>3-day accident rate*** (number >3-day accidents/FTE x 100,000)	1,504	1,495	**600** (-60%)
	Safety training (% employees trained annually)	N/A	~25.0%	**100.0%**
	Employee mood (‘mood’ score in Pulse)	7.2	7.3	**7.5** (+5%)
	Healthy at work rate (% healthy employees)	94.8%	95.1%	**96.0%**
Make Renewi a rewarding, diverse and inclusive working environment	**Employee engagement** (eNPS score in pulse survey)	+14	+21	**+30** (doubled)
	Employee development (avg. annual # training hours)	~10	~10	**16** (+60%)
	Females in higher management (% of all employees)	20%*	21%	**30%** (+7% points)

*Restatement of last year’s numbers based on a different calculation methodology.

Our teams have continued to deliver an essential service

Mental health is a top priority

If we are to achieve our ambitions, we recognise the importance of strengthening our 'Together' value. We therefore work hard to further enhance employee safety, boost engagement, prioritise wellbeing and keep our people motivated. Through our employee Pulse survey, undertaken four times per year, our colleagues tell us how they feel at work, let us know whether they have everything they need to do their job, and provide feedback on topics such as Covid-19 and safety. This feedback gives leaders and managers clarity on where action needs to be taken.

We have made a substantial effort throughout the year to invest in our colleagues' wellbeing – both mental and physical – through online and offline activities. In terms of mental health, the LEAD programme has given leaders tips and tricks to better support their teams through this difficult time. Physical health was promoted and encouraged through activities such as RUNewi, Virgin Pulse and Fit to Finish. The RUNewi campaign engaged and rewarded our people for creating space in their workday to get away from their desks and do physical exercise during winter 2021 lockdowns in the UK and continental Europe. The Virgin Pulse competition, which was held in Belgium for the third year running, stimulated healthy habits, collaboration, friendship, job satisfaction, productivity and stress-management through a team-based challenge. The Fit to Finish health programme, which is based on six key themes – more exercise, no smoking, no alcohol, eat healthy food, relax and better sleep – promoted a series of health activities with the aim of encouraging long-term healthy habits in our Commercial Waste Netherlands' employees.

Engage our people

At Renewi we have a clear purpose: to give new life to used materials, thereby preserving our planet from pollution, carbon emissions and resource depletion. Our purpose resonates with our teams, who see their job as a calling – as a result they stay longer, are more committed and engagement is higher. We have been humbled by the response of our people to the challenges faced throughout the year.

During the first lockdown we experienced significantly lower absenteeism than we had seen in the same period in the previous year, and we recorded higher levels of engagement in our Pulse survey. Our people showed they understood their role as an essential service and delivered their duties despite the risks they faced being out in the community. In return, the community has shown its appreciation for our ongoing service via letters and gifts of refreshments, and there were site visits in the Netherlands from the Dutch Prime Minister and other ministers. Renewi is a purpose-driven business and those who work with us are confident they make a difference to the world.

Helping our people to thrive

LEAD

Good leaders are critical to enable business success. We recognise this and have therefore increased our investment in developing our leaders. Over the past 12 months we expanded our LEAD programme, a framework of sequential training modules that created a shared and clear leadership framework, language and skillset across Renewi. Launched in-person in the Netherlands in 2019, a remote version of this training was delivered in Belgium in 2020 and was kicked off in the UK early in 2021. The programme is based on our values and the principles of emotionally intelligent leadership.

In addition to the LEAD programme, we also mentored some of our leaders and offered coaching to others. Development or training activities were also undertaken, including a monthly training seminar for our finance professionals through the Finance Academy, and enhanced safety awareness through the rollout of the new Safety Academy.

Time investment in PDR

Twice a year our people leaders and managers engage in a dialogue with their employees to discuss how they have performed against their objectives, how they are living Renewi's values and how they are delivering against leadership expectations. Called the performance development review (PDR), performance expectations are measured. During the year, we upgraded our PDR process by adding a mid-year review and rolling out our PDR via a digital platform for easy completion and secure storage. We are also increasingly reviewing our grading to ensure that a fair distribution of grades is taking place within the business.

continued on page 72

Safety

Safety is taken very seriously at Renewi. We take action every day to protect the lives and health of our employees, sub-contractors, customers and others who work alongside us. We operate 165 facilities and have over 2,000 large vehicles on the roads, often operating in heavily populated urban areas. Safety is our first value, is the first topic of discussion in Board and management meetings, and is a key objective measure for managerial incentives. We invest significantly in safety equipment, processes and training every year. While we continue to drive overall accident rates down, over the past 12 months we have experienced two fatalities within our workforce. The Board and our Executive Committee are united behind the fact that this is not acceptable and we must move further to improve our safety performance

The Safety, Health and Environment (SHE) Committee has been established to help the Board focus more attention on this critical responsibility. The Committee prioritises setting SHE targets and measuring against them, monitoring performance, implementing effective SHE management systems, and providing guidance to keep improving SHE performance structurally and continuously across our business.

Late last year we became a pioneer in the Netherlands and Belgium by rolling out safety helmets for our loaders, an industry first in the Benelux where vehicle ride-on plates are used. This is a significant voluntary addition to mandatory industry standards, and we are delighted to see a major competitor now deploying the same approach. We feel so strongly about the importance of this that we will lobby for it to become required by law.

Ten Lifesaving Rules

Last year, after thorough root cause analysis related to serious incidents, we introduced our 10 Lifesaving Rules (LSR) across all divisions of Renewi (see graphic below). We have undertaken mandatory safety training for people working on our sites, in our trucks and in our offices to ensure all employees are aware of those rules and adopt them in their daily work. We expect that these rules will be instrumental in reducing our Lost Time Incident (LTI) frequency. In addition to the LSR, we have formalised several hygiene rules for individual and collective protection against the Covid-19 pandemic. Protective measures and equipment are reinforced by methods of organising physical distancing.

HomeSafe

The HomeSafe campaign has a simple purpose: to get every one of our team members safely home to their families at the end of each and every day. The campaign stands on seven founding pillars (see image to right), to ensure that everyone is aware of the rules and lives by them. It also guides our teams on how to report hazards, incidents or threats (HIT) at our sites and encourages open discussion with safety, health, environment and quality (SHEQ) managers.

Speak up

Safety is everyone's responsibility. Every individual, including our own team working off- or onsite, or other suppliers, contractors, or visitors attending our sites are required to follow our rules. We encourage the right to challenge and ultimately refuse any potentially unsafe acts and ensure that site activities are 'WorkSafe' at all times.

HomeSafe
Creating a safer Renewi together

- SHEQ tours
- WorkSafe policy
- SHEQ champions
- SHEQ awards
- Renewi Academy
- Lifesaving rules
- Communication

Lifesaving rules

- Always lock-off before you clear blockages, clean or do maintenance
- Never climb on machinery, plant, high trucks and containers unless safe access or fall protection is in place
- Never mix alcohol and drugs with working and driving
- Always keep a minimum of five metres between unprotected pedestrians and moving vehicles in operational areas
- Never use hand-held mobile telephones or similar while driving

Helping people see and report concerns is vital for our business. We introduced a new IT system called Assure to report these concerns, so we can monitor, track and respond promptly to concerns raised. It brings to the fore key risk areas on a local, divisional and business level and thereby creates momentum to add to training and setting standards. The management teams also conduct safety audits to verify that our standards are upheld.

Creating and maintaining a safe culture

Safety stems from knowledge. We therefore focus on providing small bite-size learnings to our people to keep them engaged with and supportive of our SHEQ learning journey. The ultimate aim, of course, is to reduce the number of accidents. Renewi has created a learning module based on the business' operational risk profile and the 'SHEQ Covenant' for every employee.

This starts with a SHEQ induction for all, concentrating on the 10 Renewi LSRs – 10 rules in high-risk areas that, if followed, can deliver significant improvement. While ensuring our employees' safety, we also focus on training the managers within our facilities through our programme 'Renewi Academy'. Its focus for 2021 has been on Safety leadership, instructing and training leaders to always put safety first, as well as Driver Safety, teaching drivers safe practices and defensive driving techniques.

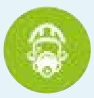
To underline the importance of our Safety initiatives, it has been decided to increase its position in management bonuses. In FY22 Safety will represent as a minimum 15% of the bonus of each eligible employee, three times what it was before. For operational managers this is further increased, with an additional 10% of their bonus based on personal safety and environmental compliance objectives.

SETTING NEW STANDARDS OF PERSONAL PROTECTION

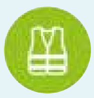
Investing in safety equipment, processes and training each year is a priority because it helps us to take steps to address safety threats. In 2019, we had a tragic fatality because of a fall from a vehicle ride-on plate. In the Netherlands and Belgium there are no legal requirements for loaders to wear safety helmets while riding at the back of collection vehicles – the regulations only require that both hands are kept on the handles and the vehicle speed is limited to 30kmph. Based on a renewed risk assessment, we took the decision to add safety helmets as a mandatory personal protective equipment (PPE) requirement while riding on the back of rear-end loaders. Our employees understand this is for their safety and have adapted to the change, and our actions have inspired leading competitors to do the same. In this way, we are leading our industry in safety measures and will undoubtedly save lives and prevent serious head injuries in the future.

Always make sure all guards are in place and safety devices working before machinery or equipment is used

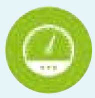
Never enter a confined space unless trained and authorised to do so



Always know what PPE and respiratory protection is required and wear it



Always use pedestrian walkways, and wear high-visibility clothing in operational areas



Always control your speed, and keep a safe distance

Investment in learning
Learning is a lifelong opportunity. Our internal learning management system (LMS), set to support employees' development journeys, offers training to all Renewi employees on safety, our Code of Conduct and other essential topics.

Listening to our people
We greatly value a listening culture within Renewi. Two-way communication encourages honest and constructive feedback and brings confidence that employees have a role to play in bringing the business to the next level. Our listening activities are delivered through the Pulse survey, Pulse Exchange sessions – open or themed listening sessions among small groups – and via our regular Renewi Leadership Team monthly calls. Since the first Pulse survey was rolled out in 2019, 59% of employees have said that necessary actions have been taken to address their concerns.

ENGAGING RENEWI'S WORKFORCE

Renewi is committed to being a great place to work. Engagement with employees is key in fostering a positive environment in which employees are respected, openness is valued, diversity celebrated and every voice heard. We take constant action to communicate with our people to understand their views on critical matters for the business. Anonymous employee engagement surveys like our quarterly Pulse surveys provide insights into the entire workforce's opinions, regardless of location and role, allowing for a breadth of views that we are able to consider when making key decisions. Renewi invests in rewarding its workforce via the One Reward programme to ensure that the global total reward offering is competitive, compelling and aligned to business performance. We have also started a journey that promotes diversity and inclusion by establishing a target of 25% women in our management, hiring a diverse group and lowering the gender pay gap.

INTEGRITY OF THE BUSINESS AND ETHICAL TRADING

The Renewi Code of Conduct guides managers and employees on how to act and what we expect from one another. Despite the challenges brought by Covid-19, the integrity management, HR and other Renewi organisational units continued to collaborate to enhance awareness amongst employees, teach them how to handle integrity violations, improve social safety and provide care for our people. These investments delivered an increase in issues raised and investigations. Having an open, no-retribution reporting of concerns lets our management act and improve its performance. Renewi's integrity management team independently conducts business investigations to ensure objectivity and protect whistle-blowers. Another important item of the Code of Conduct is training managers on avoiding and preventing fraud, bribery and similar issues, while teaching them fair practices within the business. Renewi complies with ethical trading requirements and standards such as the UK Anti-Bribery Act. While Renewi doesn't operate in higher-risk countries, it upholds the United Nations (UN) Universal Declaration of Human Rights principles and subscribes to the UN Global Compact.

Ethics, compliance and people

Creating a fair working environment
Delivering our circular economy ambitions can only be done if we are in this together. Together is one of our core values, and working together in a diverse and inclusive environment is a priority. After all, diverse teams perform better and inclusive organisations have higher engagement.

We are committed to becoming a more diverse and inclusive employer, to better reflect and interface with our communities. The Board and Executive Committee recently approved our first diversity and inclusion strategy. We are putting in place a Diversity and Inclusion Board, which comprises people from across Renewi, to establish projects that will increase our diversity and promote an inclusive culture. A primary focus is to increase the number of women we employ. We have set an initial target of 25% women within our workforce by 2025.

As an equal opportunities employer, Renewi gives full and fair consideration to applications from disabled people, partners with them to support career development through training and supports continuing employment.

The gender pay gap is another priority that we take very seriously. Not only in the UK, where we disclose male and female pay details annually under the UK gender pay gap reporting legislation, but in all of our countries. We are therefore using our UK disclosures as a benchmark to build our data in our other operating territories.

One Reward
Following the merger between Shanks and Van Gansewinkel Groep in 2017, we had different reward systems and schemes across our countries and Divisions. A priority has been to create a single, common, clear and fair reward structure across the entire business. Launched in 2019, the One Reward programme has unified our system to create a performance-based structure that creates fairness, internal equity and simplicity for our office workers. We have worked closely with the Central Works Council to develop One Reward, while creating a new reward and job matrix for career paths and talent development.

Nurturing health and wellbeing

RUNewi
People who are fitter and happier contribute to our success. To face the winter lockdown, our finance team organised a mental health challenge, RUNewi, for their own community. It quickly inspired broader participation across the Group. For six weeks in January and February 2021 more than 300 Renewi employees divided into 50 teams across Belgium, the Netherlands and the UK to score points by walking, running, swimming or cycling each week. Together, the teams went around the world in 45 days, travelled more than 50,000 kilometres and raised €30,000 for four mental health charities.

Modern slavery

Modern slavery is the severe exploitation of people for commercial gain. It's all around us, but often just out of sight. People become entrapped; from the outside, it can look like a normal job, but those suffering are being controlled – they can face violence or threats, or might have had their passport taken away and are being threatened with deportation. Many have fallen into this trap because they were trying to escape poverty or insecurity, improve their lives and support their families.

At Renewi we take a zero-tolerance stance on Modern Slavery. As a company, we are committed to safeguarding health, safety and wellbeing throughout our operations and within our supply chain. A Modern Slavery Working Group (MSWG), comprising leaders from across the business, provides support and assistance in implementing measures to prevent modern slavery.

Performance

Over the period, we saw a slight improvement in the number of >3-day accidents that occurred, from 1,504 in FY20 to 1,495 in FY21. This small improvement was overshadowed by the two fatal accidents and these numbers prove that we must work harder and make better progress in safeguarding our people to meet all of our safety goals.

Throughout the year, we have strengthened our HomeSafe initiative, which was designed to improve safety across Renewi, and included the roll-out of our 10 Life Saving Rules (LSR) and the kick-off of the first trainings from the Safety Academy. Despite these efforts, our safety performance did not meet expectations, which led us to introduce a new Board Committee, called the SHE Committee. Safety statistics can be seen in the table below.

Health and safety performance

Indicator	FY20	FY21
Number fatal accidents (Number)	1	**2**
>3-day accident rate[1] (Number/number >3-day accidents/FTE x 100,000)	95/1,504	**92/1,495**
Lost Time Injuries (LTIs)/rate[2] Number/number LTIs/total number hours worked x 1,000,000)	147/9.6	**135/9.9**
Severity rate (Total number days lost as result of accidents/total number LTIs)	20.8	**20.1**
Concerns/close-out rate[3] (Number/number concerns closed-out/ number concerns raised as a %)	28,006/79%	**49,208/73%**

1. Next year (at the end of FY22), Renewi will switch from the >3-day accident rate (a UK-based rate) to the more internationally recognised Lost Time Injury (LTI) frequency rate.
2. LTI: accident which results in a person being off work for a day or more.
3. Concern: an accident which nearly, but did not, happen. Also called risk reports, close calls, near-misses etc.

We greatly value a listening culture within Renewi and encourage honest feedback from our people

Safety improvements were achieved in a number of areas, including delivering an uplift in the number of concerns raised by our teams in our new IT reporting system, Assure. These rose to circa 50,000; this indicates that our employees take our initiatives seriously and participate in building a safety culture. We also started with safety and fire audits done by the central group SHEQ team to ensure a consistent implementation of our safety guidelines. As follow up, we executed the actions raised from those audits to get our site safety to a higher level.

Our Pulse survey indicates that the mood of our people relating to safety has improved, reaching a score of 7.3 towards our target score of 7.5 over three years. Our healthy at work rate improved too, reaching 95.1%. These items have brought confidence that our colleagues' focus on health and safety is becoming more broadly embedded. Our employment engagement grew to +21 according to our eNPS score in the Pulse survey. This result keeps us on track for the +30 target by 2025. There has also been an increase by +1% in the number of female employees on our journey to make Renewi more diverse and inclusive.

Conclusion

Safety is our first value and we will continue to further improve our safety culture and to deliver on our target outcome – to achieve zero serious incidents. We have built a strong foundation, with clear and uniform rules in place, and we are committed to further strengthen our safety culture in all areas across the organisation.

COMMUNITIES

Having a beneficial influence on communities is another fundamental part of our sustainability strategy. We play a key role in enabling the circular economy for society, and we need close collaboration with our communities to reach this goal. Processing society's discarded items can have an unwanted impact on the local surroundings, including the risk of odour, dust and noise pollution, as well as the risk of fires on site. We work hard to minimise these effects on neighbouring communities. Transparent and regular dialogue enables us to identify, understand, address and manage risks together, while enabling us to build trusted relationships.

We also have an important role to play in educating communities. This helps build understanding about recycling and the circular economy, can result in better inbound waste streams and also develops appreciation for the essential work we do.

Our goals and metrics for 2025

Our objective is to positively impact our communities, and we will measure our progress through three metrics: community engagement projects, community feedback and community impact events (see table below).

Our value to society

We want to share our passion for the circular economy to educate people, especially the next generation, and to build more powerful coalitions for change so that we can transform the world faster, together. We already have a rapidly increasing number of educational programmes and site open days. Now we are set to roll out an engagement tool for our employees through which they too can make a difference in their community. Called the Renewi Purpose Day, we will support colleagues to take part in activities that will make a difference to their community, and in so doing align with Renewi's ambition to create a cleaner, greener world, and to encourage recycling.

Caring for our communities is an important part of what we do

Community feedback

Our operations benefit society but they can occasionally be a nuisance to our neighbours. We seek a continuous and open dialogue with them, and we encourage them to reach out to us if any aspect of our operations impacts them adversely. We take immediate action to mitigate the impact wherever possible and we provide feedback on actions taken. Furthermore, we register and analyse these comments so we can structurally improve.

We are also working hard to decrease the incidence of high impact events such as fires. Spontaneous combustion of waste is a significant and increasing risk, particularly from inappropriately discarded lithium batteries, gas cannisters and other combustible waste. This risk is heightened by increased global temperatures and from the energy created by the decomposition of waste. The industry is working with regulators to improve dangerous waste handling legislation, education, separation and enforcement to make a difference before waste arrives at our sites.

Our goals and targets

OBJECTIVE	METRIC	FY20	FY21	FY25 TARGET
Positively impact our communities	**Community engagement projects** (number of projects annually)	~150	N/A*	**180** (+20%)
	Community feedback (number of substantiated comments per site annually)	2.7	2.2	**2.0** (-26%)
	Community impact events (number of events annually)	43	28	**21** (-50%)

*Due to Covid-19 our community engagement projects were put on hold. We hope to launch our Renewi Purpose Week in the fall of 2021.

Since we cannot control the composition of waste from our customers, we must also have measures at our sites to manage these risks carefully. These include improved waste storage protocols, new thermal sensors to detect heat and state-of-the-art deluge systems to fight fires quickly. We also collaborate with innovators to constantly redefine and maintain best in class. These fire prevention, detection and suppression measures are critical, which is why we invest to fire train our personnel and constantly upgrade detection and suppression systems in response to site-based fire assessments and audits. We have also invested in artificial intelligence solutions to play a role in detecting fires, further enhancing the safety of our sites (see box-out 'The power of data').

Performance

The pandemic has highlighted our crucial role in society. Our teams overcame challenges to ensure the continuity of essential services, and our communities recognised this essential role and expressed their gratitude. We extended the scope of our pandemic support by working with GreenCycl and Van Straten Medical in the Netherlands to recycle medical personal protective equipment (PPE), specifically facemasks, and to process and recycle medical waste. We have now started a pilot project with our partners to recycle medical equipment (see box-out 'A sustainable operation').

Unfortunately, due to the pandemic, we were unable to connect with our communities as much as we would have liked. To mitigate this, we shared expertise and knowledge in several ways, including digitally through social media, and by participating in webinars on the importance of sorting at source and on the circular economy. We also produced an animated film informing local Belgian residents about the reconstruction and redevelopment of a site in Kampenhout.

By enhancing relationships with our neighbours we have successfully reduced the average number of complaints per site compared with those of the previous year (-18.5%).

We saw an increase in the internal registration of complaints, creating more awareness and a proactive approach in our organisation. This led to a decrease in the number of substantiated complaints.

Conclusion and outlook

Through the year, as a result of Covid-19, we were unable to grow the number of community engagement projects as we had hoped. We will take active steps to continue to reduce the number of complaints from our neighbours, while focusing on strengthening our direct contribution to our communities. During FY22 Renewi will roll out the Renewi Purpose Week, giving colleagues an opportunity to proactively engage with local communities, Covid-19 permitting.

We are committed to make a difference to our communities, to the countries in which we operate and to serve the planet.

THE POWER OF DATA

Commercial Waste Belgium has recognised that artificial intelligence (AI) is a technology that can transform the way we work and live for the better. This is why Renewi called on the innovative AI solutions of Viu More.

Fire is one of the biggest problems for waste companies, with carelessly discarded gas and other canisters a major cause. In order to prevent such fires, a pilot project was started in Puurs, which is already equipped with a unique, innovative fire detection and extinguishing system. For months, footage was captured and an AI deep learning model was trained. The cameras can now identify an unwanted canister and will automatically pause the conveyor before it passes into the shredder where it might have exploded. This system is now being rolled out at 10 Belgian sites.

Site safety is also being improved through the use of AI. A mobile setup with two intelligent cameras collects a wide range of data (for instance, whether colleagues are walking in designated safe zones), which can then be assessed and used to engage colleagues in dialogue about safety best practice.

AI also helps us to recycle better. After testing demo trucks that use AI-enabled cameras to screen the unloading of containers for correct sorting, we will expand the technology to 200 trucks in 2021.

A SUSTAINABLE OPERATION

In the first phase of the Covid-19 pandemic we collected, sterilised and recycled face masks for hospitals. In FY21 we have further extended our co-operation with GreenCycl and Van Straten Medical in order to recycle medical equipment.

Despite being manufactured from high-quality and sustainable raw materials, these instruments, once used, have historically been sent to industrial incinerators as high-risk medical waste. About 40,000 such medical instruments are thrown away every year in the Netherlands.

Together with our partners we've started a pilot project with several hospitals showing that it is possible to recycle up to 85% of these surgical instruments. Various waste streams from the operating theatre are collected separately and then further divided into contaminated and non-contaminated waste. By collecting used surgical instruments, decontaminating them and melting them into new raw materials, we are able to manufacture recycled products and close the circle. It also supports hospital cost savings. In an era with a growing awareness of waste and climate, making hospitals more sustainable is vital.

RISK MANAGEMENT

The successful execution of our strategy is supported by our risk management and internal control approaches. While the overall responsibility for risk management resides with our Board, all our employees have an important role to play in the daily management of risk

Integrated risk management

Risk is continually reviewed by the Board and the Executive Committee, who recognise and prioritise their responsibility to anticipate potential threats. Such threats could impact our operational activities – our working environment, customers and employees – and hence the Company's ability to deliver its strategy. It is important that we act quickly to mitigate identified risks. Key risks and mitigations are cascaded into the business and form the foundation for Renewi's divisional risk assessment and risk management processes.

As an organisation, we operate in a rapidly changing environment and we face specific industry, commercial, regulatory and other risks, some of which are beyond our control. Our risk management strategy, risk framework and internal control processes are crucial to the delivery of our strategy and objectives, and to the achievement of sustainable shareholder value, the protection of our reputation, good corporate governance and ethical conduct.

Over the past year, we have completed risk assessments across the Group. Our most significant risks remain the compliance environment as well as offtake market-related risks, such as recyclate pricing, incinerator costs and capacity.

Increasing risks include input volumes, digitisation and cyber threats.

Risk appetite

Renewi's risk appetite is considered in relation to our key risks and is assessed against the following impact dimensions:

- Health and safety
- Environment
- Development and acquisition
- Business continuity
- Investors and shareholders
- Financial
- Reputation and media
- Control environment

Renewi's risk appetite for environmental, regulatory, and health and safety risks is low. The Executive Committee and senior management have dedicated significant resources and attention to these risk areas.

Other dimensions and risks are reviewed on an ongoing basis. For each risk, controls and mitigations are applied with a view to Renewi's risk appetite.

Our risk framework

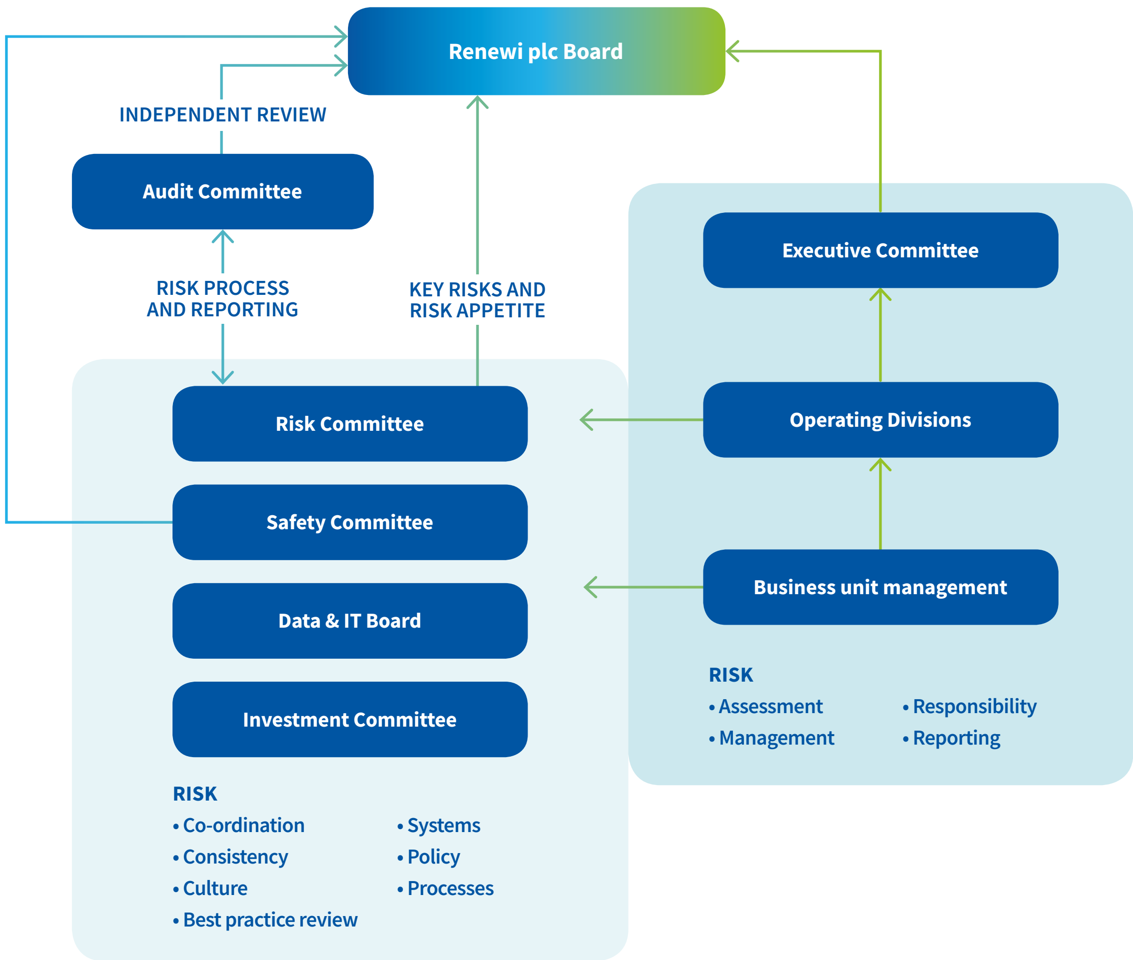
Our risk framework encompasses a systematic process for evaluating and addressing the likelihood and impact of risks in a structured and cost-effective way. Risk management is a cornerstone of sound management practice and is a fundamental part of our strategic decision-making. The core elements of our risk management framework include:

- our schedule of matters reserved for the Board and our strict adherence to it. This ensures that all significant issues affecting strategy, structure, viability and financing are appropriately managed by Renewi's Directors;
- our risk management framework. This ensures that each business adopts the appropriate risk culture, identifies risks, recognises the importance of them, designs and implements effective mitigations to control those that are key, and monitors effectiveness. The output of this process is a summary of all significant strategic, operational, financial and compliance risks, our current mitigating controls and the action plans necessary to reduce risks to a level aligned with our risk appetite. Formal responsibility for risk management resides with divisional management teams and is co-ordinated by Divisional Finance Directors. Risk registers, mitigations and alignment with risk appetite are reviewed by divisional management, the Risk Committee, the Audit Committee and the Board to ensure the appropriateness of the risks identified and that controls and actions are reported effectively;

Five objectives of our risk management framework

1	2	3	4	5
KNOW WHAT RISKS WE FACE	**KNOW WHAT RISK WE WANT TO ACCEPT**	**MANAGE OR MITIGATE OUR RISKS**	**TRAIN OUR PEOPLE IN RISK MANAGEMENT**	**CONTROL SYSTEMIC RISK**
Identify and evaluate our universe of potential risks to allow the creation and management of registers of risks that are faced by the Group.	Manage a risk strategy in which the tolerance and appetite of the Group for differing levels and types of risk is clearly understood.	Ensure that all identified key risks are effectively mitigated or, where appropriate, transfer risks through insurance.	Ensure that management is trained in the effective identification, assessment and management of risk.	Maintain and improve a system of internal controls to manage risks in decision-making, contract management and financial transactions.

Risk management responsibilities



- the management of change through project management and approval processes, with embedded risk management in project management activities;
- risk management systems embedded in our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems. These include divisional registers that ensure all risks are considered and ranked appropriately and that mitigations are effective and practical;
- enhanced risk assessment for all major capital requests. Capital requests follow a dedicated Investment Committee review and approval procedure. This ensures we allocate funds in a risk-aware manner to maximise the value of our investments and minimise the risk of under-performance; and
- a key risk review undertaken at each divisional review meeting, ensuring that key risks are monitored, and mitigations are taken at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

Review of the risk environment during FY21

In this section we review risk events and assess how well our risk detection and mitigation processes worked.

Covid-19

Covid-19 was a live example of a critical risk event. We were really pleased that our established crisis protocols worked well to address the risk, starting with the early appointment of a Virus Response Team to set policy and co-ordinate our Group-wide response. The health and wellbeing of our people was our main priority, followed by ensuring continuing operations and securing the financial stability of the Company. We implemented with agility a full range of measures to mitigate the impact of Covid-19 on our people, customers and operations. As a result, we were able to ensure:

- the protection of our people, as far as possible, both from a physical and mental perspective. We experienced very few instances of cross-infection in the workplace;
- continued collection of customers' waste, ensuring no disruption to communities;
- business continuity in terms of all core processes and the financial resourcing and stability of the business;
- rapid alignment (timing and nature of response) with the evolving advice of governments and experts;

- that we acted as one company, sensitive to different infection levels in different areas;
- that responses were timely, measured and proportionate; and
- that we communicated clearly and effectively with our people and all stakeholders.

A timely, co-ordinated and ongoing response to the live risk event of the Covid-19 pandemic continues to keep our people safe, our operations running and our fleet on the road. We continue to monitor developments closely. Please refer to the section 'Covid-19: our response' on page 14.

Fires

Fire is one of the greatest operational risks in our industry. Certain waste streams can self-combust and, increasingly, flammable lithium-ion batteries are being discarded in ordinary waste streams, causing a sharp increase in fires. Renewi had both minor fires (e.g. smoulders) and major fires (e.g. requiring use of deluge equipment or the fire services) during the year. Despite our extensive fire detection and fighting investments, two halls, at Vlaardingen and Bree, were extensively damaged. We have one of the best reputations in the industry among insurers and we continue to invest in new fire detection, fire prevention and fire suppression technology, training our employees and educating the public on the risks of fires within the recycling industry. Please refer to the section Sustainability strategy focus – care for people' on page 68.

Cyber

The external cyber threat landscape continues to rise, and the related risks to increase. During the pandemic we transitioned to home working, and to digital acceptance on sites for social distancing purposes. Correspondingly, with the increased risks we are actively implementing mitigations to reduce the probability and severity of the impact. We continue investments in IT infrastructure and cyber security and continuously introduce new security measures to mitigate these risks. Regular external security tests and improvements throughout the year, such as the introduction of two-factor authentication and upgrades to our cyber resilience software, are believed to be a contributor to preventing the success of many hack attempts on our business. Furthermore, we are increasing cyber security awareness by communications and awareness training.

We are also upgrading the IT systems with Renewi 2.0, which eliminates risks associated with legacy systems but also introduces increased reliance on systems for payment processing and interactions with customers.

Brexit

All material risks were successfully mitigated, and it is no longer considered a key risk for Renewi.

Risk Committee

Our Risk Committee is an important component of our risk management architecture. Activities undertaken by the Committee include:

- producing and proposing risk management processes and policies for consideration and approval by our Audit Committee and Board;
- ensuring the Board-approved Group risk management framework is implemented and effective;
- promoting an awareness of the risk culture in Renewi and the management of risk in all its forms through daily activities;
- supporting the Renewi risk culture through the sharing of learnings and best practices and review of risk failures;
- reviewing selected risks from risk registers to ensure consistency of risk appetite being borne and mitigations in place;
- reviewing occurrences of risk events to understand root cause, and identify and share lessons learned to avoid future failures;
- driving consistency in approach, use of tools and risk appetite across Renewi; and
- providing access to expertise in managing risks, where appropriate, from across Renewi or from outside specialists.

Our Risk Committee continues to consist of senior people from all major functions: finance, commercial, operations, environmental permitting, insurance, and health and safety. This broad composition ensures we capture all our potential risks and can rank them effectively, no matter what risk area they fall into.

Our risk responsibilities and architecture

Our operating Divisions and business unit management have responsibility for the assessment and management of risk, with formal responsibility assigned to the Divisional Finance Directors.

Our Risk Committee, working with the Group Risk Manager, promotes an appropriate risk culture in Renewi in which an awareness and management of risk in all its forms is considered by management in their daily activities, and ensures that the Board-approved Group risk management framework is implemented and effective.

The Risk Committee supports how we manage risk through information, frameworks, policy, strategy and processes. Reporting through our Audit Committee and Executive Committee ensures the identification and communication of critical risks, and that these are brought to the attention of the Board. The decisions of the Board and their risk appetite are cascaded back through our risk architecture to ensure that the approach to risk appetite and tolerance are aligned and consistent across Renewi.

Toby Woolrych and Baukje Dreimuller
Risk Committee Co-Chairs

Our progress against 2021 objectives

In our FY20 Annual Report we committed to undertake further actions to improve our risk management processes in FY21. Despite the distractions of Covid-19, good progress has been made. A summary of this progress is shown below.

WHAT WE SAID WE WOULD DO IN FY21	HOW WE DID
Risk culture framework Embed the risk culture model into the organisation where key decisions are made and/or key reviews take place (investment decisions, post-investment reviews and internal audits).	The risk culture framework is embedded into the processes and reviews of the Risk Committee. It is used in investigations and trainings by our Integrity Department, has been adopted by our Internal Audit Department and is used in post-investment reviews. The Investment Committee identifies potential culture risks as part of their support and review process on key projects and investment decisions.
Risk training Develop structured risk training, aligned with existing training platforms such as HR Learning & Development and the Finance Academy.	Training has been significantly reduced in the past year and so we have remained in the preparation phase. We will roll out our risk training across the organisation to integrate with the Renewi LEAD programme driven by HR, the Fit to Decide programme for the finance team in Commercial Waste Netherlands and the onboarding initiatives currently under way.
Communication Further improve communication of Risk Committee output such as key learnings from risk reviews.	We have put in place a process to produce clear communications and messages from all Risk Committee activities and easily usable lessons from our post-investment reviews.
Crisis management Refine our crisis management protocol and appoint crisis managers across the Divisions.	Our crisis management protocol worked well for both the 2019 AEB shutdown and the ongoing Covid-19 crisis. A refreshed protocol, reflecting this experience, is being rolled out.

Key risks and mitigations

Our key risks are outlined in the heat diagram below and in the table on the following pages. For FY21 our key risks were discussed in detail by both our Risk Committee and our senior leaders, and the diagram below reflects revisions and additions to risk ratings. The final version has been approved by the Board and commented on by our Audit Committee.

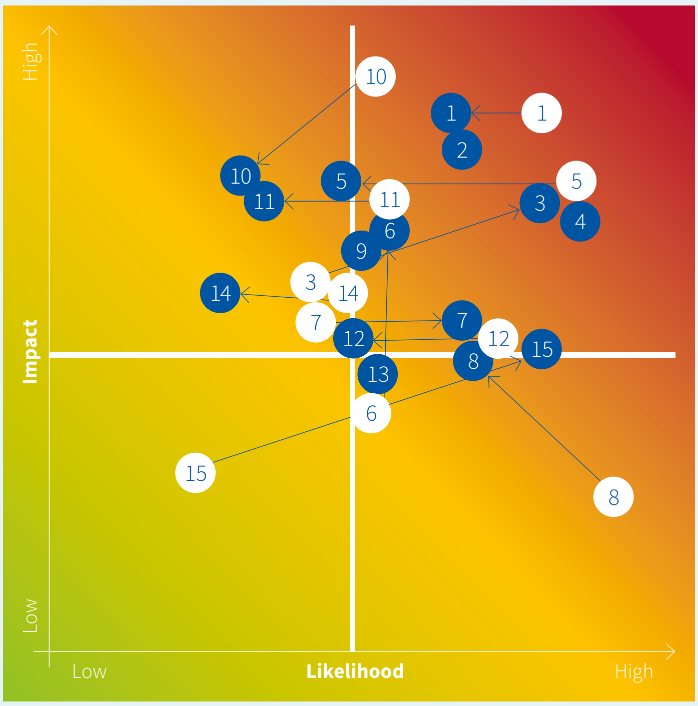
Overarching key risks

All risk levels shown in the heat diagram are net risks and therefore include the current levels of mitigation. A description of each risk can be found in the table on the next page.

Key risks

1. Product pricing, demand and quality
2. Residue pricing, capacity and specification
3. Input volumes
4. Changes in law and policy
5. Disruptive event
6. Health and safety
7. Digitisation
8. Labour availability and cost
9. Major plant failure or fire
10. Unsustainable debt
11. Environmental compliance
12. Talent development, leadership and diversity
13. Long-term contracts
14. Input pricing
15. ICT failure and cyber threat

The arrows indicate the risk development compared to the previous year. This year's risk position is marked by the blue circles, and white circles represent last year's risk position.



Risk position: Last year This year

Summary of key risks

Reference numbers are consistent with those used in the heat diagram

Risk direction key: Increase Stable Decrease

KEY RISK	KEY MITIGATION	COMMENTARY
1. Product pricing, demand and quality		
That the value we receive for recycled product falls, the markets contract, reducing demand for our product, or we become unable to produce to the required quality. **Risk direction**	‣ By focusing on improving product quality, we optimise the value we receive for our products. ‣ Investments in technologies that fit with market needs for products. ‣ Sustainable technologies that are used align with market needs and international and national policy. ‣ Renegotiation of long-term and fixed-price offtake contracts where appropriate. ‣ We apply dynamic pricing that aligns between input and output prices. This leads to better margins. ‣ We thoroughly understand and closely monitor the capacity-driven markets to mitigate risk and leverage opportunities that are presented. ‣ We use multiple product offtakers to spread the risk where appropriate.	The risk of product pricing has fallen slightly, reflecting higher recyclate prices, but remains high due to its importance to margins. The impact of lower prices, as seen in the first half, is partly offset through dynamic pricing and targeted price rises.
2. Residue pricing, capacity and specification		
Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues. **Risk direction**	‣ We have experienced employees dedicated to burnable and residual waste offtake markets. ‣ We apply cost control measures to offset the impact of lost revenue. ‣ A range of residue offtakers is used to spread the risk. ‣ Quality control systems are in place to ensure specification of residues is at the required level. ‣ Revised and improved offtake strategy process is designed and implemented.	Capacity has been more widely available in the past 18 months, reflecting initially reduced imports due to a new import tax on burnable waste. The calorific value of residues remains a focus for incinerators. Recent input volume drops due to Covid-19 effects raises the risk of a short-term failure to meet put-or-pay contract commitments at certain incinerators. These contracts have force majeure clauses in place to mitigate against this risk. New long-term offtake contracts are signed to guarantee capacity remains available to us.
3. Input volumes		
That incoming waste volumes in the market may fall. **Risk direction**	‣ Strong reporting of incoming waste volumes across the Group for rapid response to market changes. ‣ Rapid response to cut costs if input volumes fall. ‣ Continued investment to secure new waste streams and volumes. ‣ We are a market-facing, customer-focused organisation. ‣ Major capital deployed only if backed by long-term contracts.	The risk of a lack of input volumes has increased due to Covid-19 and potential consequent recession. Input volumes were particularly impacted in the first lockdown and recovered subsequently. Our broad exposure across all sectors of the Benelux economy has protected us from falls in sectors such as hospitality. Public opinion continues to shift towards increased recycling rather than incineration, which is favourable for Renewi given our assets and partnerships.
4. Changes in law and policy		
Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes, including changes in regulatory attitude and behaviours as a result of shifts in public opinion. **Risk direction**	‣ Horizon scanning by competent internal specialists to ensure changes are planned for and managed, and potential opportunities captured. ‣ Alignment of business model with national and international policy and law towards more sustainable waste management practices. ‣ Engagement with regulators and legislators to discuss what is possible in treating waste and to support tough but achievable sorting and product quality targets.	Our business model is in line with society's needs for sustainable waste management. Many changes in law and policy provide opportunities for Renewi. Potentially adverse changes are planned for and managed. We see incremental pressure on law- and policymakers for new laws and policies and on regulatory bodies to adhere to existing laws and policies. The dialogue with governing bodies becomes increasingly important.

KEY RISK	KEY MITIGATION	COMMENTARY
5. Disruptive event		
That a disruptive event such as a pandemic or force of nature has severe consequences for our incoming waste streams and workforce, causing business interruption or loss. **Risk direction**	▸ Crisis protocols in place with principles that can be applied to any crisis, whatever the nature. ▸ Business continuity plans in place. ▸ Covid-19 Group Virus Response Team and Divisional response teams in place with periodic reporting to the Executive Committee. ▸ Monitor changes in government and health adviser advice within our operating countries. ▸ Dedicated risk register of key Covid-19 risks and mitigations and assigned mitigation owners able to execute in the Divisions.	We identified the potential threats Covid-19 brought to Renewi at an early stage and have a structured approach to address the evolving situation. We take effective swift actions to protect our people, ensure customer service and cut cost. Please refer to the section 'Covid-19: our response' on page 14.
6. Health and safety		
Injury or loss of life. That we incur reputational loss, or civil and criminal costs. **Risk direction**	▸ Corporate Health and Safety Managers and competent internal specialists in place. ▸ Safety is the top agenda item at all management meetings. ▸ Defined and tracked health and safety priorities plan under way and delivering. ▸ We actively and openly engage with regulators. ▸ Safety leadership programme in place. ▸ Coherent targets in place for accident, near-miss and other key safety performance parameters.	Safety remains a top priority for management and the Board but FY21 performance was not acceptable. We have established a new Board Safety, Health and Environment Committee to drive faster progress. The impact of health and safety risk has increased, reflecting recent fatalities and serious injuries. We have competent internal specialists in place and continue to strengthen our SHEQ teams. Our Renewi Lifesaving Rules have been rolled out and trained to all employees. Bicycle helmets have been issued to all loaders to protect them when riding on the back of vehicles. Please refer to the section 'Safety' on page 70.
7. Digitisation		
That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete. **Risk direction**	▸ The CIO, part of the Executive Committee, has a remit to identify future opportunities and risks. ▸ Active monitoring across the Divisions and Group of new digital entrants, technology or services from competitors. ▸ Renewi takes a fast follow approach to emerging threats to keep expenditure proportionate to threat. ▸ Diversification of business, core operational services and products limits threat and impact from disruptive business models and technology. ▸ Renewi's innovation programme identifies opportunities ahead of competitive threats and generates competitive advantage proactively. ▸ Renewi has several digital developments under investigation to retain a competitive leading position and mitigate threats (AI, big data, robotics, online/digital services, platform services). ▸ Increased integration across the Group to align data and increased efficiency through digital automation. ▸ Partnerships in place and continue to increase, which allow for collaboration on industry innovations with key existing, as well as new, players in the industry. ▸ Renewi 2.0 transformation programme. Please refer to the section 'Renewi 2.0' on page 18.	The risk from digitisation has increased. This will be the case until our own digital customer solutions are in place. Renewi 2.0 continues to optimise and digitise Renewi as per plan. Monitoring of competitor threats and fast follower principle has already identified opportunities and active projects being developed within Renewi. Numerous digitisation pilots are active within Renewi to establish their viability, value and disruptive capability. We remain alert and proactive to changes seen in the markets around us and also those emerging in the global waste-to-product markets.

KEY RISK	KEY MITIGATION	COMMENTARY
8. Labour availability and cost		
That there are shortages of certain labour types, leading to unavailability or severe wage inflation. **Risk direction**	• We measure employee engagement and satisfaction through surveys. • We offer competitive wages. • Successful recruitment programmes for drivers have continued. • Strengthened HR and recruitment leadership.	The risk of a lack of labour has fallen slightly due to a weaker labour market following Covid-19 but the impact has increased, not least due to a lack of some core skills and an ageing workforce. General economic conditions and macro-economics, combined with a relative unwillingness of the younger generation to undertake certain forms of physical labour, are the main drivers of this risk. Our Renewi brand is becoming increasingly better known and our efforts in shaping Renewi as an attractive place to work partly mitigated the potential impact.
9. Major plant failure or fire		
Operational failure and/or fire at a key facility leading to business interruption and other costs. **Risk direction**	• Improvements in fire control through new and stricter fire control standards. • Fire risk survey process in place including engagement with insurers and with competent external advisers. • Business continuity planning in place at all major sites. • Mechanical breakdown insurance in place for at-risk facilities and reviewed on a regular basis for adequacy. • Highly experienced operational teams with in-depth knowledge of processes. • Regular annual and other shutdowns at key facilities to ensure they remain well invested and maintained. • Business continuity planning includes breakdown risk and mitigation measures. • Effective insurance programmes supported by experienced brokers.	High-quality maintenance and life cycle programmes in place in order to ensure resilience at major unique facilities. Across our general recycling and recovery plants, our larger company provides flexibility to divert waste and retain value internally in the event of a breakdown.
10. Unsustainable debt		
That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding. **Risk direction**	• Our financing structures reduce our financing cost, continuously optimising liquidity and headroom. • Cautious capital investment to meet strict return requirements. • Strong budget control on capital projects. • Good balance of leased and owned assets. • We have a diverse range of financing sources and maturities. • Supportive and flexible finance partners.	The risk of unsustainable debt has fallen along with our leverage. We amended our bank covenant in response to the most severe potential impact from Covid-19, albeit this amendment was ultimately not required.
11. Environmental compliance		
That we fail to comply with environmental permits and/or environmental laws and regulations. **Risk direction**	• Environment management systems and regular inspections and audits allow effective management of all environmental matters that arise. • Monthly environmental issues reporting across all levels of organisation with prompt follow-up. • Experienced and competent environmental specialist employees in place. • Community environmental engagement performance in place as a key business objective.	Internal management of compliance through competent specialists is recognised as key. Pressure on environmental permits remains high. Our environment management systems, reporting, inspections and audits have reduced the likelihood of non-compliance with environmental permits.

KEY RISK	KEY MITIGATION	COMMENTARY
12. Talent development, leadership and diversity		
That we fail to develop the required management capabilities for future needs. **Risk direction**	‣ Key objectives set for employee development. ‣ Performance appraisal and talent management processes are in place. ‣ Engagement surveys are conducted and followed up. ‣ Leadership development programmes in place. ‣ Newly implemented software brings increased structure and capabilities to learning and development.	This risk has reduced slightly, with many key positions filled in the past year. The economy, as well as elevated uncertainty around the impacts of Covid-19, means that talent remains in short supply, which is offset by our strengthened HR department driving retention and optimisation of internal talent through leadership development programmes and improved external talent recruitment capabilities.
13. Long-term contracts		
That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts. **Risk direction**	‣ Selective bidding on contracts, combined with strict Board controls on entering into any new major contracts, are in place. ‣ Detailed risk assessments and due diligence on contracts are conducted.	The Board's caution with regard to complex long-term contracts remains. Ongoing operational improvements for remaining contracts continue.
14. Input pricing		
That market pricing may put pressure on our margins. **Risk direction**	‣ Prices are constantly monitored and reported on via operational systems. ‣ To deliver cost leadership in core markets we effectively manage our costs, both structurally and operationally. ‣ Where appropriate, we use longer-term contracts to limit exposure. ‣ Targeted price increases and dynamic pricing are used to optimise margins.	We have delivered reduced costs and increased price competitiveness and margins. We are increasingly moving towards pricing new business for margin over volume and in line with product offtake demand.
15. ICT failure and cyber threat		
That ICT failure and/or cyber crime causes business interruption or loss. **Risk direction**	‣ Business continuity planning and testing in place for ICT. ‣ Assessment of ICT resilience conducted by insurers with encouraging results. ‣ Continued investment in upgraded systems and infrastructure. ‣ Regular external security tests and improvements throughout the year. ‣ Security planned at design stage in all projects/programmes. ‣ Cyber resilience software in place.	The risk of cyber attacks on all businesses has increased due to greater global digital reliance combined with ever more sophisticated forms of attack. No company can be complacent about the risk and we have invested significantly in more robust counter measures to mitigate the risk. These include hard measures such as two-factor authentication alongside soft measures such as training and awareness. The risk of IT failure is considered moderate, with ongoing investment to upgrade core IT hardware and systems. Regularly tested back up systems are in place in the event of unexpected failures.

Financial risks

Renewi takes action to insure or hedge against the most material financial risks. Details of our key policies for control of financial risks are:

Interest rate risk

Renewi has continued to limit its exposure to interest rate risk on core borrowings by using fixed rate retail bonds, fixed rate finance leases and cross currency interest rate swaps. At the end of March 2021, circa 98% of core borrowings were fixed or hedged. Additionally, the PPP non-recourse floating rate borrowings are hedged for the duration of the contracts using interest rate swaps entered into as part of financial close of the project.

Foreign exchange risk

Renewi operates in the UK and is exposed to translation risk on the value of assets denominated in Sterling into Euros. This exposure is reduced by borrowings in Sterling. The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe, which is managed through the use of forward exchange contracts.

Commodity price risk

Renewi is exposed to diesel price changes, which are managed using forward contracts. The Group manages other exposures to prices of paper, plastics, metals, residual fuels and other recyclates associated with offtake through commercial contracting.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group has implemented the setting and monitoring of appropriate customer credit limits, often supported by credit insurance. Credit limits and outstanding receivables are reviewed monthly. The Group has a policy to ensure that any surplus cash balances are held by financial institutions, meeting minimum acceptable credit ratings.

Fraud risk

To mitigate the exposure to losses arising from fraud committed on the Group or by its employees, robust internal controls and financial procedures are reviewed and tested regularly.

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a period of more than 12 months and has adopted a period of three years for the assessment. This assessment was considered in the context of the Group's five-year strategic planning process; however, for this viability assessment only the first three years are used. The strategic planning process includes a five-year forecast model which comprises a base case business plan and a strategic growth plan. The assessment of viability is modelled using the base case business plan, within which the financials in the last two years are largely extrapolations of key assumptions used in the budgeting process. The first three years of the plan represents the period over which the Group's risk would have the most adverse impact and is the period that the Group gives most focus to in the forecasting process. The strategic growth plan represents the longer-term strategic goals of the Group, including elements of our innovation pipeline, which are expected to deliver significant growth in the later years of the five-year plan but the benefits of these are not included in our viability assessment modelling.

The key assumptions made in Renewi's long-term financial model are: economic recovery following the Covid-19 pandemic; continuing growth opportunities leading to further margin improvements in the Commercial Waste Division; long-term recovery at ATM; and the delivery of the Renewi 2.0 programme. The ATM recovery includes returning to full soil production levels along with the completion of certification and ramp-up of production of higher-value secondary raw materials. The Renewi 2.0 programme is forecast to deliver a minimum of €20m of annual cost benefits in FY24. It has been assumed for viability modelling that the €100m retail bonds which mature in July 2022 will not be replaced and will be settled from the existing revolving credit facility.

The Board assessed the principal risks to the business as set out in the preceding pages and concluded that five severe but plausible risk scenarios should be tested separately. We have also tested appropriate combinations of scenarios. The risks selected for modelling are considered to be those with the most significant, quantifiable potential impact in the three-year period. The scenarios modelled included up to 60% lower recyclate product pricing due to challenges in the offtake markets, 50% lower growth of input volumes due to weaker economic recovery combined with a further wave of Covid-19 restrictions in the financial year to March 2022, a 12-month delay in the operational ramp-up at ATM, a 50% increase in cost of delivery of the Renewi 2.0 programme combined with 25% lower long-term cost efficiencies and a settlement of the potential maximum claim of €63m in FY23 arising from the European Commission investigation into alleged state aid in Belgium. For each scenario, the Group has also identified the mitigation steps it would take to reduce the risk and performed the scenario testing on that basis. These mitigations include the identification of structural cost programmes and deferral of capital expenditure.

The Group's liquidity and financial headroom have been assessed and incorporated within the risk-scenario modelling. Based on the consolidated financial impact of the sensitivity analysis and associated mitigating actions that are either in place or could be implemented, it has been demonstrated that the Group maintained headroom in the event of each of the separate scenarios and the combined scenario occurring.

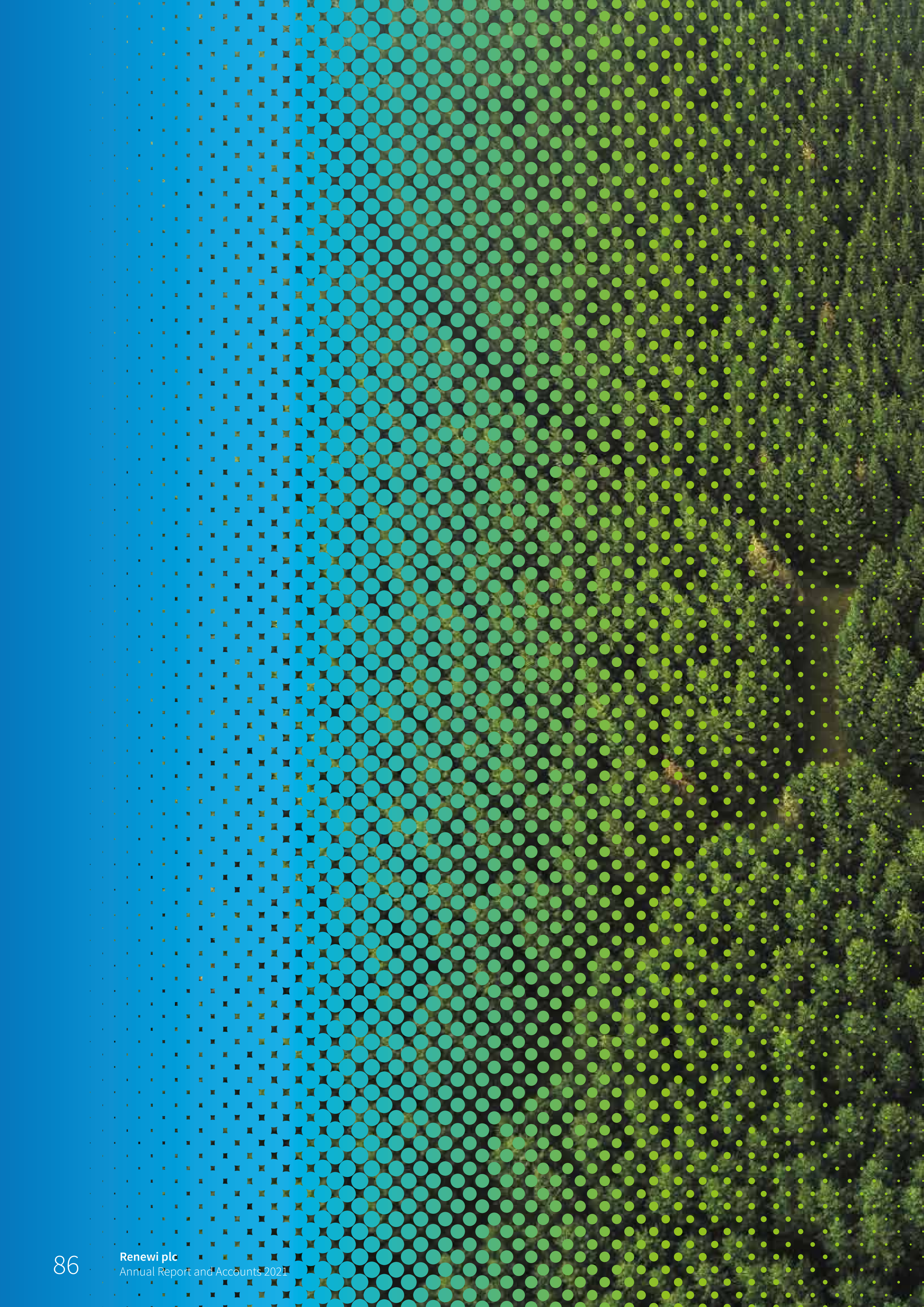
Having considered all of the elements of the assessment, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the period of assessment.

Non-financial information statement

In accordance with the European Union non-financial reporting directive (NFRD) and sections 414CA and 414CB of the Companies Act 2006, which outline new requirements for non-financial reporting, the table below is intended to provide our stakeholders with the content they need to understand our development, performance, position and the impact of our activities with regard to specified non-financial matters.

REPORTING REQUIREMENT	ANNUAL REPORT AND ACCOUNTS PAGE REFERENCE
Environmental matters	Chairman's Statement – environment **p8**
	The world we live in – circular economy **p12**
	CEO's Review – circular economy **p29–30**
	Our role at the heart of the circular economy **p62–63**
	Engaging with, and delivering value for, our stakeholders **p24–27**
	Environment and sustainability **p59–67**
Employees	Chairman's Statement – people **p8–9**
	CEO's Review – people **p30**
	Covid-19: our response – our people **p14–15**
	Engaging with, and delivering value for, our stakeholders **p25**
	Being a sustainable employer **p68–73**
Social matters	Business model – purpose **p10–11**
	Chairman's Statement – purpose **p8–9**
	The world we live in **p12–13**
	Our role at the heart of the circular economy **p7 and p62–63**
	Partnerships and communities **p74–75**
	Engaging with, and delivering value for, our stakeholders **p24–27**
	Society and community **p74–75**
Human rights	Engaging with, and delivering value for, our stakeholders **p24–27**
	Care for people – ethics, compliance and people **p72**
Anti-bribery and corruption	Integrity of the business and ethical trading **p72**
	Audit Committee Report **p105**
Business model	Business model **p10–11**
Non-financial KPIs	KPIs **p20–21**
Principal risks	Principal risks and uncertainties **p76–84**
	Viability statement **p84**
	Audit Committee Report **p102–105**

The Board fully considers climate matters in our decisions, and in line with recent recommendations from the Task Force on Climate-Related Disclosures (TCFD) we expect to fully comply with the reporting obligations next year.



GOVERNANCE REPORT

The Board of Directors and Executive Committee continue to give equal consideration to balancing the interests of our customers, shareholders, employees and the wider communities in which Renewi operates

THE BOARD OF DIRECTORS

Renewi's Board Directors support the Company with an impressive range of skills and extensive experience across many disciplines

Ben Verwaayen, MSC
Chairman

N

Appointed April 2020.

Skills and experience Ben has been CEO of a number of companies, including Alcatel-Lucent SA and BT plc. He held the position of vice chairman and chief operating officer of Lucent Technologies Inc, was president of KPN and a non-executive director of Bharti Airtel. He has also been chairman of a number of companies and industry bodies including the CBI Energy and Climate Change Board in the UK. Ben currently serves as a Non-Executive Director on the boards of Ofcom and Akamai Technologies Inc. He is a Founding Partner at venture capital company Keen Venture Partners LLP. Ben graduated from Utrecht University with a Master's degree in Law and International Politics.

Allard Castelein, MD
Senior Independent Director

R N S

Appointed January 2017.

Skills and experience Allard is currently President and Chief Executive Officer of the Port of Rotterdam, having been appointed in 2014. He qualified as a medical doctor before pursuing an international career in the energy sector, holding a number of senior positions at Shell in various countries, culminating in becoming the vice president, environment, of Royal Dutch Shell in 2009. Allard also holds a number of supervisory board positions including those at Isala Hospitals, Rotterdam Partners, SOHAR Industrial Port Company and the Ronald McDonald House Sophia in Rotterdam. He is a senior member of several Dutch trade organisations including the Economic Board Zuid-Holland and the Confederation of Netherlands Industry and Employers.

Marina Wyatt, MA, FCA
Non-Executive Director

A N

Appointed April 2013.

Skills and experience Marina currently holds the position of Chief Financial Officer of Associated British Ports. She is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a graduate of the University of Cambridge. Marina spent the first part of her career at Arthur Andersen in the UK and on overseas assignments before joining Psion PLC, where she became group finance director in 1996. In 2002 she joined Colt Telecom plc as chief financial officer and then in 2005, ahead of its IPO, she became chief financial officer of TomTom NV based in Amsterdam. In 2015 she was appointed chief financial officer of UBM plc and following UBM's takeover she moved to her current role at ABP. Marina is a Member of the Supervisory Board of Lucas Bols N.V.

Jolande Sap, MSC
Non-Executive Director

A N

Appointed April 2018.

Skills and experience Between 2008 and 2012, Jolande represented the Dutch Green Party, GroenLinks, in the lower house of the Dutch parliament, leading the party from 2010. Before that she worked as an economist, and between 1996 and 2003 at the Dutch Ministry of Social Affairs and Employment, where she headed the Incomes Policy Department before being appointed a director of LEEFtijd, a consultancy for sustainable employment issues, until 2008. Jolande is currently on the Board of the Dutch Emission Authority (NEA) and a Member of the Supervisory Boards of KPMG (Netherlands) and Royal KPN N.V. She is also the Chair of the Netherlands Federation for Health and chairs the Supervisory Boards of Arkin, a mental health care institution, and Fairfood International. Jolande graduated from Tilburg University in Economics.

Luc Sterckx, MSC, PHD
Non-Executive Director

A N R S

Appointed September 2017.

Skills and experience Luc started his career at Exxon Chemicals, before becoming the CEO of Indaver and subsequently joining the executive committee of PetroFina where he served as managing director of Fina Holding Deutschland and as group senior vice president for SHEQ matters worldwide. He was then appointed CEO of Oleon where he led a successful management buyout. Luc was subsequently appointed as CEO of SPE-Luminus in 2005, the second-largest power and gas company in Belgium, created as a result of a multi-party merger. Luc is an INSEAD-certified international director and a specialist in internal governance. He currently holds a number of non-executive and advisory positions, specialising in the fields of energy and chemicals, renewables and corporate governance.

Neil Hartley, MA, MBA
Non-Executive Director

A N R S

Appointed January 2019.

Skills and experience Neil is a Partner at Buckthorn Partners, a private equity investment firm specialising in energy services, where he focuses on investments in the utilities, power and energy transition segments. Prior to Buckthorn he spent 14 years at another private equity firm, First Reserve, and six years in investment banking with Simmons & Company International, specialising in corporate finance in the energy sector. Neil has also been a management consultant at McKinsey & Company Inc and spent seven years with Schlumberger as a field service manager and field engineer.

Otto de Bont, MSC
Chief Executive Officer

Appointed April 2019.

Skills and experience Otto transitioned into the role of Chief Executive Officer in April 2019. Prior to becoming Chief Executive Officer, Otto was the managing director of Renewi's Commercial Waste Netherlands Division and a member of the Executive Committee, playing a central role in the integration of Shanks Group plc with Van Gansewinkel Groep B.V. Before his career at Renewi, Otto worked for a number of blue-chip companies including United Technologies' divisions Otis, Carrier and Chubb, and General Electric's Plastics and Security divisions. During his six years at United Technologies, Otto spent time in various managerial positions culminating in his role as president of Chubb Continental Europe.

Toby Woolrych, MA, ACA
Chief Financial Officer

Appointed August 2012.

Skills and experience Toby began his career at Arthur Andersen where he qualified as a chartered accountant before becoming finance director of Medicom International Ltd, a medical publishing company, in 1992. He then joined Johnson Matthey as corporate development manager in 1997, going on to become divisional finance director and then managing director of one of Johnson Matthey's global speciality chemicals business units. From 2005 to 2008 he was the chief financial officer and chief operating officer at Acta SpA, a renewable energy company, before joining Consort Medical plc as group finance director.

Key: Committee Membership: A Audit R Remuneration N Nomination S Safety, Health and Environment ● Chair

THE EXECUTIVE COMMITTEE

Committee members are a strong combination of industry experts and talented leaders from other sectors – benefitting Renewi with deep knowledge and exciting new perspectives

Helen Richardson
Human Resources Director

Appointed April 2019.

Skills and experience
Helen joined Renewi on 1 April 2019 as HR Director. Helen has a strong track record in international HR leadership roles. She has worked across various industries including FMCG, telecommunications, real estate development and retail. Most recently, Helen held various HR leadership roles at Danone Nutricia. During this period, Helen played a leading role in the integration of several businesses, professionalising HR by driving employee engagement, putting talent management at the heart of the organisation and improving HR services.

Maarten Buikhuisen
Chief Information Officer

Appointed January 2020.

Skills and experience
Maarten joined Renewi in January 2020 with more than 20 years of IT experience, having worked in a number of global IT leadership roles. Prior to joining Renewi, Maarten had various international business and IT roles at Heineken, an internet B2C start-up and at Alcatel in telecommunication. During this period, he delivered business and IT transformations, global ERP programmes, digital innovations and data-driven organisations. Maarten has a Bachelor's degree in Information Technology and an MBA from the University of Bradford.

Daniël Post
Transformation Director

Appointed May 2020.

Skills and experience
Daniël joined Renewi in May 2020 as Transformation Director. Before joining Renewi, Daniël spent over 23 years in the energy and oil and gas industries, first working for Schlumberger, where he started his international career, and then at GE Oil & Gas in operational and commercial line management roles. He also served as the chief executive officer of Bilfinger Industrial Services for Belgium and the Netherlands, and most recently acted as an adviser for private equity and investment firms, as well as for an oilfield decommissioning business. Daniël holds an MSc in Mining & Petroleum Engineering from Delft University of Technology and an MBA from IMD. Recently, he obtained his non-executive directorship certificate at Nyenrode Business University.

Patrick Deprez
Product Sales Director

Appointed December 2012.

Skills and experience
Patrick joined the legacy Van Gansewinkel (VGG) business in 1998 and was the regional director for West Belgium until 2002 when he was appointed as Group SHEQ and Technical Development Director. During this period, he was responsible for leading several quality and safety improvement programmes. From 2006, Patrick managed the strategic waste outlet portfolio for VGG and in 2012 was appointed as a member of the VGG Executive Committee. Before joining VGG, he was the head of the waste division at B&P Sobry NV for almost 10 years. Patrick has a degree in Environmental Management.

Baukje Dreimuller
General Counsel

Appointed September 2017.

Skills and experience
Baukje has extensive experience from leading legal firms Simmons & Simmons, Ashurst and Houthoff. She joined Renewi from Houthoff, where she held the position of senior lawyer within the corporate transaction (M&A) department. In this capacity, Baukje was very closely involved with the VGG-Shanks merger having led much of the deal-related legal activity. Baukje holds Master's degrees in both Dutch Law and International and European Law from Radboud University in Nijmegen.

While the Executive Committee does not have specific powers of its own delegated by the Board, the Chief Executive Officer is assisted in the performance of his duties by the Executive Committee, which meets monthly and comprises the Chief Executive Officer, Chief Financial Officer, Divisional Managing Directors and Corporate Function Directors.

Bas Van Ginkel
Strategy and Business Development Director

Appointed September 2018.

Skills and experience
Bas joined Renewi on 1 September 2018 as Strategy Director and was promoted to join Renewi's Executive Committee on 1 February 2019. Since joining Renewi, Bas has worked on a wide range of corporate and divisional strategy topics. He has further refined the Renewi corporate strategy, led portfolio optimisation and M&A activities, and has supported divisional leadership teams in developing their strategic plans. Prior to joining Renewi, Bas held senior positions at Philips Lighting and Bain & Company. He holds an MBA from Harvard Business School in the US, plus an MSc in Business Administration (with a specialisation in corporate finance) and a BSc in Economics from the University of Groningen.

Marc den Hartog
Managing Director, Commercial Waste Netherlands

Appointed April 2021.

Skills and experience
Marc joined Renewi on 1 April 2021 as Managing Director, Commercial Waste Netherlands. He previously worked for eight years for Corbion N.V., a multinational company listed on the Euronext Stock Exchange, where he held a number of senior management positions including executive vice president, BU Innovation Platforms and chief operating officer. He was also a board member of TOTAL Corbion PLA, a joint venture between TOTAL S.A. and Corbion N.V., producing and selling a biodegradable polymer. Prior to this, he held senior positions at international business CSM NV, at Loders Croklaan and at Unilever. Marc holds a Master's degree in Chemistry from the University of Leiden.

Theo Olijve
Managing Director, Mineralz & Water

Appointed June 2019.

Skills and experience
Theo joined Renewi on 1 June 2019 as Statutory Director of Renewi Hazardous Waste B.V. with a focus on ATM. He worked in senior management positions in the petrochemical industry and liquid bulk terminals for more than 25 years. Theo was divisional vice president for LyondellBasell, where he was responsible for global manufacturing. He was also managing director of the Odfjell Terminal Rotterdam, where he was responsible for restoring the operation and compliance after a safety shutdown in 2012. He became an independent management consultant in 2017. Theo holds a Master's degree in Chemical Engineering from the University of Groningen.

Mark Thys
Managing Director, Commercial Waste Belgium

Appointed April 2021.

Skills and experience
Mark joined Renewi on 1 April 2021 as Managing Director, Commercial Waste Belgium. He previously worked for Eurofins Scientific, where, since 2019, he held the position of global chief transformation officer. Prior to that, he built his career at Goodyear Dunlop, completing various international assignments and holding a number of senior positions, including managing director international sales and operations, managing director France and BeNeLux, and EMEA business transformation leader for Goodyear. Mark holds a Master's degree in Commercial Engineering and an Executive MBA in Business Management.

James Priestley
Managing Director, Specialities

Appointed November 2016.

Skills and experience
James was appointed as Managing Director of the Municipal Division and to the Executive Committee in November 2016. He has a wide range of experience running and improving businesses in Europe and America. Prior to joining the legacy Shanks business, he was interim president Americas for Britax Child Safety and before that president Europe for RGIS, an inventory services company owned by Blackstone. After starting his career at ICI, he moved on to gain extensive management experience at Ford, British Airways and Tesco and consulting with Alix Partners. He has a degree in Chemical Engineering and an MBA.

Our CEO and CFO are also members of the Executive Committee.
See their biographies on page 89

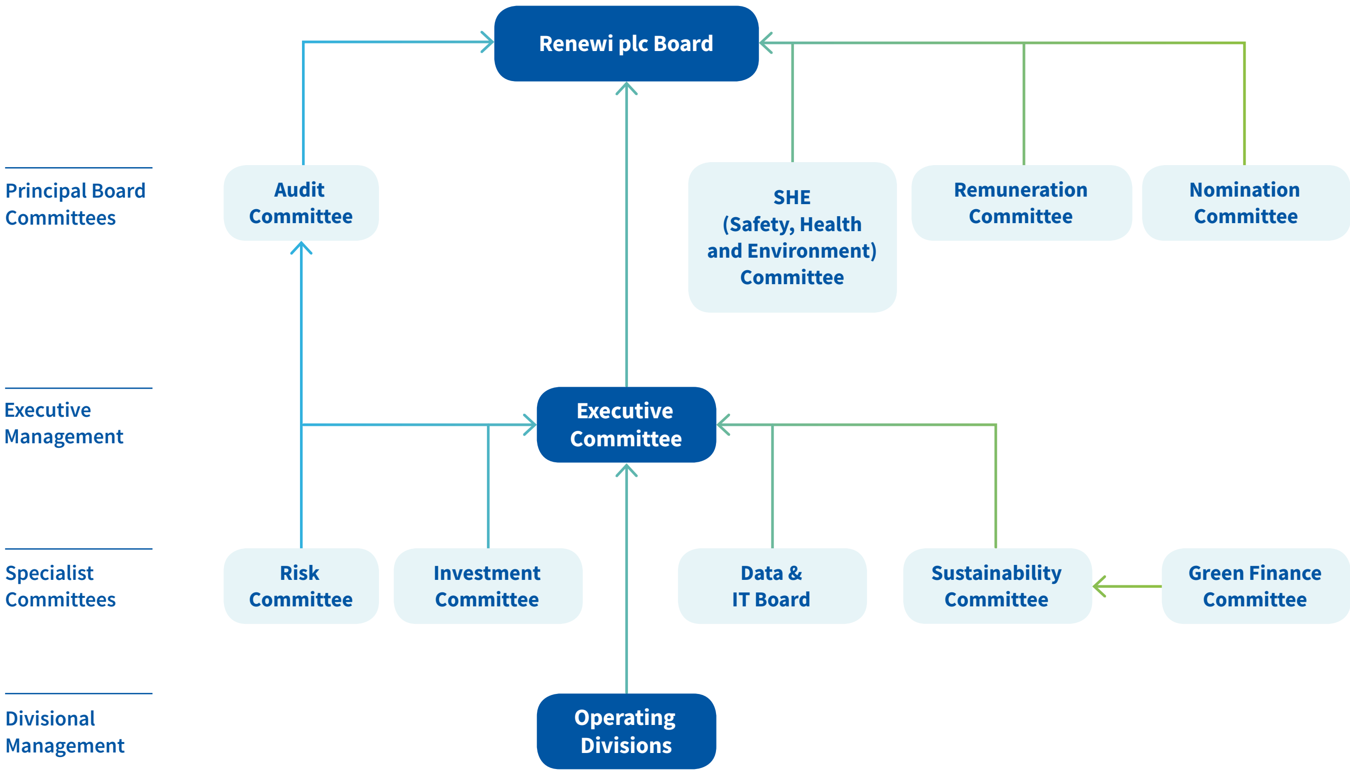
Otto de Bont, CEO

Toby Woolrych, CFO

GOVERNANCE AT A GLANCE

A snapshot guide to corporate governance at Renewi – committee reporting to the Board of Directors, and Board membership, attendance and meetings calendar during FY21

Our corporate governance reporting management framework



Board membership

- Ben Verwaayen (Chairman)
- Allard Castelein
- Marina Wyatt
- Jolande Sap
- Luc Sterckx
- Neil Hartley
- Otto de Bont
- Toby Woolrych

13
Number of Board meetings

100%
Board meeting attendance

Calendar of meetings of the Board and its Committees for FY21

	Board	Strategy Board	Audit Committee	Remuneration Committee	Nomination Committee	Safety, Health and Environment Committee	Shareholder (AGM)
APR	•						
MAY	•		•	•			
JUN	•						
JUL	••						•
AUG							
SEP	•						
OCT	•	•	•		•		
NOV							
DEC	•						
JAN	•	•					
FEB			•	•		•	
MAR	••			•	•		

CORPORATE GOVERNANCE REPORT

This Report explains the structures, processes and procedures employed by the Board to ensure that Renewi's high standards of corporate governance are maintained throughout the Group

Ben Verwaayen

On behalf of the Board, I am pleased to present our Corporate Governance Report and confirm our compliance with the UK Corporate Governance Code published in July 2018, for the year ended 31 March 2021.

We believe that both the Board collectively and Directors individually have a responsibility to set and demonstrate high standards of corporate governance. The following pages outline the structures, processes and procedures by which the Board ensures that these high standards are maintained throughout the Group.

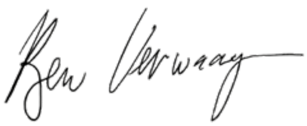
The past year has proved to be a test of Renewi's solid governance foundations as the Board, and colleagues across the Group, have had to deal with the ongoing Covid-19 pandemic. It quickly became apparent that we could work together well in a virtual way, with excellent IT support enabling the Board to collaborate and maintain control of its governance processes and activities. However, the Board recognises that over the duration of the pandemic its ability to engage with a number of stakeholders, including shareholders and employees, has been impacted, with travel plans curtailed as the UK and Europe experience further lockdowns to prevent transmission of the virus. The Board is looking forward to resuming a more normal level of engagement with all stakeholders as soon as it is safe to do so.

Despite the challenges of the pandemic, the Board has continued to demonstrate compliance with the Companies (Miscellaneous Reporting) Regulations 2018 and the revisions to the Corporate Governance Code that came into effect last year. The Report includes a statement disclosing its compliance with the UK Corporate Governance Code 2018, which can be found on pages 96 to 99, and a disclosure of how the Company engages with its stakeholders, which can be found on pages 99 to 100.

The Non-Executive Directors, all of whom the Company regards as independent, bring considerable international experience to the Board across a number of sectors. They play a full role in constructively challenging and developing strategic proposals, as well as chairing and being members of Board Committees. The Executive Directors implement Board strategy to deliver growth and returns by driving margin expansion, investing in infrastructure and actively managing the portfolio of businesses. In particular, the Board ensures that the Group as a whole remains committed to achieving the highest standards of legal compliance, environmental protection and safety.

The Board is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Audit Committee has again assisted the Board in its assessment of these matters, together with those of Going Concern and Viability Statement disclosures. The full Audit Committee Report is set out on pages 102 to 105.

This year the Board has paid particular attention to safety and environmental compliance, creating a new committee, the Safety, Health and Environment Committee. The Nomination Committee has focused on the recruitment of two key Executive Committee positions, succession planning and reviewing diversity and inclusion policies, while the Remuneration Committee's main focus was the impact of Covid-19 and resultant temporary changes to remuneration arrangements. The full committee reports can be found on pages 101 to 123.



Ben Verwaayen
Chairman
27 May 2021

The Board fully supports the principles of good corporate governance. This Corporate Governance Report, together with the Directors' Remuneration Report on pages 108 to 123, explains how the Group has applied and complied fully with the provisions of the UK Corporate Governance Code 2018 for the year to 31 March 2021.

The Board

The Board comprises the Chairman, a further five independent Non-Executive Directors, the Chief Executive Officer and Chief Financial Officer.

The Chairman, who is independent, has primary responsibility for running the Board. The Chief Executive Officer is responsible for the operations of the Group and for the development of strategic plans and initiatives for consideration by the Board. The formal division of responsibilities between the Chairman and the Chief Executive Officer has been agreed by the Board and documented, a copy of which is available on the Group's website.

The Non-Executive Directors bring a wide range of experience to the Group and are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Non-Executive Directors make a significant contribution to the functioning of the Board, thereby ensuring that no individual or group dominates the decision-making process.

Non-Executive Directors are not eligible to participate in any of the Company's share option or pension schemes. The Chairman also meets and communicates regularly with the Non-Executive Directors without the presence of the Executive Directors.

The Senior Independent Director is available to shareholders should they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

Board governance

There is a formal schedule of matters reserved specifically for the Board's decision. These include approval of financial statements, strategic policy, acquisitions and disposals, capital projects over defined limits, annual budgets and new borrowing facilities. The Board meets regularly, having met 13 times during the year.

The Board is provided with appropriate information in a timely manner to enable it to discharge its duties effectively. All Directors have access to the Company Secretary, whose role includes ensuring that Board procedures and regulations are followed. In addition, Directors are entitled, if necessary, to seek independent professional advice in connection with their duties at the Company's expense.

In recognition of the importance of their stewardship responsibilities, the first standing item of business at every scheduled Board meeting is the consideration of health and safety and environmental matters. Other regular reports include those from the Chief Executive Officer and Chief Financial Officer covering business performance, markets and competition, investor and analyst updates as well as progress against strategic objectives and capital expenditure projects.

All Directors are required to notify the Company on an ongoing basis of any other commitments and, through the Company Secretary, there are procedures for ensuring that the Board's powers for authorising Directors' conflicts of interest are operated effectively.

The work of the Board is further supported by four formal Committees (Audit, Remuneration, Nomination, and Safety, Health and Environment). In addition, while not a Committee with specific powers of its own delegated by the Board, the Executive Committee assists the Chief Executive Officer in the performance of his duties. This Committee meets monthly and comprises the Chief Executive Officer and Chief Financial Officer, the Divisional Managing Directors and Corporate Function Directors. In addition, there are a number of specialist committees covering Risk, Investment, Data and IT, and Sustainability matters.

In reviewing Renewi's overall corporate governance arrangements, the Board continues to give equal consideration to balancing the interests of customers, shareholders, employees and the wider communities in which Renewi operates.

Board induction and development

On appointment, Directors are given an introduction to the Group's operations, including visits to principal sites and meetings with operational management. Specific training requirements of Directors are met either directly or by the Company through legal/regulatory updates. Unfortunately, due to the Covid-19 pandemic, the Board has not been able to follow its usual programme of site visits to review operations and safety.

Diversity

All Board appointments are based on merit and against objective criteria, but within this context the Board believes that inclusion and diversity, in its broadest sense including gender and ethnicity, should be promoted, as they are an important factor in Board effectiveness. In particular, role profiles for any Board vacancies will incorporate any necessary skills or strengths that may be required, to either fill any gaps or complement existing Board member competencies.

The Board recognises both the Lord Davies and Hampton-Alexander Reviews on female representation, including the recommendation that 33% of FTSE 350 board positions should be held by women by 2020. In response to these reports Renewi, which sits outside the FTSE 350 currently, has set a target of 25% female representation within the Company and senior leadership team by 2025. The Board also acknowledges that the Parker Review recommends that each FTSE 250 board has at least one Director from an ethnic minority background by 2024. The Board comprises individuals from diverse professional backgrounds and a number of European nationalities, reflecting the range of countries in which Renewi operates. You can read more about our approach to Board diversity in the Nomination Committee Report on page 106.

Gender diversity

	FEMALE		MALE		
	Number	%	Number	%	Total
Board	2	25	6	75	8
Executive Committee	2	17	10	83	12
Group	1,245	19	5,341	81	6,586
Senior Managers	166	20	657	80	823

Board balance

	Female	Male
Executive Directors	0	2
Non-Executive Directors	2	4

The Nomination Committee and the Board continue to closely monitor all aspects of diversity in recruitment and promotions across the workforce. To assist in the process, a Diversity and Inclusion Board has been appointed to help advise the Board on how to embed diversity and inclusivity within the organisation. For more information see the Principal Decisions on page 99 of the Governance Report.

Statistical employment data for the Group can be found in the Sustainability Report, which is available on the Renewi website. Further summary details, in addition to those shown below including those on gender pay gap reporting, can also be found in the 'Care for people section' from page 68.

Audit Committee

The Audit Committee met three times during the year and is formally constituted with written terms of reference, which are available on the Group's website. The Committee is made up solely of Non-Executive Directors: Marina Wyatt who chairs the Committee, Neil Hartley, Luc Sterckx and Jolande Sap.

As required under the UK Corporate Governance Code, Marina Wyatt has current and relevant financial experience. She is a Chartered Accountant and currently holds the position of Chief Financial Officer of the Associated British Ports Group. In addition, the Board considers that the Audit Committee as a whole has competence relevant to the waste-to-product sector.

The Executive Directors and representatives from the external auditors are regularly invited to attend meetings. The Committee also has access to the external auditors without the presence of the Executive Directors.

The Audit Committee Report on pages 102 to 105 sets out the role of the Committee and its main activities during the year.

Remuneration Committee

The Remuneration Committee met three times during the year and is formally constituted with written terms of reference, which are available on the Group's website. The Committee is made up solely of Non-Executive Directors: Neil Hartley, who chairs the Committee, Allard Castelein and Luc Sterckx. The Committee formulates the Company's Remuneration Policy and the individual remuneration packages for Executive Directors. The Committee also determines the remuneration of the Group's senior management and that of the Chairman.

The Committee recommends the remuneration of the Non-Executive Directors for determination by the Board. In exercising its responsibilities, the Committee has access to professional advice, both internally and externally, and may consult the Chief Executive Officer about its proposals. The Directors' Remuneration Report on pages 108 to 123 contains particulars of Directors' remuneration and their interests in the Company's shares.

Nomination Committee

The Nomination Committee met twice during the year and is formally constituted with written terms of reference, which are available on the Group's website. The Committee is made up solely of Non-Executive Directors: Ben Verwaayen, who chairs the Committee, Allard Castelein, Marina Wyatt, Jolande Sap, Neil Hartley and Luc Sterckx.

The Committee is responsible for making recommendations to the Board on the appointment of Directors and succession planning. It also reviews organisation and resourcing plans for the purpose of providing assurance that appropriate processes are in place to ensure a sufficient supply of competent executive and senior management.

The Nomination Committee Report on pages 106 to 107 sets out the role of the Committee in further detail and its main activities during the year.

Safety, Health and Environment Committee

The Safety, Health and Environment Committee, having been established in February 2021, met once during the year and is formally constituted with written terms of reference, which are available on the Group's website. The Committee is made up solely of Non-Executive Directors: Luc Sterckx, who chairs the Committee, Allard Castelein and Neil Hartley.

The Committee is responsible for making recommendations to the Board over safety, health and environmental matters. It reviews safety, health and environmental performance, providing guidance on the implementation of appropriate measures to protect the environment and keep people safe.

The creation of the Committee was a Principal Decision of the Board in FY21, and more information about this and other principal decisions can be found on page 99 of the Governance section.

The Safety, Health and Environment Committee Report on page 101 sets out the role of the Committee in further detail and its main activities during the year.

Other information

Other information, necessary to fulfil the requirements of the Corporate Governance Statement, relating to the Company's share capital structure and the appointment and powers of the Directors, can be found in the 'Other disclosures' section on pages 124 to 126.

How Renewi has complied with the UK Corporate Governance Code

Renewi's statement of compliance, together with the wider Corporate Governance Report and other sections of this Annual Report, describes how the Company has applied the main principles of good governance in the UK Corporate Governance Code, published by the UK Financial Reporting Council (FRC) in July 2018, a copy of which is available on its website, frc.org.uk.

Renewi complied throughout the accounting period with the provisions of the UK Corporate Governance Code.

BOARD LEADERSHIP AND COMPANY PURPOSE

A The Board's role

The Board comprises Directors from a diverse range of skills, nationalities and professional backgrounds, as set out in their biographies on pages 88 to 89 and on pages 106 to 107 of the Nomination Committee Report. It is this diversity of experience and ability to exercise independent and objective judgement that helps the Board to operate effectively and establish a governance framework to assist the Group in the delivery of its strategy.

The Board discharges its responsibilities, as set out in the Corporate Governance Report on pages 92 to 100, through a programme of Board and Committee meetings that includes reviews of financial performance, critical business issues, and short- and long-term planning and strategies.

B Renewi's purpose, values and culture

Renewi's purpose is to protect the world by giving new life to used materials. The Group focuses on making valuable products from waste, rather than on its disposal through incineration or landfill. The Company meets the growing need to deal with waste sustainably and cost-effectively and is positioned higher up the value chain in the segments expected to show the highest structural growth. Renewi's values set out on pages 10 to 11 are the foundation for everything that Renewi does and has helped the Group build a culture of togetherness and 'One Renewi'. They illustrate that 'how' Renewi acts is just as important as 'what' Renewi does. The Group uses its values as a guide for behaviours and decision-making.

The Board has designated Non-Executive Director Jolande Sap with responsibility for monitoring workforce culture and employee engagement. Together with the Group HR Director, Jolande also has responsibility for making regular reports to the Board. For more information, see the 'Engaging with our workforce' section on page 100.

The Audit Committee received regular updates on a range of risk and compliance matters including reports and presentations on whistle-blowing and integrity issues as well as the results of internal audits, which provided insight into the risk and control environment both within the Group and within individual areas of the business. The Committee reviewed the steps taken by senior management to address weaknesses identified. Where concerns remained, the Committee ensured further action was taken, including requesting further information monitoring and, if required, follow-up audits. For more information, see pages 102 to 105.

As part of its considerations, the Remuneration Committee also reviewed the Company's approach to rewarding the workforce.

C Resources and controls

The Board ensures that necessary resources are in place to help the Company to meet objectives and measure performance.

The system of internal control is based on a continuous process of identifying, evaluating and managing risks, including the risk management framework outlined on pages 76 to 84]. The Risk Committee is a critical component of our risk management and controls architecture. It provides direct assurance to the Audit Committee on a number of matters, including the preparation and review of risk registers and the promotion of risk awareness. Complementing this, our internal audit function aims to improve Renewi's overall control framework and evaluate and improve the design and effectiveness of control processes, reporting the results of its activities to the Audit Committee. The Risk Committee works with the operating Divisions of our organisation to share outcomes and to co-ordinate reporting on compliance matters. The Board has a formal system in place for Directors to declare any conflicts, or potential conflicts, of interest.

D Shareholder engagement

The Board aims to engage with shareholders and understand their issues and concerns. Renewi aims to present a balanced and understandable assessment of our strategy, financial position and prospects when reporting to shareholders and other interested parties. The investors pages of renewiplc.com contain a wide range of information of interest to institutional and private investors. Board members are kept informed of any issues and receive regular reports and presentations from executive management and our advisers to assist them in developing an understanding of our major shareholders' views about Renewi.

All Board members ordinarily attend the AGM to answer questions raised by shareholders, including private investors. Details of proxy voting by shareholders, including votes withheld, are given at the AGM and are posted on our website following the AGM.

All resolutions were approved by shareholders at the Company's 2020 AGM. The Company's 2021 AGM will be held on 15 July 2021 but will be subject to restrictions necessitated by the Covid-19 pandemic. A Notice of AGM, setting out detailed arrangements, will be sent in advance to all registered holders of ordinary shares and, where requested, to the beneficial holders of shares, and will also be available on our website at renewiplc.com.

Wider stakeholder engagement

The Directors recognise the fundamental importance of promoting the long-term success of the Company. Clear communication and proactive engagement to understand the issues and factors that are most important to stakeholders are fundamental to this.

A summary of our approach to stakeholder engagement and impact on decision-making is set out on pages 24 to 27. Our section 172(1) statement is set out on page 27.

Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other interested parties. The Company uses multiple channels to do this, including its results presentations, reports, regulatory news announcements, press releases, AGM, face-to-face meetings including roadshows, videos, the corporate website, LinkedIn and other social media channels.

During the year the Remuneration Committee continued to monitor institutional investors' and investor bodies' updated remuneration-related guidance.

Workforce engagement

Renewi relies on its workforce and their commitment to uphold the Group's values, deliver strategic priorities and make the changes necessary to sustain performance. Engagement with the workforce is key to ensuring that the Board understands the employee voice.

In addition to the existing channels of communication via the Group's Works Council arrangements in the Netherlands and Belgium, the Board has designated Non-Executive Director Jolande Sap to assist the Board with workforce reporting.

E Our workforce policies

Renewi operates a Code of Conduct, based on our core values, expected behaviours and key policy principles. This includes creating a safe and healthy working environment, diversity, equality, non-discrimination and accountability. Renewi is an equal opportunities employer and publishes an annual Modern Slavery Statement.

DIVISION OF RESPONSIBILITIES

F The role of the Chairman

Ben Verwaayen, our Non-Executive Chairman, is responsible for leadership of the Board and promoting a culture of openness and constructive debate. He was independent upon his appointment as Chairman on 1 April 2020.

G Composition of the Board

The Board comprises six Non-Executive Directors, including the Chairman, and two Executive Directors. The Board's responsibilities are set out on pages 94 to 95 of the Corporate Governance Report.

The roles of the Board, Board Committees, Chairman and CEO are documented, as are those matters reserved to the Board. They can be found on our website at renewi.com/en/investors/corporate-governance. The CEO is responsible to the Board for the management, development and performance of our business for those matters for which he has been delegated authority from the Board. Although the CEO retains full responsibility for the authority delegated to him by the Board, he has established, and chairs, the Executive Committee, which is the vehicle through which he exercises that authority in respect of our business.

During the year, the Board considered the independence of each Non-Executive Director for the purposes of the UK Corporate Governance Code and finds that all the Non-Executive Directors are independent.

The membership of the Board as at 31 March 2021 can be found on page 92 of the Corporate Governance Report, and biographical information about individual Directors can be found on pages 88 to 89.

H Role of the Non-Executive Directors

The role of the Non-Executive Directors is to provide constructive challenge and strategic guidance, offer specialist advice and hold management to account. The Non-Executive Directors bring a wide range of experience to the Group and are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Non-Executive Directors make a significant contribution to the functioning of the Board, thereby ensuring that no individual or group dominates the decision-making process. The Chairman also meets and communicates regularly with the Non-Executive Directors without the presence of the Executive Directors.

Time commitment

Generally, Non-Executive Directors commit 24 days a year to the Group's business. In practice, Board members' time commitment exceeds this minimum expectation when all the work that they undertake for the Group is considered, particularly in the case of the Chairman of the Board and the Chairs of the Board Committees. As well as their work in relation to formal Board and Board Committee meetings, the Non-Executive Directors also commit time throughout the year to meetings and conference calls with various levels of executive management, visits to sites and, for new Non-Executive Directors, induction sessions.

If a Director is unavoidably absent from a Board or Board Committee meeting, they receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chairman of the Board or the Chair of the relevant Board Committee, so that their views are made known and considered at the meeting.

Given the nature of the business to be conducted, some Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments.

Subject to specific Board approval, Executive Directors and other Executive Committee members may accept external appointments as non-executive directors of other companies, and retain any related fees paid to them, provided that such appointments are not considered by the Board to prevent or reduce the ability of the executive to perform his or her role within the Group to the required standard.

Senior Independent Director

Allard Castelein, who joined the Board as a Non-Executive Director in January 2017, was appointed Senior Independent Director with effect from 1 September 2019. The role of the Senior Independent Director is to serve as a sounding board for the Chairman and as an intermediary for the other Directors when necessary. The Senior Independent Director will be available to shareholders should they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

I The Company Secretary

The Company Secretary is responsible to the Chairman for ensuring that all Board and Board Committee meetings are properly conducted, that the Directors receive appropriate information prior to meetings to enable them to make an effective contribution, and that governance requirements are considered and implemented.

COMPOSITION, SUCCESSION AND EVALUATION

J Appointments to the Board and succession planning

The Nomination Committee regularly reviews the composition of the Board and the status of succession for both senior executive management and Board-level positions. Directors have regular contact with and access to succession candidates for senior executive management positions.

The Nomination Committee's role is to recommend to the Board any new Board appointments and to consider, more broadly, succession plans for both senior executive management and Board-level positions. As part of its consideration, the Nomination Committee evaluates the balance of skills, knowledge, experience and diversity on the Board. Any decisions relating to the appointment of Directors are made by the entire Board based on the merits of the candidates and the relevance of their background and experience, measured against objective criteria, with care taken to ensure that appointees have enough time to devote to our business.

For information, please see the Nomination Committee Report from page 106.

Re-election of Directors

In accordance with Article 94 of the Articles, all Directors retire at each AGM and may offer themselves for re-election by shareholders. Accordingly, all the Directors will retire at the AGM in July 2021. The Notice of AGM will contain details of all Directors seeking re-election.

For more information, see the 'Other disclosures' from page 124.

K Skills, experience and knowledge of the Board

As part of its role, the Nomination Committee is responsible for reviewing the composition of the Board, to ensure that it has the appropriate expertise while also recognising the importance of diversity.

L Board evaluation

In FY21 the Board evaluation was carried out through an externally facilitated structured online survey. The findings are set out in the Nomination Committee Report on page 107.

AUDIT, RISK AND INTERNAL CONTROL

M Internal and external audit

The Audit Committee reviews the Company's relationship with its external auditors, including the independence of the external auditors. At the 2020 AGM shareholders approved the appointment of BDO LLP to conduct the audit of the Company's and Group's consolidated financial statements for the financial year ending 31 March 2021. To facilitate a smooth transition, the Company's previous auditors, PricewaterhouseCoopers LLP, participated in a handover process prior to their formal resignation following completion of the 31 March 2020 audit.

The Committee maintains a policy for the pre-approval of all permitted non-audit services undertaken by the external auditor.

The principal purpose is to ensure that the independence of the auditor is maintained. The Audit Committee also reviews the independence and effectiveness of the Internal Audit function.

For more information, see the Audit Committee Report on pages 102 to 105.

N Fair, balanced and understandable assessment

The Board as a whole is responsible for the Company's financial and business reporting including reviewing the Company's financial results announcements.

The Board considers this Annual Report, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess Renewi's position, performance, business model and strategy.

O Risk management and internal controls

The Board has overall responsibility for our system of internal controls and risk management policies and has an ongoing responsibility for reviewing their effectiveness. During FY21, the Directors continued to review the effectiveness of our system of controls, risk management (including a robust assessment of the emerging and principal risks, including those that would affect the business model, future performance, solvency or liquidity) and high-level internal control processes. These reviews included an assessment of internal controls and financial, operational and compliance controls, and risk management and their effectiveness. These were supported by management assurance of the maintenance of controls reports from internal audit, as well as the external auditor on matters identified in the course of its statutory audit work.

The system of controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable (not necessarily absolute) assurance of effective operation and compliance with laws and regulations.

The Directors believe that the Group maintains an effective, embedded system of internal controls and complies with the FRC's guidance entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

For more information about the ways in which Renewi manages business risks, procedures for identifying emerging risks, descriptions of principal risks and uncertainties, and the Viability Statement, see the Risks and uncertainties section from page 76.

REMUNERATION

P Policies and practices

The Remuneration Committee is responsible for determining, approving and reviewing the Company's remuneration principles and frameworks, to ensure they support the strategy of the Company and are designed to promote long-term success.

For more information on the Remuneration Committee's work during FY21, see the Directors' Remuneration Report from page 108.

Q Procedure for developing remuneration policy

Following consultation with institutional shareholders and advisory bodies the Directors' Remuneration Policy was approved at the 2020 AGM and will remain in place until a new policy is put to shareholders for approval at the 2023 AGM. Remuneration policy is designed to align with corporate governance best practice; support the Company's ability to recruit and retain executive talent to deliver against its strategy; and promote the delivery of the long-term strategy.

The Directors' Remuneration Policy can be found in the Directors' Remuneration Report from page 111.

Exercising independent judgement
The Remuneration Committee exercises independent judgement when determining remuneration outcomes. The Committee takes into account factors such as wider business and individual performance during the year, including health and safety performance and environmental, social and governance (ESG) objectives.

For more information on FY21 performance, decisions and reward outcomes, including the Board's and the Committee's response to the impact of Covid-19, see the Directors' Remuneration Report from page 108.

Connecting with our stakeholders

How Renewi engages as a company

Renewi's purpose and ambition is to protect the world by giving new life to used materials. Our vision is to be the leading waste-to-product company in the world's most advanced circular economies, contributing to a sustainable society for all our key stakeholders. Renewi touches the lives of many people and as a result has a number of key stakeholder groups.

Considering the interests of our stakeholders is fundamental to the way in which Renewi operates. Our values and Code of Conduct empower employees to make the best decisions in the interests of the Group and our stakeholders, helping to ensure that these considerations are made not only at Board level, but throughout our organisation.

A stakeholder matrix can be found on pages 24 to 27 of the Strategic Report, illustrating how Renewi engaged and responded to stakeholder concerns over FY21.

How our Board understands the interests of our stakeholders

To promote and facilitate Directors' understanding of the interests of our stakeholders, the Board will regularly review the stakeholder matrix, which sets out management's engagement with stakeholders and highlights the most significant issues to each group. This provides assurance to the Board that management has engaged with stakeholders, allowing the Board to consider stakeholder impact, as well as other factors, when making decisions.

Over FY21, the Board received updates on various engagement initiatives designed to promote waste and recycling and understand sustainability goals among stakeholders.

This provided the Directors with an understanding of the various initiatives that the Group leads, and the relationship between the Group, its customers, suppliers and the communities in which it operates.

Despite the difficulties of the Covid-19 pandemic, over FY21 Directors engaged with various stakeholders, including the workforce via Pulse surveys, to understand the issues that concern and impact them most.

Examples of workforce engagement are set out on page 100. The CEO, CFO and Chairman met with investors throughout the year to understand their views on a range of issues.

How our Board considers stakeholders' interests in decision-making

Throughout the year, Directors recognised their responsibility to act in good faith to promote the success of the Company for the benefit of shareholders, while also considering the impact of their decisions on wider stakeholders and other factors relevant to the decision being made. Clear communication and proactive engagement to understand the issues and factors that are most important to stakeholders is fundamental to this.

The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our purpose and values, together with our strategic priorities, the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success. See pages 24 to 27 for full details of how Renewi engages with stakeholders and responds to their needs and concerns.

Principal decisions in FY21

Renewi defines 'Principal Decisions' as decisions and discussions that are material or strategic to the Group, and also those that are significant to any of our stakeholder groups. The following items are considered to be examples of Principal Decisions made by the Board during FY21.

Safety and the Safety, Health and Environment (SHE) Committee

The Board is committed to making Renewi a safe place to work for its employees and contractors; safety is Renewi's primary value. The overall accident rate has continued to fall; however, over the past year several tragic and fatal road accidents have taken place. Renewi's waste facilities operate approximately 2,500 heavy vehicles, often in congested areas, and the Board and Executive Committee are united to ensure that the number of severe accidents is reduced. To heighten focus in this significant area the Board established the SHE Committee with the objective of making sustained improvement in performance.

The Committee's responsibilities include the setting and measurement of SHE targets, monitoring performance, implementing effective SHE management systems and providing guidance to continuously improve SHE performance across the business.

The benefits of this decision are to improve safety outcomes. See pages 70 to 71 to find out more about our recent safety initiatives.

Confirmation of strategy

In FY21 the Board has continued to review the Group strategy, focusing on the production of secondary materials and recyclates. This represents a strategic opportunity for Renewi, enabling Renewi to become experts in extracting value from used materials, while mutually benefitting the environment through the diversion of landfill and incineration. This strategy is likely to result in a gain in market share, placing Renewi as a leader in recycling and the circular economy, while also benefitting society at large. See pages 62 to 63 to find out about our role at the heart of the circular economy.

Diversity and Inclusion Board

The Board is aware of the findings of the Lord Davies, Hampton-Alexander and Parker Reviews. The Board understands the long-term benefits for all stakeholders of embracing diversity and inclusivity of minority groups. More can be done to improve diversity at Renewi, supporting our 'togetherness' value that underpins Renewi's culture. Following a staff consultation, the Diversity and Inclusion Board was created to establish a more diverse and inclusive culture within the Company. This Board is made up of Executive Committee members, business leaders and employees, and is chaired by the CEO. The Board believes diversity enhances the organisation's effectiveness, better unlocking the potential of staff and helping Renewi innovate. It will make Renewi more attractive to investors, clients, existing employees and prospective employees. The primary focus of the diversity and inclusion strategy has been to set a target of 25% female representation across the Group by 2025. For more information about our HR initiatives, see the 'Care for people' section on pages 68 to 75.

Covid-19 pandemic

Throughout FY21 the Board has considered Renewi's stakeholders in responding to the Covid-19 pandemic, creating a Virus Response Team to tackle the urgent actions that needed to be addressed. Waste management is an essential service, and Renewi has been able to maintain its operations for customers and communities by putting in place stringent social distancing rules to protect staff, customers and members of the public. Campaigns have been undertaken to ensure customers and communities know how they can safely use waste facilities during the pandemic.

Safety of staff has been a major consideration of the Board. Digital solutions have allowed office-based staff to work from home at almost normal productivity levels. Pulse surveys have given insight into the feelings of staff and whether they have any concerns. For those on production lines social distancing rules have been incorporated into procedures, resulting in no loss of capacity.

Renewi has had to take prudent financial measures to reduce operating costs and cash flows. The Board voluntarily approved a 20% reduction in pay and the Executive Committee a 10% reduction in pay for a period of three months to show solidarity with those affected.

The Board has championed Renewi's contribution to the fight against the virus in a sustainable way by helping to tackle the global shortages of personal protective equipment (PPE). See pages 14 to 15 for more details on the managing of Covid-19.

Renewi 2.0

Launching Renewi 2.0 was another Principal Decision of the Board to make Renewi more competitive and give long-term benefits to all stakeholders. The key activities are to digitise the customer interaction and process improvements. The programme will improve customer satisfaction, enhance employee morale and deliver €20m of savings.

For more information about Renewi 2.0, see page 18 of the Strategic Report.

Engaging with our workforce

Renewi is committed to being a great place to work. Engagement with employees is an important element in fostering a positive environment in which all employees are respected, openness is valued, diversity celebrated and every voice heard. The Company recognises and values people as an important asset in achieving goals, upholding values and delivering strategic priorities.

In 2019, in response to the provision in the 2018 UK Corporate Governance Code prescribing certain methods that the Board could use to engage with the workforce, the Board designated Non-Executive Director Jolande Sap to assist the Board with workforce engagement. Jolande, a former leader of the Dutch Green Party, GroenLinks, is experienced in understanding social-economic issues and is believed by the Board to have the relevant skills required. Over the course of the year, Jolande has been involved in a number of workforce engagement activities:

- Participated in the annual general consultation meeting between management and the Works Council in February 2021
- Held three meetings with the Chair of the Works Council

In addition to direct engagement with the workforce, the Board is able to receive updates from the Group HR Director to understand the workforce's views on a wide variety of topics. The Board also receives a number of company-wide reports providing insight into the views of the entire workforce, regardless of location and role, allowing for a breadth of views to be understood when making key decisions.

CASE STUDY

The Dutch Works Council expressed an interest in understanding more about Renewi's reward structure. The matter was included as an item on the agenda for the annual consultation meeting held with management and the Works Council, attended by the HR team, including participation by Non-Executive Director Jolande Sap. A presentation was delivered and the Works Council was able to engage and raise questions with a Director of the Renewi plc Board. The findings of the meeting have been used to further develop Renewi's One Reward system, which you can read more about on page 72 of the Strategic Report.

Investing in and rewarding our workforce

Although the Remuneration Committee does not consult directly with employees, the Committee considers general basic salary increases for our workforce, aiming to ensure the global total reward offering is competitive, compelling and aligned to our business performance; while supporting a culture where everyone feels valued and included. For more information see the Remuneration Report on page 108.

Employee Pulse surveys

Renewi conducts regular Pulse surveys to understand the mood of employees and their attitude towards Renewi as an employer. The data analysis includes the calculation of a net promoter score estimating the likelihood of staff to recommend Renewi as an employer. The results and analysis of Pulse surveys are reported to the Board to allow it to monitor any changes in attitudes. For more information about Pulse surveys, see the 'Care for people' section on pages 68 to 75.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE REPORT

Luc Sterckx
Chair of the Safety, Health and Environment Committee

Committee membership:

Luc Sterckx (Chair)
Allard Castelein
Neil Hartley

FY21 Committee meeting attendance

Luc Sterckx	1 (1)
Allard Castelein	1 (1)
Neil Hartley	1 (1)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

- Review and recommend appropriate policies related to the protection of the environment, together with the safety of employees, contractors, customers and the public; and oversee the monitoring and enforcement of these policies and related practices and procedures
- Review significant risks or exposures and assess the steps management has taken to minimise those risks
- Assist in keeping directors informed of their safety, health and environmental responsibilities and duties as necessary and relevant
- Monitor regulatory changes in relation to safety, health and environmental matters and the impact such changes may have on the business of Renewi
- Receive reports as to divisional safety and health and environmental policies and arrangements, compliance with and any proposed changes to those policies and arrangements
- Receive reports as to safety and health and environmental performance and any major incidents to ensure that management identify and implement any corrective action considered appropriate to achieve compliance and raise performance where required

For terms of reference go to reneweiplc.com/sheco

On behalf of the Board, I am pleased to present the Safety, Health and Environment Committee Report for the year ended 31 March 2021.

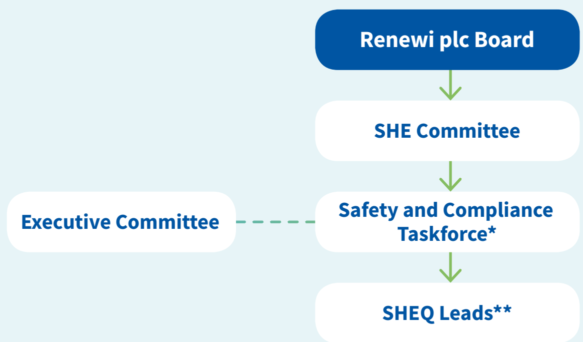
The Committee met for the first time in February 2021 and details of members' attendance are shown opposite. Following the decision by the Board to create the Committee in December 2020, the main objective of the Committee is to assist the Board in driving and implementing a structural and sustained improvement in safety, health and environmental performance. The creation of the Committee was a Principal Decision of the Board in FY21, and more information about this and other principal decisions can be found on page 99 of the Governance section.

Activities of the Committee

The initial work of the Committee has been to identify a structured business process framework for continuously improving safety, health and environmental performance. The Committee has advised the Board to implement the International Safety Rating System (ISRS), which has a long-proven international record in adequately monitoring and improving the drivers for safety, health and environmental performance. Independent assurance and risk management experts DNV have been appointed to advise on implementing ISRS within the business. The initial phase will be a collection of benchmarking data before the Committee establishes the required action plans. It is estimated that the full rollout of ISRS across the business will be completed by end of FY22. Next to this, the Committee has started emphasising the need for increased follow-up and compliance monitoring of environmental standards.

Luc Sterckx
Chair of the Safety, Health and Environment Committee
27 May 2021

SHE corporate governance framework



*The Safety and Compliance Taskforce meet monthly to review performance and progress against the SHEQ Strategy Plan. Membership includes Divisional MDs, the CEO and the Group SHEQ Director, and divisional SHEQ Directors. The S&C Taskforce is focused on accountability and ensuring the execution of the SHEQ Strategy Plan.
**The team of SHEQ Leads comprise the Group SHEQ Director, divisional SHEQ Directors, and the Group SHEQ team.

AUDIT COMMITTEE REPORT

Marina Wyatt
Chair of the Audit Committee

Committee membership:

Marina Wyatt (Chair)
Neil Hartley
Luc Sterckx
Jolande Sap

FY21 Committee meeting attendance

Marina Wyatt (Chair)	3 (3)
Neil Hartley	3 (3)
Luc Sterckx	3 (3)
Jolande Sap	3 (3)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

The primary objective of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to the Group's corporate reporting, risk management systems, internal controls and any other matters referred to it by the Board. This covers:

- **monitoring the integrity of the financial statements including annual and half-yearly reports;**
- **reviewing and challenging the consistency of and changes to significant accounting policies, the methods used to account for significant or unusual transactions and appropriate estimates and judgements;**
- **keeping under review the adequacy and effectiveness of internal financial controls and internal control and risk management systems;**
- **reviewing the adequacy of procedures for detecting fraud and ensuring that appropriate arrangements are in place to allow for Company employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;**
- **monitoring and review of the effectiveness of the internal audit function in the context of the overall risk management system;**
- **the appointment, terms of engagement, effectiveness, objectivity and independence of the external auditors and the nature and scope of the audit; and**
- **the development and implementation of policy on the engagement of the external auditor to supply non-audit services.**

For terms of reference go to renewiplc.com/audit

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2021. We present an insight into how the Committee addressed significant issues in FY21 which were reported to the Board as a matter of course and how other responsibilities of the Committee were discharged.

The Committee met three times during the year with all meetings held virtually owing to the local and national restrictions imposed as a result of Covid-19. By invitation, there were a number of other regular attendees including the Chief Financial Officer, the Group Financial Controller, the Group Tax Manager, the Head of Risk Management, Internal Control and Audit, and the external auditors.

At its meeting in May 2020, the Committee considered corporate governance compliance, taxation and the FY20 financial statements. At this meeting there was significant focus on the financial effects of the Covid-19 pandemic and the challenges it posed to the preparation of the FY20 financial statements with regard to additional disclosures and the forecast modelling for going concern and viability statements. The October 2020 meeting was concerned primarily with the interim results, strength of the finance organisation including a presentation from one of the divisional finance directors, Group risk management and internal control compliance, and internal audit performance. The February 2021 meeting considered preparation of the FY21 financial statements and all other year-end accounting matters and treatments, the external audit plan, review of the non-trading and exceptional items policy, year-end risk management planning and the internal audit plan for the new financial year.

In December 2020 a letter from the Financial Reporting Council (FRC) was received which gave advance notice of the selection of our 2021 Annual Report and Accounts for the thematic review into IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This review is expected to be completed in autumn 2021.

Significant accounting judgements and estimates

In carrying out its duties, the Committee reviewed and made recommendations in respect of the full year and interim financial statements. There was particular focus on the appropriateness of the Group's accounting policies and practices. As part of the financial reporting process, the Committee kept under review ongoing and emerging financial reporting risks. The primary areas of judgement considered by the Committee in relation to the FY21 accounts and how these were addressed are detailed below.

- **Onerous contracts in UK Municipal** The level of provisions for these onerous contracts requires long-term forecasts and assumptions given the long-term nature of the contracts: these provisions are judgemental and based on management's best estimates. Following on from the significant provisions reflected in recent years, reviews of expected future cash flows and assumptions on a contract-by-contract basis are discussed with management with appropriate challenge as part of the interim and year-end procedures. Following these discussions, the Committee concluded that the total level of provisions and the associated disclosures were appropriate at 31 March 2021, noting that some provisions have been released and others were reduced.

- **Presentation of non-trading and exceptional items and use of alternative performance measures** The Group's performance measures continue to include some metrics which are not defined or specified under IFRS reporting and the Group discloses non-trading and exceptional items separately due to their size or incidence to enable a better understanding of performance. This is a key judgemental area and the Committee take into account recent pronouncements and guidance from the FRC. Based on a review of the supporting papers from management, the Committee considers that these items have been appropriately classified and are in line with the non-trading and exceptional items policy which is reviewed annually by the Committee. The Committee also considered disclosure of the Group's alternative performance measures and noted that these are set out in detail in note 8.3 in the financial statements together with reconciliations of adjusted performance measures to statutory results.

- **Impairment testing** Impairment testing is inherently subjective as it includes assumptions in calculating the recoverable amount of the cash generating unit being tested. Cash flow projections include discount rates that reflect the appropriate risk, long-term growth rates and future profitability. During April 2020, given the initial phases of the Covid-19 pandemic, revised modelling was prepared for submission to the Committee to sign off the FY20 audit with no impairments required. As a result of the simplified Renewi organisation structure effective from 1 April 2020 and the change in Divisions, the goodwill relating to the previous Monostreams Division had to be reallocated to other cash-generating units. The Committee reviewed management's summary of the revised values and the new cash-generating units in conjunction with a review by the auditors and a 1 April 2020 assessment was undertaken to ensure that this allocation did not result in any impairment at that date. The annual impairment review is submitted to the February meeting. For the current period, the Committee has reviewed the papers prepared by management and concluded that there is sufficient headroom across all cash-generating units with the exception of Maltha, where an impairment of €9.5m has been reflected. The goodwill note in the financial statements includes appropriate disclosures for any reasonable possible changes in assumptions. In addition, the Committee has concluded from discussions with management that there are no additional risks of impairment for property, plant and equipment or other intangibles as a result of the ongoing pandemic.

- **Landfill-related provisioning** Landfill provisions, due to their nature, are judgemental as they are subject to a number of factors including changes in legislation and uncertainty over timing of payments. The annual review of provisions in discussions with management has considered the assumptions used including discount rates and the period of liability and has confirmed these are reasonable and appropriate. The Committee has also considered the adequacy of disclosures of the key sensitivities as included in note 4.3 in the financial statements.

- **Other provisions** The Committee regularly monitors disputes and claims with a summary of all open litigations and disputes a standing agenda item at all meetings. In addition, independent legal advice has been received as appropriate and reviewed in respect of the larger claims, such as the Belgian State Aid matter. The Committee concurred with management's assessment that the appropriate provisions are held and ensured that there was adequate disclosure of this judgement in the contingent liability note in the Annual Report and Accounts.

- **Accounting for various tax-related matters** The most significant judgements for tax relate to deferred tax asset recognition and uncertain tax positions. The Committee received verbal and written reports from senior management that there have been no significant changes during the year and the level of balances recognised at March 2021 remains appropriate. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.

- **Lease accounting** The new leasing standard became effective during the previous year. During the current year it has been identified that the lease term for a specific contract was incorrectly recorded in the financial tool for the calculation of the right of use asset and the associated lease liability. The impact of this error was a €9m increase to both right of use assets and lease liability. This has been recorded as a prior year adjustment. The Committee challenged management to carry out additional checks and reviews to ensure that this was a one-off item and that there have been no other similar errors of this nature. Management undertook additional reviews as part of the year-end process and confirmed to the Committee that nothing additional was identified.

The Committee is satisfied that the judgements made by management are reasonable and has ensured that the disclosures in respect of all key areas of judgement are appropriate including additional information with regard to the sensitivity of the estimates to key assumptions where appropriate.

Going concern and viability

The Committee is required to make an assessment of the going concern assumptions for the Group and the basis of the Viability Statement before making a recommendation to the Board. The continued impact of the Covid-19 pandemic has been considered in the detailed forecasts presented to the Committee covering the period of 12 months from the date of this report. A downside model and a reverse stress test were also prepared. The Committee has reviewed the detailed paper and cash flow analysis and challenged management on the assumptions and judgements of the continued cash generation of the Group and the compliance with covenants. After careful consideration, the Committee has confirmed to the Board that sufficient headroom exists and that the adoption of the going concern principle remains appropriate.

The Committee also considered a paper and financial model prepared by management in respect of the longer-term Viability Statement to be included in the Annual Report and Accounts. The Committee discussed with management the risks, sensitivities and mitigations for the modelled scenarios and concluded that the longer-term viability statement was appropriate and approved by the Committee for recommendation to the Board.

Fair, balanced and understandable

As part of its review of the FY21 Annual Report and Accounts, the Committee considered whether the report, taken as a whole, was fair, balanced and understandable and that it provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy. To assist with this assessment, the Committee reviews questions completed by management to illustrate the fair, balanced and understandable aspects of the Annual Report and Accounts and a summary of the review and approval processes involved. Following consideration of these items at the May meeting, together with the Annual Report and Accounts, the Committee is satisfied that the key events and issues, both positive and negative, have been adequately reflected and referenced in the Annual Report and Accounts.

External audit

Following the competitive tender carried out in 2019, the Committee recommended to the Board that it recommend to shareholders the appointment of BDO LLP. We have monitored the completion of the transition to BDO LLP as the Company's statutory external auditor for FY21, following shareholder approval of its appointment at the 2020 AGM. During 2020 management engaged with BDO LLP and PricewaterhouseCoopers LLP, the Group's previous external auditors, to ensure a smooth transition. The Committee holds private meetings with the auditors in the absence of management and the Audit Committee Chair also maintained regular contact with the audit partner throughout the year. Given the current environment and regulations, the majority of the audit was carried out remotely with minimal on-site presence possible.

In order to ensure the effectiveness of the external audit process, BDO LLP conducts an audit risk identification process at the start of the audit cycle. This plan is presented to the Audit Committee for its review and approval and for the FY21 audit, the key risks and audit matters identified included revenue recognition, impairment of goodwill and other assets, going concern and covenant compliance, presentation of non-trading and exceptional items, onerous contract provisions, landfill provisions, compliance with laws and regulations, and tax. In addition, in light of the forthcoming thematic review, consideration of the adequacy and completeness of disclosures relating to provisions and contingent liabilities were identified as key risks.

The Committee reviews the performance, effectiveness and independence of the auditors on an annual basis. BDO LLP's rotation rules require the lead audit partner and key partners involved in the audit to rotate every five years. BDO LLP is required to confirm to the Committee that it has the appropriate independence and no matters of concern were identified by the Committee. The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a non-audit services policy. Specified services may be provided by the external auditor subject to a competitive bid process, other than in situations where it is determined by the Committee that the work is closely related to the audit or when a significant benefit can be obtained from work previously conducted by the external auditor. The approval process of any new engagement remains in place, with the CFO able to approve any new engagement up to the value of €25,000, with anything in excess of that limit requiring Committee approval. During the year €0.2m of non-audit services were provided by BDO, which is comparable with that paid to the previous auditors in the prior year. The total audit fees, as disclosed in note 3.2 of the financial statements, amounted to €1.5m (2020: €1.8m).

During the year, tax and other professional services have also been provided to the Group by the audit firms Deloitte, EY and KPMG.

Internal audit

The internal audit function is an independent and objective function which aims to improve Renewi's overall control framework and evaluate and improve the design and effectiveness of control processes. Reviews of financial processes and cycles are carried out and investigation activities are performed on control failures to identify root cause and provide recommendations for resolution and prevention. The Committee monitors and reviews the effectiveness of its work and approves its annual plan.

As a result of the Covid-19 pandemic, the internal audit programme for the year was impacted by restrictions on site access and the reduced ability to travel, resulting in a number of reviews being delivered remotely. The original plan for the year was completed despite these challenges. During the year, the key control framework was enhanced further across all Divisions, shared services and central finance functions, with compliance reporting consistently above 95%. Consistent with previous years, internal audit services from suitably qualified external providers were also engaged during the year.

The detailed findings from all reviews were presented to and considered by the Committee. Any necessary actions, including improvements, are acted upon by local divisional teams with revisits from internal audit as required and regular follow-up at monthly business review meetings.

Accountability and audit

The responsibilities of the Directors and the auditors in relation to the financial statements are set out on page 127.

Risk management

The Group Risk Management framework, major risks and the steps taken to manage these risks are outlined on pages 76 to 84.

Internal control responsibility

The system of internal control is based on a continuous process of identifying, evaluating and managing risks, including the risk management processes outlined on pages 76 to 78. The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board recognises that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatements, losses, and the breach of laws and regulations.

Annual assessment of the effectiveness of the risk management and internal control systems

In addition to the Board's ongoing internal control monitoring process, it has also conducted an annual effectiveness review of the Group's risk management and internal control systems in compliance with Provision 29 of the UK Corporate Governance Code. This covered risk management systems and all significant material controls including financial, operational and compliance controls.

Specifically, the Board's review included consideration of changes in the risk universe and the Group's ability to respond to these through its review of business risk register controls and improvement action plans. It also reviewed the six-monthly certification by divisional management to ensure that appropriate internal controls are in place as well as reports by internal audit and external auditors.

The main elements of the internal control and risk management frameworks, which contribute towards continuous monitoring, are as follows:

- A defined schedule of matters for decision by the Board
- Group manuals and guidance setting out financial and accounting policies, minimum internal financial control standards and the delegation of authority over items such as capital expenditure, pricing strategy and contract authorisation
- A comprehensive planning and budgeting exercise. Performance is measured monthly against plan, prior year and latest forecast results and explanations sought for significant variances. Key performance indicators are also used to help management of the business and to provide early warning of potential additional risk factors
- Monthly meetings with the divisional management teams to discuss performance and plans
- Appointment and retention of appropriately experienced and qualified staff to help achieve business objectives
- An annual risk-based internal audit plan approved by the Committee. Summaries of audit findings and the status of action plans to remedy significant failings are discussed at Group Board and Committee meetings on a regular basis
- A monthly key control framework is in operation in all Divisions and a summary of compliance is reported to Group Board on a monthly basis
- A range of quality assurance, safety and environmental management systems are in use across the Group. Where appropriate, these are independently certified to internationally recognised standards and subject to regular independent auditing
- A minimum of three scheduled Risk Committee meetings each year, to consider all key aspects of the risk management and internal control systems
- Prompt review by the Committee of any fraudulent activity or whistle-blowing reports with appropriate action and follow up

Where weaknesses in the internal control system have been identified through the monitoring processes outlined above, plans for strengthening them are put in place and action plans regularly monitored until complete. The Board confirms that no material weaknesses were identified during the year and therefore no remedial action is required in relation to them.

Financial reporting

In addition to the general risk management and internal control processes described above, the Group has implemented internal controls specific to the financial reporting process and the preparation of the annual consolidated financial statements. The main control aspects are as follows:

- Formal written financial policies and procedures applicable to all business units
- A detailed reporting calendar including the submission of detailed monthly accounts for each business unit, in addition to the year-end and interim reporting process
- Detailed management review to Board level of both monthly management accounts and year-end and interim accounts
- Consideration by the Board of whether the Annual Report is fair, balanced and understandable
- Biannual certification by divisional managing and finance directors and Executive Directors on compliance with appropriate policies and accuracy of financial information
- The Committee receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance

Anti-bribery and corruption

The Renewi Code of Conduct and Reporting and Investigation Protocol has operated throughout the year and integrity reporting is a standing item at all committee meetings.

Marina Wyatt
Chair of the Audit Committee
27 May 2021

NOMINATION COMMITTEE REPORT

Ben Verwaayen
Chair of the
Nomination Committee

Committee membership:

Ben Verwaayen (Chair)
Allard Castelein
Marina Wyatt
Jolande Sap
Luc Sterckx
Neil Hartley

FY21 Committee meeting attendance

Ben Verwaayen	2 (2)
Allard Castelein	2 (2)
Marina Wyatt	2 (2)
Jolande Sap	2 (2)
Luc Sterckx	2 (2)
Neil Hartley	2 (2)

Bracketed figures indicate maximum potential attendance of each Director.
On 1 January 2021, Jolande Sap was reappointed to the Nomination Committee.

Role of the Committee

- **Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes**
- **Give full consideration to succession planning for Directors and other senior executives and, in particular, for the key roles of Chairman and Chief Executive Officer**
- **Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace**
- **Identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise**
- **Recommend the re-election by shareholders of Directors under the annual re-election provisions, having due regard to their performance and contribution in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board**
- **Review the results of the annual Board performance evaluation process**

For terms of reference go to renewiplc.com/nomco

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2021.

The Committee met twice during the year and details of members' attendance are shown opposite. In addition, the Committee was particularly focused on recruitment for two key Executive Committee positions, wider Board and Executive Committee succession planning, and reviewing diversity and inclusion policies.

Diversity and inclusion

Renewi is committed to offering a rewarding, diverse and inclusive working environment. With regard to gender diversity, a target has been set to increase the percentage of women across Renewi, including in the senior leadership team, to 25% by 2025.

In addition, a Renewi Diversity and Inclusion Board has been established, chaired by the Chief Executive Officer to lead discussion, establish action plans and monitor results against diversity and inclusion initiatives. Employee representatives will be invited to join the Diversity and Inclusion Board to enable the contribution of opinions and ideas from across the workforce.

The Young Renewi programme to recruit and mentor future leaders in the business is now well established and a new initiative was launched in the year to attract more female drivers for Renewi's truck fleet. These actions were amongst the Principal Decisions of the Board in FY21, and more information about these and other Principal Decisions can be found on page 99 of the Governance section.

Succession planning

No Board changes were made in the year. The current Directors all having been in post for the full financial year. Succession plans were reviewed in the year and action plans prioritised to ensure a potential pipeline of internal candidates for senior positions within the Group. A number of changes were made at the Executive Committee level, with the appointment of Daniël Post to the new position of Transformation Director with responsibility for driving the Renewi 2.0 programme. Two new Managing Directors were also appointed on 1 April 2021 with the necessary background and experience to help drive the Commercial Waste Division.

Biographical details of Marc den Hartog, Managing Director Commercial Waste Netherlands and Mark Thys, Managing Director Commercial Waste Belgium as well as Daniël Post and other members of the Executive Committee can be found on pages 88 to 91.

In February 2021 the Board established a dedicated Safety, Health and Environment (SHE) Committee to which Luc Sterckx was appointed as Chairman with Allard Castelein and Neil Hartley as members. The Nomination Committee believes these Directors have the most appropriate skills and experience to fill these positions. The report of the SHE Committee is set out on page 101.

Biographies of the current Directors and Executive Committee members are set out on pages 88 to 91 of the Governance section and are also available on the Company website.

Any new Director appointed to the Board is subject to election by shareholders at the first opportunity after their appointment. All Directors are also required under the Company's Articles of Association to stand for re-election at each AGM.

Board evaluation

The FY20 review was undertaken with the use of an externally facilitated structured questionnaire. The survey identified some areas for development, which included the need for continued focus on technological developments, talent management and the importance of further developing communications with Renewi's stakeholders and wider society.

Key findings from the FY20 review and subsequent actions are detailed below.

FINDING	ACTION
Continue strategic emphasis on technology and emerging trends.	A regular series of 'strategic' Board meetings were introduced in addition to the regular cycle of Board meetings during the year.
Refresh and, where possible, formalise structured succession plans for the Board, Executive Committee and senior management levels.	Further development of formal succession plans at Board and Executive Committee level has been undertaken as well as talent management across the Group. During the year a new Executive Committee position of Transformation Director was created and filled. New Dutch and Belgium Commercial Waste Managing Directors were appointed on 1 April 2021.
Continue to foster communications between the Board and all the Group's stakeholders, including customers, employees, investors, regulators and wider communities/society.	The Board has closely monitored employee welfare during the global pandemic as well as maintaining customer service and ongoing contribution to the wider debate on sustainability and the circular economy. Stakeholder engagement disclosures are included in the Annual Report.

FY21 evaluation

The Board again agreed that the FY21 evaluation would be carried out via a structured questionnaire survey, facilitated this year by Gould Consulting, with whom the Group has no other commercial relationship.

Having considered the results and themes which had emerged from the evaluation, the Board agreed specific FY21 action plans across three main areas.

- Leverage a renewed focus through the new SHE Committee to drive and improve safety performance across the Group
- Broader communication on implementation and realisation of long-term, ambitious strategic goals
- Review of ongoing process of Board evaluation and monitoring of Directors' performance throughout the year

Following the review, the Board concluded that, along with its Committees, it continued to operate effectively during the year and that each Director continued to demonstrate commitment to their role and performed capably. The Board was therefore able to recommend the re-election of all those Directors standing at the forthcoming AGM.

Ben Verwaayen

Ben Verwaayen
Chair of the Nomination Committee
27 May 2021

Board tenure

	Male	Female	Total
<2 years	1	0	1
2–5 years	3	1	4
>5 years	0	1	1

Background/experience of Non-Executive Directors

	Male	Female	Total
Energy/chemicals	1	0	1
Politics/socio-economics	0	1	1
Telecoms	1	0	1
Transport	1	1	2
Private equity/investment	1	0	1

DIRECTORS' REMUNERATION REPORT

Neil Hartley
Chair of the Remuneration Committee

Committee membership:

Neil Hartley (Chair)
Allard Castelein
Luc Sterckx

FY21 Committee meeting attendance – actual attendance

Neil Hartley	3 (3)
Allard Castelein	3 (3)
Luc Sterckx	3 (3)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

- Determines the Group's policy on remuneration and monitors its implementation
- Reviews and sets performance targets for incentive plans
- Sets the remuneration of the Group's senior management
- Approves the specific remuneration package for the Chairman, each of the Executive Directors and below Board members of the Executive Team
- Determines the terms on which LTIP, Deferred Annual Bonus and Sharesave awards are made to employees
- Determines the policy for and scope of pension arrangements for the Executive Directors and below Board members of the Executive Team

For terms of reference go to renewiplc.com/remco

This Report, prepared by the Remuneration Committee on behalf of the Board, takes full account of the UK Corporate Governance Code and the latest Investment Association (IA) Principles of Remuneration and Institutional Shareholder Services (ISS) UK and Ireland Proxy Voting Guidelines, and has been prepared in accordance with the provisions of the Companies Act 2006 (the Act), the Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. The Act requires the Auditor to report to the Group's shareholders on the audited information within this Report and to state whether in their opinion those parts of the Report have been prepared in accordance with the Act. The Auditor's opinion in this regard is set out on page 136 and those aspects of the Report that have been subject to audit are clearly marked.

Covid-19

Renewi was well positioned to navigate through Covid-19 with uninterrupted service to our customers. Less than 5% of the workforce was placed on economic unemployment, and this was entirely in Belgium during the weeks of the initial lockdown. The Executive Directors and the Board, in wishing to set an example in this difficult period, elected to take a voluntary 20% cut in base salary at the beginning of the year, which remained in place for three months. During this period all members of the Executive Committee also took a voluntary 10% cut. Executive Director and Executive Committee bonuses for FY20 were all paid in shares, preserving cash. The bonus scheme for FY21 was suspended for six months, thereby reducing the maximum potential payout on the financial performance conditions. Reflecting a lower share price, FY20 Long-Term Incentive Plan (LTIP) award levels for the two Executive Directors were based on a pre-Covid-19 notional share price of 34.39 pence, being the three-month average volume corrected price in the period after the Company's ATM (thermal soil approved for use in market) announcement of 20 December 2019. Based on the closing share price prior to the grant date, the number of shares under award to the CEO and CFO equated to 106% and 88% of base salary respectively.

Summary

The key elements of the Directors' Remuneration Report are outlined below.

Annual Statement	Summarises performance and reward in the year ended 31 March 2021 and how the Remuneration Policy will be operated for the year ending 31 March 2022.
Remuneration Policy	Sets out a summary of the Remuneration Policy which was approved by shareholders at the 2020 AGM and which continues to be applied.
Annual Report on Remuneration	Details how the Remuneration Policy was implemented during the year ended 31 March 2021 and how the Committee intends the Policy to apply for the year ending 31 March 2022.

Work of the Committee during the year

The Committee met three times during FY21 and details of members' attendance at meetings are shown on page 108. The main Committee activities during the year (full details of which are set out in the relevant sections of this Report) included:

- agreeing the performance against the targets and payout for the FY20 annual bonus awards;
- setting the performance targets for the FY21 annual bonus;
- agreeing the vesting levels for the 2016 LTIP awards which vested in 2019;
- agreeing the award levels and performance targets for the 2020 LTIP awards;
- agreeing Executive Director base salary increases and the Chairman's fee from 1 April 2021;
- considering regulatory/disclosure developments and shareholder views during FY21;
- reviewing and consulting shareholders on the new Remuneration Policy; and
- reviewing the impact of Covid-19 and resultant temporary changes to remuneration arrangements for Executive Directors and below Board members of the Executive Team.

In addition, the Committee has considered how the Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity Our policy is well understood by our senior team and employees more generally and has been clearly articulated.

Simplicity The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. As such, our executive remuneration policies and practices are as simple to communicate and operate as possible, while ensuring that they are aligned to our strategy.

Risk Our Remuneration Policy is based on: (i) a combination of both short- and long-term incentive plans based on financial, non-financial and share price-linked targets; (ii) a combination of cash and equity (in terms of both deferred bonus and LTIP awards); and (iii) a number of shareholder protections (i.e. bonus deferral, shareholding guidelines, malus/clawback provisions) which have been designed to mitigate the impact of inappropriate risk-taking.

Predictability Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The scenario charts in the Remuneration Policy illustrate how the rewards potentially receivable by our Executive Directors vary based on performance and share price growth.

Proportionality There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the structure of our short- and long-term incentives, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture Renewi's focus on making valuable products from waste, meeting the growing need to deal with waste sustainably and cost-effectively, is fully supported through the metrics in both the annual bonus and long-term incentive, which measure how we perform against main KPIs that underpin the delivery of our strategy.

Annual Statement

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2021. I have summarised below the key decisions the Committee has taken during the year and provided explanation of the context in which they were made.

Impact of Covid-19

In response to the pandemic, the Remuneration Committee has been proactive in taking appropriate measures. These included:

- awarding all of the bonus payout for the year ended 31 March 2020 for the Executive Directors and Executive Committee members into shares;
- reducing salary/fee levels by 20% for three months from 1 April 2020 for all Board members and a 10% reduction for Executive Committee members; and
- delaying the introduction of the FY21 annual bonus arrangements across the Group and upon introduction, reducing bonus potential for the Executive Directors and Executive Committee members.

FY21 performance, decisions and reward outcomes

FY21 annual bonus

Profit and net debt/leverage targets were met, contributing to the financial target element of the bonus measures, although these were reduced by the Committee as part of the Company's Covid-19 impact response.

Personal targets were also largely met save for the Health and Safety improvement target. This resulted in bonus awards of 97.5% of the base salaries for both the Chief Executive Officer and Chief Financial Officer. Fifty percent of the bonus is paid in cash and 50% in shares with half of the share component deferred for three years.

Further details are set out on pages 118 and 119.

2018 LTIP vesting in 2021

The Long-Term Incentive Plan (LTIP) granted in 2018 was designed to incentivise and reward the achievement of financial (EPS and ROCE) and share price performance over the three-year performance period to 31 March 2021. Although the threshold EPS and share price targets were not met, the threshold target for ROCE was exceeded and as a result 22.5% of the 2018 LTIP will vest. Further details are set out on page 119 and 120.

Use of Remuneration Committee discretion

The Committee used its discretion to postpone the introduction of the FY21 bonus and upon the introduction of the bonus, apply a reduction to bonus quantum. The Committee also supported the voluntary Board and Executive Committee fee/salary reductions in light of Covid-19 as referenced above.

Implementing the Policy for FY22

In respect of the implementation of the Remuneration Policy for FY22:

- Executive Directors' basic salaries were increased in line with the general workforce rate of increase from 1 April 2021 by 2%
- The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 12.5% and 20% of salary respectively
- The maximum annual bonus opportunity for Executive Directors in FY21 will revert to the normal maximum of 150% of salary
- LTIP grants for Executive Directors will be set at levels no greater than the equivalent value of 150% and 120% of the base salaries of the Chief Executive Officer and Chief Financial Officer respectively. Performance metrics will be based on EPS, ROCE, relative TSR and the Group's recycling rate

Looking forward

At the 2020 AGM, the Annual Statement and Annual Report on Remuneration received the support of more than 99.5% of votes cast and our new Remuneration Policy received the support of more than 95.1% of votes cast.

The Committee would like to thank shareholders for their continued support during challenging times and asks that they similarly support the 2021 Directors' Remuneration Report resolutions.

Neil Hartley
Chair of the Remuneration Committee
27 May 2021

Directors' Remuneration Policy

The following section of this report sets out the Directors' Remuneration Policy which was approved by shareholders at the 2020 AGM. The full Policy as approved by shareholders is set out below.

Policy scope

The Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

Following shareholder approval at the AGM on 16 July 2020, the new Policy will apply from that date for a maximum of three years.

Policy table

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
BASE SALARY: To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses		
Base salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Salary levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The Committee also has regard to individual and Group performance and changes to pay levels across the Group.	For Executive Directors, it is anticipated that salary increases will normally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity or a material market misalignment), the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market-competitive.	None.
PENSION: To provide an opportunity for executives to build up a provision for income on retirement		
Executive Directors may receive a pension contribution or cash allowance in lieu of pension.	**New Executive Directors:** In line with the local workforce contribution rate (as a % of salary). **Current Executive Directors:** CEO: 12.5% of salary CFO: 20% of salary	None.
BENEFITS: To provide market-competitive benefits		
Benefits include life assurance, medical insurance, income protection and car/travel allowances.	Benefits may vary by role. However, the total cost of taxable benefits will not normally exceed 10% of salary. The Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. relocation or expatriation) or in circumstances where factors outside the Group's control have changed (e.g. increases in market insurance premia).	None.
ALL EMPLOYEE SHARE SCHEMES: To encourage Group-wide share ownership		
Executive Directors may participate in all-employee share arrangements on the same terms offered to employees.	The maximum opportunity will not exceed the relevant HMRC limits, where applicable.	None.

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
ANNUAL BONUS: To motivate senior executives to maximise short-term performance and help drive initiatives that support long-term value creation		
Performance measures, targets and weightings are set at the start of the year. The maximum bonus is payable only if all performance targets are met in full. 50% of any bonus is awarded in shares, with half vesting immediately and the other half deferred into an award over Renewi plc ordinary shares which vests after three years. Dividend equivalents may accrue over the relevant vesting period of deferred share awards to the extent awards vest. **Malus and clawback:** The Committee may at its discretion not pay bonuses/reduce deferred share awards and/or recover bonuses which have been paid or shares which have vested under deferred share awards in the following circumstances: misstatement of the Company's financial results, an error in calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance (e.g. profit or cash flow measures) (majority weighting) and the achievement of personal or strategic objectives (minority weighting). Bonus targets are generally calibrated with reference to the Group's budget for the year. The Committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards, to ensure that payments are a true reflection of performance over the performance period, e.g. in the event of unforeseen circumstances outside management control.
LONG-TERM INCENTIVE PLAN (LTIP): To motivate and retain senior executives and managers to deliver the Group's strategy and long-term goals and to help align executive and shareholder interests		
Executive Directors and senior employees may be granted awards annually, as determined by the Committee. The vesting of these awards is subject to the attainment of performance conditions. Awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the vesting period to the extent that awards vest. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, then the awards will lapse. A two-year post-vesting holding period applies to LTIP awards granted to Executive Directors since the 2017 AGM. **Malus and clawback:** The Committee may at its discretion decide that LTIP awards are reduced and/or clawback vested LTIP awards in the following circumstances: misstatement of the Company's financial results, an error in calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Vesting of LTIP awards will be subject to continued employment and financial, strategic, environmental and/or share price-related performance targets measured over a period of at least three years. In addition to the Group achieving the financial/share price targets, the Committee must satisfy itself that the recorded outcome is a fair reflection of the underlying performance of the Group. Threshold performance will result in vesting of no more than 25% of maximum under each element. The Committee has discretion (within the limits of the scheme) to adjust the formulaic performance outcomes to ensure that payments fairly reflect underlying performance over the period. Adjustments may be upwards or downwards.
Shareholding Guidelines: To align executive and shareholder interests		
The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Executive Directors are required to retain 100% (net of tax) of any LTIP, annual bonus awarded in shares which vest immediately and deferred bonus shares acquired on vesting (net of tax) until they reach the ownership guideline.	**In employment:** 200% of salary. **Post employment:** 200% of salary up until the second anniversary of cessation. Own shares purchased, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from the post-cessation guideline.	None.

Notes to the policy table

Use of discretion

The Committee may apply discretion as detailed below. Under each element of remuneration, a full description of how discretion can be applied is set out in line with UK reporting requirements.

To ensure fairness and align executive remuneration with individual and underlying company performance, the Committee may adjust up or down (including to zero) the outcome of the annual bonus and LTIP or the performance measures of inflight awards under either plan. Any adjustments in light of 'non-regular events' (including, but not limited to, corporate events – including Rights Issues – changes in the Group's accounting policies, minor or administrative matters, internal promotions, external recruitment and terminations of employment) are expected to be made on a 'neutral' basis – i.e. adjustments will be designed so that the event is not expected to be to the benefit or the detriment of participants. Adjustments to incentives to ensure that outcomes reflect underlying performance may be made in exceptional circumstances to help ensure outcomes are fair to shareholders and participants.

Performance measurement selection

The measures used in the annual bonus are selected annually to reflect the Group's main business and strategic priorities for the year, and capture both financial and non-financial objectives. Group financial performance targets relating to the annual bonus plan are based around the Group's annual budget, which is reviewed and approved by the Board prior to the start of each financial year. Underlying profit before tax and cash-related targets are typically used as the key financial performance measures in the annual bonus plan because they are clear and well-understood measures of Group performance.

Performance targets are reviewed annually and set to be stretching and achievable, taking into account the Group's resources, strategic priorities and the economic environment in which the Group operates. Targets are set taking into account a range of internal and external reference points, including the Group's strategic plan and broker forecasts for both the Group and sector peers. The Committee believes that the performance targets are stretching, and that to achieve maximum outcomes requires truly outstanding performance.

The Committee considers the combination of three-year EPS growth, ROCE improvement, share price growth and ESG (recycling rate) target to be key indicators of success for the Group. These measures are transparent, visible and motivational to participants, balance growth and returns, and provide good line-of-sight for executives and alignment with shareholders.

Remuneration policy for our senior leaders

The Group's approach to annual salary reviews is broadly consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels for comparable roles in comparable companies. The broader Remuneration Policy across the Group is also consistent with that set out in this report for the Executive Directors. For example, remuneration is linked to Group and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value. Senior employees generally participate in an annual bonus scheme with a similar structure to that described for the Executive Directors. Opportunities and specific performance conditions vary by organisational level, with business area specific metrics incorporated where appropriate. Members of the Executive Committee and other senior managers may participate in the LTIP on a similar basis to, but at lower levels than, Executive Directors. Such awards may be on the same terms as those granted to Executive Directors or they may differ in respect of vesting periods, holding periods and performance targets (i.e. the targets used and/or whether performance targets apply for none, some or all of the awards). All UK employees are eligible to participate in the Sharesave Scheme on the same terms although other all-employee share arrangements may be introduced if considered appropriate.

Approach to Recruitment Remuneration

External appointments

In the cases of hiring or appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as described in the Policy Table. The maximum limits for variable pay (excluding buyouts) will be as for existing Executive Directors.

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including the overall quantum and nature of remuneration, and the jurisdiction from which the candidate is being recruited) to ensure that all such arrangements are in the best interests of Renewi and its shareholders.

The Committee may also make an award in respect of a new appointment to buy out incentive arrangements forgone on leaving a previous employer on a like-for-like basis, in addition to providing the normal remuneration elements. In constructing a buyout, the Committee will consider all relevant factors including time to vesting, any performance conditions attached to awards, and the likelihood of those conditions being met. Any such buyout awards will typically be made under the existing annual bonus and LTIP schemes, although the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2 R to make awards using a different structure. Any buyout awards would have a fair value no higher than that of the awards forgone.

Internal appointments

In cases of appointing a new Executive Director by way of internal promotion, the Committee will determine remuneration in line with the policy for external appointees. Where an individual has contractual commitments made prior to promotion to the Board, the Group will continue to honour these. Incentive opportunities for below Board employees are typically no higher than for Executive Directors, but measures may vary to ensure they are relevant to the role.

Non-Executive Director recruitment

In recruiting a new Non-Executive Director, the Committee will use the policy as described in the Policy Table. A base fee in line with the prevailing rate for Board membership would be payable, with additional fees payable for acting as Senior Independent Director or Chair of a Committee, as appropriate.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. The Committee has agreed that the policy with regard to the notice period for Executive Directors is one year's written notice from the Group (or less if required by local employment law) and one year's notice from the individual (or less if required by local employment law). The contracts provide for an obligation to pay salary plus contractual benefits for any portion of the notice period waived by the Group where permitted by local employment law. The Group has the ability to pay such sums in instalments, requiring the Director to mitigate loss (for example, by gaining new employment) over the relevant period.

Executive Director	Date of service contract	Notice period (Company)	Notice period (Individual)
Otto de Bont	27 March 2019	12 months	6 months*
Toby Woolrych	27 August 2012	12 months	12 months

*Dutch law limits the maximum notice the Chief Executive Officer can be required to provide.

If employment is terminated by the Group, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Group wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Group and its shareholders to do so.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table on page 115 summarises how the awards under the annual bonus and LTIP are typically treated in different circumstances, with the final treatment remaining subject to the Committee's discretion.

Treatment of awards on exit

SCENARIO	TIMING OF VESTING	TREATMENT OF AWARDS
Annual Cash Bonus		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Cash bonuses will only be paid to the extent that Group and personal objectives set at the beginning of the year have been achieved. Any resulting bonus will generally be pro-rated for time served during the year.
Change of control.	Immediately.	Performance against targets will be assessed at the point of change of control and any resulting bonus will generally be pro-rated for time served.
Any other reason.	Not applicable.	No bonus is paid.
Deferred Annual Bonus (DAB)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Any outstanding DAB awards will generally be pro-rated for time served.
Change of control.	Immediately.	Any outstanding DAB awards will generally be pro-rated for time served. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.
Long-Term Incentive Plan (LTIP)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion.
Change of control.	Immediately.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.

Non-Executive Directors

The Non-Executive Directors do not have service contracts as their terms of engagement are governed by letters of appointment. These letters and the Company's Articles of Association make provision for annual renewal at each AGM. Details of the Non-Executive Directors' terms of appointment are shown in the table below. The appointment and re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

The Non-Executive Directors are not eligible to participate in the Group's performance-related incentive plans and do not receive any pension contributions.

Non-Executive Director	Initial agreement date	Renewal date
Ben Verwaayen (Chairman)	8 March 2020	1 August 2021
Allard Castelein	10 November 2016	1 August 2021
Jolande Sap	13 March 2018	1 August 2021
Luc Sterckx	3 August 2017	1 August 2021
Marina Wyatt	2 April 2013	1 August 2021
Neil Hartley	17 January 2019	1 August 2021

Non-Executive Directors' fees are capped in the Company's Articles of Association at an aggregate of £750,000.

Details of policy on fees paid to Non-Executive Directors are set out in the table below:

OBJECTIVE	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Group.	Fee levels are reviewed annually, with any adjustments effective 1 April each year. The fee paid to the Chairman is determined by the Committee and fees to Non-Executive Directors are determined by the Board. Additional fees are payable for additional responsibilities – e.g. acting as Senior Independent Director and as Chairman of the Board's Committees and subsidiary company Supervisory Boards. Fee levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The required time commitment and responsibilities are taken into account when reviewing fee levels. Non-Executive Directors may receive benefits (including travel and office support, together with any associated tax liability that may arise).	Non-Executive Director fee increases are applied in line with the outcome of the review. Fees in respect of the year under review, and for the following year, are disclosed in the Annual Report on Remuneration. It is expected that any increases to Non-Executive Director fees will normally be in line with those for salaried employees. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	None.

External appointments

The Committee acknowledges that Executive Directors may be invited to become Non-Executive Directors of other quoted companies which have no business relationship with the Group and that these duties can broaden their experience and knowledge to the benefit of the Group. Executive Directors are limited to holding one such position, and the policy is that fees may be retained by the Director, reflecting the personal risk assumed in such appointments. As at the date of this report, neither Otto de Bont nor Toby Woolrych has taken up any external appointments.

Consideration of conditions elsewhere in the Group

Although the Committee does not consult directly with employees on executive Remuneration Policy, the Committee does consider general basic salary increases across the Group, remuneration arrangements and employment conditions for the broader employee population when determining Remuneration Policy for the Executive Directors. In compliance with the 2018 UK Corporate Governance Code, Jolande Sap is the designated Non-Executive Director with the responsibility of assisting the Board with workforce engagement and reporting.

Consideration of shareholder views

When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on Remuneration Policy and arrangements and commits to undergoing shareholder consultation in advance of any significant Remuneration Policy changes. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the executive remuneration remains appropriate. Further details of the votes received in relation to last year's remuneration resolutions are provided below:

	ANNUAL REPORT ON REMUNERATION 2020 AGM		REMUNERATION POLICY 2020 AGM		LTIP ADOPTION 2020 AGM	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	455,561,760	99.53%	435,428,674	95.12%	444,468,345	97.09%
Against	2,155,468	0.47%	22,337,973	4.88%	13,310,490	2.91%
Total votes cast (excluding withheld votes)	**457,717,228**	**100%**	**457,766,647**	**100%**	**457,778,835**	**100%**
Votes withheld	305,401	–	245,442	–	243,794	–

Annual Report on Remuneration

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2022 and how it was implemented during the financial year ended 31 March 2021.

Implementation of remuneration policy for FY22

Basic salary

Executive Directors' basic salaries were increased in line with the general workforce rate of increase from 1 April 2021.

	1 April 2020	1 April 2021	% Increase
Otto de Bont	€469,796	€479,192	2%
Toby Woolrych	£361,753	£368,988	2%

Pension

The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 12.5% and 20% of salary respectively. The salary percentage received by any future successor of the incumbent Chief Financial Officer will be in line with local workforce contribution rates, as is that already of the Chief Executive Officer.

Annual bonus

The maximum annual bonus opportunity for Executive Directors in FY22 will remain unchanged at 150% of salary, with 50% of any bonus payout delivered in shares with half vesting immediately and the other half after three years.

The majority weighting of the bonus will be based by reference to Group financial performance and the remainder on the achievement of personal or strategic objectives including ESG-related targets. The specific targets are currently deemed to be commercially sensitive, but will be disclosed retrospectively in the FY22 Annual Report.

LTIP

LTIP award levels for 2021 will be considered at the time of grant. Award levels will be granted over shares equal in value to no more than 150% and 120% of the base salary of the Chief Executive Officer and Chief Financial Officer respectively.

The performance conditions will continue to be based on EPS, ROCE, relative TSR and the Group's recycling rate. These will be equally weighted at 25% each. Further details on the measures, vesting schedules and targets, can be found on page 120. For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Company over the period. A two-year post-vesting holding period will apply.

Chairman and Non-Executive Director fees

Chairman and Non-Executive Director fees were also increased in line with the general workforce rate of increase from 1 April 2021.

Base fees	Fee from 1 April 2020	Fee from 1 April 2021	% increase
Chairman	£157,284	£160,429	2%
Non-Executive Director	£50,330	£51,337	2%
Chair fee for Audit/Remuneration/SHE Committees	£8,912	£9,090	2%
Senior Independent Director additional fee	£6,291	£6,417	2%

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2021 and the prior year.

	OTTO DE BONT		TOBY WOOLRYCH	
	FY20 €000	FY21 €000	FY20 €000	FY21 €000
Basic salary[1]	458	**446**	404	**389**
Taxable benefits[2]	22	**27**	24	**25**
Pension[3]	57	**59**	80	**81**
Other[4]	10	**12**	9	**8**
Total fixed remuneration	547	**544**	517	**503**
Single-year variable[5]	603	**458**	526	**399**
Multiple-year variable[6,7]	94	**15**	84	**50**
Total variable remuneration	697	**473**	610	**449**
Total	**1,244**	**1,017**	**1,127**	**952**

1. Executive Directors took a 20% reduction in salaries for three months from 1 April 2020.
2. Taxable benefits comprise car allowance/lease and medical insurance.
3. Otto de Bont and Toby Woolrych received cash supplements in lieu of pension contribution of 12.5% and 20% of salary respectively.
4. Includes Sharesave awards, valued based on embedded gain at grant, life assurance, accident insurance and income protection.
5. Payment for performance during the year under the annual bonus including any deferred annual bonus. (See following sections for further details.)
6. Based on the estimated value of LTIPs granted in 2018 to Otto de Bont (granted prior to his appointment to the Board) and to Toby Woolrych assuming 22.5% vesting, dividend equivalent shares and a three-month share price to 31 March 2021 of 43.4 pence. The value of LTIP awards for FY20 was based on 43.3% vesting and a three-month share price to 31 March 2020 of 33.62 pence and included dividend equivalents. The actual value of the awards at vesting for Otto de Bont and Toby Woolrych were £63,723 and £56,458 respectively.
7. The impact of share price movements on the vesting of the LTIP awards granted to Otto de Bont and Toby Woolrych, based on the average three-month share price to 31 March 2021 (43.4 pence) and the 76.13 pence share price at grant and ignoring dividend equivalents, is as follows:

Otto de Bont	
Value of awards expected to vest (125,000 shares x 43.4 pence x 22.5% vesting)	£12,206
Face value of proportion of awards expected to vest (125,000 shares x 76.13 pence x 22.5% vesting)	£21,412
Impact of share price movement on vesting value	-£9,206

Toby Woolrych	
Value of awards expected to vest (416,012 shares x 43.4 pence x 22.5% vesting)	£40,624
Face value of proportion of awards expected to vest (416,012 shares x 76.13 pence x 22.5% vesting)	£71,260
Impact of share price movement on vesting value	-£30,636

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2020 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL FIXED REMUNERATION[1]	
	FY20 €000	FY21 €000	FY20 €000	FY21 €000	FY20 €000	FY21 €000
Ben Verwaayen (Chairman)[2]	–	**168**	–	**–**	–	**168**
Allard Castelein[3]	56	**54**	8	**7**	64	**61**
Luc Sterckx[4]	56	**54**	–	**1**	56	**55**
Marina Wyatt[5]	56	**54**	10	**9**	66	**63**
Jolande Sap	56	**54**	–	**–**	56	**54**
Neil Hartley[6]	56	**54**	6	**9**	62	**63**
Former Directors						
Colin Matthews (Chairman)[7]	175	**–**	–	**–**	175	**–**
Jacques Petry[8]	42	**–**	2	**–**	44	**–**

1. Non-Executive Directors receive fixed remuneration only (i.e. no variable remuneration is payable or has been paid).
2. Ben Verwaayen was appointed Chairman on 1 April 2020.
3. Allard Castelein's additional fee is in respect of his role as the Chair of the Remuneration Committee until 30 August 2019 and as Senior Independent Director from 1 September 2019.
4. Luc Sterckx's additional fee is in respect of his role as the Chair of the SHE Committee from 1 February 2021.
5. Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
6. Neil Hartley was appointed to the Board on 17 January 2019. His additional fee is in respect of his role as the Chair of the Remuneration Committee from 1 September 2019.
7. Colin Matthews retired from the Board on 31 March 2020.
8. Jacques Petry retired from the Board on 31 December 2019.

Incentive outcomes for the year ended 31 March 2021

Performance-related annual bonus in respect of FY21 performance

The annual bonus was measured against underlying profit before tax (50% weighting), net debt/EBITDA leverage ratio (25% weighting) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown on page 119.

Due to the impact of Covid-19 in the year Group profit was revised so as to be based on expected March EBIT as included in the May 2021 trading statement plus expected interest and JV/Associate income, with no adjustments for any one-off year-end provisions. This revision related to the bonus potential that could be achieved by meeting the financial targets. It was also reduced pro-rata, meaning that only a 50% payout could be reached (6 months instead of 12 months). The cap on EBIT payout was increased to 75% should EBIT exceed 135% of target.

Financial element outcomes

The financial targets and corresponding potential outcomes for the Executive Directors' FY21 annual bonus are shown below.

Measure	Weighting	FY21 final outcome	Threshold	Maximum	Potential bonus payout (% of max)
Underlying profit before tax	50%	€46.3m	€27.9m	€37.7m	75%
Leverage ratio	25%	2.5x	>3.75x	<3.2x	50%

Underlying profit before tax is set based on the Group's revised Covid-19 budget. All non-Euro-denominated entity values are converted to Euros at the budgeted rate of exchange and actual performance is also measured at this constant exchange rate. The leverage ratio is based on the net debt to EBITDA covenant level as determined in the main banking facilities.

Personal element outcomes

The personal performance measures were based on individual objectives, as detailed below.

Executive Director		Target weighting	Score	Committee assessment of performance
Otto de Bont	1. Safety and compliance improvement	8.33%	0%	Unsatisfactory Group performance
	2. Group strategy development	8.33%	6.7%	Additional Board agenda allocation
	3. Executive recruitment and talent management	8.33%	8.3%	Senior appointments made and succession planning focus
		25%	**15%**	**60% of max**
Toby Woolrych	1. Safety and compliance improvement	5%	0%	Unsatisfactory Group performance
	2. Improve financial reporting capability	5%	3.0%	Implementation of improvements
	3. Execution of Renewi 2.0 programme	5%	4.5%	Good progress/on track
	4. Group strategy development	5%	3.5%	Additional Board agenda allocation
	5. Employee engagement improvement	5%	4%	Measured improvement
		25%	**15%**	**60% of max**

FY21 annual bonus

Financial targets were met with Group profit before tax achieving a maximum revised budget payout for a >135% performance. The leverage ratio at 2.5x resulted in a maximum pro rated 50% payout. Personal targets were partially met, resulting in a bonus award of 97.5% of the maximum for both the Chief Executive Officer and Chief Financial Officer.

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall bonus outcome (% of salary/€)
Otto de Bont	75%	22.5%	97.5%/€458,051
Toby Woolrych	75%	22.5%	97.5%/€398,541

2018 LTIP vesting in 2021

Otto de Bont and Toby Woolrych were granted LTIP awards in 2018 over 125,000 and 416,012 shares respectively which would vest in 2021 based on three-year performance to 31 March 2021. Vesting for both awards was dependent on three-year adjusted underlying EPS, share price performance and ROCE. The vesting schedules, targets and the performance against targets are set out below.

Measure	Weighting	Targets	Actual % performance	Of this part of award (% of maximum)
EPS CAGR	50%	0% vesting below 5% p.a. 25% vesting for 5% p.a. 50% vesting for 10% p.a. 100% vesting for 15% p.a. Straight-line vesting between these points	<5%	0 % (0%)
Share price CAGR	25%	0% vesting below 9% p.a. 25% vesting for 9% p.a. 50% vesting for 13% p.a. 100% vesting for 17% p.a. Straight-line vesting between these points	<9%	0% (0%)
Improvement in ROCE	25%	0% vesting below +0.5% 25% vesting for +0.5% 100% vesting for +2.0% Straight-line vesting between these points	1.5%	90% 22.5%
Total vesting				**22.5%**

Share price growth was calculated using three-month average share prices immediately prior to the start and end of the performance period.

Based on the above, the vesting of the 2018 LTIP in June 2021 for Otto de Bont and Toby Woolrych will be:

Executive Director	Awards granted	Shares vesting based on performance (22.5% of maximum)	Dividend equivalent shares (estimated)	Total shares expected to vest	Estimated value at vesting (€000)[1]
Otto de Bont	125,000	28,125	2,575	30,700	15
Toby Woolrych	416,012	93,602	8,570	102,172	50

1. Based on the average three-month share price to 31 March 2021 of 43.4 pence and at an exchange rate of €1:£0.885.

Share awards granted in FY21 (audited)

Long-Term Incentive Plan

The Executive Directors were granted LTIP awards on 27 July 2020 as follows:

Executive Director	Date of grant	Basis of award	Share price[1]	Face Value[2]	Number of shares
Otto de Bont	27 July 2020	106% of salary	25.81p	€525,450	1,803,227
Toby Woolrych	27 July 2020	88% of salary	25.81p	€367,825	1,262,294

1. Based on the three-day average dealing price prior to the grant date.
2. At an exchange rate of €1:£0.885.

Performance targets are as follows:

Performance Metric	Weighting	Performance Targets
EPS	25%	25% of this part of an award vests for EPS growth of 5% p.a. increasing pro-rata to 50% vesting for EPS growth of 10% p.a. increasing pro-rata to 100% vesting for EPS growth of 10% p.a. or more
ROCE	25%	25% of this part of an award vests for an improvement in ROCE of 0.5% increasing pro-rata to 100% vesting for an improvement in ROCE of 2% or more
Relative TSR	25%	25% of this part of an award vests for TSR equal to median increasing pro-rata to 100% vesting for TSR equal to upper quartile or above against the FTSE 250 (excluding investment trusts)
Recycling Rate	25%	25% of this part of an award vests for a Recycling Rate of 67% increasing pro-rata to 50% vesting for a Recycling Rate of 68% increasing pro-rata to 75% vesting for a Recycling Rate of 69% increasing pro-rata to 100% vesting for a Recycling Rate of 70% or more

For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Group over the period. Awards will vest on the third anniversary of grant and will be subject to a further two-year holding period.

Deferred annual bonus (DAB)

Otto de Bont and Toby Woolrych were granted awards under the Renewi plc Deferred Annual Bonus Plan on 22 June 2020 as follows:

Executive Director	Date of grant	2019/20 Annual Bonus	Basis of award[1]	Share price[2]	Face value[3]	Number of shares
Otto de Bont	22 June 2020	£526,025	100%	27.83p	€414,966	1,320,705
Toby Woolrych	22 June 2020	£459,230	100%	27.83p	€356,015	1,133,084

1. In light of Covid-19 it was agreed by the Committee that the FY20 bonus would be delivered fully in shares with the normal DAB provisions, including vesting periods and share dealing restrictions applying to the one-third of the value of the bonus. As such, in respect of one-third of the award, 50% will vest on the third anniversary of grant, 25% will vest after four years and 25% will vest after five years, subject to continued employment. In respect of the remaining two-thirds 'Immediate Award' shares which were granted under the DAB, no restrictions, conditions or holding period applied (given that this part of the bonus would have been paid in cash ordinarily).
2. Based on the three-day average dealing price prior to the grant date.
3. Reflecting net delivery of Immediate Award shares, withholding taxes having been deducted at source and at an exchange rate of €1:£0.885.

Exit payments and payments made to past directors made in the year (audited)

No termination payments were made to past directors during the year.

Relative importance of spend on pay

The table shows the percentage change in total employee pay expenditure and shareholder distributions (ie dividends) from the financial year ended 31 March 2020 to the financial year ended 31 March 2021.

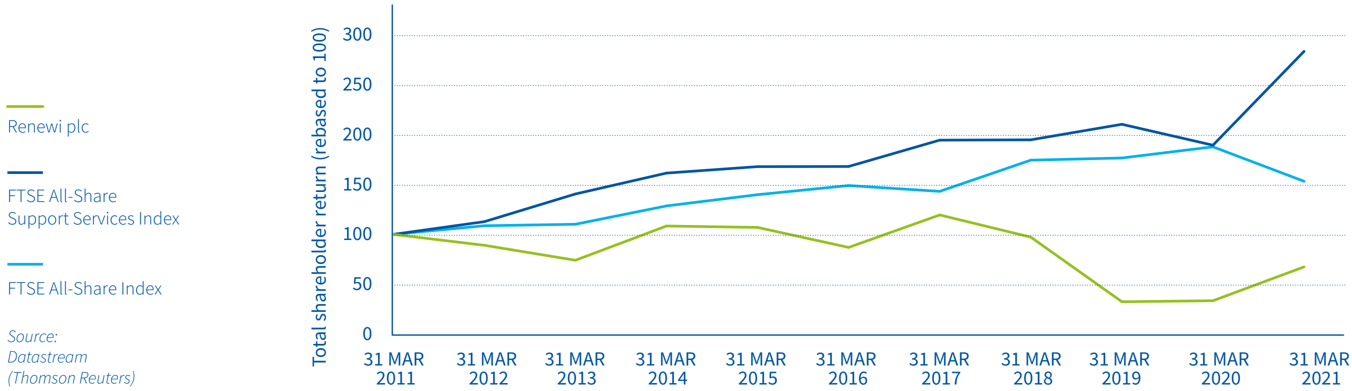
	FY20 €m	FY21 €m	% change
Distribution to shareholders	8.6	0	-100%
Employee remuneration	424.0	395.6	-6.7%

Pay for performance

The graph shows the TSR of Renewi plc over the 10-year period to 31 March 2020. While there is no comparator index or group of companies that truly reflects the activities of the Group, the FTSE Support Services sector has been selected as a comparator index as it is the sector in which Renewi is classified and is an index against which the performance of the Group is judged. The FTSE All-Share Index is also presented. The table below the graph details the Chief Executive Officer's single figure remuneration and actual variable pay outcomes over the same period.

Historical TSR performance

Growth in value over 10 years of a hypothetical £100 invested at 31 March 2011.



CEO single figure remuneration over the 10 years to 31 March 2021

	TOM DRURY[1]	PETER DILNOT[2]								OTTO DE BONT[4]	
Executive Director	**FY12**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Chief Executive Officer single figure of remuneration (€000)	329	182	808	1,015	1,155	1,456	1,100	1,685	753	1,244	1,017
Annual bonus outcome (% of maximum)	0%	87%	19%	66%	47%	69%	48%	88%	0%	88%	65%
LTIP vesting outcome (% of maximum)	0%	–	0%	0%	0%	0%	0%	21.50%	0%[3]	43.3%	22.5%

1. Tom Drury resigned as Chief Executive Officer on 30 September 2011.
2. Peter Dilnot was appointed as Chief Executive Officer on 1 February 2012 and resigned on 31 March 2019.
3. Although 23% of the 2016 LTIP awards vested in 2019, Peter Dilnot's LTIP awards lapsed upon his resignation.
4. Otto de Bont was appointed as Chief Executive Officer on 1 April 2019.

Percentage change in Directors' remuneration

The table below shows the percentage change in Director remuneration (excluding pension and long-term incentives) from the prior year compared to the average percentage change in remuneration for all UK-based employees. This group was selected because the Committee believes it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases that are based on similar incentive structures, while on the other hand reducing any distortion arising from including all of the geographies in which the Group operates, with their different economic conditions.

	Base salary/fee	Taxable benefits	Annual bonus
Executive Directors			
Otto de Bont	-3%	23%	-24%
Toby Woolrych	-4%	4%	-24%
Non-Executive Directors			
Ben Verwaayen (appointed 1 April 2020)	n/a	n/a	n/a
Allard Castelein	-5%	n/a	n/a
Neil Hartley	2%	n/a	n/a
Jolande Sap	-4%	n/a	n/a
Luc Sterckx	-2%	n/a	n/a
Marina Wyatt	-5%	n/a	n/a
UK Employees	3%	n/a	-8%

CEO pay ratio

The CEO pay ratio data for FY21 is presented below (with prior year data). The data shows how the CEO's single figure remuneration for FY21 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY21	Option B	33 : 1	31 : 1	19 : 1
FY20	Option B	41 : 1	38 : 1	23 : 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B (UK gender pay gap data) was selected, given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data. The respective quartile salary and total pay and benefits numbers are as follows:

	SALARY			TOTAL PAY AND BENEFITS		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
FY21	€27,762	€30,147	€47,918	€30,557	€33,086	€53,052
FY20	€28,175	€30,596	€48,632	€31,013	€33,579	€53,843

Directors' interests (audited)

The interests of the Directors and persons closely associated in the ordinary shares of the Group during the year and as at 27 May 2021 were as shown below. Details of Directors' interests in shares and options under the long-term share schemes are set out in the sections below.

	Ordinary shares at 1 April 2020	Ordinary shares at 31 March 2021 and 27 May 2021
Otto de Bont	220,000	1,013,217
Allard Castelein	–	–
Neil Hartley	–	–
Jolande Sap	–	–
Luc Sterckx	285,000	285,000
Ben Verwaayen	–	–
Toby Woolrych	495,936	1,248,157
Marina Wyatt	11,600	11,600

Directors' shareholding (audited)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2021

	Owned outright or vested	Unvested but subject to holding period	Unvested and subject to performance conditions	Vested but not exercised	Exercised during the year	Unvested and subject to continuous employment	Shareholding requirement (% of salary)	Current shareholding[1] (% of salary)	Requirement met?
Otto de Bont	1,013,217	650,868	3,095,241	–	–	–	200%	118%	In progress
Toby Woolrych	1,248,157	825,066	2,094,318	–	–	92,842	200%	164%	In progress

1. Shareholdings were calculated using the number of outright shares, at 47.65 pence, as percentage of salary as at 31 March 2021.

Directors' interests in share awards

The Executive Directors have been made the following conditional awards under the Renewi Deferred Annual Bonus Plan:

	Outstanding awards at 31 March 2020	Awards made during the year	Awards lapsed during the year	Awards vested during the Year[3,4,5]	Outstanding awards at 31 March 2021	Date of award	Share price on date of award (pence)	Restricted period end
Otto de Bont	–	650,868	–	–	650,868	22.06.20	27.83	22.06.25[1]
	–	669,837	–	669,837	–	22.06.20	27.83	22.06.20[2]
Toby Woolrych	18,019	–	–	18,019	–	29.05.15	108.92	29.05.20[1]
	72,092	–	–	36,046	36,046	23.11.16	93.50	23.11.21[1]
	74,636	–	–	37,318	37,318	01.06.17	93.25	01.06.22[1]
	201,661	–	–	–	201,661	01.06.18	78.10	01.06.23[1]
	–	550,041	–	–	550,041	22.06.20	27,83	22.06.25[1]
	–	583,043	–	583,043	–	22.06.20	27.83	22.06.20[2]

1. 50% of awards are released three years after the date of award, 25% after four years and the remaining 25% after five years.
2. In light of Covid-19 it was agreed by the Committee that the FY20 bonus would be delivered fully in shares with the normal DAB provisions, including holding periods and share dealing restrictions, only applying to the one-third of the value of the bonus. This part of the bonus relates to the two-thirds which were granted in shares under the DAB with no restrictions, conditions or holding period applied (given that this part of the bonus would have been paid in cash ordinarily).
3. In addition to Toby Woolrych's 18,019 awards which vested under the Deferred Annual Bonus Plan, an additional 3,679 shares were awarded in respect of dividend equivalents, totalling 21,698 shares.
4. In addition to Toby Woolrych's 36,046 awards which vested under the Deferred Annual Bonus Plan, an additional 4,971 shares were awarded in respect of dividend equivalents, totalling 41,017 shares.
5. In addition to Toby Woolrych's 37,318 awards which vested under the Deferred Annual Bonus Plan, an additional 4,725 shares were awarded in respect of dividend equivalents, totalling 42,043 shares.

The Executive Directors have been made the following conditional awards of shares under the Renewi Long-Term Incentive Plan:

	Outstanding awards at 31 March 2020[1]	Awards made during the year	Awards lapsed during the year[1]	Awards vested during the year[4]	Outstanding awards at 31 March 2021[2]	Date of award	Share price on date of award (pence)	Performance period end	Restricted period end[3]
Otto de Bont	500,000	–	283,500	216,500	–	01.06.17	93.25	31.03.20	01.06.20
	125,000	–	–	–	125,000	01.06.18	78.10	31.03.21	01.06.23
	1,167,014	–	–	–	1,167,014	03.06.19	34.583	31.03.22	03.06.22
	–	1,803,227	–	–	1,803,227	27.07.20	25.816	31.03.23	27.07.23
Toby Woolrych	443,000	–	251,181	191,819	–	01.06.17	93.25	31.03.20	01.06.20
	416,012	–	–	–	416,012	01.06.18	78.10	31.03.21	01.06.23
	416,012	–	–	–	416,012	03.06.19	34.583	31.03.22	03.06.22
	–	1,262,294	–	–	1,262,294	27.07.20	25.816	31.03.23	27.07.23

1. Awards lapse to the extent the performance conditions are not met.
2. The performance conditions relating to the vesting of outstanding awards are shown on page 120.
3. For LTIP awards made in 2017, half of the awards will be released following the end of the three-year performance period, with the remaining shares delivered in two equal tranches after a further one and two years respectively. For LTIP awards granted to Executive Directors since the 2017 AGM, a two-year post-vesting holding period applies.
4. 43.3% of the 2017 LTIP award vested in 2020. In addition to the awards which vested, awards held by Otto de Bont and Toby Woolrych were increased by an additional 27,413 shares and 24,288 shares respectively in respect of dividend equivalents.

The Executive Directors held the following options to subscribe for ordinary shares under the Renewi Sharesave Scheme:

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (pence)[1]	Number at 1 April 2020	Granted in year	Lapsed in year	Exercised in year	Number at 31 March 2021
Toby Woolrych	13.09.17	01.11.20	30.04.21	76.00	11,842	–	–	–	11,842
	12.09.19	01.11.22	30.04.23	25.00	36,000	–	–	–	36,000
	10.09.20	01.11.23	30.04.24	20.00	–	45,000	–	–	45,000

1. The option price is the price at which the option was granted. The price is set by the Remuneration Committee but is not less than 80% of the average market price of the shares over the last three dealing days immediately preceding the date of the invitation to subscribe.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was 49.85 pence and the lowest closing mid-market price during the year was 18.12 pence. The mid-market price at the close of business on 31 March 2021 was 47.65 pence.

Other interests

None of the Directors had an interest in the shares of any subsidiary undertaking of the Group or in any significant contracts of the Group.

Advice provided to the Committee during the year

FIT Remuneration Consultants LLP (FIT) was appointed by the Remuneration Committee during 2016 to provide independent advice on Committee matters. During FY20, FIT provided independent advice on executive remuneration. FIT reports directly to the Chairman of the Committee. Its total fees for the provision of remuneration services to the Committee in FY21 were €30,036 (£26,582) charged on a time and materials basis. FIT provides no other services to the Group.

FIT is a member of the Remuneration Consultants Group and is a signatory to the Code of Conduct for Remuneration Committees consultants which can be found at www.remunerationconsultantsgroup.com.

The Committee periodically undertakes due diligence to ensure that the Remuneration Committee advisers remain independent of the Group and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided is independent.

By order of the Board

Neil Hartley
Chair of the Remuneration Committee
27 May 2021

OTHER DISCLOSURES

The Company's Articles of Association

Many of the matters described below are governed by the Company's Articles of Association and also by current legislation and regulations. The Articles can be viewed on the Company website at renewiplc.com.

Strategic Report

The Strategic Report set out on pages 4 to 85 provides a fair review of the Group's business for the year ended 31 March 2021. It also explains the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, the Group's financial position, key performance indicators and likely future developments of the business.

The Strategic Report was approved by a duly authorised committee of the Board on 27 May 2021 and signed on its behalf by the Company Secretary.

Directors' Report

The Directors' Report comprises pages 86 to 127. The Directors' Report was approved by a duly authorised committee of the Board on 27 May 2021 and signed on its behalf by the Company Secretary.

Other information

Apart from the details of the Company's Long-Term Incentive Plan, as set out in the Directors' Remuneration Report on pages 108 to 123, no further information requires disclosure for the purposes of complying with the Financial Conduct Authority's Listing Rule 9.8.4C.

Directors

The composition of the Board at the date of this Report, together with Directors' biographical details, are shown on pages 88 to 89. All Directors served on the Board throughout the financial year under review and there were no Board changes. All Directors will be offering themselves for re-election at the AGM.

Appointment and replacement of Directors

The Company's minimum requirement is to appoint at least two Directors. The appointment and replacement of Directors may be made as follows:

- The Company's members may, by ordinary resolution, appoint any person who is willing to act to be a Director
- The Board may appoint any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for election
- Each Director shall retire from office at every AGM but may be re-appointed by ordinary resolution if eligible and willing
- The Company may, by special resolution, remove any Director before the expiry of his or her period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with
- A Director must vacate their office if any of the circumstances in Article 100 of the Articles of the Company arise

Powers of Directors

The business of the Company is managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Articles and by any directions given by special resolution of the members of the Company. Specific provisions relevant to the exercise of powers by the Directors include the following:

- **Pre-emptive rights and new issues of shares** Under the Companies Act 2006 (the Act), the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles or given by its shareholders in a general meeting. In addition, under the Act, the Company may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the Company's shareholders. The Company received authority at the last AGM to allot shares for cash on a non-pre-emptive basis up to a maximum nominal amount of £4,000,707. This authority lasts until the earlier of the AGM in 2021 or 30 September 2021.
- **Repurchase of shares** Subject to authorisation by shareholder resolution, the Company may purchase all or any of its own shares in accordance with the Act and the Listing Rules. Any shares that have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The Company received authority at the last AGM to purchase up to 80,014,153 ordinary shares. This authority lasts until the earlier of the AGM in 2021 or 30 September 2021.
- **Borrowing powers** The Directors are empowered to exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the Company's assets, provided that the aggregate amount of borrowings of the Group outstanding at any time does not exceed the limit set out in the Articles, unless sanctioned by an ordinary resolution of the Company's shareholders.

Directors' indemnities

As at the date of this Report, the Company has granted indemnities to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out the role of a Director of the Company. The indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006.

In respect of those liabilities for which the Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Corporate governance

The Board is fully committed to high standards of corporate governance. Details relating to the Company's compliance with the UK Corporate Governance Code for the financial year are given in the Corporate Governance and Directors' Remuneration Reports on pages 92 to 123.

Sustainability

Renewi plc is a leading international waste-to-product company. Information on sustainability matters, including those on environment, social, community and employment policies, and health and safety, are set out in the 'Sustainability strategy focus' section on pages 59 to 75 of the Strategic Report.

Further information about the Company's approach to carbon avoidance and the benefits of sustainable waste management, including disclosures on Streamlined Energy and Carbon Reporting (SECR), can also be found in the Group Sustainability Report and Sustainability Policy, both of which are available on the Company's website.

Results and dividends

The Group's Consolidated Income Statement, which appears on page 138 and note 2 to the financial statements, shows the contribution to revenue and profits made by the different segments of the Group's business. The Group's profit for the year was €11.0m (2020: loss of €77.1m). The Directors are not recommending a final dividend (2020: 0 pence) be paid. Having determined not to pay an interim dividend (2020: 0.45 pence), the total dividend for the year is nil pence per share (2020: 0.45 pence).

Going concern and viability

After making enquiries, the Directors have formed the view, at the time of approving the financial statements, that the Company and Group have adequate resources to continue to operate and that the Group's business is a going concern. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Taking account also of the Company's current position and principal risks, the Board sets out on page 84 how it has assessed the prospects of the Company. In compliance with the provisions of the UK Corporate Governance Code, the Board also confirms that it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the three-year period ending 31 March 2024.

Share capital

The Company's share capital comprises ordinary shares of 10 pence each par value.

Renewi plc's ordinary shares were admitted to trading on Euronext Amsterdam on 30 January 2020. No new shares were placed in connection with the application for the secondary listing and the Company continues to remain listed on the premium segment of the Official List in London.

During the year no new ordinary shares were issued and as at 31 March 2021 there were 800,141,536 ordinary shares in issue. As at the date of this Report there were 800,236,736 shares in issue.

At the AGM to be held on 15 July 2021, the Company is seeking shareholder approval to undertake a consolidation of its share capital on the basis of one new ordinary share with nominal value of £1.00 for every 10 existing ordinary shares of 10 pence each held at the record date. For more information about the proposed share consolidation please see the AGM Notice which is available on the Company's website at renewiplc.com.

Principal rights and obligations attaching to shares

- **Dividend rights** The Company may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Payment or satisfaction of a dividend may be made wholly or in part by distribution of assets, including fully paid shares or debentures of any other company. The Directors may deduct from any dividend payable to a member all sums of money (if any) payable by such member to the Company in respect of their ordinary shares.

- **Voting rights** On a poll, every shareholder who is present in person or by proxy or represented by a corporate representative has one vote for every share held by that shareholder. In the case of joint holders of an ordinary share, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding. The deadline for appointing proxies to exercise voting rights at any general meeting is set out in the notice convening the relevant meeting. The Company is not aware of any agreements between holders of its shares that may result in restrictions on voting rights.

- **Return of capital** In the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the sanction of a special resolution of the shareholders and any other sanction required by law, divide among the shareholders in kind the whole or any part of the Company's assets or vest the Company's assets, but no shareholder may be compelled to accept any assets upon which there is any liability.

Share restrictions

There are no limitations under the Company's Articles of Association that restrict the rights of members to hold the Company's shares. Certain restrictions may, from time to time, be imposed on the transfer of the Company's shares by laws and regulations such as insider trading laws. In limited situations, as permitted by the Articles, the Board may also decline to register a transfer. The Company is not aware of any agreements between holders of its shares that may result in restrictions on the transfer of securities.

Employee share schemes – control rights

The Company operates a number of employee share schemes. Under some, ordinary shares may be held by trustees on behalf of employees. Employees are not entitled to exercise directly any voting or other control rights in respect of any shares held by such trustees. Trustees have full discretion to vote or abstain from voting at general meetings of the Company in respect of such shares.

Retail bonds

As at 31 March 2021 the Company had in issue two retail bonds: the first, comprising €100m 3.65% guaranteed notes due 16 June 2022; and the second, comprising €75m 3.00% guaranteed notes due 19 July 2024. There are no restrictions under the instruments governing these notes that restrict the rights of investors to hold or transfer them. The Company is not aware of any agreements between the holders of the notes that may result in restrictions on their transfer.

Change of control – significant agreements

The Group's principal financing instrument at 31 March 2021 is a €520m banking facility, consisting of a €495m multi-currency revolving credit facility and term loan with six major banks and a €25m dual tranche European Private Placement (EUPP). The facility contains an option for those banks and investors to declare by notice that all sums outstanding under that agreement are repayable immediately in the event of a change of control of the Company. Any such notice may take effect no earlier than 30 days from the change of control and, if exercised at 31 March 2021, would have required the repayment of €185.4m (FY20: €433.5m) in principal and interest relating to the revolving credit facility and term loan, along with a make-whole payment amounting to €1.6m (FY20: €1.8m), which is not provided for in these financial statements, payable to EUPP investors based on market yields at 31 March 2021.

The Group's retail bonds issued in June 2015 and July 2019 require notice to be given to bondholders within seven business days of a change of control following which the holders have an option to seek repayment at a 1% premium, within 60 days of that notice. Such repayment must be made within 10 business days of the expiry of the option period. If exercised at 31 March 2021, repayment of €179.5m (FY20: €179.5m) in principal and interest would have been required.

The rules of the Company's employee share plans provide that awards and options may vest and become exercisable on a change of control of the Company.

Research and development

The Group spent €204,000 (FY20: €147,000) on research and development in the year. This related to a number of projects including research into using end-of-life goods for new products, developing new sources of secondary materials for the circular economy and innovative technologies for recycling as yet unutilised waste streams.

Political donations

No donations were made by the Group for political purposes during the financial year (FY20: £nil).

Notifiable interests

The Company has been notified of direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Company as set out in the table below.

	NOTIFICATIONS RECEIVED UP TO 27 MAY 2021	
	Number of shares	% issued capital
Paradice Investment Management LLC	46,530,355	5.82
Avenue Europe International Management LP	45,946,642	5.74
Sterling Strategic Value Fund	47,656,231	5.96
Pettelaar Effectenbewaarbedrijf N.V. in its capacity as the legal owner of ASN Aandelenpool, ASN Milieupool and ASN Small & Midcappool	24,337,233	3.04

Investor relations

Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other stakeholders.

The Company uses a number of channels to do this including its AGM, face-to-face meetings, roadshows, analyst workshops, videos, presentations, reports and its corporate website.

Annual General Meeting

Notice of the AGM of the Company to be held on Thursday 15 July 2021 will be made available to shareholders and will be published on the Company's website at renewiplc.com.

Regrettably, in light of the ongoing Covid-19 pandemic, the Company is unlikely to be able to conduct the AGM as it would usually, and shareholders are encouraged to lodge their votes in advance by proxy. Further details as regards arrangements will be included in the AGM Notice and will also be made available on the Company's website at renewiplc.com. The Directors consider that all the AGM resolutions are in the best interests of the Company and they recommend unanimously that all shareholders lodge votes in favour, as they intend to do in respect of their own shareholdings.

By order of the Board

Philip Griffin-Smith
Company Secretary
27 May 2021
Renewi plc
Registered in Scotland no. SC077438

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' confirmations

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position, and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

By order of the Board

P. Griffin-Smith

Philip Griffin-Smith
Company Secretary
27 May 2021
Renewi plc
Registered in Scotland no. SC077438

FINANCIAL STATEMENTS

Recycling is a critical component of the circular economy. We are confident that Renewi can play an important role in boosting levels of circularity. We will continue to set ourselves challenging goals, while encouraging our customers and supporting our stakeholders

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENEWI PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Renewi Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the

Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 22 October 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Because of the ongoing impact of the Coronavirus pandemic and its impact on the global economy, we considered going concern to represent a key audit matter. Our response to this key audit matter and our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's going concern assessment, forecasts and covenant compliance for the Group for a period of at least 12 months from the date of approval of the financial statements;
- Our review included the following:
  - Comparing the profit and cash flow outturn per the forecasts against historically achieved levels and gaining an understanding for the basis behind significant variances
  - Detailed enquiries with the Board and management on assumptions made in the preparation of the forecasts. In particular, we have focused on the Belgium State Aid claim against the group, expected performance of the ATM plant, the possible impact on incoming waste volumes arising from COVID and the reasonableness of the inclusion of cost mitigations arising from management actions; and
- Review of management's reverse stress test (RST) assessment on the Group, with particular focus on the facility and covenant headroom, likelihood of RST scenarios arising and feasible actions available to increase headroom.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	96% of Group profit before tax 84% of Group revenue 91% of Group total assets
Key audit matters	Going concern & covenant compliance Revenue recognition Presentation of non-trading and exceptional items Impairment of goodwill, intangible and tangible assets Valuation of onerous contract provisions Valuation of landfill provisions Compliance with laws and regulations Accounting for taxation
Materiality	Group financial statements as a whole €6.77m based on 0.4% of Revenue

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our involvement with component auditors

We designed an audit strategy to ensure that we obtained the required audit assurance for each component for the purposes of our Group audit opinion (in accordance with ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of group balances on which to base our audit opinion.

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Our approach to scoping along with our involvement with component auditors is detailed in the table to the right:

THE SCOPE OF OUR AUDIT	
Significant Components	We focused our Group audit scope primarily on five significant components, which were subject to full scope audit procedures. These significant components contribute 96% of the Group profit before tax, 84% of Group revenue and 91% of Group total assets. The five significant components were the Commercial Waste Netherlands and Commercial Waste Belgium operating segments, UK Municipal (part of Specialities), ATM (part of Mineralz & Water) and Group Central Services (GCS). For the Commercial Waste Netherlands, Commercial Waste Belgium and ATM components, following involvement in risk assessment and setting the overall audit approach and strategy with the component auditor (a BDO Member firm), we performed detailed review of the testing performed and attended remote meetings with local management and the component auditor to challenge conclusions reached. The audit of the UK Municipal and Group Central Services components were performed by the Group audit team.
Specified procedures and audits of balances	We instructed BDO member firms to perform specified procedures, designed by the Group audit team,to address the risk of material misstatement arising from key balances in non-significant components, with testing performed on certain material balances within these components. This specific scope testing was performed on components that contribute less than 1% of the Group profit before tax and 3.5% of the Group revenue. These components included: • Renewi Tisselt NV • Maltha Glasrecycling Nederland B.V. • Mineralz B.V. • Mineralz Zweekhorst B.V. • Verwerking Bedrijfsafvalstoffen Maasvlakte (VBM) C.V. • Mineralz ES Treatment NV
Remaining components	All other components were scoped in for analytical review procedures performed by the Group audit team to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.
Parent company and consolidation	The Parent Company is located in the UK and is audited by the Group audit team. The Group audit team performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter identified in the conclusions relating to going concern section above, we identified the following key audit matters.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition – Section 3.1 We considered the following factors in our risk assessment in regards to revenue recognition: - There may be pressure on management to achieve results to meet market expectations and to offset any adverse performance arising from Covid-19. This may lead to a risk of inappropriate entries to revenue being recorded, in particular via manual journal entries; and - Certain contracts with customers contain performance obligations performed after billing has occurred giving rise to deferred revenue (primarily unprocessed waste). At 31 March 2021, the Group has €54.3m of deferred revenue. Measurement of the deferred revenue balance, particularly in the Mineralz & Water operating segment is based on a number of assumptions and judgments. Due to the potential pressure on management to misstate revenue, and given the judgmental nature of measuring the amount of unprocessed waste at the balance sheet date, we consider revenue recognition to be a key audit matter.	In addressing the risk that manual journal entries have been posted to revenue to overstate the balance for the year ended 31 March 2021, we have performed the following procedures: - Identification and testing of material, manual journal entries posted to revenue in the period including agreeing to supporting documentation; and - Tracing a sample of revenue transactions recorded in the period to supporting documentation. In addressing the risk of incorrect measurement of deferred revenue balances arising on unprocessed waste, we have performed the following procedures: - Attended waste counts at material waste collection and processing sites, which were performed by management's experts in certain key locations. We evaluated the expert's capabilities, competence and objectivity in providing their service; - Verified the quantum of processed and non-processed waste had been accurately applied from physical waste counts and were then appropriately reflected in revenue and deferred revenue calculations; - Reviewed the conversion rates for various waste types from volume to weight through assessment of the density assumptions; - Agreed the cost price per type of waste to underlying supporting documents; and - Performed analytical audit procedures comparing actual deferred revenue to an estimate informed by application of the gross profit margin achieved in prior period to the costs incurred in March 2021. **Key observations:** Based on this testing, we are satisfied that revenue has been appropriately recognised for the year ended 31 March 2021.
Presentation of non-trading and exceptional items – Section 3.3 The Group presents a number of items of income and expense separately on the face of the statement of comprehensive income as non-trading and exceptional items. Whilst IAS 1 requires the separate disclosure of the nature and amount of items of income or expense that are material, either on the face of the statement of comprehensive income or in the notes, such non-standard presentation is subject to increased scrutiny by regulators, investors and other stakeholders due to the risk that it may result in a misleading impression of the performance of the business. The determination of which items of income or expense should be presented within non-trading and exceptional items is judgmental and could be subject to management bias. We therefore consider the classification of these items as a key audit matter.	We have corroborated the existence and measurement of non-trading and exceptional items by agreeing to supporting documentation on a sample basis. In assessing the classification of such items as non-trading and exceptional, we have challenged the nature of the item by considering; - Whether the item meets the definition per the Group's accounting policy for non-trading and exceptional items; and - Whether such classification is consistent with the guidance issued by the Financial Reporting Council on separately disclosed items. More broadly, we have also evaluated the Group's accounting policy for non-trading and exceptional items in the context of the Financial Reporting Council guidance on separately disclosed items We have also assessed whether the disclosure of non-trading and exceptional items is clear and consistent with the findings of our testing and provides sufficient information for the reader to understand the basis for the exceptional classification. **Key observations:** Based on the testing performed, we are satisfied that that the presentation of these items within non-trading and exceptional items is appropriate.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Impairment of goodwill, intangible and tangible assets – Section 4.1 & 4.2

At 31 March 2021, the Group had €602.2m of goodwill and intangible assets and a further €560.7m of property, plant & equipment. These represent a significant proportion of the Group's overall balance sheet at period end.

The Group must perform a full impairment assessment for indefinite life assets including goodwill at each reporting date.

For other assets, management are required to assess whether any indicators of impairment exist at each reporting date. Where impairment indicators are identified, a full impairment assessment is required.

An impairment review will typically involve the completion of a value-in-use, discounted cash flow analysis involving forward looking forecasts and therefore significant judgement and estimation.

Given the level of estimation involved in the assessment of the value-in-use of cash generating units ('CGUs'), we have considered impairment to be a key audit matter.

In auditing the impairment exercise prepared by management for all CGUs with goodwill, we have performed the following procedures:

- Considered the goodwill allocation exercise resulting from the reporting segment realignment by assessing the relative value of each new CGU compared with the aggregate position prior to the realignment;
- Reconciliation of the board approved 5-year plan to the impairment model – obtaining appropriate explanations from management for any material variations;
- Critically challenged the achievability of the group's budgets as reported through the 5-year plan including an assessment of the sufficiency of management's sensitivity analysis. Our challenge comprised;
  - Understanding management's process for compiling the budget to assess the sufficiency and robustness of the process;
  - Enquire and challenge on the determination of key inputs and review against supporting information where applicable; and
  - Enquiry of the sufficiency of sensitivities modelled based on our knowledge of the industry and the Group
- Assessed management's historical accuracy in forecasting and the implications of the level of accuracy on the current model;
- Performed our own additional sensitivity analysis to further stress test management's forecasts (on a case-by-case basis depending on the severity of management's own sensitivity analysis);
- Recalculated the Group's weighted average cost of capital ('WACC') and challenged the application of the Group's WACC in determining the discount rates used in determining value-in-use – supported by our internal valuation specialists;

For all other assets not considered in the above, we have challenged the assessment of impairment indicators – in particular in the UK Municipal business given the associated onerous contracts – based on our understanding of the industry and the performance of the respective components during the period.

Two significant impairment charges have been recorded in the year; a €9.5m impairment charge in respect of the Maltha CGU and a €6.2m impairment of property, plant & equipment and inventory. We have considered the sufficiency of these impairment charges in line with the procedures noted above.

We have also considered whether the associated impairment charge should be presented as non-trading and exceptional items in line with the Group's accounting policy (see key audit matter on presentation of non-trading and exceptional items above for details).

Key observations:
Based on the testing performed, we consider that appropriate impairments of assets has been made.

Valuation of onerous contract provisions – Section 4.10

The Group holds €80.9m (2020: €89.7m) of onerous contract provisions on its balance sheet at year end – the significant majority of which is in connection with the UK Municipal business within the Specialities reporting segment.

The measurement of these provisions at the year-end involves a high degree of estimation and judgement, in particular as the provisions relate to cash outflows that arise over a long time horizon and are influenced by market conditions in the offtake and recyclate markets that are difficult to forecast.

Given the level of estimation uncertainty and judgment involved, we consider the valuation of onerous contracts to be a key audit matter.

In auditing the valuation of onerous contract provisions, we have performed the following procedures:

- Obtained the onerous contract models that are used to determine the carrying value of provisions and our modelling team have interrogated the accuracy and integrity of the models;
- Discussed with divisional management the process used to update onerous contract models, to understand the rigour and expertise involved in building up the cash flow forecasts;
- Recalculated the discount rates used by comparison with government bond yields over a consistent timeframe;
- Considered management's forecasting ability in light of actual outturn versus historic forecasting;
- Considered the consistency of onerous contract modelling with the forecasts used in other areas;
- Corroborated assumptions used in the models including input tonnage and recyclate pricing on variable revenue streams to recently achieved levels;
- Performed sensitivity analysis on key inputs, in order to understand how sensitive the model is to these inputs; and
- Considered the appropriateness of the sensitivity disclosures included in the notes to the financial statements in connection with the onerous contracts.

Key observations:
We note that the model is subject to significant estimation – in particular the model is sensitive to changes in recyclate prices and continuous improvement initiatives.

Based on the testing performed, we believe that there are a range of reasonably possible outcomes in respect of the onerous contract provision and that the Group's estimate falls within the acceptable range as at 31 March 2021.

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>Valuation of landfill provisions – Section 4.10
The required restoration and aftercare of landfill sites results in provisions being recognised within the financial statements of the Group.

The Group holds €157.6m (2020: €152.8m) in respect of these site restoration and aftercare ('landfill') provisions on its balance sheet at year end.

The long term horizons involved in estimating the provisions give rise to increased levels of judgements and high levels of estimation uncertainty.

There are a number of significant assumptions involved in estimation of future cash flows including: the period of aftercare; the level of expected future costs and the discount rate applied.

Changes in government legislation or policy may impact on the expected level of aftercare required by the Group.

Given the level of estimation and judgment involved in determining the required provision, we consider valuation of landfill provisions to be a key audit matter.</td><td>In auditing the valuation of landfill provisions, we have performed the following procedures:
▸ Discussed with divisional management the process used to update the models, to understand the rigour and expertise involved in building up the cash flow forecasts;
▸ Review of the underlying assumptions in the model by external environmental specialists and comparison against their expectations as industry specialists;
▸ Use of auditors' experts and management's experts, to assess volume assumptions via drone and other techniques. We evaluated all experts' capabilities, competence and objectivity in providing their service;
▸ Assessment of the historical outturn of aftercare and restoration spend in FY21 compared with prior year budgets to assess management's accuracy in forecasting;
▸ Recalculated the discount rates used by comparison against government bond yields over equivalent time periods; and
▸ Considered the appropriateness of the sensitivity disclosures included in the notes to the financial statements in connection with landfill provisions compared with the requirements of IAS 37.
Key observations:
We note that the model is subject to significant estimation – in particular the model is highly sensitive to changes in discount rates.

Based on the testing performed, we believe that the Group's carrying value of landfill provisions as at 31 March 2021 is materially correct and that disclosures are in line with the requirements of the accounting standards.</td></tr>
<tr><td>Provisions for ongoing legal matters – Section 4.10
The Group has significant exposure to complex environmental regulations. The Group is also currently subject to a number of ongoing matters as outlined in Sections 4.10 and 8.4 of the financial statements.

The most significant case currently facing the Group is the legal case announced by the European Commission on 6 February 2020 into State Aid provided to the Group by the Walloon Region of Belgium, where management have estimated a maximum exposure of €63m (including interest).

The outcome of such matters is uncertain and involves significant judgment and estimation regarding both the determination of the potential success of any claim and the quantum of the claim. We therefore consider this to represent a key audit matter.</td><td>In auditing the assessment of provisions and contingent liabilities in respect of ongoing legal matters, we have performed the following procedures:
▸ Enquiry of the Group's legal counsel regarding the key ongoing legal matters;
▸ In respect of the ongoing State Aid case:
• Discussion with external lawyers to understand their estimate of the outcome;
• Review of written correspondence from the Group's external counsel;
• Corroboration of the claim amount through review of aid previously received;
• Assessment of evidence that the €15.1m provision represents the Group's best estimate of the likely economic outflow based on the most likely outcome of this matter;
▸ Review of correspondence with other lawyers during the year, including their reported quantification of likely economic outflow
▸ Review of board minutes for cases not previously identified; and
▸ Review of professional fees expense accounts.
Key observations:
Based on our procedures performed, we believe that provisions and contingent liability disclosures in respect of both the State Aid case and other cases are appropriate as at 31 March 2021.</td></tr>
<tr><td>Accounting for taxation – Section 3.4
The Group recognises deferred tax assets in respect of losses available to offset against future profits (€35.8m as at 31 March 2021). The level of deferred tax assets recognised is judgmental based on forecast future taxable profits against which losses can be offset.

The Group is also required to apply IFRIC 23 against uncertain tax positions. The point of recognition and the valuation of uncertain tax positions requires both judgment and estimation.

Given the judgment and estimation in these items, we consider the accounting for tax to represent a key audit matter.</td><td>In auditing the valuation of deferred tax assets and uncertain tax positions, we have performed the following procedures (supported by in-country tax specialists):
▸ Challenged management's assessment of the recoverability of the deferred tax balances by review of forecast future taxable profits and considered the appropriateness for carrying forward such assets under IAS 12;
▸ Assessed the consistency of modelling used in determining deferred tax recognition with modelling used for other matters;
▸ Compared the prior year forecast to actual results to assess accuracy of forecasting;
▸ Obtained and assessed the deferred tax calculations for clerical accuracy and agreed the inputs to supporting documentation including the group 5-year plan;
▸ Reviewed correspondence with tax authorities and professional advisors in respect of uncertain tax positions and other tax developments;
▸ Critically challenged management's position adopted on uncertain tax matters in the context of our understanding of local tax law and the fact pattern underpinning the tax judgment reached; and
▸ Reviewed the underlying calculations of uncertain tax positions.
Key observations:
Based on our procedures performed, we conclude that the deferred tax assets recorded as at 31 March 2021 are materially correct and uncertain tax positions are appropriate and conform with the requirements of IFRIC 23.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	€6.77m	£6.37m
Basis for determining materiality	0.4% of Group revenue	1% of net assets
Rationale for the benchmark applied	Revenue is considered the most relevant measure of performance of the Group rather than a profit-based measure as the Group continues to complete its integration and rationalisation plan following the merger of the legacy VGG and Shanks businesses and given the impact of Covid-19 on performance in the year. We note that there continues to be significant volatility in the group's profit-based metrics and revenue therefore represents a more stable basis for assessing the size and scale of the Group.	Net assets is considered the primary measure of shareholders in assessing the performance of the parent company as performance will be measured on the performance of its investments through dividend receipts and impairment charges.
Performance materiality	€4.40m	£4.14m
Basis for determining performance materiality	Performance materiality has been set at 65% We have selected a figure to reflect the fact that this is our first year of appointment . and also to reflect that adjustments identified by the prior year auditor in FY20 were low and the relatively low number of components.	Performance materiality has been set at 65% We have selected a figure to reflect the fact that this is our first year of appointment and also to reflect that adjustments identified by the prior year auditor in FY20 were low.

Component materiality

We set materiality for each component of the Group based on a percentage of between 15% and 88% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €990,000 to €5,990,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €133,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	▸ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 125; and ▸ The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 125.
Other Code provisions	▸ Directors' statement on fair, balanced and understandable set out on page 98 and 127; ▸ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 98; ▸ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 98; and ▸ The section describing the work of the audit committee set out on page 102 to 105.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▸ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▸ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▸ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▸ the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ▸ certain disclosures of Directors' remuneration specified by law are not made; or ▸ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations relates to environmental, health and safety regulations. We have considered the extent to which non-compliance might have a material impact on the financial statements. We have reviewed board minutes and other key correspondence to identify any undisclosed instances of non-compliance with such regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements including Companies Act 2006, the listing rules and local tax laws. We have reviewed the financial statements against Companies Act 2006 and Listng Rules disclosure checklists to confirm that disclosures are compliant with the requirements. In respect of local tax laws we have focused our testing on the recognition of deferred tax assets and the quantification of uncertain tax positions as outlined in the Accounting for Taxation key audit matter described above.

We have considered the incentives and opportunities of management to carry out fraudulent financial reporting (including override of controls) and determined that the principal risks relate to management bias in determining accounting estimates and judgments (the most significant of which are outlined in our key audit matters above) and through the recording of inappropriate journal entries.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed which are capable of detecting irregularities including fraud include:

- Critical challenge and exercise of professional scepticism in the assessment of significant accounting estimates, judgements and policies for any indications of management bias;
- Identification and testing of unusual journal entries focusing on journals with parameters indicative of fraud including round sum manual journals and manual adjustments to revenue; and
- Detailed verification of consolidation level journal entries

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Cardiff
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London, UK
27 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the year ended 31 March 2021

	Note	2021 Underlying €m	2021 Non trading & exceptional items €m	2021 Total €m	2020 Underlying €m	2020 Non trading & exceptional items €m	2020 Total €m
CONTINUING OPERATIONS							
Revenue	2,3.1	**1,693.6**	**–**	**1,693.6**	1,775.4	–	1,775.4
Cost of sales	3.3	**(1,408.5)**	**(15.7)**	**(1,424.2)**	(1,467.5)	(72.2)	(1,539.7)
Gross profit (loss)		**285.1**	**(15.7)**	**269.4**	307.9	(72.2)	235.7
Administrative expenses	3.3	**(212.1)**	**(13.9)**	**(226.0)**	(220.3)	(43.5)	(263.8)
Operating profit (loss)	2,3.3	**73.0**	**(29.6)**	**43.4**	87.6	(115.7)	(28.1)
Finance income	5.4	**10.9**	**0.4**	**11.3**	9.7	2.2	11.9
Finance charges	5.4	**(38.1)**	**–**	**(38.1)**	(44.1)	–	(44.1)
Share of results from associates and joint ventures	4.4	**1.6**	**–**	**1.6**	0.9	–	0.9
Profit (loss) before taxation		**47.4**	**(29.2)**	**18.2**	54.1	(113.5)	(59.4)
Taxation	3.4	**(11.6)**	**4.4**	**(7.2)**	(13.3)	12.2	(1.1)
Profit (loss) for the year from continuing operations		**35.8**	**(24.8)**	**11.0**	40.8	(101.3)	(60.5)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	6.4	**–**	**–**	**–**	2.3	(18.9)	(16.6)
Profit (loss) for the year		**35.8**	**(24.8)**	**11.0**	43.1	(120.2)	(77.1)
Attributable to:							
Owners of the parent		**35.9**	**(24.8)**	**11.1**	43.0	(120.9)	(77.9)
Non-controlling interests	5.9	**(0.1)**	**–**	**(0.1)**	0.1	0.7	0.8
		35.8	**(24.8)**	**11.0**	43.1	(120.2)	(77.1)

Earnings (loss) per share	Note	2021 cents	2020 cents
Continuing operations			
Basic	3.5	**1.4**	(7.7)
Diluted	3.5	**1.4**	(7.7)
Underlying basic	3.5	**4.5**	5.1
Underlying diluted	3.5	**4.5**	5.1
Continuing and discontinued operations			
Basic	3.5	**1.4**	(9.8)
Diluted	3.5	**1.4**	(9.8)

The notes on pages 143 to 209 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 €m	2020 €m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**(3.1)**	6.3
Fair value movement on cash flow hedges	5.5	**14.3**	(12.2)
Deferred tax on fair value movement on cash flow hedges	3.4	**(2.4)**	0.3
Share of other comprehensive income of investments accounted for using the equity method	4.4	**0.3**	0.2
		9.1	(5.4)
Items that will not be reclassified to profit or loss:			
Actuarial (loss) gain on defined benefit pension schemes	7.2	**(23.3)**	15.2
Deferred tax on actuarial (loss) gain on defined benefit pension schemes	3.4	**4.4**	(2.8)
		(18.9)	12.4
Other comprehensive (loss) income for the year, net of tax		**(9.8)**	7.0
Profit (loss) for the year		**11.0**	(77.1)
Total comprehensive income (loss) for the year		**1.2**	(70.1)
Attributable to:			
Owners of the parent		**1.3**	(69.7)
Non-controlling interests		**(0.1)**	(0.4)
Total comprehensive income (loss) for the year		**1.2**	(70.1)
Total comprehensive income (loss) attributable to owners of the parent arising from:			
Continuing operations		**1.3**	(53.1)
Discontinued operations		**–**	(16.6)
		1.3	(69.7)

The notes on pages 143 to 209 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2021

	Note	31 March 2021 €m	Restated* 31 March 2020 €m
Assets			
Non-current assets			
Goodwill and intangible assets	4.1	**602.2**	610.1
Property, plant and equipment	4.2	**560.7**	584.0
Right-of-use assets	4.3	**233.8**	215.9
Investments	4.4	**17.2**	15.6
Financial assets relating to PPP contracts	4.5	**142.4**	141.8
Derivative financial instruments	5.5	**7.9**	2.1
Defined benefit pension scheme surplus	7.2	**–**	16.0
Trade and other receivables	4.8	**4.1**	3.1
Deferred tax assets	3.4	**49.5**	37.2
		1,617.8	1,625.8
Current assets			
Inventories	4.7	**20.6**	20.7
Investments	4.4	**9.3**	8.1
Loans to associates and joint ventures	4.4	**0.9**	0.9
Financial assets relating to PPP contracts	4.5	**6.7**	6.0
Trade and other receivables	4.8	**247.7**	272.4
Derivative financial instruments	5.5	**1.2**	–
Current tax receivable		**0.5**	0.7
Cash and cash equivalents	5.2	**51.5**	194.5
		338.4	503.3
Total assets		**1,956.2**	2,129.1
Liabilities			
Non-current liabilities			
Borrowings	5.3	**(673.9)**	(912.7)
Derivative financial instruments	5.5	**(25.3)**	(32.4)
Other non-current liabilities	4.9	**(54.4)**	(7.1)
Defined benefit pension schemes deficit	7.2	**(11.4)**	(7.5)
Provisions	4.10	**(252.6)**	(252.4)
Deferred tax liabilities	3.4	**(50.9)**	(46.9)
		(1,068.5)	(1,259.0)
Current liabilities			
Borrowings	5.3	**(45.7)**	(40.7)
Derivative financial instruments	5.5	**(0.2)**	(5.6)
Trade and other payables	4.9	**(546.2)**	(534.3)
Current tax payable		**(13.8)**	(16.5)
Provisions	4.10	**(38.7)**	(37.7)
		(644.6)	(634.8)
Total liabilities		**(1,713.1)**	(1,893.8)
Net assets		**243.1**	235.3
Issued capital and reserves attributable to the owners of the parent			
Share capital	5.9	**99.5**	99.5
Share premium	5.9	**473.6**	473.6
Exchange reserve	5.9	**(14.8)**	(11.6)
Retained earnings	5.9	**(321.3)**	(327.6)
		237.0	233.9
Non-controlling interests	5.9	**6.1**	1.4
Total equity		**243.1**	235.3

*The comparatives for right-of-use assets and lease liabilities within borrowings have been restated due to a prior year adjustment as explained in section 1.

The notes on pages 143 to 209 are an integral part of these consolidated financial statements.

The Financial Statements on pages 138 to 209 were approved by the Board of Directors and authorised for issue on 27 May 2021. They were signed on its behalf by:

Ben Verwaayen
Chairman

Toby Woolrych
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Note	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2020		**99.5**	**473.6**	**(11.6)**	**(327.6)**	**1.4**	**235.3**
Profit (loss) for the year		**–**	**–**	**–**	**11.1**	**(0.1)**	**11.0**
Other comprehensive (loss) income:							
Exchange (loss) gain on translation of foreign subsidiaries		**–**	**–**	**(3.2)**	**–**	**0.1**	**(3.1)**
Fair value movement on cash flow hedges	5.5	**–**	**–**	**–**	**14.4**	**(0.1)**	**14.3**
Actuarial loss on defined benefit pension schemes	7.2	**–**	**–**	**–**	**(23.3)**	**–**	**(23.3)**
Tax in respect of other comprehensive income items	3.4	**–**	**–**	**–**	**2.0**	**–**	**2.0**
Share of other comprehensive income of investments accounted for using the equity method	4.4	**–**	**–**	**–**	**0.3**	**–**	**0.3**
Total comprehensive (loss) income for the year		**–**	**–**	**(3.2)**	**4.5**	**(0.1)**	**1.2**
Share-based compensation	7.3	**–**	**–**	**–**	**1.4**	**–**	**1.4**
Movement on tax arising on share-based compensation		**–**	**–**	**–**	**0.3**	**–**	**0.3**
Disposal of non-controlling interest	5.9	**–**	**–**	**–**	**1.3**	**4.8**	**6.1**
Own shares purchased by the Employee Share Trust		**–**	**–**	**–**	**(1.2)**	**–**	**(1.2)**
Balance as at 31 March 2021		**99.5**	**473.6**	**(14.8)**	**(321.3)**	**6.1**	**243.1**
Balance at 31 March 2019		99.5	473.6	(17.9)	(236.7)	1.0	319.5
Change in accounting policy (IFRS 16 transition)		–	–	–	(7.5)	–	(7.5)
Restated total equity at 1 April 2019		99.5	473.6	(17.9)	(244.2)	1.0	312.0
(Loss) profit for the year		–	–	–	(77.9)	0.8	(77.1)
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		–	–	6.3	–	–	6.3
Fair value movement on cash flow hedges	5.5	–	–	–	(11.5)	(0.7)	(12.2)
Actuarial gain on defined benefit pension schemes	7.2	–	–	–	15.2	–	15.2
Tax in respect of other comprehensive income items	3.4	–	–	–	(2.0)	(0.5)	(2.5)
Share of other comprehensive income of investments accounted for using the equity method	4.4	–	–	–	0.2	–	0.2
Total comprehensive income (loss) for the year		–	–	6.3	(76.0)	(0.4)	(70.1)
Share-based compensation	7.3	–	–	–	1.2	–	1.2
Non-controlling interest capital injection		–	–	–	–	0.8	0.8
Dividends paid	5.10	–	–	–	(8.6)	–	(8.6)
Balance as at 31 March 2020		99.5	473.6	(11.6)	(327.6)	1.4	235.3

The notes on pages 143 to 209 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 €m	2020 €m
Profit (loss) before tax		**18.2**	(59.4)
Finance income		**(11.3)**	(11.9)
Finance charges		**38.1**	44.1
Share of results from associates and joint ventures		**(1.6)**	(0.9)
Operating profit (loss) from continuing operations		**43.4**	(28.1)
Operating loss from discontinued operations		**–**	(15.8)
Amortisation and impairment of intangible assets	4.1	**19.1**	12.8
Depreciation and impairment of property, plant and equipment	4.2	**80.4**	74.8
Depreciation and impairment of right-of-use assets	4.3	**42.5**	42.8
Exceptional loss on disposal of subsidiaries/remeasurement of assets held for sale	6.2,6.4	**–**	56.2
Gain on disposal of property, plant and equipment		**(0.1)**	(1.7)
Exceptional gain on disposal of joint venture		**–**	(1.4)
Net outflows in respect of PPP arrangements under the financial asset model		**–**	(0.1)
Exceptional charge on long term provisions		**3.7**	17.9
Net decrease in provisions		**(11.0)**	(2.8)
Exceptional past service cost in relation to defined benefit pension schemes	7.2	**–**	(1.4)
Payment related to committed funding of the defined benefit pension schemes		**(3.6)**	(3.5)
Other non-cash items		**–**	(0.1)
Share-based compensation	7.3	**1.4**	1.2
Operating cash flows before movement in working capital		**175.8**	150.8
Decrease in inventories		**0.2**	5.0
Decrease (Increase) in receivables	4.8	**25.1**	(5.7)
Increase in payables	4.9	**57.1**	17.7
Cash flows from operating activities		**258.2**	167.8
Income tax paid		**(14.8)**	(10.1)
Net cash inflow from operating activities		**243.4**	157.7
Investing activities			
Purchases of intangible assets		**(8.8)**	(6.7)
Purchases of property, plant and equipment		**(58.0)**	(77.8)
Proceeds from disposals of property, plant and equipment		**4.5**	11.1
Acquisition of subsidiary, net of cash acquired	6.1	**–**	(3.8)
Acquisition of business assets	6.1	**–**	(2.6)
Proceeds from disposal of subsidiaries, net of cash disposed of and disposal costs paid	6.2,6.4	**–**	88.2
Investment in associates and joint ventures		**(1.1)**	(1.7)
Dividends received from associates and joint ventures		**1.6**	0.6
Receipt of deferred consideration		**0.6**	0.3
Purchase of other short-term investments		**(0.8)**	(2.4)
Outflows in respect of PPP arrangements under the financial asset model		**(1.9)**	(1.7)
Capital received in respect of PPP financial assets		**5.1**	4.7
Finance income		**10.2**	10.9
Net cash (outflow) inflow from investing activities		**(48.6)**	19.1
Financing activities			
Finance charges and loan fees paid		**(30.8)**	(37.9)
Investment in own shares by the Employee Share Trust	5.9	**(1.2)**	–
Loan from non-controlling interest/Capital injection from non-controlling interest		**0.5**	0.8
Dividends paid	5.10	**–**	(8.6)
Proceeds from retail bonds		**–**	75.0
Repayment of retail bonds		**–**	(100.0)
Proceeds from bank borrowings	5.1	**9.0**	853.1
Repayment of bank borrowings		**(269.0)**	(774.8)
Repayment of PPP net debt	5.1	**(5.4)**	(2.9)
Repayments of obligations under lease liabilities	5.1	**(40.4)**	(38.5)
Net cash outflow from financing activities		**(337.3)**	(33.8)
Net (decrease) increase in cash and cash equivalents		**(142.5)**	143.0
Effect of foreign exchange rate changes		**(0.5)**	1.1
Cash and cash equivalents at the beginning of the year		**194.5**	50.4
Cash and cash equivalents at the end of the year	5.2	**51.5**	194.5

The notes on pages 143 to 209 are an integral part of these consolidated financial statements.

Notes to the financial statements

SECTION 1. BASIS OF PREPARATION

This section provides general information about the Group and the accounting policies that apply to the consolidated financial statements as a whole. Accounting policies that are specific to a particular note are provided within the note to which they relate. This section also details the new or amended accounting standards adopted during the year as well as the anticipated impact of future changes to accounting standards that are not yet effective.

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438 and the address of the registered office is given on page 225. The nature of the Group's operations and its principal activities are set out in section 2.

The consolidated financial statements of the Group are prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No1606/2002 as it applies in the European Union.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments including derivative financial instruments, share-based payments and plan assets within pension schemes which are stated at fair value. The accounting policies adopted in the consolidated financial statements have been consistently applied. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2020. The consolidated financial statements are presented in Euros and all amounts are rounded to the nearest €0.1m unless otherwise stated.

Going concern

The Directors have adopted the going concern basis in preparing these consolidated financial statements after assessing the Group's principal risks including the risks arising from the Covid-19 pandemic.

Given the economic uncertainty arising from the Covid-19 pandemic, the Directors have carried out a comprehensive assessment of the Group's ability to continue as a going concern. This assessment has involved the review of medium-term cash flow modelling over an 18-month period to 30 September 2022 which includes estimates of any further impact of Covid-19 on the Group's operations together with other factors that may affect its performance and financial position. These factors include actual trading performance in the period since the outbreak of Covid-19, expectations on the future economic environment, the impact of mitigation actions, available liquidity, which includes an assumption that the €100m Belgian retail bonds are repaid in June 2022 from the existing revolving credit facility, as well as other principal risks associated with the Group's ongoing operations.

The assessment includes a base case scenario setting out the Directors' current expectations of future trading and a plausible downside scenario applying mitigating actions where appropriate to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the level and speed of economic recovery following the disruption caused by the Covid-19 pandemic.

The downside scenario includes weaker macro-economic conditions throughout 2022 and 2023 and another, less severe, wave of Covid-19 measures in the second half of the current financial year to 31 March 2022, as well as other downsides which are not linked to Covid-19, including a delay in the operational ramp up at the ATM site and a settlement of the potential maximum claim in FY23 arising from the European Commission investigation into alleged state aid in Belgium. Appropriate cost and cash mitigating actions, such as deferral of uncommitted capital expenditure and reduced discretionary spend, have been applied to come up with a plausible and mitigated downside position. In the downside modelling it has been assumed that volume recovery rate will be at least 50% lower than the forecast economic recoveries in all of our territories which, along with the other downside factors reduces underlying EBIT by 16% compared to the base case. In both the base case and plausible downside scenarios the Group has sufficient liquidity and headroom in its existing facilities and no covenants are breached at any of the forecast testing dates.

In addition, the downside case has been used to perform a reverse stress test to consider the points at which the covenants may be breached. This test follows the same basic principles as the downside case but with the impact of each factor significantly more severe and beyond what is considered likely, including no volume recovery in the review period, which reduces underlying EBIT by 33% compared to the base case without taking into account any further mitigating actions. The likelihood of this scenario is considered to be remote.

Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet its covenants.

In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have also assessed the prospects and financial viability of the Company for a period longer than the 12 months required in the going concern assessment. Further details are provided in the Viability Statement on page 84.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Changes in presentation

The Group changed the composition of its reporting segments from 1 April 2020. The new structure is a logical step following disposals and the reorganisation simplifies the Group's strategy, portfolio, organisation and processes. The segment information presented in these financial statements reflects the information now provided to the chief operating decision maker in order to assess performance and to make decisions on allocation of resources. The following changes have been made to the Group's segments as previously reported at 31 March 2020:

- The Commercial Waste reportable segment comprises Netherlands and Belgium Commercial Waste. The Netherlands Commercial Waste operating segment now includes Orgaworld organic waste processing activities previously included within the Monostreams reportable segment. There is no change to Belgium Commercial Waste.
- The Mineralz & Water reportable segment comprises ATM previously included in the Hazardous Waste reportable segment and Mineralz previously included within the Monostreams reportable segment.
- The Specialities reportable segment comprises Municipal, Maltha and Coolrec business lines. Maltha and Coolrec were previously included within the Monostreams reportable segment and Municipal was a separate reportable segment.
- The Group central services reportable segment is unchanged however all costs except those related to investors, the Board and strategy are now allocated to the divisions.
- As required under IFRS 8 Operating Segments, the Group has restated the corresponding segment information for the prior period to enable comparison to the new structure.

Restatement due to prior year adjustment

In preparing these financial statements, management have identified an error relating to the prior period and accordingly a prior year adjustment has been made. The error arose as a result of a lease being recorded incorrectly in an entity in which the Group acquired the remaining 50% and took full control in November 2019. The term used on the implementation of IFRS 16 was shorter than the term stated in the lease contract. The impact is to increase right-of-use assets by €9.0m and increase lease liabilities by €9.0m, with the latter split as a reduction of €0.4m in current lease liabilities and an increase of €9.4m in non-current lease liabilities. The impact to the Income Statement for the year ended 31 March 2020 was not material and therefore no adjustment has been made. There is no goodwill impact on the acquisition accounting of the entity. Earnings per share for the year ended 31 March 2020 are unaffected as a result of this correction.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). At the date of approval of these financial statements there were no new IFRSs or IFRS IC interpretations which were early adopted by the Group. The following amendments are effective for the period beginning 1 April 2022 and the Group is currently assessing any potential impact:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Renewi plc (the Company), all its subsidiary undertakings (subsidiaries) and the Group's interests in joint ventures, associates and joint operations.

Subsidiaries are entities which are directly or indirectly controlled by the Group. Control exists where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where there is a non-controlling interest this is identified separately from the Group's equity. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those used by the Group. The results of subsidiaries acquired or sold during the year are included in the consolidated financial statements from or up to the date control passes. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

SECTION 1. BASIS OF PREPARATION CONTINUED

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary or joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but is not in control or joint control over those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in Other Comprehensive Income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group. Where the Group is party to a jointly controlled operation, the Group proportionately accounts for its share of the income and expenditure, assets and liabilities and cash flows on a line-by-line basis in the consolidated financial statements.

Other investments in entities that are neither associates, joint ventures nor subsidiaries are held at fair value through profit or loss except for the other unlisted investments that the Group has elected to hold at fair value through Other Comprehensive Income.

Foreign currencies

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentational currency of the Group as follows:

- monetary assets and liabilities at each balance sheet date are translated into Euros at the closing year end exchange rate;
- income and expenses in each Income Statement are translated into Euros at the average rate of exchange for the year;
- equity items are translated at the historical rate being the average rate of exchange when the transaction occurred; and
- the resulting exchange differences are recognised in the exchange reserve in Other Comprehensive Income.

Cumulative exchange differences are recognised in the Income Statement in the year in which a non-Euro denominated subsidiary undertaking is sold.

In addition to the Group's presentational currency of Euros, the most significant currency for the Group is Sterling with the closing rate on 31 March 2021 of €1:£0.852 (2020: €1:£0.884) and an average rate for the year ended 31 March 2021 of €1:£0.885 (2020: €1:£0.872).

The Group applies the hedge accounting principles of IFRS 9 Financial Instruments relating to net investment hedging to offset the exchange differences arising on foreign currency denominated borrowings with the translation of foreign operations. Net investment hedges are accounted for by recognising exchange rate movements in the exchange reserve, with any hedge ineffectiveness being charged to the Income Statement in the period the ineffectiveness arises.

Critical accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes. Critical estimates are defined as those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on factors including historical experience and expectations of future events that are considered to be relevant and reasonable. These estimates, assumptions and judgements are reviewed on an ongoing basis.

Judgements in applying the Group's accounting policies

Use of alternative performance measures – The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying earnings per share and underlying EBITDA (earnings before interest, tax, depreciation and amortisation). In addition as a result of the disposals in the prior year the term 'ongoing' is used to reflect the operations which have not been disposed of to enable comparisons to be made. The terms 'EBIT', 'EBITDA', 'exceptional items', 'ongoing', 'adjusted' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 8.3.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Non-trading and exceptional items – In establishing which items are disclosed separately as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size, nature or incidence of specific items. A policy for non-trading and exceptional items is followed consistently and is submitted to the Audit Committee for annual review. See note 3.3 for further details of the costs included within this category.

Service concession arrangements – Management considered all relevant factors to determine that the Group acted as agent during the construction phase of the UK Municipal contracts and that the consideration from local authorities for the operations of waste management service concessions is treated as financial assets relating to PPP contracts in accordance with IFRIC 12. Management determined that the cash flows relating to the outflows and capital repayments in respect of PPP arrangements under the financial asset model are investing activities in the statement of cash flows and not as operating cash flows. At the balance sheet date, the Group has financial assets relating to PPP contracts of €149.1m (2020: €147.8m). Consideration relating to financial assets is split between a service element as revenue and a repayment element, split between capital and interest receivable that is deducted from the financial asset. Further details are given in notes 3.1 and 4.5.

Defined benefit pension scheme surplus – In relation to the 31 March 2020 position, management concluded that the Group had an unconditional right to a refund from the UK defined benefit pension scheme once the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset was not restricted and no additional liability was recognised. See note 7.2 for further details of the scheme.

Taxation – The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's judgement that it is probable that there will be taxable profits in the relevant legal entity or tax group which will utilise the assets in the future. In respect of tax losses, the time expiry period, if any, is also taken into account in the analysis. The Group assesses the availability of future taxable profits using the five year projections as used for impairment reviews, together with other available forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profits from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset are amended to reflect management's judgement of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group and are based upon management's assessment of the potential outcomes of the relevant discussions with the tax authorities.

Impact of Covid-19 – Management have used judgement to determine the expected impact on financial instruments, principally how expected credit loss could be impacted as a result of the Covid-19 pandemic. In addition as part of impairment reviews management have considered the ongoing impact of Covid-19 when assessing the future cash flows of cash generating units and similarly the impact of Covid-19 in the assessment of the recoverability of deferred tax assets.

Alleged Belgium State Aid Claim – Management have used judgement in determining if a liability or contingent liability exists by considering whether an outflow of economic benefit is possible as a result of past events. Legal advice has been obtained to determine that the most likely outcome, the median case, results in a €15m provision. It is noted that the potential maximum claim could be higher resulting in a potential further liability. Further details are set out in notes 4.10 and 8.4.

Contingent liabilities – Management have used judgement in determining if a contingent liability exists by considering whether an outflow of economic benefit is possible as a result of past events including seeking legal advice where appropriate in order to determine the most likely outcome. Where it is considered that there is a possible obligation but it is not probable that there will be an outflow of economic benefit or the amount cannot be reliably estimated then a contingent liability is disclosed as set out in note 8.4.

Estimates and assumptions

Impairment of goodwill – Impairment testing is carried out annually at a cash generating unit (CGU) level. The Group estimates the recoverable amount of a CGU using a value in use model which involves an estimation of future cash flows and applying appropriate discount and long-term growth rates. The future cash flows are derived from approved forecasts which have taken into account the ongoing and potential impact of Covid-19, specifically with regard to recovery of input volumes across different waste streams which has resulted in a €9.5m impairment in the Specialities division. Details of the key assumptions and sensitivity analysis are given in note 4.1.

SECTION 1. BASIS OF PREPARATION CONTINUED

Impairment of tangible assets, intangible assets and investments – The Group assesses the impairment of tangible assets, intangible assets and investments whenever there is reason to believe that the carrying value may not exceed the fair value and where a permanent impairment in value is anticipated. The determination of whether the impairment of these assets is necessary involves the use of estimates that includes, but is not limited to, the analysis of the cause of potential impairment in value, the timing of such potential impairment and an estimate of the amount of the impairment. The impact of Covid-19 has been considered and had led to €5.3m of impairments of tangible and intangible assets in the Commercial division in the year. There has been no impairment of investment values.

Landfill related provisions – The Group has landfill related provisions of €157.6m (2020: €152.8m). These provisions are long term in nature and are recognised at the net present value of the best estimate of the likely future cash flows to settle the Group's obligations. The period of aftercare post-closure and the level of costs expected are uncertain and could be impacted by changes in legislation and technology and can vary significantly from site to site. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. Details of the discount rates used and sensitivity assumptions are set out in note 4.10.

Onerous contract provisions – Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. The Group has onerous contract provisions of €80.9m (2020: €89.7m) which have been provided for at the lower of the net present value of either exiting the contract or fulfilling our obligations under the contract. The most significant component of these provisions relates to UK Municipal PPP contracts which amount to €78.9m (2020: €89.0m). The provisions have been based on the best estimate of likely future cash flows including assumptions on tonnage inputs, plant performance and recyclates pricing. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. Further details including the discount rates used and sensitivity assumptions are set out in note 4.10.

Right-of-use assets and lease liabilities – Estimates and assumptions are made in calculating the incremental borrowing rate used to measure lease liabilities. For certain leases the determination of the lease liability is based on assumptions of the term of the lease, whether purchase options are likely to be exercised and the amount expected to be payable under any residual value guarantees as set out it note 5.3.

Defined benefit pension schemes – The calculation of the present value of the defined benefit pension schemes is determined by using actuarial valuations based on assumptions including discount rate, life expectancy and inflation rates. The principal assumptions used to measure the schemes' liabilities, sensitivities to changes in those assumptions and future funding obligations are set out in note 7.2.

Taxation – The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's calculation of expected taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. In respect of tax losses, the time expiry period, if any is also taken into account in the calculation. The Group assesses the availability of future taxable profits using the five year projections as used for the value in use calculations for impairment reviews together with other available long-term forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profit from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset will be amended to reflect management's estimate of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group and are based upon management's evaluation of the potential outcomes of the relevant discussions with the tax authorities. Further details on sensitivity assumptions are set out in note 3.4.

Contingent liabilities – Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside of the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Group does not recognise contingent liabilities but discloses them in note 8.4.

Waste disposal cost accruals – Management have used judgement in determining the value of disposal cost accruals specifically in relation to processed soil accruals. The value is determined by management's best assessment of the cost per tonne to dispose of the waste based on historical transactions, discussions with potential customers and knowledge of the market as in some cases due to the nature of some of these accruals there is no observable market data. The carrying amount included in accruals and other payables is €54.3m (2020: €48.4m) which is based on management's best estimate after carrying out sensitivity analysis on a range of potential outcomes. It is anticipated that the majority of the waste with the most judgemental values should be disposed of during the next 12 months and as such is recorded as a current liability.

Notes to the financial statements continued

SECTION 2. SEGMENTAL INFORMATION

This section shows the performance, net assets and other information on a segmental basis. The Group's segmental reporting reflects the management structure which is aligned with the core activities of the Group.

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors, in order for it to allocate the Group's resources and to monitor the performance of the Group.

Following the implementation of the new divisional structure on 1 April 2020 the Group's reportable segments are:

Commercial Waste	**Collection and treatment of commercial waste in the Netherlands and Belgium.**
Mineralz & Water	**Decontamination, stabilisation and re-use of highly contaminated materials to produce certified secondary products for the construction industry in the Netherlands and Belgium.**
Specialities	**Processing plants focusing on recycling and diverting specific waste streams. The operations are in the UK, the Netherlands, Belgium, France, Portugal and Hungary.**
Group central services	**Head office corporate function.**

The segmental information under the new structure at 31 March 2021 is set out below. The 2020 numbers are presented on a consistent basis with the 2021 numbers as explained in the Changes in presentation in section 1.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

Revenue

	2021 €m	2020 €m
Netherlands Commercial Waste	**828.4**	812.6
Belgium Commercial Waste	**412.9**	439.1
Intra-segment	**(0.7)**	(1.5)
Commercial Waste	**1,240.6**	1,250.2
Mineralz & Water	**182.8**	151.6
Specialities	**300.8**	323.2
Inter-segment revenue	**(30.6)**	(28.0)
Revenue from ongoing businesses	**1,693.6**	1,697.0
Operations disposed of in the prior year	**–**	78.4
Revenue from continuing operations	**1,693.6**	1.775.4

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Results

	2021 €m	2020 €m
Netherlands Commercial Waste	**53.7**	49.4
Belgium Commercial Waste	**23.1**	29.2
Commercial Waste	**76.8**	78.6
Mineralz & Water	**0.3**	5.6
Specialities	**2.4**	(1.3)
Group central services	**(6.5)**	(7.4)
Underlying EBIT from ongoing businesses	**73.0**	75.5
Operations disposed of in the prior year	**–**	12.1
Underlying EBIT from continuing operations	**73.0**	87.6
Non-trading and exceptional items (note 3.3)	**(29.6)**	(115.7)
Operating profit (loss) from continuing operations	**43.4**	(28.1)
Finance income (note 5.4)	**10.9**	9.7
Finance charges (note 5.4)	**(38.1)**	(44.1)
Finance income – non-trading and exceptional items (note 3.3)	**0.4**	2.2
Share of results from associates and joint ventures	**1.6**	0.9
Profit (loss) before taxation and discontinued operations	**18.2**	(59.4)

Net Assets

	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Tax, net debt and derivatives €m	Total €m
31 March 2021						
Gross non-current assets	**1,042.6**	**258.2**	**225.7**	**33.9**	**57.4**	**1,617.8**
Gross current assets	**174.1**	**31.6**	**64.3**	**15.2**	**53.2**	**338.4**
Gross liabilities	**(414.6)**	**(224.3)**	**(173.0)**	**(91.4)**	**(809.8)**	**(1,713.1)**
Net assets (liabilities)	**802.1**	**65.5**	**117.0**	**(42.3)**	**(699.2)**	**243.1**
31 March 2020 – restated*						
Gross non-current assets	1,040.6	261.3	243.4	41.2	39.3	1,625.8
Gross current assets	190.2	32.7	73.0	12.2	195.2	503.3
Gross liabilities	(379.8)	(209.4)	(191.7)	(58.1)	(1,054.8)	(1,893.8)
Net assets (liabilities)	851.0	84.6	124.7	(4.7)	(820.3)	235.3

*The comparatives for right-of-use assets and lease liabilities within borrowings have been restated due to a prior year adjustment as explained in section 1.

Notes to the financial statements continued

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Other disclosures

	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Prior year disposals €m	Total continuing operations €m	Discontinued operations €m	Total €m
2021								
Capital additions:								
Property, plant and equipment	**48.4**	**5.5**	**5.7**	**1.5**	**–**	**61.1**	**–**	**61.1**
Right-of-use assets	**50.9**	**0.8**	**2.9**	**6.3**	**–**	**60.9**	**–**	**60.9**
Intangible assets	**–**	**0.1**	**0.2**	**11.0**	**–**	**11.3**	**–**	**11.3**
Depreciation charge:								
Property, plant and equipment	**57.4**	**10.9**	**5.0**	**0.9**	**–**	**74.2**	**–**	**74.2**
Right-of-use assets	**29.9**	**3.1**	**3.7**	**4.0**	**–**	**40.7**	**–**	**40.7**
							–	
Amortisation of intangibles	**3.5**	**0.7**	**1.6**	**3.8**	**–**	**9.6**	**–**	**9.6**
Impairment charge:								
Property, plant and equipment	**6.2**	**–**	**–**	**–**	**–**	**6.2**	**–**	**6.2**
Right-of-use assets	**0.3**	**–**	**1.5**	**–**	**–**	**1.8**	**–**	**1.8**
Goodwill and Intangible assets	**–**	**–**	**9.5**	**–**	**–**	**9.5**	**–**	**9.5**
Non-trading and exceptional items before tax	**16.1**	**4.8**	**10.1**	**(1.8)**	**–**	**29.2**	**–**	**29.2**
2020								
Capital additions:								
Property, plant and equipment	51.8	7.7	5.1	1.0	1.7	67.3	3.8	71.1
Right-of-use assets	49.1	3.0	3.5	6.2	0.2	62.0	–	62.0
Intangible assets	0.3	1.6	0.2	6.4	0.2	8.7	–	8.7
Depreciation charge:								
Property, plant and equipment	57.2	9.8	5.1	1.0	–	73.1	–	73.1
Right-of-use assets	22.9	2.9	3.9	2.7	–	32.4	–	32.4
Amortisation of intangibles	3.9	3.7	1.3	3.9	–	12.8	–	12.8
Impairment charge:								
Property, plant and equipment	1.0	–	0.7	–	6.6	8.3	–	8.3
Right-of-use assets	–	–	10.4	–	3.4	13.8	–	13.8
Intangible assets	–	–	–	–	24.3	24.3	–	24.3
Non-trading and exceptional items before tax	35.7	13.0	28.1	(0.6)	37.3	113.5	18.9	132.4

Geographical information

The Group's segment assets (non-current assets being intangible assets, property plant and equipment, right-of-use assets and investments) by geographical location are detailed below:

	2021 €m	Restated* 2020 €m
Netherlands	**1,007.7**	988.5
Belgium	**379.8**	390.3
UK	**9.5**	10.8
France	**14.7**	29.3
Portugal	**1.6**	6.0
Germany	**–**	0.1
Hungary	**0.6**	0.6
Segment assets of continuing operations	**1,413.9**	1,425.6

*The comparatives for right-of-use assets have been restated due to a prior year adjustment as explained in section 1.

SECTION 3. OPERATING PROFIT AND TAX

This section contains the notes that relate to the results and performance of the Group during the year, along with the related accounting policies that have been applied.

3.1 Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers which requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The majority of the Group's revenue is generated from the performance obligation to the customer to collect and process the waste.

In the Commercial segment where the contract with a customer includes the collection of waste with a positive value, the transaction price includes an element of non-cash consideration, this increases revenue with a corresponding increase in cost of sales for the value of the waste collected with no impact on operating profit.

Accounting policy

Under IFRS 15 revenue is defined as income arising in the course of the Group's waste collection and processing activities and is recognised when the control of goods or services transfer and is allocated to individual performance obligations. Revenue represents the fair value of consideration received or receivable for goods and services provided in the normal course of business, including landfill tax but excluding sales taxes, discounts and inter-company sales. Revenue is recognised either at a point in time, for example when the goods or services are transferred, or over time. Revenue is recognised over time when the customer simultaneously receives and consumes the goods or services or when there is an enforceable right to payment for performance completed to date. The Group's revenue is not subject to conditions that would imply a variable consideration in most cases. There is a limited number of contracts with variable consideration where revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue recognition criteria for the key types of services have been examined, determined and documented on a divisional level, based on the general and specific contracts with customers and are as follows:

- Inbound revenue relates to the collection and/or processing of waste. The transaction price is based on contractually agreed prices for collecting and processing the waste and differs depending upon the nature of the contract – contracts can be an all-in-tariff, split between rent, processing and transport or a price per tonne basis for different types of waste. Due to the very short time period between the start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of the waste.
  - Waste collection services: revenue is recognised at the point in time when the waste is delivered to transfer stations or to a third-party processing facility.
  - Waste processing services: where the Group's revenue contracts include an obligation to process waste, revenue is recognised over time based on the percentage of the processing service or activity that has been undertaken as there is an enforceable right to payment for performance completed.
- Outbound revenue relates to the sale of recyclate materials and products from waste and the generation of power from gas. The transaction price is agreed with the customer either in a contract or in relation to a market index and is charged based on tonnage or kilowatt hour and in some situations will include an additional charge for transport services.
  - Sale of recyclate materials and products from waste: revenue is based on contractually agreed prices and is recognised at a point in time when control of the asset is transferred to the buyer.
  - Income from power generation: for gas produced by processes at anaerobic digestion facilities and landfill sites revenue is recognised at a point in time based on the volumes of energy produced and an estimation of the amount to be received.
- On-site revenue relates to activities and services provided to the customer on their own site, mainly cleaning services at customer installations. The transaction price can be a contracted lump-sum or is charged by applying a fixed price by hour, litre or item depending on the nature of the contract.
- Other includes charges for sundry low value packing materials, waste advisory services to customers, services to support customers with waste collection and treatment activities.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 Revenue recognition continued

The timing of payments from customers is generally aligned to revenue recognition and subject to agreed invoice terms. Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed or require an accrual for the costs of disposing of residual waste once the Group has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate. Further details relating to deferred revenue are given in note 4.9. Accrued income (unbilled revenue) at the balance sheet date is recognised at fair value based on services provided and contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable and further details are set out in 4.8.

The practical expedient available under IFRS 15 has been taken whereby any financing element of the contract has been ignored as the timing difference between the satisfaction of the obligations under the contract and the receipt of payment due under the contract are expected to be one year or less.

The Group's Private Finance Initiative/Public Private Partnership (PPP) contracts in the Municipal business line are waste management contracts which require the building of new infrastructure and all rights to the infrastructure pass to the local authority at the termination or expiry of the contract. The Group applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators. Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on having considered the extent to which the grantor (the local authority) controls the assets, over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Having considered these factors, the Group applies the 'financial asset' model to account for the infrastructure as it has an unconditional right to receive cash. The Group splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. The part of the service element which covers the obligation to undertake major refurbishments and renewals to maintain the infrastructure such that it is handed over to the local authority in good working order is known as lifecycle and is deferred and only recognised as revenue when the service is provided, further details are given in note 4.5.

The following tables show the Group's revenue from continuing operations by type of service delivered and by primary geographic markets:

Following the change in composition of reporting segments from 1 April 2020, the 2020 numbers are presented on a consistent basis with 2021 as explained in Changes in presentation in section 1.

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	Sub-total €m	Prior year disposals €m	Total €m
2021							
Inbound	**1,032.2**	**136.3**	**210.1**	**(26.3)**	**1,352.3**	**–**	**1,352.3**
Outbound	**130.4**	**46.5**	**89.7**	**(2.6)**	**264.0**	**–**	**264.0**
On-Site	**41.3**	**–**	**–**	**(0.1)**	**41.2**	**–**	**41.2**
Other	**36.7**	**–**	**1.0**	**(1.6)**	**36.1**	**–**	**36.1**
Total revenue	**1,240.6**	**182.8**	**300.8**	**(30.6)**	**1,693.6**	**–**	**1,693.6**
2020							
Inbound	1,055.1	135.1	197.0	(23.8)	1,363.4	5.5	1,368.9
Outbound	125.5	16.4	116.9	(2.4)	256.4	–	256.4
On-Site	39.2	–	–	(0.2)	39.0	72.9	111.9
Other	30.4	0.1	9.3	(1.6)	38.2	–	38.2
Total revenue	1,250.2	151.6	323.2	(28.0)	1,697.0	78.4	1,775.4

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 Revenue recognition continued

By geographic market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	Sub-total €m	Prior year disposals €m	Total €m
2021							
Netherlands	**827.9**	**140.8**	**40.7**	**(29.0)**	**980.4**	**–**	**980.4**
Belgium	**412.7**	**42.0**	**28.1**	**(1.6)**	**481.2**	**–**	**481.2**
UK	**–**	**–**	**205.5**	**–**	**205.5**	**–**	**205.5**
France	**–**	**–**	**18.9**	**–**	**18.9**	**–**	**18.9**
Other	**–**	**–**	**7.6**	**–**	**7.6**	**–**	**7.6**
Total revenue	**1,240.6**	**182.8**	**300.8**	**(30.6)**	**1,693.6**	**–**	**1,693.6**
2020							
Netherlands	811.7	138.2	41.8	(26.2)	965.5	78.4	1,043.9
Belgium	438.5	13.4	51.3	(1.8)	501.4	–	501.4
UK	–	–	197.2	–	197.2	–	197.2
France	–	–	22.7	–	22.7	–	22.7
Other	–	–	10.2	–	10.2	–	10.2
Total revenue	1,250.2	151.6	323.2	(28.0)	1,697.0	78.4	1,775.4

Revenue recognised at a point in time amounted to €1,580.3m (2020: €1,611.8m) with the remainder recognised over time. The majority of the Commercial Waste and Specialities revenue is recognised at a point in time, whereas for Mineralz & Water 55% of revenue (2020: 55%) is recognised over time.

3.2 Operating Profit

Detailed below are the key amounts recognised in arriving at the operating profit for the year:

Continuing operations	Note	2021 €m	2020 €m
Staff costs	7.1	**395.6**	424.0
Depreciation of property, plant and equipment	4.2	**74.2**	73.1
Impairment of property, plant and equipment (not included in non-trading and exceptional items)	4.2	**1.6**	1.0
Depreciation of right-of-use assets	4.3	**40.7**	32.4
Amortisation of intangible assets	4.1	**9.6**	12.8
Repairs and maintenance expenditure on property, plant and equipment		**93.4**	98.9
Net gain on disposal of property, plant and equipment		**(0.1)**	(0.8)
Expense relating to short term leases		**16.9**	17.6
Expense relating to low-value assets		**9.0**	5.2
Income from subleasing right-of-use assets		**(1.0)**	(3.5)
Non-trading and exceptional items	3.3	**29.2**	113.5
Net foreign exchange loss		**–**	0.1
Net impairment losses on trade receivables and accrued income	4.8	**4.7**	6.8

The total remuneration of the Group's auditors, BDO LLP and its associates for the year ended 31 March 2021 and PricewaterhouseCoopers LLP and its associates for the year ended 31 March 2020, for services provided to the Group during the year was:

	2021 €m	2020 €m
Audit of parent company and consolidated financial statements	**0.4**	0.4
Audit of subsidiaries pursuant to legislation	**1.2**	1.4
Audit related assurance services	**0.2**	0.1
Fees payable to the auditors pursuant to legislation	**1.8**	1.9

BDO LLP were also paid de minimis non-audit services (€400 per annum) for a software licence entered into historically. Given the value and nature these non-audit services do not present a risk to audit independence.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items. Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts arising from restructuring activities or if significant in size, profit or loss on disposal of properties or subsidiaries as these are irregular, the change in fair value of non-hedged derivatives, the impact of cancelling hedge derivatives, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions, amortisation of acquisition intangibles and one-off tax credits or charges. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results.

Exceptional items are considered individually and assessed at each reporting period.

	Note	2021 €m	2020 €m
Renewi 2.0 improvement programme		7.3	–
Merger related costs		–	16.3
Portfolio management activity:			
Prior year disposals		(2.6)	(2.2)
Loss on disposal of subsidiaries/remeasurement of assets held for sale	6.2	–	37.3
Acquisition of 100% of shares in a joint venture	6.1	–	(1.4)
2017 merger related		–	(3.9)
		(2.6)	29.8
UK Municipal contract issues		–	25.9
Other changes in long-term provisions		3.7	33.0
Other items:			
Goodwill impairment		9.5	–
Restructuring charges – non-cash impairments		5.3	–
Restructuring charges – cash		3.1	2.7
ATM soil issues		–	3.1
Income relating to fires		–	(0.1)
IAS 19 Employee benefits pension credit		–	(1.4)
		17.9	4.3
Ineffectiveness on cash flow hedges		(0.4)	(2.2)
Amortisation of acquisition intangibles	4.1	3.3	6.4
Non-trading and exceptional items in profit before tax (continuing operations)		29.2	113.5
Tax on non-trading and exceptional items		(5.4)	(9.8)
Exceptional tax charge (credit)		1.0	(2.4)
Non-trading and exceptional items in profit after tax (continuing operations)		24.8	101.3
Discontinued operations	6.4	–	18.9
Total non-trading and exceptional items in profit after tax		24.8	120.2

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 Non-trading and exceptional items continued

The non-trading and exceptional items include the following:

Renewi 2.0 improvement programme
Renewi 2.0 improvement programme is a new significant one-off business improvement project with expected capital and one-off costs of €40m over a three-year period as a result is considered to be exceptional. Following the transformational merger three years ago, the goal of the Renewi 2.0 programme is to make the Group more streamlined and more efficient and improve customer experience and increase employee engagement. The programme also includes around €4m of IT integration costs carried over from the original integration programme and now merged with the Renewi 2.0 digitisation plans. This is the first year of the programme with total costs of €7.3m of which €0.3m are recorded in cost of sales and €7.0m are recorded in administrative expenses.

Merger related costs
The prior year costs of €16.3m related to the merger of Shanks Group and Van Gansewinkel Groep in 2017 and the associated synergy delivery projects. The total cost of €16.3m was split €4.0m in cost of sales and €12.3m in administrative expenses.

Portfolio management activity
The credit of €2.6m for the prior year disposals relates to a release of a warranty provision in relation to a prior year disposal. The prior year costs related to the Reym disposal completed in October 2019, the acquisition of the 50% holding in AP4 Terra B.V. from the joint venture partner in November 2019, the release of a warranty provision in relation to a prior year disposal and a warranty settlement related to the 2017 merger. The total credit of €2.6m (2020: €29.8m charge) was all recorded in administrative expenses.

UK Municipal contract issues
During the year there has been a release of certain onerous contract provisions and increases in others with a net €nil Income Statement impact. Further details are provided in note 4.10. The prior year charge of €25.9m related to the ELWA contract which became onerous on 1 January 2020 as a result of a new Dutch tax on the import of burnable waste together with the anticipated impact of Brexit. The charge was split between an onerous contract provision of €15.5m and an impairment of €10.4m of right-of-use assets and was all charged to cost of sales.

Other changes in long-term provisions
Other changes in long-term provisions of €3.7m in the current year relates to an increase in future cash flows in a Dutch landfill as a result of a change in the discount on the long-term aftercare funds. The prior year charge of €33.0m included an increase in provisions of €17.9m due to the reduction in discount rates, principally landfill related and onerous contracts, as a result of the fall in Government bond yields. In February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and it was considered appropriate in March 2020 to recognise a provision of €15.1m which was based on the most likely outcome from our legal advisers. Further details are set out in note 4.10 and note 8.4. The charge of €3.7m (2020: €33.0m) is all recorded in cost of sales.

Other items
The goodwill impairment of €9.5m (2020: €nil) relates to the Maltha business as a result of a reduction in the expected future cash flows due to difficult market conditions, see note 4.1 for further details.

The restructuring charges in the current year relate to a Covid-19 cost action programme started in the first half to address the challenges of the pandemic. These costs are considered to be exceptional due to the total cost of the programme and the one-off nature of the circumstances. The costs of €8.4m have been reflected following the decision to close two processing lines in Belgium and some sites and business activities in the Netherlands. Of the total costs €5.3m are non-cash asset impairments.

Prior year charges included the ATM soil offset market issue, restructuring advisor fees relating to setting up the Renewi 2.0 programme, and a net credit relating to prior year fires. Following the reopening of the end market for ATM soil no further charges for logistics or storage are recorded as exceptional. The prior year IAS 19 Employee benefits credit of €1.4m related to a past service credit for the UK defined benefit pension scheme which was closed to future benefit accrual during the year together with a reduction in liabilities as a result of pension increase exchange exercises.

The total charge of €17.9m (2020: €4.3m) was split €8.4m (2020: €2.9m) in cost of sales and €9.5m (2020: €1.4m) in administrative expenses.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 Non-trading and exceptional items continued

Items recorded in finance charges and finance income

The €0.4m credit (2020: €2.2m) for ineffectiveness on cash flow hedges is in relation to the cross-currency interest rate swaps and the Cumbria PPP project interest rate swaps as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €3.3m (2020: €6.4m) is all recorded in cost of sales.

Exceptional tax charge (credit)

The exceptional tax charge of €1.0m related to changes in tax rates in the Netherlands. The prior year credit of €2.4m related to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands and changes in tax rates in the UK and the Netherlands. Where one-off tax credits or charges are deemed significant they are classified as exceptional and outside of normal tax charges.

Discontinued operations

The sale of the Canadian business was completed on 30 September 2019 and resulted in a loss on disposal of €18.9m in the prior year and further details are set out in note 6.4.

3.4 Taxation

This section details the accounting polices applied for tax, the current and deferred tax charges or credits in the year, a reconciliation of the total tax expense to the accounting result and the movements in deferred tax assets and liabilities.

Accounting policy

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements as the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

The Group operates primarily in the Netherlands, Belgium, the UK and France, all of which have their own tax legislation. Deferred tax assets and liabilities have been calculated based on the substantively enacted tax rates in the relevant jurisdictions at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Group has available tax losses, some of which have been recognised as deferred tax assets and some have not based on management's best estimate of the ability of the Group to utilise those losses.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

Income Statement

The tax charge based on the profit (loss) for the year from continuing operations is made up as follows:

	2021 €m	2020 €m
Current tax		
UK corporation tax		
– Current year	**1.4**	1.5
Overseas tax		
– Current year	**10.3**	11.4
– Adjustment in respect of the prior year	**0.7**	(1.0)
– Exceptional tax credit	**–**	(2.5)
Total current tax charge	**12.4**	9.4
Deferred tax		
– Origination and reversal of temporary differences in the current year	**(4.7)**	(8.3)
– Adjustment in respect of the prior year	**(0.5)**	–
Total deferred tax credit	**(5.2)**	(8.3)
Total tax charge for the year	**7.2**	1.1

The tax on the Group's profit (loss) for the year from continuing operations differs from the UK standard rate of tax of 19% (2020: 19%), as explained below:

	2021 €m	2020 €m
Total profit (loss) before taxation	**18.2**	(59.4)
Tax charge (credit) based on UK tax rate of 19% (2020: 19%)	**3.5**	(11.3)
Effects of:		
Adjustment to tax charge in respect of prior years	**0.2**	(1.0)
Losses taxed at overseas tax rates	**(0.1)**	(1.0)
Non-deductible (non-taxable) other items	**1.6**	(0.3)
Non-deductible (profit) loss on portfolio management activity	**(0.5)**	5.7
Non-deductible goodwill impairment	**1.8**	–
Unrecognised deferred tax assets	**(0.3)**	11.4
Exceptional charge relating to change in Netherlands tax rate	**1.0**	1.6
Exceptional credit relating to change in UK tax rate	**–**	(1.5)
Exceptional credit relating to pre-merger tax audits	**–**	(2.5)
Total tax charge for the year	**7.2**	1.1

Exceptional charge relating to changes in Netherlands tax rate

The standard Netherlands corporate income tax rate was 25% (2020: 25%). Under the corporate tax reform enacted by the Dutch government on 18 December 2018, it was stated that the rate would reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. However, in September 2019 the Dutch government announced amendments to the rates so that the rate will remain at 25% for the period ending 31 March 2021 and 21.7% for the period ending 31 March 2022 and subsequent periods. These amendments were enacted by the Dutch government on 17 December 2019. Furthermore, in September 2020 the Dutch government announced a further amendment to the rate so that the reduction to 21.7% for the period ending 31 March 2022 and subsequent periods is cancelled and the rate will remain at 25% going forward. These amendments were enacted by the Dutch government on 15 December 2020. As a result, Netherlands deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This resulted in an exceptional tax charge of €1.0m (2020: €1.6m).

Exceptional credit relating to change in UK tax rate

The rate of UK corporation tax rate changed from 20% to 19% on 1 April 2017 and legislation was included in Finance Act 2016 to reduce the rate to 17% on 1 April 2020. However, it was announced in the Chancellor's Budget of 11 March 2020 that the rate will remain at 19% and this was substantively enacted on 17 March 2020 which resulted in an exceptional tax credit of €1.5m in the prior year. Furthermore, in the Chancellor's Budget of 3 March 2021 it was announced that the rate will increase to 25% with effect from 1 April 2023. This measure had not been substantively enacted at the balance sheet date. As a result, the UK deferred tax for the year has been calculated based on the substantively enacted rate of 19% in both the current and prior year.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

Exceptional tax credit relating to pre-merger tax issues

The other exceptional tax credit of €2.5m in the prior year relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands.

Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using applicable local tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The analysis of the net deferred tax liability and the deferred tax credit in the Income Statement is as set out below:

	Balance Sheet		Income Statement	
	2021 €m	2020 €m	2021 €m	2020 €m
Retirement benefit schemes	**2.7**	(1.4)	**(0.3)**	(1.3)
Tax losses	**35.8**	33.9	**1.3**	0.4
Derivative financial instruments	**2.6**	4.7	**(0.1)**	(0.4)
Capital allowances	**(42.9)**	(43.7)	**1.0**	5.0
Other timing differences	**0.4**	(3.2)	**3.3**	4.6
At 31 March	**(1.4)**	(9.7)	**5.2**	8.3

The movement in the deferred tax balance during the year is:

	2021 €m	2020 €m
Net deferred tax liability at 1 April	**(9.7)**	(17.5)
IFRS 16 transition accounting policy change	**–**	1.7
Restated net deferred tax liability at 1 April	**(9.7)**	(15.8)
Acquisitions	**–**	(0.2)
Credited to Income Statement	**5.2**	8.3
Credited (charged) to equity	**2.0**	(2.5)
Movement in tax arising on share-based compensation	**0.3**	–
Disposals	**–**	1.0
Exchange rate changes	**0.8**	(0.5)
Net deferred tax liability at 31 March	**(1.4)**	(9.7)
Analysed in the Balance Sheet, after offset of balances within countries, as:		
Deferred tax assets	**49.5**	37.2
Deferred tax liabilities	**(50.9)**	(46.9)
Net deferred tax liability at 31 March	**(1.4)**	(9.7)

The majority of the €49.5m (2020: €37.2m) deferred tax assets and the majority of the €50.9m (2020: €46.9m) deferred tax liabilities are expected to be recovered after more than one year.

As at 31 March 2021, the Group had unused trading losses (tax effect) of €78.4m (2020: €83.1m) available for offset against future profits. Deferred tax assets have been recognised in respect of €35.8m (2020: €33.9m) of such losses and recognition is based on management's projections of future profits in the relevant companies. Certain deferred tax assets are recognised in jurisdictions that did not make material profits in 2021 and this is principally due to exceptional costs incurred in 2021 that are not expected to occur going forward. No deferred tax assets have been recognised in respect of the remaining €42.6m (2020: €49.2m) due to the uncertainty of future profit streams. Tax losses may be carried forward indefinitely in the relevant companies with the exception of the Netherlands where the losses, €20.0m (2020: €15.6m) recognised and €10.7m (2020: €13.6m) unrecognised, expire after 6 to 9 years under the currently substantively enacted legislation. Changes in future profitability will impact the recoverability of the deferred tax assets recognised in respect of losses. A 10% decrease in profitability would result in a reduction of €4m in the value of the deferred tax assets.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

In September 2020 the Dutch government announced some amendments to the loss utilisation rules. It is envisaged that losses may be carried forward indefinitely, instead of the current time limit of between 6 and 9 years (depending on the date of origin of the losses). However, the offset of tax losses against taxable income in excess of €1m is intended to be limited to a maximum of 50%. These new rules were not enacted at the balance sheet date. If enacted, these rules are not expected to materially impact the recognised portion of the deferred tax asset in relation to losses.

No liability has been recognised on the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries. This is because the Group is in a position to control the timing and method of the reversal of the differences and it is probable that such differences will not give rise to a tax liability in the foreseeable future. The total temporary difference at 31 March 2021 amounted to €226.2m (2020: €284.4m) and unrecognised deferred tax estimated to arise on the unremitted earnings is €nil (2020: €nil) which would relate to taxes payable on repatriation and dividend withholding taxes levied by overseas jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exemptions.

3.5 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year excluding shares held by the Employee Share Trust.

Diluted earnings per share is calculated by dividing profit for the year attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year plus the weighted average number of any commitments made by the Group to issue shares in the future.

Underlying basic and diluted earnings per share excludes non-trading and exceptional items, amortisation of acquisition intangibles and the change in fair value of derivatives, net of related tax. Non-trading and exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business is managed and measured on a day to day basis.

	2021			2020		
Continuing operations	**Basic**	**Dilutions**	**Diluted**	**Basic**	**Dilutions**	**Diluted**
Weighted average number of shares (million)	**795.5**	**0.7**	**796.2**	794.9	0.9	795.8
Profit (loss) after tax (€m)	**11.0**	**–**	**11.0**	(60.5)	–	(60.5)
Non-controlling interests (€m)	**0.1**	**–**	**0.1**	(0.8)	–	(0.8)
Profit (loss) after tax attributable to ordinary shareholders (€m)	**11.1**	**–**	**11.1**	(61.3)	–	(61.3)
Basic earnings (loss) per share (cents)	**1.4**	**–**	**1.4**	(7.7)	–	(7.7)

The reconciliation between underlying earnings per share and basic earnings (loss) per share is as follows:

	2021		2020	
	Cents	**€m**	**Cents**	**€m**
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**4.5**	**35.9**	5.1	40.7
Adjustments:				
Non-trading and exceptional items	**(3.7)**	**(29.2)**	(14.3)	(114.2)
Tax on non-trading and exceptional items	**0.7**	**5.4**	1.2	9.8
Exceptional tax	**(0.1)**	**(1.0)**	0.3	2.4
Basic earnings (loss) per share/Earnings (loss) after tax attributable to ordinary shareholders	**1.4**	**11.1**	(7.7)	(61.3)
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**4.5**	**35.9**	5.1	40.7
Diluted basic earnings (loss) per share/Earnings (loss) after tax attributable to ordinary shareholders	**1.4**	**11.1**	(7.7)	(61.3)

	2021		2020	
Discontinued operations	**Cents**	**€m**	**Cents**	**€m**
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**–**	**–**	0.3	2.3
Basic loss per share /Loss after tax attributable to ordinary shareholders	**–**	**–**	(2.1)	(16.6)

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES

This section contains Balance Sheet notes showing the assets and liabilities used to generate the Group's results and the related accounting policies.

4.1 Intangible assets

Accounting policy

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets at the date of acquisition and is measured at cost less accumulated impairment losses. Goodwill arising on acquisitions prior to the date of transition to IFRS (31 March 2004) has been retained at the previous UK GAAP net book value following impairment tests.

For the purpose of impairment testing, goodwill is allocated to those cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to the Income Statement and is not reversed in a subsequent period. In conducting the impairment review on goodwill and intangibles, management is required to make estimates of pre-tax discount rates, future profitability and growth rates. The pre-tax discount rates are derived from the Group's weighted average cost of capital (WACC) which takes into account capital structure of the Group, the cost of risk-free rate finance and the relative volatility of the equity of the Group compared to the market and is adjusted by management as considered appropriate for each CGU.

Landfill void represents the value of landfill capacity to deposit waste in two landfill sites in the Netherlands. The initial landfill void was capitalised at fair value on the acquisition of a Netherlands operation in 2006 and further void has been acquired in relation to the Maasvlakte landfill site in 2020 and capitalised at cost. The assets are amortised over their estimated useful life on a void usage basis and measured at cost less accumulated amortisation. The estimated remaining useful life ranges from 1 to 15 years.

Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation. They are amortised over the estimated useful life on a straight-line basis, as follows:

Contract right relating to leasehold land	Term of the lease
Contract right relating to PPP contracts in Municipal	Term of the contract
Computer software	Up to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships	Up to 14 years

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

Intangible assets are analysed as follows:

	Goodwill €m	Landfill void €m	Computer software and others €m	Acquisition related intangibles €m	Total €m
Cost					
At 1 April 2019	620.7	25.6	54.9	73.0	774.2
Additions	–	1.7	6.8	–	8.5
Acquisition through business combinations	8.4	–	–	0.7	9.1
Disposals	(4.1)	–	(2.0)	–	(6.1)
Exchange rate changes	(0.2)	–	(0.6)	–	(0.8)
At 31 March 2020	624.8	27.3	59.1	73.7	784.9
Additions	–	–	11.3	–	11.3
Disposals	–	–	(17.6)	–	(17.6)
Exchange rate changes	–	–	0.8	–	0.8
At 31 March 2021	**624.8**	**27.3**	**53.6**	**73.7**	**779.4**
Accumulated amortisation and impairment					
At 1 April 2019	68.0	19.2	39.5	41.9	168.6
Amortisation charge	–	1.4	5.0	6.4	12.8
Disposals	(4.1)	–	(2.0)	–	(6.1)
Exchange rate changes	(0.2)	–	(0.3)	–	(0.5)
At 31 March 2020	63.7	20.6	42.2	48.3	174.8
Amortisation charge	–	1.4	4.9	3.3	9.6
Impairment charge	9.5	–	–	–	9.5
Disposals	–	–	(17.4)	–	(17.4)
Exchange rate changes	–	–	0.7	–	0.7
At 31 March 2021	**73.2**	**22.0**	**30.4**	**51.6**	**177.2**
Net book value					
At 31 March 2021	**551.6**	**5.3**	**23.2**	**22.1**	**602.2**
At 31 March 2020	561.1	6.7	16.9	25.4	610.1
At 31 March 2019	552.7	6.4	15.4	31.1	605.6

The computer software and other additions of €11.3m (2020: €6.8m) related to software. The prior year goodwill acquired through business combinations of €8.4m related to ATM's acquisition of AP4 Terra B.V. and the acquisition related intangibles of €0.7m related to the acquisition of Rotie Organics with further details provided in note 6.1.

Of the total amortisation charge of €9.6m (2020: €12.8m), €3.3m (2020: €6.4m) related to acquisition related intangible assets. Of the remaining amortisation expense of €6.3m (2020: €6.4m), €1.7m (2020: €1.5m) has been charged in cost of sales and €4.6m (2020: €4.9m) has been charged in administrative expenses.

The net book value of acquisition related intangibles of €22.1m (2020: €25.4m) included customer relationships of €16.7m (2020: €19.0m) and permits of €5.0m (2020: €5.9m).

The goodwill impairment of €9.5m (2020: €nil) relates to the Maltha CGU as a result of a reduction in the expected future cash flows due to difficult market conditions.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

Goodwill impairment

Impairment testing is carried out at a cash generating unit (CGU) level on an annual basis.

As a result of the change in composition of the Groups reporting segments from 1 April 2020, as explained in section 1, the CGUs have been reassessed as follows:

- Netherlands Commercial CGU has been revised following the change of structure. The Orgaworld business, previously in the Monostreams CGU, is now included as this has been fully integrated into the Organics business activity as it has similar products, processes and customers.
- Belgium Commercial CGU is unchanged from the prior year.
- Mineralz & Water CGU is made up of the ATM and Mineralz business lines which have similar customers and acquire soil from similar sources. There is a single management team who have integrated the business lines offering a combined range of services and secondary products through one sales and commercial office.
- Specialities is made up of three business lines with attributable goodwill in relation to Maltha and Coolrec only. As the business lines generate separately identifiable cash flows the CGUs are Maltha and Coolrec. UK Municipal is a separate CGU, however it does not have any goodwill.

A summary of the closing net book values by reportable segment under the new structure at 31 March 2021 and 31 March 2020 is set out below:

	2021 €m	2020 €m
Netherlands Commercial Waste	**262.1**	262.1
Belgium Commercial Waste	**136.3**	136.3
Commercial Waste	**398.4**	398.4
Mineralz & Water	**129.5**	129.5
Specialities	**23.7**	33.2
Total goodwill	**551.6**	561.1

The Group estimates the recoverable amount of a CGU using a value in use model by projecting cash flows for the next five years together with a terminal value using a growth rate. However, given a landfill closure in Mineralz & Water CGU it is more appropriate to use a 15 year model for projecting cash flows. The five year plans used in the impairment models are based on management's past experience and future expectations of performance. They also reflect the planned changes in the CGUs as a result of restructuring programmes, the Renewi 2.0 improvement programme and actions instigated in the current year together with expected general market and economic conditions. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and underlying EBIT, taking into account the recovery from the impact of Covid-19. The forecast revenues in these models are based on management's predictions of overall market growth rates, including both volume and price. Underlying EBIT margin is the average EBIT margin as a percentage of revenue over the five year forecast period. The pre-tax discount rate reflects the Group's assessment of the risks related to the CGUs and the countries in which they operate.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

Goodwill impairment continued

For each of the material CGUs, the key assumptions used in the value in use calculations are shown below with 2021 reflecting the CGUs in existence from 1 April 2020 post the change in composition of the reporting segments. The 2020 values relate to the CGUs in existence at 31 March 2020.

2021	Netherlands Commercial Waste	Belgium Commercial Waste	Mineralz & Water
Revenue (% annual growth rate from year 1 to year 5)	2.3%	2.5%	1.1%
Underlying EBIT margin (average % of revenue for years 1 to year 5)	6.5%	5.8%	10.2%
Long-term growth rate	2.0%	2.0%	2.0%
Pre-tax discount rate	8.5%	8.8%	8.5%

2020	Netherlands Commercial Waste	Belgium Commercial Waste	Hazardous Waste	Monostreams
Revenue (% annual growth rate from year 1 to year 5)	5.9%	7.4%	8.6%	3.9%
Underlying EBIT margin (average % of revenue for years 1 to year 5)	5.8%	4.9%	9.3%	6.4%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	8.3%	8.4%	8.3%	8.5%

The long-term growth rate of 2% has been applied as this is deemed to represent the long-term growth rate for the industry and in the countries in which the Group operates. The annual revenue growth rates reported in 2020 were exceptionally high due to year one of the modelling being based on lower revenue projections which were significantly impacted by Covid-19 with a gradual return to normal levels in the outer years. Consequently the 2021 annual revenue growth rates are lower as year one of the modelling assumes a return to pre Covid-19 revenue levels.

The impairment charge of €9.5m in the year relates to the Maltha business line in Specialities division. Maltha specialises in glass recycling focused primarily on recycling flat and container glass into cullet and glass powder for re-use in the glass industry. The Group owns 67% of the business line with the remaining 33% non-controlling interest owned by Owens-Illinois. A value in use model was prepared based on the latest five year plan with a long-term growth rate of 1% impacted by a decline in the glass market which has been particularly adversely impacted by Covid-19. The pre-tax discount rate of 9.3% was higher than other CGUs due to different tax jurisdictions. This resulted in a recoverable amount of €36m based on 100% of the Maltha value in use for which an impairment of €9.5m has been reflected.

Sensitivity to changes in assumptions

The Group performs sensitivity analysis of the impairment testing by considering reasonable changes in the key assumptions used. For the Commercial Waste, Mineralz & Water and Coolrec CGUs a change in discount rate of 1% demonstrated that there is still appropriate headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge. For the Maltha CGU a further decline in profit by 10% in each year would lead to a further impairment of €3m.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.2 Property, plant and equipment

Accounting policy

Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Freehold land is not depreciated. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Where a government grant has been received in relation to an item of capital expenditure it is generally deducted from the carrying amount of the asset purchased once all the conditions have been met. However, where the grant has been received and the conditions of the grant have not been fully met then the government grant is recognised as a liability at the value of the cash received and is subsequently transferred to the asset once all conditions are fully met.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided to write off cost (less the expected residual value) on a straight-line basis over the expected useful economic lives as follows:

Buildings	Up to 30 years
Landfill site development costs including engineering works	Up to 30 years (over the operational life of the site)
Plant and installations	Up to 20 years
Trucks, cars and service vehicles	Up to 12 years
Other items of plant and machinery	Up to 15 years
Computer equipment	Up to 5 years
Fixtures and fittings	Up to 10 years

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.2 Property, plant and equipment continued

Property, plant and equipment are analysed as follows:

	Land and buildings €m	Landfill sites €m	Plant and machinery €m	Total €m
Cost				
At 31 March 2019	465.6	67.8	795.8	1,329.2
IFRS 16 transition accounting policy change	(4.4)	–	(46.6)	(51.0)
At 1 April 2019 – restated	461.2	67.8	749.2	1,278.2
Additions	7.5	2.3	55.8	65.6
Acquisition through business combinations	5.0	–	3.9	8.9
Disposals	(10.8)	–	(35.7)	(46.5)
Reclassifications	2.0	(1.6)	(0.4)	–
Exchange rate changes	(0.2)	–	(0.1)	(0.3)
At 31 March 2020	464.7	68.5	772.7	1,305.9
Additions	11.7	–	49.4	61.1
Disposals	(2.3)	(0.1)	(89.6)	(92.0)
Reclassifications	2.2	–	–	2.2
Exchange rate changes	0.3	–	0.2	0.5
At 31 March 2021	**476.6**	**68.4**	**732.7**	**1,277.7**
Accumulated depreciation and impairment				
At 31 March 2019	137.7	49.1	513.3	700.1
IFRS 16 transition accounting policy change	(0.5)	–	(15.0)	(15.5)
At 1 April 2019 – restated	137.2	49.1	498.3	684.6
Depreciation charge	15.2	1.4	56.5	73.1
Impairment charge	0.7	–	1.0	1.7
Disposals	(5.6)	–	(31.6)	(37.2)
Reclassifications	2.5	(0.1)	(2.4)	–
Exchange rate changes	(0.2)	–	(0.1)	(0.3)
At 31 March 2020	149.8	50.4	521.7	721.9
Depreciation charge	14.9	1.8	57.5	74.2
Impairment charge	2.5	–	3.7	6.2
Disposals	(2.0)	(0.1)	(85.9)	(88.0)
Reclassifications	2.2	–	–	2.2
Exchange rate changes	0.3	–	0.2	0.5
At 31 March 2021	**167.7**	**52.1**	**497.2**	**717.0**
Net book value				
At 31 March 2021	**308.9**	**16.3**	**235.5**	**560.7**
At 31 March 2020	314.9	18.1	251.0	584.0
At 1 April 2019 – restated	324.0	18.7	250.9	593.6

Depreciation expense of €71.8m (2020: €70.8m) has been charged in cost of sales and €2.4m (2020: €2.3m) in administrative expenses.

The impairment charge of €6.2m (2020: €1.7m) relates mainly to a Covid-19 cost action programme to address the challenges of the pandemic, resulting in the actual and planned closure of processing lines and sites in the Commercial Division in both Belgium and the Netherlands which have resulted in asset impairments. The prior year charge of €1.7m included €1.0m in the Commercial division in both the Netherlands and Belgium and €0.7m in relation to the Specialities division principally relating to part of the business that has been closed down. The impairment charge of €6.2m (2020: €1.7m) has been charged to cost of sales.

Included within the net book value of property, plant and equipment of €560.7m (2020: €584.0m) are assets under construction of which €18.1m (2020: €7.5m) is plant and machinery and €6.2m (2020: €2.0m) is land and buildings. The net book value of plant and machinery of €235.5m (2020: €251.0m) includes €106.0m (2020: €108.7m) of plant and installations, €60.5m (2020: €70.4m) of machinery and €63.3m (2020: €66.2m) of containers.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 Right-of-use assets

Accounting policy

Right-of-use assets are recognised at the lease liability commencement date and are initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those in property, plant and equipment. The lease liability is remeasured when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase extension or termination option or if there is a revision to fixed lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. The Group leases out a limited number of right-of-use assets which are classified as operating leases from a lessor perspective with the exception of one sub-lease which is classified as a finance sub-lease.

Right-of-use assets are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable following the same approach as property, plant and equipment as stated in note 4.2.

Right-of-use assets are analysed as follows:

	Land and buildings €m	Plant and machinery €m	Total €m
Cost			
Reclassifications from property, plant and equipment	3.9	31.6	35.5
Right-of-use assets on transition	101.1	45.9	147.0
At 1 April 2019 – restated	105.0	77.5	182.5
Additions/modifications	3.7	58.1	61.8
Acquisition through business combinations restated*	22.5	–	22.5
Disposals	–	(1.3)	(1.3)
Exchange rate changes	(0.5)	–	(0.5)
At 31 March 2020 restated*	130.7	134.3	265.0
Additions/modifications	16.0	44.9	60.9
Disposals	(0.3)	(3.4)	(3.7)
Derecognition of right-of-use assets into a finance sub-lease	(0.4)	–	(0.4)
Reclassifications	(2.3)	2.3	–
Exchange rate changes	0.6	0.2	0.8
At 31 March 2021	**144.3**	**178.3**	**322.6**
Accumulated depreciation and impairment			
Impairment of right-of-use assets on transition	6.1	1.1	7.2
At 1 April 2019 – restated	6.1	1.1	7.2
Depreciation charge	9.5	22.9	32.4
Impairment charge	9.7	0.7	10.4
Disposals	–	(0.4)	(0.4)
Exchange rate changes	(0.5)	–	(0.5)
At 31 March 2020	24.8	24.3	49.1
Depreciation charge	9.8	30.9	40.7
Impairment charge	0.2	1.6	1.8
Disposals	(0.3)	(3.3)	(3.6)
Reclassifications	(0.6)	0.6	–
Exchange rate changes	0.6	0.2	0.8
At 31 March 2021	**34.5**	**54.3**	**88.8**
Net book value			
At 31 March 2021	**109.8**	**124.0**	**233.8**
At 31 March 2020	105.9	110.0	215.9
At 1 April 2019	98.9	76.4	175.3

*The comparatives have been restated due to a prior year adjustment relating to an acquisition through business combinations as explained in section 1.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 Right-of-use assets continued

Depreciation expense of €33.0m (2020: €26.4m) has been charged in cost of sales and €7.7m (2020: €6.0m) in administrative expenses.

The impairment charge of €1.8m (2020: €10.4m) relates mainly to UK Municipal where lease contracts were entered into in relation to onerous contracts requiring the immediate impairment of the associated assets with the remainder in Netherlands Commercial relating to the Covid-19 cost action programme. The prior year charge related to the UK Municipal ELWA contract which became onerous on 1 January 2020.

The net book value of plant and machinery right-of-use assets includes €3.4m (2020: €4.5m) of plant and installations, €105.0m (2020: €93.3m) of machinery including trucks and €15.3m (2020: €11.7m) of company cars.

4.4 Investments and loans to associates and joint ventures

Accounting policy

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in Other Comprehensive Income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group.

For the other unlisted investments the Group made an irrevocable election to classify these at fair value through other comprehensive income rather than profit or loss because this is considered to be more appropriate for these strategic investments. They were initially recorded at fair value and then remeasured at subsequent reporting dates with the unrealised gains and losses recognised in Other Comprehensive Income.

Short term investments are measured at fair value through profit or loss with unrealised gains and losses recognised in the Income Statement.

Loans to joint ventures and associates are measured at amortised cost and where appropriate a 12-month expected credit loss allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk the allowance is increased to reflect the full lifetime expected credit loss.

Key judgement

The Group has a 50.001% interest in the joint venture Wakefield Waste Holdings Limited however the Group does not have control as each partly jointly controls the entity and as a result it is appropriate to equity account.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.4 Investments and loans to associates and joint ventures continued

The carrying amount of investments and loans to associates and joint ventures are as follows:

	Loans	Investments				
	Loans to associates and joint ventures €m	Joint ventures €m	Associates €m	Other unlisted investments €m	Short term investments €m	Total investments €m
At 31 March 2019	0.9	4.2	7.0	4.7	5.9	21.8
Acquired	–	0.1	1.7	–	–	1.8
Additions	–	–	–	–	2.4	2.4
Share of retained (losses) profits	–	(0.1)	1.0	–	–	0.9
Dividend income	–	(0.1)	(0.5)	–	–	(0.6)
Fair value adjustment on cash flow hedges	–	–	0.2	–	–	0.2
Fair value movement on short term investments	–	–	–	–	(0.2)	(0.2)
Disposal	–	(2.6)	–	–	–	(2.6)
At 31 March 2020	0.9	1.5	9.4	4.7	8.1	23.7
Additions	–	–	1.1	–	0.8	1.9
Share of retained profits	–	0.9	0.7	–	–	1.6
Dividend income	–	(0.5)	(1.1)	–	–	(1.6)
Fair value adjustment on cash flow hedges	–	–	0.3	–	–	0.3
Fair value movement on short term investments	–	–	–	–	0.4	0.4
Reclassification	–	–	0.1	(0.1)	–	–
Exchange rate changes	–	–	0.2	–	–	0.2
At 31 March 2021	**0.9**	**1.9**	**10.7**	**4.6**	**9.3**	**26.5**

The loans to associates and joint ventures of €0.9m (2020: €0.9m) are current. Total investments are split €9.3m current (2020: €8.1m) and €17.2m non-current (2020: €15.6m).

The associates acquired in the prior year related to a 32% stake in RetourMatras B.V., a mattress recycler by the Netherlands Commercial division and a further investment of €1.1m has been added in the current year.

Where investments in joint ventures are held at €nil as the Group’s share of losses exceeds the carrying amount, the Group’s share of profits in the year was €1.8m (2020: €2.4m loss) and cumulatively losses of €2.0m (2020: €3.8m) are unrecognised.

Where the associate or joint venture holds non-recourse PPP debt there is a restriction on payment of dividends, which is due to the terms of the financing facility agreements and as such requires lender approval.

Details of joint ventures and associated investments are shown in note 8.1. No joint venture or associate is considered individually material to the Group for further disclosure.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.5 Financial assets relating to PPP contracts

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK PPP Municipal contracts.

Accounting policies and key judgements

Financial assets relating to PPP contracts are classified as financial assets at amortised cost and are initially recognised at the fair value of consideration receivable and subsequently at amortised cost. These service concession arrangements under IFRIC 12 represent the present value of the future cash flows of the contract. These cash flows are dependent on, amongst other things, tonnages, indexation, recycling rates and labour costs.

The IFRS 9 general approach is applied in relation to expected credit loss which requires an allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the financial asset. The UK Municipal division has entered into PPP long-term waste management contracts with local authorities which include the infrastructure capital costs. UK local authorities have historically enjoyed a strong credit profile with the capacity to meet financial commitments and none have ever defaulted. These financial assets are assessed to have low credit risk based on low risk of default, the vital nature of the service being provided, strong financial capacity to meet contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the local authority's ability to fulfil its obligations.

UK PPP contracts

The Group is the operator for one class of service concession arrangements, that of the provision of waste treatment and waste treatment facilities, and these are classified as service concession arrangements in accordance with IFRIC. If the Group underperforms, including failure to divert waste from landfill, the contract can be terminated before the end of its term.

The Group's UK PPP arrangements relate to the construction and operation of waste management facilities for local authorities and at the end of the concession arrangement the facility will be handed over to the local authority. The building of the facilities was governed by the engineer, procure and construct contract entered into by the Group at that time. The construction work was undertaken by third party contractors with drawdowns of financing from the UK PPP funders used to pay the subcontractor for the construction works. The Group considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acted as agent or principal during the construction phase. On the basis that the construction contractor was known to the local authority at the date of financial close and in view of the negligible credit risk taken by the Group, on balance, despite some overall risk residing with the Group for delivery of services, the Group acted as agent versus principal in the provision of construction services.

In light of these conclusions and the historic presentation of the revenue and costs associated with the construction services net in the Income Statement, we consider that the most appropriate classification of the PPP non-recourse debt cash flows in the Statement of Cash Flows is as financing outflows and capital received in relation to PPP financial assets as investing cash flows and not as operating cash flows. This classification has been consistently applied to all periods presented in the financial statements.

Other information for PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2021.

Contract	Financial close	Full-Service Commencement	Contract Expiry	Interests in Special Purpose Vehicle
Argyll & Bute	September 2001	April 2003	September 2026	Renewi: 100%
Cumbria	June 2009	April 2013	June 2034	Renewi: 100%
Wakefield	January 2013	December 2015	February 2038	Renewi: 50.001% Equitix Infrastructure 4 Limited: 49.999%
Barnsley, Doncaster and Rotherham	March 2012	July 2015	June 2040	Renewi: 100%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% JLEN Environmental Assets Group (UK) Limited: 80%

On 12 October 2020 the Group acquired the remaining 25% holding in 3SE (Barnsley, Doncaster & Rotherham) Holdings Limited and this entity is now wholly owned by the Group. There have been no changes to the other arrangements during the year ended 31 March 2021. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 54 to 58 of the Specialities operating review.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.5 Financial assets relating to PPP contracts continued

The movements in financial assets during the year are as follows:

	€m
At 1 April 2019	155.8
Income recognised in the Income Statement: Interest Income (note 5.4)	9.5
Advances	1.6
Repayments	(15.1)
Exchange rate changes	(4.0)
At 31 March 2020	147.8
Income recognised in the Income Statement: Interest Income (note 5.4)	9.0
Advances	1.9
Repayments	(15.0)
Exchange rate changes	5.4
At 31 March 2021	**149.1**
Current	**6.7**
Non-current	**142.4**
At 31 March 2021	**149.1**
Current	6.0
Non-current	141.8
At 31 March 2020	147.8

At 31 March 2021 and 2020 there was no expected credit loss allowance recorded in relation to the financial assets relating to PPP contracts as explained in note 5.7.

The table below reconciles the financial asset repayments to the Statement of Cash Flows:

	2021 €m	2020 €m
Capital received in respect of PPP financial assets included in cash flows from investing activities	**5.1**	4.7
Interest in relation to PPP financial assets included in finance income in cash flows from investing activities	**9.9**	10.4
	15.0	15.1

4.6 Capital commitments

	2021 €m	2020 €m
Contracts placed for future intangible assets	**4.1**	3.5
Contracts placed for future capital expenditure on property, plant and equipment	**15.0**	12.0
Contracts placed for future right-of-use assets	**8.2**	12.3
Contracts placed for future capital expenditure on financial assets	**0.3**	0.1

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.7 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

Inventories are analysed as follows:

	2021 €m	2020 €m
Raw materials and consumables	**12.7**	14.2
Finished goods	**7.9**	6.5
	20.6	20.7

In the current year there was a write down of €1.1m (2020: €0.6m) of inventories to net realisable value. This included €0.8m (2020: €0.4m) in the Commercial Waste division and €0.2m (2020: €0.2m) in Specialities. The charge was recognised as a cost of sale with €0.2m (2020: €0.6m) recognised as an exceptional cost of sale.

4.8 Trade and other receivables

Accounting policy

Trade receivables and accrued income do not carry interest and are initially recognised at fair value and are subsequently measured at amortised cost net of impairment loss allowances. Accrued income relates to the Group's rights to consideration for work completed but not billed at the reporting date until they become unconditional, at which point they are transferred to trade receivables. Unbilled amounts arise when revenue is recognised prior to an invoice being raised to the customer; typically, this arises when supporting documentation is required to be delivered with the invoice, the invoice needs to be agreed with the customer prior to issue or revenue is recognised over time with the invoice only raised on completion of all the performance obligations.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected allowance for all trade receivables and accrued income. The ECL on trade receivables and accrued income is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current and forecast conditions at the reporting date. To measure the ECL, trade receivables and accrued income have been assessed by division and grouped based on ageing. Accrued income relates to unbilled services provided and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income. In addition as a result of Covid-19, in the current year outstanding trade receivables and accrued income have been reviewed on a detailed customer by customer basis taking into account the sector in which they operate, the available government support and the likelihood of default, which has resulted in an overall increase in the ECL. The Group has not yet seen a marked increase in trade receivable write offs given the ongoing Government support in all territories, however when the support comes to an end it is expected that the number of bankruptcies will increase. The expected loss rates are based on the payment profiles of revenue and the corresponding historical credit losses experienced. For receivables other than trade receivables and accrued income the general approach under IFRS 9 is applied which requires an ECL allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the receivable.

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a regular basis and the trade receivables subject to these arrangements are derecognised. For the trade receivables derecognised the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, therefore the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards. This is determined by the extent to which the Group remains exposed to any remaining late payment risk and is included within trade receivables and other payables. The Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure.

Other receivables includes amounts recoverable under invoice finance arrangements from the third party which are classified at fair value through profit and loss as they are held within a business model, the objective of which is to sell contractual cash flows. Amounts owed under leases where the Group is the lessor and the terms of the lease meet the definition of a finance lease are also classified as other receivables.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.8 Trade and other receivables continued

Trade and other receivables are analysed as follows:

	2021 €m	2020 €m
Non-current assets		
Deferred consideration	–	0.1
Other receivables	1.0	–
Prepayments	3.1	3.0
	4.1	3.1
Current assets		
Trade receivables	155.0	190.4
Accrued income	83.4	68.0
Expected credit loss allowance	(25.9)	(22.4)
Trade receivables and accrued income – net	212.5	236.0
Deferred consideration	0.2	0.5
Other receivables	18.7	20.5
Prepayments	16.3	15.4
	247.7	272.4

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021 €m	2020 €m
Euro	214.3	238.3
Sterling	37.5	37.2
	251.8	275.5

As at 31 March 2021 the total value of trade receivables subject to the invoice finance facilities was €90.9m (2020: €107.5m), the Group recognises the continuing involvement carrying amount in trade receivables of €0.3m (2020: €0.4m) and therefore the net amount of transferred assets was €90.6m (2020: €107.1m). The carrying amount of the associated liability is €0.3m (€2020: €0.4m). The Group considers that the carrying amount of the continuing involvement asset and related liability equals the fair value.

Included within other receivables is €9.5m (2020: €10.8m) being the amount owed to the Group from the financial institutions providing the facilities and represents the portion of the receivable that has been sold that is not advanced but is covered by credit insurance. This classification also includes €1.1m (2020: €nil) relating to the net investment in leases where the Group acts as lessor of which €1.0m is non-current and €0.1m is current. No financial assets within other receivables were impaired in the current or prior year.

The expected credit loss allowance for trade receivables and accrued income is equivalent to 11% (2020: 9%) of gross trade receivables and accrued income and the movement in the loss allowance is shown below:

	2021 €m	2020 €m
At 1 April	22.4	18.1
Charged to Income Statement	4.7	6.8
Utilised	(1.0)	(2.4)
Reclassification	(0.8)	–
Exchange rate changes	0.6	(0.1)
At 31 March	25.9	22.4

The expected credit loss allowance includes €15.3m (2020: €14.7m) in relation to 100% of the gross receivable balance for the receivables relating to the terminated Derby contract in the UK Municipal business line within Specialities. There has been no change in the value of this loss allowance with the increase from 2020 to 2021 representing a movement in foreign exchange. For both March 2021 and March 2020 this receivable is included in the category of more than 180 days past due.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.8 Trade and other receivables continued

The expected credit loss allowance for trade receivables and accrued income is as follows:

31 March 2021	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate %	2%	9%	17%	95%	11%
Gross carrying amount (€m)	209.0	4.5	3.5	21.4	238.4
Expected credit loss allowance (€m)	4.6	0.4	0.6	20.3	25.9
31 March 2020					
Expected loss rate %	1%	7%	19%	71%	9%
Gross carrying amount (€m)	216.8	8.6	6.5	26.5	258.4
Expected credit loss allowance (€m)	1.9	0.6	1.2	18.7	22.4

The decrease in receivables in the Statement of Cash Flows of €25.1m differs to the balance sheet movement of €23.7m by €1.4m mainly as a result of foreign exchange and finance costs prepayments.

4.9 Trade and other payables and other non-current liabilities

Accounting policy

Trade and other payables are not interest bearing and are measured initially at fair value and subsequently held at amortised cost.

Where a government grant has been received in relation to an item of capital expenditure it is generally deducted from the carrying amount of the asset purchased once all relevant conditions, such as completion of the project and an independent audit of costs, have been met. In circumstances where the grant has been received and all conditions of receipt have not been met the government grant is recognised as a liability at the value of the cash received. On satisfaction of all conditions it is subsequently transferred to plant and equipment.

Trade and other payables and other non-current liabilities are analysed as follows:

	2021 €m	2020 €m
Non-current liabilities		
Other tax and social security payables	**49.5**	–
Other payables	**–**	3.1
Deferred revenue	**4.1**	4.0
Government grants	**0.8**	–
	54.4	7.1
Current liabilities		
Trade payables	**136.8**	183.5
Accruals and other payables	**308.2**	245.4
Other tax and social security payables	**49.7**	54.3
Deferred revenue	**50.2**	51.1
Government grants	**1.3**	–
	546.2	534.3

The non-current other tax and social security payables relate principally to the Dutch government tax deferrals in relation to Covid-19 which is repayable in 36 instalments starting from October 2021.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.9 Trade and other payables and other non-current liabilities continued

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2021 €m	2020 €m
Euro	**538.5**	469.4
Sterling	**62.1**	72.0
	600.6	541.4

Deferred revenue primarily relates to waste received or collected which has not yet been processed in accordance with the performance obligations of the contracts with customers. At each month end the amount of unprocessed waste is determined and there is an adjustment to revenue with a corresponding credit to deferred revenue. Additionally, in the Municipal business line within Specialities deferred revenue relates to the service element of the PPP contracts known as lifecycle as explained in note 3.1. Of the deferred revenue recognised at 31 March 2020 of €55.1m (2019: €54.4m), €48.0m (2020: €42.2m) has been recognised in revenue during the year ended 31 March 2021.

The increase in payables in the Statement of Cash Flows of €57.1m differs to the balance sheet movement of €59.2m by €2.1m as a result of capital creditors, foreign exchange, borrowings from non-controlling interest, interest accruals and repayment of the Municipal non-controlling interest loan.

4.10 Provisions

Accounting policy

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. A discount is applied to recognise the time value of money and is unwound over the life of the provision. The discount rates are reviewed at each year end with consideration given to relevant market rates and whether they are an appropriate proxy for a risk-free rate. The unwinding of the discount to present value is included within finance costs.

The Group's policies on provisions for specific areas are:

- Site restoration and aftercare provisions are recognised at the net present value (NPV) of the estimated future expenditure required to settle the Group's restoration and aftercare obligations at its landfill and mineral extraction sites. Full provision is made for the Group's unavoidable costs in relation to restoration liabilities. Provision is made for the NPV of post closure costs (aftercare) as the aftercare liability arises. Costs are charged to the Income Statement based on the quantity of waste deposited in the year or recognised as a landfill site asset within property, plant and equipment and depreciated over the operational period of the site.
- Onerous contract provisions are recognised at the NPV of the future cash flows when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.
- Legal and warranty provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The value of the provision is management's best estimate of the expenditure required to settle the present obligation based on the most likely outcome.
- Provisions for restructuring costs are recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 Provisions continued

Provisions are analysed as follows:

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 31 March 2019	138.9	94.9	–	7.6	29.9	271.3
IFRS 16 transition accounting policy change	–	(6.0)	–	–	–	(6.0)
At 1 April 2019 – restated	138.9	88.9	–	7.6	29.9	265.3
Provided in the year	0.3	16.1	19.8	3.4	3.3	42.9
Released in the year	–	(0.1)	(4.3)	(0.7)	(2.9)	(8.0)
Adjustment as a result of the change in discount rate (note 3.3)	11.6	5.1	–	–	1.2	17.9
Finance charges – unwinding of discount (note 5.4)	4.4	3.2	–	–	0.1	7.7
Utilised in the year	(2.4)	(20.6)	(0.6)	(6.0)	(3.0)	(32.6)
Reclassifications	–	–	10.4	–	(10.4)	–
Exchange rate changes	–	(2.9)	(0.1)	–	(0.1)	(3.1)
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1
Provided in the year	5.7	17.4	3.2	5.9	7.2	39.4
Released in the year	(1.1)	(15.8)	(2.4)	(1.0)	(0.8)	(21.1)
Finance charges – unwinding of discount (note 5.4)	3.7	2.4	–	–	0.2	6.3
Utilised in the year	(3.7)	(15.6)	(0.3)	(5.4)	(1.6)	(26.6)
Exchange rate changes	0.2	2.8	–	–	0.2	3.2
At 31 March 2021	**157.6**	**80.9**	**25.7**	**3.8**	**23.3**	**291.3**
Current	**8.4**	**11.0**	**7.3**	**3.8**	**8.2**	**38.7**
Non-current	**149.2**	**69.9**	**18.4**	**–**	**15.1**	**252.6**
At 31 March 2021	**157.6**	**80.9**	**25.7**	**3.8**	**23.3**	**291.3**
Current	5.1	16.5	8.0	4.3	3.8	37.7
Non-current	147.7	73.2	17.2	–	14.3	252.4
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1

During the year for UK Municipal onerous contracts, strong operational execution and improvements in recyclate and offtake outlooks have resulted in a significant reduction in the onerous contract provision for ELWA. On the other hand it has been necessary to increase the Wakefield provision, where the Council has not yet given approval to our proposals to reduce or reconfigure certain operations so as to save money for both parties and to improve the environmental footprint of the South Kirby facility.

Site restoration and aftercare

The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. The site restoration provisions at 31 March 2021 relate to the cost of final capping and covering of the landfill and mineral extraction sites. These site restoration costs are expected to be paid over a period of up to 31 years from the balance sheet date. However, the timing of the payments is not certain and has been estimated based on management's latest expectations. Aftercare provisions cover post-closure costs of landfill sites which include such items as monitoring, gas and leachate management and licensing. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site. All site restoration and aftercare costs have been estimated by management based on current best practice and technology available and may be impacted by a number of factors including changes in legislation and technology.

Onerous contracts

Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. Onerous contracts are provided for at the lower of the NPV of either exiting the contracts or fulfilling our obligations under the contracts. The provisions have been calculated on the best estimate of likely future cash flows over the contract term based on the latest budget and five year plan projections, including assumptions on tonnage inputs, plant performance with efficiency improvements, off-take availability and recyclates pricing. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 Provisions continued

Legal and warranty

Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements. The Group considers each warranty provision based on the nature of the business disposed of and the type of warranties provided with judgement used to determine the most likely obligation.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and a provision of €15.1m has been recognised in both the current year and the prior year as non-current as timing of any cash flow is expected to be after 12 months from the balance sheet date. The matter remains ongoing and based on legal advice management consider this value to be their best estimate of the potential exposure based on the most likely outcome. Further contingent liability information is provided in note 8.4.

Restructuring

The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives including the Covid-19 cost action programme. As at 31 March 2021 the provision is expected to be spent in the following twelve months as affected employees leave the business.

Other

Other provisions includes dilapidations €8.7m (2020: €7.4m), long-service employee awards €6.0m (2020: €5.6m) and other environmental liabilities €8.6m (2020: €5.1m). The dilapidations provisions are determined on a site by site basis using internal expertise and experience and are calculated as the most likely cash outflow at the end of the contracted obligation. The provisions will be utilised over the period up to 2070.

Sensitivities

Landfill related provisions in the Netherlands and Belgium have been discounted at a real discount rate of 0.49% (2020: 0.49%). The impact of a 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €9m (2020: €9m).

Onerous contracts relating to the Municipal business line within the Specialities Division have been discounted at a real rate of 0.98% (2020: 0.98%). A 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €3m (2020: €3m). In addition to a change in discount rate, the provisions are sensitive to achievement of improvement initiatives and the impact of future recyclate prices. We have based our assumptions for recyclate prices on recently observed prices, with improvements factored in over time. Market prices for recyclates tend to be cyclical in nature and there is uncertainty as to when or if prices in the UK will recover to levels observed in previous years. This uncertainty over pricing recovery could lead to an increase or reduction in the onerous contract provisions of around €4m.

SECTION 5. CAPITAL STRUCTURE AND FINANCING

This section outlines how the Group manages its capital structure and related financing costs. It includes cash, borrowings, derivatives and the equity of the Group. The instruments in place enable the Group to maintain the required capital structure in order to finance the activities both now and in the future.

Total net debt reflects the Group's cash and cash equivalents and borrowings including IFRS 16 lease liabilities and PPP non-recourse net debt. Net debt for covenant reporting includes cash and cash equivalents, and finance leases previously reported under IAS 17 but excludes additional lease liabilities reported under IFRS 16 and the non-recourse net debt relating to the UK PPP contracts.

5.1 Movement in total net debt

2021	Restated* At 1 April 2020 €m	Cash flows €m	Other non-cash changes €m	Exchange movements €m	At 31 March 2021 €m
Bank loans and overdrafts	(437.9)	260.0	(1.0)	(5.9)	**(184.8)**
European private placements	(24.6)	–	(0.1)	–	**(24.7)**
Retail bonds	(174.3)	–	(0.2)	–	**(174.5)**
Lease liabilities	(226.6)	40.4	(60.9)	(0.7)	**(247.8)**
Debt excluding PPP non-recourse debt	(863.4)	300.4	(62.2)	(6.6)	**(631.8)**
PPP non-recourse net debt	(90.0)	5.4	–	(3.2)	**(87.8)**
Total debt	(953.4)	305.8	(62.2)	(9.8)	**(719.6)**
Cash and cash equivalents	194.5	(142.5)	–	(0.5)	**51.5**
Total net debt	(758.9)	163.3	(62.2)	(10.3)	**(668.1)**

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

2020	At 1 April 2019 €m	Adjustment for change in accounting policy €m	Cash flows €m	Other non-cash changes €m	Restated* Acquired/ Disposed of €m	Exchange movements €m	Restated* At 31 March 2020 €m
Bank loans and overdrafts	(355.0)	–	(78.3)	0.7	–	(5.3)	(437.9)
European private placements	(24.5)	–	–	(0.1)	–	–	(24.6)
Retail bonds	(199.6)	–	25.0	0.3	–	–	(174.3)
Lease liabilities	(23.3)	(155.4)	36.2	(61.8)	(22.7)	0.4	(226.6)
Debt excluding PPP non-recourse debt	(602.4)	(155.4)	(17.1)	(60.9)	(22.7)	(4.9)	(863.4)
PPP non-recourse net debt	(95.4)	–	2.9	–	–	2.5	(90.0)
Total debt	(697.8)	(155.4)	(14.2)	(60.9)	(22.7)	(2.4)	(953.4)
Cash and cash equivalents	50.4	–	156.0	–	(13.0)	1.1	194.5
Total net debt	(647.4)	(155.4)	141.8	(60.9)	(35.7)	(1.3)	(758.9)

*The comparatives relating to lease liabilities acquired have been restated due to a prior year adjustment as explained in section 1.

	2021 €m	Restated* 2020 €m
Net (decrease) increase in cash and cash equivalents excluding cash relating to acquisitions and disposals	**(142.5)**	156.0
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**–**	(13.0)
Net (decrease) increase in cash and cash equivalents	**(142.5)**	143.0
Net decrease (increase) in borrowings and lease liabilities	**305.8**	(14.2)
Lease liabilities acquired as part of acquisitions	**–**	(22.7)
Total cash flows in net debt	**163.3**	106.1
Adjustment for change in accounting policy (IFRS 16 transition)	**–**	(155.4)
Lease liabilities entered into during the year	**(60.9)**	(61.8)
Capitalisation of loan fees	**0.2**	2.2
Amortisation of loan fees	**(1.5)**	(1.3)
Exchange loss	**(10.3)**	(1.3)
Movement in net debt	**90.8**	(111.5)
Total net debt at beginning of year	**(758.9)**	(647.4)
Total net debt at end of year	**(668.1)**	(758.9)

*The comparatives relating to lease liabilities acquired as part of acquisition have been restated due to a prior year adjustment as explained in section 1.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.2 Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash balances, money market funds and call deposits with a maturity of three months or less and are measured at amortised cost.

Money market funds are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified at fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Cash and cash equivalents are analysed as follows:

	2021 €m	2020 €m
Cash at bank and in hand	**51.5**	94.5
Money market funds	**–**	100.0
	51.5	194.5

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2021 €m	2020 €m
Euro	**41.1**	183.2
Sterling	**10.2**	11.1
Canadian Dollar	**0.2**	0.2
	51.5	194.5

5.3 Borrowings

Accounting policy

Retail bonds and bank borrowings

Interest bearing loans and retail bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs. When the Group exchanges one debt instrument for another one with an existing lender and with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms calculated using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Lease liabilities

Lease liabilities are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. The Group leases various real estate properties and items of plant, machinery and trucks for normal business operations across the divisions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

For new contracts entered into the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

The lease liability is initially measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, which is determined based on interest rates from various external financing sources and adjusted to reflect the terms of the lease and type of leased asset. The incremental borrowing rate is reassessed on a regular basis. The exercise price of any purchase options are only included in the carrying value if the Group can assess with reasonable certainty that the option would be exercised.

The lease liability is subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a rise in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group has applied the exemption not to recognise a right-of-use asset and a lease liability where the leased assets are of a low value determined as being below €5,000 when new or when the lease duration is for 12 months of less. For these items the annual expense of lease payments is disclosed in note 3.2.

Estimates and assumptions

- Extension and termination options are included in a number of real estate and plant and machinery leases across the Group. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise such options. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.
- The Group estimates the incremental borrowing rate by taking into account the type of right-of-use asset, the lease term and the country of operation.

Borrowings are analysed as follows:

	2021 €m	Restated* 2020 €m
Non-current borrowings		
Retail bonds	**174.5**	174.3
European private placements	**24.7**	24.6
Term loans	**85.2**	81.5
Revolving credit facility	**97.1**	352.0
Lease liabilities	**205.7**	190.6
Other loans	**1.3**	2.5
PPP non-recourse net debt	**85.4**	87.2
	673.9	912.7
Current borrowings		
Bank overdrafts	**–**	0.7
Lease liabilities	**42.1**	36.0
Other loans	**1.2**	1.2
PPP non-recourse net debt	**2.4**	2.8
	45.7	40.7

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

The carrying amounts of borrowings are denominated in the following currencies:

	2021 €m	Restated* 2020 €m
Euro	**437.6**	602.3
Sterling	**282.0**	351.1
	719.6	953.4

*The comparatives have been restated due to a prior year adjustment as explained in section 1.

European private placements, revolving credit facility and retail bond borrowings include capitalised loan fees of €3.5m (2020: €4.8m).

The table below details the maturity profile of non-current borrowings:

	2021			2020 Restated*		
	Net debt excluding PPP non-recourse net debt €m	PPP non-recourse net debt €m	Total net debt €m	Net debt excluding PPP non-recourse net debt €m	PPP non-recourse net debt only €m	Total net debt €m
Between one and two years	**139.6**	**5.1**	**144.7**	33.9	3.9	37.8
Between two years and five years	**356.4**	**17.4**	**373.8**	694.7	15.5	710.2
Over five years	**92.5**	**62.9**	**155.4**	96.9	67.8	164.7
	588.5	**85.4**	**673.9**	825.5	87.2	912.7

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

Revolving credit facility, term loans and European private placements

At 31 March 2021, the Group had a Euro denominated multicurrency green finance facility of €520m (2020: €520m) including a €82.5m (2020: €82.5m) term loan, €25.0m (2020: €25.0m) European private placement (EUPP) and a €412.5m (2020: €412.5m) revolving credit facility (RCF). Of the term loan and RCF 50% (€247.5m) matures on 18 May 2023 subject to a further two-year extension option to 18 May 2025 and 50% (€247.5m) matures on 18 May 2024 subject to a further one-year extension option to 18 May 2025. The EUPP has a maturity of December 2023 for €15m and December 2025 for €10m. At 31 March 2021 the term loan was fully drawn and €99.8m (2020: €355.7m) of the RCF was drawn for borrowings in Euros and Sterling. The remaining €312.7m (2020: €56.8m) was available for drawing under the RCF of which €48.3m (2020: €51.7m) was allocated for ancillary overdraft and guarantee facilities. The European private placements, term loans, revolving credit facility and retail bonds are unsecured and have cross guarantees from members of the Group. Further details are given in note 5.8.

Retail bonds

At 31 March 2021, the Group had two issues of green retail bonds. The bonds of €100m (2020: €100m) maturing in June 2022 have an annual gross coupon of 3.65% and the bonds of €75m (2020: €75m) maturing in July 2024 have an annual gross coupon of 3.00%.

Lease liabilities

The Group's lease liabilities are payable as follows:

	2021			2020 Restated*		
	Minimum lease payments €m	Interest €m	Principal €m	Minimum lease payments €m	Interest €m	Principal €m
Within one year	**48.8**	**(6.7)**	**42.1**	42.5	(6.5)	36.0
Between one and five years	**132.5**	**(19.2)**	**113.3**	123.2	(19.4)	103.8
More than five years	**161.7**	**(69.3)**	**92.4**	154.9	(68.1)	86.8
	343.0	**(95.2)**	**247.8**	320.6	(94.0)	226.6

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

For most plant and machinery leases the Group has an option to purchase the leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

PPP non-recourse net debt

The PPP non-recourse debt is held in three PPP companies: Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham with maturities on 15 January 2023, 30 September 2032 and 30 June 2037 respectively. Each UK Municipal PPP company has non-recourse loan facilities which are secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PPP company and the carrying amount of financial assets pledged was €142.7m (2020: €143.2m).

In the majority of cases subsidiaries holding non-recourse PPP debt and financial assets are restricted in their ability to transfer funds to the parent in the form of cash dividends or to repay loans and advances. This is due to the terms of the financing facility agreements and lender approval is required to make such transfers.

PPP cash and cash equivalents are offset against the non-recourse gross debt as they are subject to offsetting arrangements under the debt facilities.

	2021	2020
	PPP non-recourse net debt €m	PPP non-recourse net debt €m
PPP non-recourse gross debt	**105.1**	105.3
PPP cash and cash equivalents	**(17.3)**	(15.3)
PPP non-recourse net debt	**87.8**	90.0

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group primarily manages liquidity risk by monitoring forecast cash flows to ensure that revolving credit facility drawdowns are arranged as necessary and an adequate level of headroom is maintained. The way the Group manages liquidity risk has not changed from the previous year. Furthermore, the Group utilises its cash resources which are either held in bank accounts or highly liquid money market funds to manage its short-term liquidity.

The Group has unutilised committed borrowing facilities expiring in more than 2 years of €279.5m (2020: €35.2m) in relation to the Euro denominated multicurrency green finance facility and €2.2m (2020: €2.1m) of PPP non-recourse net debt. In addition, the Group has access to €12.5m (2020: €16.8m) of undrawn uncommitted working capital facilities.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

The following table analyses the Group's financial liabilities including derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Group is obliged to pay and as a result will not always reconcile with the amounts disclosed in the Balance Sheet.

	Within one year €m	Between one and five years €m	Over five years €m	Total contractual cash flows €m
At 31 March 2021				
Retail bonds	**5.9**	**185.4**	**–**	**191.3**
Bank loans – Term loans, revolving credit facility and European private placements	**5.2**	**216.7**	**–**	**221.9**
Bank loans – PPP non-recourse net debt	**7.6**	**38.2**	**85.0**	**130.8**
Lease liabilities	**48.8**	**132.5**	**161.7**	**343.0**
PPP Interest rate swaps	**4.1**	**14.1**	**12.7**	**30.9**
Fuel derivatives	**0.2**	**–**	**–**	**0.2**
Trade and other payables	**445.0**	**–**	**–**	**445.0**
Financial liabilities and derivative financial liabilities	**516.8**	**586.9**	**259.4**	**1,363.1**
Cross-currency interest rate swaps – pay	**2.3**	**169.9**	**–**	**172.2**
Cross-currency interest rate swaps – receive	**(3.4)**	**(178.3)**	**–**	**(181.7)**
Financial liabilities and total derivatives	**515.7**	**578.5**	**259.4**	**1,353.6**
At 31 March 2020 restated*				
Retail bonds	5.9	191.3	–	197.2
Bank loans – Term loans, revolving credit facility and European private placements	12.7	482.4	10.2	505.3
Bank loans – PPP non-recourse net debt	7.9	36.1	94.2	138.2
Lease liabilities*	42.5	123.2	154.9	320.6
PPP Interest rate swaps	3.6	12.5	12.8	28.9
Fuel derivatives	5.5	0.7	–	6.2
Forward contacts – sell	3.2	–	–	3.2
Forward contracts – buy	(3.2)	–	–	(3.2)
Trade and other payables	428.9	0.3	2.8	432.0
Financial liabilities and derivative financial liabilities	507.0	846.5	274.9	1,628.4
Cross-currency interest rate swaps – pay	3.3	246.5	–	249.8
Cross-currency interest rate swaps – receive	(6.1)	(250.9)	–	(257.0)
Financial liabilities and total derivatives	504.2	842.1	274.9	1,621.2

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.4 Net finance charges

Accounting policy

Finance charges, including direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. Interest receivable on financial assets relating to PPP contracts is added to the financial asset based on the rate implied at the start of the PPP project.

In certain circumstances, finance charges may be classified as non-trading or exceptional due to their size or incidence to enable a better understanding of the underlying net finance costs. These non-trading or exceptional income or charges include:

- The change in fair value where a derivative financial instrument does not qualify for hedge accounting
- Ineffectiveness incurred by a derivative financial instrument that does qualify for hedge accounting
- The gain or loss where a derivative financial instrument is cancelled
- A significant impairment of an interest receivable balance

Net finance charges are analysed as follows:

	2021 €m	2020 €m
Finance charges		
Interest payable on borrowings	**14.0**	18.5
Interest payable on PPP non-recourse net debt	**7.4**	7.8
Lease liabilities interest	**7.2**	6.4
Unwinding of discount on provisions (note 4.10)	**6.3**	7.7
Interest charge on the retirement benefit schemes (note 7.2)	**–**	0.2
Amortisation of loan fees	**1.5**	1.3
Other finance costs	**1.7**	2.2
Total finance charges	**38.1**	44.1
Finance income		
Interest receivable on financial assets relating to PPP contracts (note 4.5)	**(9.0)**	(9.5)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.2)
Interest income on the retirement benefit schemes (note 7.2)	**(0.3)**	–
Other finance income	**(1.5)**	–
Total finance income before non-trading and exceptional items	**(10.9)**	(9.7)
Non-trading and exceptional finance income:		
Ineffectiveness on cash flow hedges (note 3.3)	**(0.4)**	(2.2)
Total non-trading and exceptional finance income	**(0.4)**	(2.2)
Total finance income	**(11.3)**	(11.9)
Net finance charges	**26.8**	32.2

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities

Accounting policy

All derivatives are initially recognised at fair value and subsequently measured at fair value at each reporting date. The fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity is less than one year.

In accordance with its treasury policy, the Group only holds derivative financial instruments to manage the Group's exposure to financial risk. The Group does not hold derivative financial instruments for trading or speculative purposes.

The exposure to financial risk includes:

- Interest risk and foreign exchange risk on the Group's variable rate borrowings;
- Commodity risk in relation to diesel consumption; and
- Foreign exchange risk on the Group's off-take contracts in the UK Municipal business.

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives.

Hedge accounting

Derivative financial instruments are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. At the inception of the hedge relationship, the Group formally designates and documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Hedge accounting allows the matching of gains and losses on hedged items and associated hedging instruments in the same accounting period to minimise volatility in the Income Statement. In order to qualify for hedge accounting, prospective hedge effectiveness must meet all the following criteria:

- An economic relationship exists between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes resulting from the economic relationship
- The hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting. For all the Group's existing hedge relationships the hedge ratio has been determined at 1:1. Where there is a cumulative loss on the hedging instrument and it is no longer expected that the loss will be recovered it is immediately recognised in the Income Statement.

Derivatives designated as hedging instruments are classified on inception as cash flow hedges or net investment hedges. Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income and subsequently reclassified into profit or loss as the hedged cash flows occur. Net investment hedges are accounted for in a similar way to cash flow hedges. Certain derivative financial instruments do not qualify for hedge accounting and are held at fair value through profit or loss. Changes in the fair value of such instruments are recognised in the Income Statement as a non-trading finance income or finance charge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in the Income Statement immediately as a non-trading finance income or finance charge.

Ineffectiveness

Sources of hedge ineffectiveness in the Group may arise when there is a change in circumstances that affect the terms of the hedged item such that the critical terms no longer match exactly the critical terms of the hedging instrument such as if there is a change in the credit risk of both counterparties, if there is a change in the underlying debt profile of a variable rate loan in relation to interest rate swaps, a change in the foreign exchange rate or a change in timing of the cash flows being hedged in relation to the cross-currency interest rate swaps. Additional sources of hedge ineffectiveness include if there is a reduced requirement for diesel volumes in relation to the fuel derivatives or for Euros under the forward foreign exchange contracts. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities continued

Derivative financial instruments are analysed as follows:

	2021		2020	
	Assets €m	Liabilities €m	Assets €m	Liabilities €m
Cross-currency interest rate swaps – cash flow hedges	7.7	–	2.1	0.1
Fuel derivatives – cash flow hedges	1.4	0.2	–	6.2
Forward foreign exchange contracts – cash flow hedges	–	–	–	0.1
Relating to PPP contracts:				
Interest rate swaps – cash flow hedges	–	25.2	–	31.5
Interest rate swaps – at fair value through profit or loss	–	0.1	–	0.1
Total	9.1	25.5	2.1	38.0
Current	1.2	0.2	–	5.6
Non-current	7.9	25.3	2.1	32.4
Total	9.1	25.5	2.1	38.0

Cross-currency interest rate swaps

The notional principal amount of the outstanding forward cross-currency interest rate swaps at 31 March 2021 was €176.1m (2020: €243.1m). The Group holds four floating rate contracts in relation to Sterling borrowings: £37.5m swapped to €41.6m at a fixed interest rate of 1.27% expiring October 2022, £37.5m swapped to €41.6m at a fixed interest rate of 1.29% expiring October 2022, £50m swapped to €56.8m at a fixed interest rate of 1.35% expiring December 2022 and £25m swapped to €28.4m at a fixed interest rate of 1.40% expiring December 2022. During the year ended March 2021 a cross-currency interest rate swap of £65m was cancelled.

Fuel derivatives

The notional value of wholesale fuel covered by fuel derivatives at 31 March 2021 amounted to €11.1m (2020: €15.3m). The Group has annual usage across the Netherlands and Belgium of approximately 45m litres of diesel per annum of which approximately 28m litres have been fixed at an average of €0.33 per litre for the year to 31 March 2022 (notional value €9.2m) and a further 6m litres has been fixed at an average of €0.33 per litre for the year to 31 March 2023 (notional value €1.9m).

Forward foreign exchange contracts

The notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2021 was €nil (2020: €3.2m) as there were no contracts in place at 31 March 2021.

Interest rate swaps relating to PPP contracts

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2021 was €104.6m (2020: €104.7m). Under these contracts the Libor rate of PPP non-recourse borrowings for Argyll & Bute, Cumbria and Barnsley Doncaster & Rotherham projects are fixed at rates of 5.8%, 4.8% and 3.4% respectively from inception to expiry on 16 January 2023, 30 September 2032 and 30 June 2037 respectively. The gains and losses recognised in the Statement of Comprehensive Income for cash flow hedges will be released to the Income Statement within finance costs until the repayment of the non-recourse borrowings. A revised repayment programme for the Cumbria PPP project borrowing has led to ineffectiveness of a credit of €0.2m (2020: €2.2m) being recognised for the related interest rate swap which has been taken to the Income Statement as a non-trading and exceptional finance credit.

The following table shows the impact of the Group's cash flow hedges in Other Comprehensive Income:

	2021 €m	2020 €m
At 1 April	(38.1)	(25.9)
Effective element of changes in fair value arising from:		
Cross-currency interest rate swaps	(0.5)	–
Fuel derivatives	7.3	(6.7)
Forward foreign exchange contracts	0.1	0.5
Interest rate swaps relating to PPP contracts	7.4	(6.0)
At 31 March	(23.8)	(38.1)

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities continued

Net investment hedge

Renewi plc, a Sterling functional currency company, has Euro borrowings of €175.0m (2020: €200.0m) with a fair value of €178.5m (2020: €199.7m) which have been designated as a net investment hedge of the Group's investments denominated in Euros. The hedge was 100% effective for the year ended 31 March 2021 (2020: 100%) and as a result the related exchange gain of €7.1m (2020: €5.7m loss) has been recognised in the exchange reserve in the consolidated financial statements.

The following tables show the impact of the Group's cash flow hedges and net investment hedge on the Balance Sheet, Other Comprehensive Income and Income Statement:

	Hedging instrument					Hedged item		
March 2021	**Nominal amount at 31 March 2021 €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Cumulative cash flow hedge movement in Other Comprehensive Income €m**	**Hedge ineffectiveness included in the Income Statement in the year €m**	**Cumulative movement in exchange reserve €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Weighted average hedged rate**	**Hedge ratio**
Cross-currency interest rate swaps/variable rate borrowings	**176.1**	**(10.9)**	**(0.1)**	**(0.2)**	**–**	**10.9**	**1.32%**	**1:1**
Fuel derivatives/purchase of diesel	**11.1**	**7.3**	**1.2**	**–**	**–**	**(7.3)**	**€0.33 per litre**	**1:1**
Forward foreign exchange contracts/ off-take contracts	**–**	**0.1**	**–**	**–**	**–**	**(0.1)**	**–**	**1:1**
Interest rate swaps/variable rate borrowings relating to PPP contracts	**104.6**	**1.0**	**(24.9)**	**(0.2)**	**–**	**(0.9)**	**4.07%**	**1:1**
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	**175.0**	**(6.9)**	**–**	**–**	**(18.3)**	**6.9**	**–**	**1:1**

	Hedging instrument					Hedged item		
March 2020	**Nominal amount at 31 March 2020 €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Cumulative cash flow hedge movement in Other Comprehensive Income €m**	**Hedge ineffectiveness included in the Income Statement in the year €m**	**Cumulative movement in exchange reserve €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Weighted average hedged rate**	**Hedge ratio**
Cross-currency interest rate swaps/variable rate borrowings	243.1	2.3	(0.4)	(0.1)	–	(2.6)	1.35%	1:1
Fuel derivatives/purchase of diesel	15.3	(6.7)	(6.2)	–	–	6.7	€0.42 per litre	1:1
Forward foreign exchange contracts/ off-take contracts	3.2	0.5	(0.1)	–	–	(0.5)	€1:£0.902	1:1
Interest rate swaps/variable rate borrowings relating to PPP contracts	104.7	(5.8)	(31.4)	(2.1)	–	7.9	4.07%	1:1
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	200.0	5.3	–	–	(25.2)	(5.3)	–	1:1

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 Financial instruments and related disclosures

Accounting policy

The Group classifies and measures its financial assets at amortised cost or at fair value (either through Other Comprehensive Income (OCI) or through profit or loss). The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Derivatives are initially recognised at fair value and subsequently measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Derivatives which are not hedging instruments are measured at fair value through profit or loss upon initial recognition

Short term investments are classified and measured at fair value through profit or loss with changes in the fair value recognised in the Income Statement. Unlisted investments not held for trading are held at fair value and the Group has elected to present subsequent changes in fair value in Other Comprehensive Income. Dividends on these investments are recognised in the Income Statement when the Group's right to receive the dividends is established, it is probable that they will be paid and the amount can be reliably measured.

Cash and cash equivalents includes money market funds which are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified as fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Financial liabilities are classified and measured at fair value through profit or loss or at amortised cost.

Fair value hierarchy

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

During the year ended 31 March 2021, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 financial instruments and related disclosures continued

Valuation techniques used to derive level 2 fair values

- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Short term investment valuations are provided by the fund manager
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of the European private placements are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of retail bonds is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at fair values:

	2021		2020	
	Level 1 €m	Level 2 €m	Level 1 €m	Level 2 €m
Assets				
Money market funds (note 5.2)	–	–	100.0	–
Unlisted non-current investments (note 4.4)	–	**4.6**	–	4.7
Short term investments (note 4.4)	–	**9.3**	–	8.1
Derivative financial instruments (note 5.5)	–	**9.1**	–	2.1
	–	**23.0**	100.0	14.9
Liabilities				
Derivative financial instruments (note 5.5)	–	**25.5**	–	38.0
European private placements	–	**26.6**	–	26.8
Retail bonds	–	**179.1**	–	174.7
	–	**231.2**	–	239.5

Carrying value of financial assets and financial liabilities

Financial assets	Note	2021 €m	2020 €m
Financial assets at amortised cost			
Loans to associates and joint ventures	4.4	**0.9**	0.9
Trade and other receivables at amortised cost*	4.8	**219.3**	241.2
Cash and cash equivalents (excluding money market funds)	5.2	**51.5**	94.5
Financial assets relating to PPP contracts	4.5	**149.1**	147.8
Derivatives used for hedging			
Fuel derivatives	5.5	**1.4**	–
Cross-currency interest rate swaps	5.5	**7.7**	2.1
Financial assets at fair value through profit or loss (mandatorily)			
Short term investments	4.4	**9.3**	8.1
Cash and cash equivalents – money market funds	5.2	**–**	100.0
Other receivables relating to invoice finance facilities	4.8	**9.5**	10.8
Financial assets at fair value through 0ther comprehensive income			
Unlisted non-current investments	4.4	**4.6**	4.7
		453.3	610.1

* Trade and other receivables at amortised cost comprise trade receivables and accrued income net of allowance of €212.5m (2020: €236.0m) and other receivables held at amortised cost of €6.8m (2020: €5.2m).

The Group considers that the fair value of financial assets is not materially different to their carrying value.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 Financial instruments and related disclosures continued

Financial liabilities	Note	2021 €m	Restated* 2020 €m
Financial liabilities at amortised cost			
Bank overdrafts	5.3	–	0.7
Term loan, revolving credit facility, European private placements and other loans	5.3	209.5	461.8
Retail bonds	5.3	174.5	174.3
Lease liabilities	5.3	247.8	226.6
Trade and other payables excluding non-financial liabilities#	4.9	445.0	432.0
PPP non-recourse net debt	5.3	87.8	90.0
Financial liabilities at fair value through profit or loss			
Interest rate swaps relating to PPP contracts	5.5	0.1	0.1
Derivatives used for hedging			
Cross-currency interest rate swaps	5.5	–	0.1
Fuel derivatives	5.5	0.2	6.2
Forward foreign exchange contracts	5.5	–	0.1
Interest rate swaps relating to PPP contracts	5.5	25.2	31.5
		1,190.1	1,423.4

* The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.
# Trade and other payables excluding non-financial liabilities comprises trade payables, other payables and accruals of €445.0m (2020: €432.0m).

With the exception of retail bonds and European private placements, the Group considers that the fair value of bank borrowings, trade and other payables and lease liabilities are not materially different to their carrying value.

5.7 Financial risk management objectives and policies

The Group is exposed to market risk (interest rate risk and commodity price risk), foreign exchange risk, liquidity risk and counterparty credit risk. The Group's Treasury Committee is charged with managing and controlling risk relating to the financing and liquidity of the Group under policies approved by the Board of Directors. The Group does not enter into speculative transactions.

Interest rate risk

Changes in interest rates could have an impact on the interest cover covenant of the Group's core facilities and on the interest charge in the Income Statement. In order to monitor and manage the risk, borrowings and the expected interest cost for the year are frequently forecast and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, European private placements, fixed rate lease liabilities and cross-currency interest rate swaps. The proportion of the Group's total borrowings excluding PPP non-recourse floating rate borrowings that were fixed or hedged at 31 March 2021 was €629.9m (2020: €669.7m) or 98% (2020: 77%). Additionally, the PPP non-recourse floating rate borrowings are hedged using interest rate swaps which hedge the interest cash flows.

The interest rate swaps and cross-currency swaps are accounted for under IFRS 9 with changes in the fair value being recognised in Other Comprehensive Income, as they are effective hedges. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge. The interest rate swap in relation to the Argyll & Bute PFI contract has not been designated as a hedge by the Group therefore it is classified at fair value through profit or loss.

The Group adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (IBOR). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and set out triggers for when the relief will end which include the uncertainty arising from interest rate benchmark reform no longer being present. The reliefs mean that this reform should not generally cause the termination of hedge accounting and the Group has no plans to discontinue hedge accounting during the period solely due to this IBOR related uncertainty. However, any hedge ineffectiveness will continue to be recorded in the Income Statement as a non-trading item. The Group has limited exposure to changes in the GBP LIBOR benchmark with a notional principal amount of €176.1m (2020: €243.1m) of forward cross-currency interest rate swaps and €104.6m (2020: €104.7m) of interest rate swaps relating to PPP contracts with full details set out in note 5.5. The Group's transition programme anticipates that the areas of greatest change will be amendments of the contractual terms of LIBOR referenced interest rate swaps and cross-currency interest rate swaps and their related cash flows. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has therefore assumed that these future cash payments are not altered by IBOR. The Group has also determined that the hedged GBP LIBOR risk component is not separately identifiable at hedge designation.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 Financial risk management objectives and policies continued

Interest rate sensitivity for bank borrowings

Interest on the floating rate term and revolving credit facilities will vary as interest rates increase or decrease. If rates had moved by 1% the impact on profit before tax would have been a loss or gain of €0.9m (2020: €1.1m) based on the average bank borrowings during the year.

The fair values of cross-currency interest rate swaps for hedging the core banking facilities are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate hedge liabilities and resulted in a pre-tax gain in Other Comprehensive Income of €0.3m (2020: €6.4m). A 1% decrease in interest rates would have increased the fair value of the interest rate hedge liabilities and led to a pre-tax loss in Other Comprehensive Income of €2.5m (2020: €6.6m).

Interest rate sensitivity for PPP non-recourse borrowings

The PPP non-recourse borrowings are fully hedged with interest rate swaps. The fair values of interest rate swaps used for hedging of PPP non-recourse borrowings are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate swap liabilities and resulted in a pre-tax gain in Other Comprehensive Income of €8.4m (2020: €9.3m) and a pre-tax gain in the Income Statement of €0.4m (2020: €0.7m). A 1% decrease in interest rates would have increased the fair value of the interest rate swap liabilities and led to a pre-tax loss in Other Comprehensive Income of €6.3m (2020: €9.9m) and a pre-tax loss in the Income Statement of €3.5m (2020: €1.3m).

Foreign exchange risk

The Group operates in the UK and is exposed to translation risk on the value of assets denominated in Sterling into Euros. Renewi plc, a Sterling functional currency company, has Euro borrowings which are designated as a net investment hedge of the Group's investments denominated in Euros.

The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe.

Foreign exchange sensitivity

The impact of a change in foreign exchange rates of 10% on the Group's continuing profit before tax would be €0.9m (2020: €6.5m) and the impact on continuing underlying profit before tax would have been €1.2m (2020: €1.7m).

The fair values of cross-currency interest rate swaps for hedging the core bank borrowing are determined with reference to spot foreign exchange rates. A 10% increase in the Euro foreign exchange rate against Sterling would have reduced the fair value of the cross-currency interest rate swap asset creating a liability and resulted in a pre-tax loss in Other Comprehensive Income of €16.5m (2020: €23.2m). A 10% decrease in the Euro foreign exchange rate against Sterling would have increased the fair value of the cross-currency interest rate swap asset and led to a pre-tax gain in Other Comprehensive Income of €20.2m (2020: €28.3m).

Commodity price risk and sensitivity

The Group is exposed to diesel price changes which are managed using forward contracts. The Group manages other exposures to prices of paper, plastics, metals, residual fuels and other recyclates associated with off-take through commercial contracting. The impact of a change in unhedged wholesale fuel prices (excluding duty) of 10% on the Group's continuing profit before tax would have been €1.1m (2020: €1.1m).

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables and financial assets relating to PPP contracts. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of trade receivables. The unprecedented Covid-19 pandemic has had a significant impact on various sectors and industries and the impact has been considered when assessing the credit risk of the Group, also taking into account the government measures to provide support and financial aid packages.

The Group recognises lifetime expected credit losses at the point of initial recognition for trade receivables and accrued income as set out in note 4.8. For other financial assets, a loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date. At 31 March 2021 taking into account the impact of Covid-19 there has not been a significant increase in credit risk in relation to receivables where the IFRS 9 general approach is followed to determine expected credit loss.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 Financial risk management objectives and policies continued

At 31 March 2021 the amount of credit risk on cash and cash equivalents totalled €51.5m (2020: €194.5m). The banks and financial institutions used by the Group are restricted to those with the appropriate geographical presence and suitable credit rating. Money market investments are made in accordance with the internal treasury policies and the fund invested in has AAA rating by both Fitch and S&P. The Group has an objective to minimise cash and where possible repay the Group borrowings to manage counterparty credit risk among other objectives. Expected credit losses over cash and cash equivalents are considered to be immaterial with no losses experienced.

Trade and other receivables mainly comprise amounts due from customers for services performed. Each division monitors the level of trade receivables on a monthly basis, continually assessing the risk of default by any counterparty with the result that the Group's exposure to bad debts is not significant. In addition, the Group uses credit insurance to minimise the credit risk of trade receivables. As a result of Covid-19 a detailed review has been undertaken at a customer level in some cases, in order to assess the likely potential of default considering the nature of the customers business and the potential government support available and as a result of this assessment the ECL allowance has increased. At 31 March 2021 the amount of credit risk on trade and other receivables amounted to €219.3m (2020: €241.2m). The Group does not hold any collateral as security.

The financial assets relating to PPP contracts are recoverable from the future revenues relating to these contracts. Management consider these to be very low risk as the counterparties for the future revenues are local authorities or councils in the UK. This is reviewed on a regular basis and there has been no change in the capacity of the counterparties to meet the contractual cash flow obligations. At the outset of the pandemic the UK Government's Infrastructure and Projects Authority issued guidance in relation to Covid-19 and the provision of services under PPP contracts which it stated that the contractors are part of the public sector response to Covid-19 and that the contracting authorities should work closely with its contractors to maintain service and to ensure the unitary charge payments are maintained. At 31 March 2021 the amount of credit risk on financial assets amounted to €149.1m (2020: €147.8m).

For derivative financial assets the maximum exposure to credit risk at the reporting date is the net fair value of the derivative assets which are included in the consolidated statement of financial position.

No other loans to associates or joint ventures are credit impaired.

5.8 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders, maintain an efficient capital structure to reduce the cost of capital and provide appropriate levels of liquidity headroom. In order to meet these objectives, the Group may issue or repay debt, issue new shares or adjust the amount of dividend paid to shareholders.

As a result of the Covid-19 pandemic the Group agreed in May 2020 amendments to the leverage and interest covenants in the Euro denominated multicurrency green finance facility. In addition, the Board decided not to pay a final dividend for the year ended 31 March 2020 and no dividends are being paid for the year ended 31 March 2021. The Board will review the reinstatement of dividends taking into consideration the trading performance, macroeconomic outlook and significant changes in the investment and growth opportunities for the Group.

The following table shows the capital of the Group:

	Note	2021 €m	Restated* 2020 €m
Total borrowings	5.3	**719.6**	953.4
Less: PPP non-recourse borrowings	5.3	**(87.8)**	(90.0)
Less: Lease liabilities as a result of the adoption of IFRS 16		**(236.7)**	(211.7)
Less: cash and cash equivalents	5.2	**(51.5)**	(194.5)
Net debt as per banking covenant definition		**343.6**	457.2
Total equity		**243.1**	235.3
Total capital		**586.7**	692.5

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

The Group monitors its financial capacity by reference to key financial ratios which provide a framework within which the Group's capital base is managed. The Group's Euro denominated multicurrency green finance facility agreements have covenants including adjusted net debt to comparable adjusted EBITDA and interest cover in accordance with a frozen GAAP concept. The Group has complied with its banking covenants during the year.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.9 Equity

Accounting policy

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

	Share capital – Ordinary shares of 10p each		Share premium
	Number	€m	€m
Share capital allotted, called up and fully paid			
At 1 April 2019, 31 March 2020 and 31 March 2021	**800,141,536**	**99.5**	**473.6**

There were no shares allotted in the current or prior year.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of non-Euro denominated operations, excluding those disposed of, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Retained earnings

The Group includes within retained earnings the cumulative balance relating to the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge and further details are provided in note 5.5.

The Group also includes the cumulative impact of the Renewi Employee Share Trust within retained earnings. The Trust owns 5,013,343 (0.6%) (2020: 4,834,692 (0.6%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement.

Non-controlling interests

The information below reflects the amounts included in the Group's Income Statement and Balance Sheet for subsidiaries with material non-controlling interests. On 12 October 2020 the Group acquired the remaining 25% holding in 3SE (Barnsley, Doncaster and Rotherham) Holdings Limited and as a result 3SE (Barnsley, Doncaster and Rotherham) Holdings Limited became a wholly owned subsidiary.

	2021				2020			
	Maltha Groep €m	3SE (Barnsley, Doncaster & Rotherham) €m	Others €m	Total €m	Maltha Groep €m	3SE (Barnsley, Doncaster & Rotherham) €m	Others €m	Total €m
Revenue	**52.0**	**9.9**	**20.4**	**82.3**	58.0	19.9	21.0	98.9
(Loss) profit after tax	**(0.9)**	**(0.6)**	**0.9**	**(0.6)**	3.5	(1.5)	(0.3)	1.7
Other comprehensive loss	**–**	**(0.4)**	**–**	**(0.4)**	–	(5.1)	–	(5.1)
Total comprehensive (loss) income	**(0.9)**	**(1.0)**	**0.9**	**(1.0)**	3.5	(6.6)	(0.3)	(3.4)
Total comprehensive (loss) profit allocated to the non-controlling interests	**(0.2)**	**(0.2)**	**0.3**	**(0.1)**	1.2	(1.6)	–	(0.4)
Disposal of non-controlling interest	**–**	**4.8**	**–**	**4.8**	–	–	–	–
Non-current assets	**23.2**	**–**	**6.4**	**29.6**	24.1	74.1	6.0	104.2
Current assets	**18.8**	**–**	**10.5**	**29.3**	18.5	3.9	8.9	31.3
Non-current liabilities	**(5.1)**	**–**	**(0.9)**	**(6.0)**	(6.6)	(69.7)	(1.2)	(77.5)
Current liabilities	**(24.1)**	**–**	**(7.4)**	**(31.5)**	(22.3)	(26.6)	(6.0)	(54.9)
Net assets (liabilities)	**12.8**	**–**	**8.6**	**21.4**	13.7	(18.3)	7.7	3.1
Accumulated non-controlling interests	**4.3**	**–**	**1.8**	**6.1**	4.6	(4.6)	1.4	1.4
Net increase in cash and cash equivalents	**3.4**	**–**	**–**	**3.4**	0.1	–	–	0.1

The disposal of non-controlling interest of €4.8m is the value of the non-controlling interest at the date of disposal which was transferred to retained earnings and includes the impact of the Group no longer owing external subordinated debt to a third party.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.10 Dividends

Accounting policy

Final dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

Dividends recognised and proposed:

	2021 €m	2020 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2020 of nil pence per share (2019: 0.5 pence)	–	4.4
Interim dividend paid for the year ended 31 March 2021 of nil pence per share (2020: 0.45 pence)	–	4.2
	–	8.6
Total dividend per share (pence)	–	0.45p

The Directors have not recommended a final dividend for the year ended March 2021 (2020: nil per share).

SECTION 6. ACQUISITIONS AND DISPOSALS

This section provides details of acquisitions and disposals.

6.1 Acquisitions

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, liabilities incurred or assumed including the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. The fair value of businesses acquired may include waste permits, licences and customer relationships with the value calculated by discounting the future attributable revenue streams, which are recognised as intangible assets and amortised. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The costs of acquisition are charged to the Income Statement in the year in which they are incurred.

Acquisitions – in the prior year

In May 2019 the Group acquired the net assets and operations of Rotie Organics, a business that collects, sources, de-packages and pre-treats out of date food waste. The acquisition enhanced the Group's leading position in the Dutch organics market, strengthening the existing capability to convert out of date food into valuable products and energy. The consideration paid was €2.6m with the fair value of the net assets acquired of €1.9m of plant and equipment and €0.7m acquisition intangible in relation to the customer relationships acquired

In November 2019 ATM B.V. acquired 100% of the share capital of AP4 Terra B.V. Prior to this date 50% of the entity was owned as a Joint Venture with an equity value of €2.6m and a fair value of €4.0m. A gain of €1.4m was recognised in non-trading and exceptional administrative expenses as a result of remeasuring the equity interest to fair value at the acquisition date. The business comprises a waterside quay and warehousing under a long-term lease from the Dutch authorities. The consideration paid in cash was €4.0m net of €0.2m cash held in the entity acquired resulting in a net cash outflow of €3.8m. The fair value of the total identifiable net liabilities acquired was €3.4m resulting in goodwill of €8.4m representing the strategic expansion that is already in progress. As explained in the basis of preparation in note 1 we had restated the prior year numbers, the net assets acquired were €8.0m of property plant and equipment, €22.5m of right-of use assets, €0.3m trade and other receivables, €0.6m tax receivable, €0.2m cash net of €12.3m trade and other payables and €22.7m of lease liabilities.

6.2 Disposals

Accounting policy

The results of operations disposed of during the year are included in the consolidated Income Statement within continuing operations up to the date of disposal, unless they meet the criteria of a discontinued operation.

There have been no disposals in the current year.

Notes to the financial statements continued

SECTION 6. ACQUISITIONS AND DISPOSALS CONTINUED

6.3 Assets classified as held for sale

Accounting policy

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for sale in their present condition. Following the classification as held for sale, non-current assets are not depreciated.

The Group had no assets classified as held for sale at 31 March 2021 or 31 March 2020.

6.4 Discontinued operations

Accounting policy

A discontinued operation is a component of the Group's business that represents a separate major business line or geographical area of operations that meets the criteria to be classified as held for sale. Discontinued operations are presented in the consolidated Income Statement as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Canada disposal

The Municipal Canada disposal completed on 30 September 2019 met the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results for the year ended 31 March 2020 were presented as discontinued operations in the Income Statement.

Income Statement in relation to the discontinued operations:

	2020 €m
Revenue	10.8
Cost of sales	(6.8)
Gross profit	4.0
Administrative expenses	(0.9)
Operating profit before non-trading and exceptional items	3.1
Non-trading and exceptional items	(18.9)
Operating loss	(15.8)
Finance income	0.6
Finance charges	(0.5)
Loss before tax on discontinued operations	(15.7)
Taxation	(0.9)
Loss after tax on discontinued operations	(16.6)

Cash flow information in relation to the discontinued operations:

	2020 €m
Net cash inflow from operating activities	38.6
Net cash outflow from investing activities	(5.5)
Net cash outflow from financing activities	(36.3)
Net movement in cash	(3.2)

SECTION 7. EMPLOYEE BENEFITS

7.1 Employee costs and employee numbers

This note shows the staff costs and the average monthly number of employees analysed by reportable segment.

	Note	2021 €m	2020 €m
Wages and salaries		**306.6**	325.3
Social security costs		**56.6**	64.0
Share-based benefits	7.3	**1.4**	1.2
Other pension costs	7.2	**31.0**	33.5
Total staff costs from continuing operations		**395.6**	424.0

	2021	Restated* 2020
The average number of employees by reportable segment during the year was:		
Commercial Waste	**4.702**	4,722
Mineralz & Water	**342**	319
Specialities	**861**	939
Group central services	**355**	332
Total ongoing businesses	**6,260**	6,312
Operations disposed of in the prior year	**–**	427
Total continuing operations	**6,260**	6,739
Discontinued operations – Canada	**–**	29
Total average number of employees	**6,260**	6,768

* The average number of employees by reportable segment has been restated to reflect the new divisional structure which was implemented on 1 April 2020 as explained in section 1 and also for a minor error in the Group central services average employees.

7.2 Retirement benefit schemes

The Group operates defined benefit and defined contribution schemes in the UK and overseas.

Accounting policy

The Group accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits.

The pension cost for the defined benefit schemes is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. For defined benefit plans, obligations are measured at discounted present value. Plan assets in the UK scheme are recorded at fair value and in the overseas schemes the plan assets are calculated as the cash value of all future insured benefit payments using an appropriate discount rate. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income and surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due. The Group participates in several multi-employer schemes in the Netherlands which are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies. The Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit.

Retirement benefit schemes costs

	2021 €m	2020 €m
UK defined benefit scheme	**–**	0.2
UK defined contribution scheme	**1.6**	1.5
Overseas defined benefit schemes	**1.1**	1.0
Overseas defined contribution schemes	**28.3**	30.8
	31.0	33.5

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

UK defined benefit scheme

The UK defined benefit pension scheme (called the Shanks Group Pension Scheme) provides pension benefits for pensioners, deferred members and eligible UK employees and is closed to new entrants and closed to future benefit accrual. The defined benefit scheme provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and final salary. Plan assets are managed by Aon Investments Ltd on behalf of the Trustees. There are four trustees currently, two appointed by the Company and two nominated by members, who are responsible for ensuring the scheme is run in accordance with the members' best interests and the pension laws of the UK which are overseen by The Pensions Regulator.

During the prior year the Scheme was closed to future benefit accrual and a bulk pension increase exchange exercise and an at-retirement pension increase exchange have recently been introduced. The impact of these changes has led to a reduction in the pension scheme liability and was reflected as a past service credit in the prior year.

The most recent triennial actuarial valuation of the Scheme, which was performed by an independent qualified actuary for the Trustees of the Scheme, was carried out as at 5 April 2018. The Group has agreed to pay annual deficit contribution of €3.5m (£3.1m) until February 2022. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2022 are €3.5m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2021 % p.a.	2020 % p.a.
Discount rate	**2.1**	2.4
Rate of price inflation	**3.3**	2.6
Consumer price inflation	**2.7**	1.9

The discount rate assumption is derived from the single agency curve based on high quality AA rated bonds. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2046 at age 65 the assumptions are that they will live on average for around a further 23 years after retirement if they are male or for a further 26 years after retirement if they are female. The weighted average duration of the defined benefit obligation is approximately 17 years.

Overseas defined benefit schemes

The overseas defined benefit obligation relates to funded plans, mainly insurance contracts managed by insurers, in both the Netherlands and Belgium. There are various schemes which are based on average salaries and in some cases on final salaries. The assets consist of qualifying insurance policies which match the vested benefits. The build-up of rights for inactive member are indexed on the basis of additional interest and the rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans. The plans are subject to laws for pension insurance companies offering pension arrangements and are overseen by Autoriteit Financiele Markten in the Netherlands and Autoriteit voor Financiele Diensten en Markten in Belgium. The Group has no responsibilities for governance of the plans other than correct calculation and timely payment of the contributions. The total estimated contributions expected to be paid to the schemes in the year ending 31 March 2022 are €2.0m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2021 % p.a.	2020 % p.a.
Discount rate	**1.1 to 1.3**	1.1
Rate of price inflation	**2.0**	2.0
Rate of salary inflation	**2.0 to 2.5**	2.5

The discount rate assumption is based on interest rates applying to high quality corporate bonds with a term approximately equal to the term of the related pension liability. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2041 at age 65 the assumptions are that they will live on average for around a further 24 years after retirement if they are male or for a further 26 years after retirement if they are female. The maturity of the schemes ranges from 14 to 25 years.

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

The amounts recognised in the financial statements for all defined benefit schemes are as follows:

Income Statement	2021			2020		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Current service cost	–	1.1	1.1	0.2	1.0	1.2
Past service credit	–	–	–	(1.4)	–	(1.4)
Interest (income) expense on scheme net liabilities	(0.4)	0.1	(0.3)	0.1	0.1	0.2
Net retirement benefit charge before tax	(0.4)	1.2	0.8	(1.1)	1.1	–

The prior year past service credit relates to the Shanks Group Pension Scheme which was closed to future benefit accrual following a formal consultation and bulk and an at-retirement pension increase exchange as previously described. The past service items were included in non-trading and exceptional items.

Statement of Comprehensive Income	2021			2020		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Actuarial (loss) gain on scheme liabilities	(24.1)	1.3	(22.8)	5.1	(13.0)	(7.9)
Actuarial gain (loss) on scheme assets	0.6	(1.1)	(0.5)	9.8	13.3	23.1
Actuarial (loss) gain	(23.5)	0.2	(23.3)	14.9	0.3	15.2

Cumulative actuarial gains and losses recognised in the Statement of Comprehensive Income since 1 April 2004 are losses of €40.9m (2020: €17.6m).

Balance Sheet	2021			2020		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Present value of funded obligations	(216.7)	(79.9)	(296.6)	(186.7)	(79.6)	(266.3)
Fair value of plan assets	212.7	72.5	285.2	202.7	72.1	274.8
Pension scheme (deficit) asset	(4.0)	(7.4)	(11.4)	16.0	(7.5)	8.5
Related deferred tax asset (note 3.4)	0.8	1.9	2.7	(3.0)	1.6	(1.4)
Net pension (liability) asset	(3.2)	(5.5)	(8.7)	13.0	(5.9)	7.1
Classified as:						
Defined benefit scheme surplus – included in non-current assets	–	–	–	16.0	–	16.0
Defined benefit pension schemes deficit – included in non-current liabilities	(4.0)	(7.4)	(11.4)	–	(7.5)	(7.5)
Pension schemes (deficit) asset	(4.0)	(7.4)	(11.4)	16.0	(7.5)	8.5

The UK scheme's assets of €212.7m (2020: €202.7m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Aon Investments Limited. A breakdown of the underlying investment classes is given below:

	2021 €m	2020 €m
Equities	57.1	27.9
Absolute return	17.9	48.1
Fixed income	26.0	25.6
Property	–	4.8
Liability driven investment	105.0	87.2
Cash and others	6.7	9.1
	212.7	202.7

The overseas schemes assets of €72.5m (2020: €72.1m) are insurance contracts managed by insurers in the Netherlands and Belgium.

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

The movement in the pension scheme deficit (asset)

	UK €m	Overseas €m	Total €m
At 1 April 2019	(3.7)	(8.2)	(11.9)
Current service cost	(0.2)	(1.0)	(1.2)
Past service credit	1.4	–	1.4
Interest expense	(0.1)	(0.1)	(0.2)
Net actuarial gain recognised in the year	14.9	0.3	15.2
Contributions from employer	3.6	1.5	5.1
Exchange rate changes	0.1	–	0.1
At 31 March 2020	16.0	(7.5)	8.5
Current service cost	–	(1.1)	(1.1)
Interest income (expense)	0.4	(0.1)	0.3
Net actuarial (loss) gain recognised in the year	(23.5)	0.2	(23.3)
Contributions from employer	3.4	1.1	4.5
Exchange rate changes	(0.3)	–	(0.3)
At 31 March 2021	**(4.0)**	**(7.4)**	**(11.4)**

Reconciliation of the defined benefit obligation

	UK €m	Overseas €m	Total €m
At 1 April 2019	(202.1)	(65.0)	(267.1)
Current service cost	(0.2)	(1.0)	(1.2)
Past service credit	1.4	–	1.4
Interest expense	(4.5)	(1.3)	(5.8)
Remeasurements:			
Actuarial gain (loss) on scheme liabilities arising from changes in financial assumptions	5.1	(14.5)	(9.4)
Actuarial loss on scheme liabilities arising from change in demographic assumptions	(0.3)	–	(0.3)
Actuarial gain on scheme liabilities arising from changes in experience	0.3	1.5	1.8
Contributions from plan participants	–	(0.4)	(0.4)
Benefit payments	8.4	1.1	9.5
Exchange rate changes	5.2	–	5.2
At 31 March 2020	(186.7)	(79.6)	(266.3)
Current service cost	–	(1.1)	(1.1)
Interest expense	(4.4)	(0.9)	(5.3)
Remeasurements:			
Actuarial (loss) gain on scheme liabilities arising from changes in financial assumptions	(24.4)	0.9	(23.5)
Actuarial (loss) gain on scheme liabilities arising from change in demographic assumptions	(1.1)	0.4	(0.7)
Actuarial gain on scheme liabilities arising from changes in experience	1.4	–	1.4
Contributions from plan participants	–	(0.5)	(0.5)
Benefit payments	6.6	0.9	7.5
Exchange rate changes	(8.1)	–	(8.1)
At 31 March 2021	**(216.7)**	**(79.9)**	**(296.6)**

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

Reconciliation of plan assets

	UK €m	Overseas €m	Total €m
At 31 March 2019	198.4	56.8	255.2
Interest income	4.4	1.2	5.6
Remeasurements: Return on plan assets excluding interest expense	9.8	13.3	23.1
Contributions from employer	3.6	1.5	5.1
Contributions from plan participants	–	0.4	0.4
Benefit payments	(8.4)	(1.1)	(9.5)
Exchange rate changes	(5.1)	–	(5.1)
At 31 March 2020	202.7	72.1	274.8
Interest income	4.8	0.8	5.6
Remeasurements: Return on plan assets excluding interest expense	0.6	(1.1)	(0.5)
Contributions from employer	3.4	1.1	4.5
Contributions from plan participants	–	0.5	0.5
Benefit payments	(6.6)	(0.9)	(7.5)
Exchange rate changes	7.8	–	7.8
At 31 March 2021	**212.7**	**72.5**	**285.2**

Significant defined benefit pension scheme risks

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are set out below.

Asset volatility – The UK scheme liabilities are calculated using a discount rate set with reference to corporate bond yields and if plan assets underperform this yield, this will result in a deficit. The UK pension scheme's assets are held in a portfolio of pooled funds which are single priced at the net asset value. The investment objective of the portfolio is to achieve long-term total returns in excess of a nominal portfolio of long-dated Sterling bonds through a diversified portfolio of collective investment schemes, which may include derivatives. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The Trustees have agreed an underlying strategy with the Group so that any ongoing improvements in the scheme's funding position would trigger movements from growth assets to non-growth assets in order to protect and consolidate such improvements. The plan assets in the overseas pension schemes are calculated as the cash value of all future insured benefit payments using an appropriate discount rate.

Inflation risk – The majority of benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

Life expectancy – The majority of the obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities.

Changes in bond yields – A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the investments.

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

Sensitivities for defined pension benefit schemes

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Balance Sheet.

	Impact on net defined benefit obligation					
	UK			Overseas		
	Change in assumption %	Increase in assumption €m	Decrease in assumption €m	Change in assumption %	Increase in assumption €m	Decrease in assumption €m
Discount rate	0.25	8.9	(9.9)	0.25	3.6	(3.8)
Rate of price inflation	0.25	(6.0)	4.8	0.25	(0.1)	0.1
Consumer price inflation	0.25	(6.0)	4.8	–	–	–

	UK		Overseas	
	Increase by 1 year in assumption €m	Decrease by 1 year in assumption €m	Increase by 1 year in assumption €m	Decrease by 1 year in assumption €m
Life expectancy	(8.7)	8.6	(0.2)	–

Other overseas schemes

The total cost in the year for other overseas pensions was €28.3m (2020: €30.8m). In the Netherlands in particular, most employees are members of either a multi-employer pension scheme or other similar externally funded schemes, including Government funded schemes.

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.3 Share-based payments

As described in the Directors' Remuneration Report, the Group issues equity-settled share-based payments under a Savings Related Share Option Scheme (SRSOS), a Long-Term Incentive Plan (LTIP) and a Deferred Annual Bonus (DAB) arrangement. Further details and performance metrics of both LTIPs and DABs can be found in the Directors' Remuneration Report on pages 108 to 123.

Accounting policy

The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Group's estimate of the shares that will eventually vest. At each balance sheet date the Group revises its estimates of the number of awards that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market-related performance conditions.

Outstanding awards and options

	SRSOS		LTIP	DAB
	Number of options	Weighted Average exercise price	Number of awards	Number of awards
Outstanding at 1 April 2019	2,772,352	59p	10,369,012	456,518
Granted	4,526,928	25p	4,313,116	–
Forfeited	(1,737,080)	54p	(1,884,584)	–
Expired	(440,871)	65p	(1,767,473)	–
Exercised/vested	–	–	(527,943)	(90,110)
Outstanding at 31 March 2020	5,121,329	30p	10,502,128	366,408
Granted	4,797,900	20p	5,965,521	1,200,909
Forfeited	(2,438,792)	27p	(510,067)	–
Expired	(106,354)	71p	(1,728,178)	–
Exercised/vested	–	–	(1,319,755)	(91,383)
Outstanding at 31 March 2021	**7,374,083**	**24p**	**12,909,649**	**1,475,934**
Exercisable at 31 March 2021	119,120	76p		
Exercisable at 31 March 2020	103,986	71p		
At 31 March 2021:				
Range of price per share at exercise		20p to 52p		
Weighted average remaining contractual life		2 to 3 years		

Fair value of awards and options granted during the year

	SRSOS		LTIP			
Valuation model	**2021 Black-Scholes**	**2020 Black-Scholes**	**2021 Share price**	**2020 Share price**	**2021 Monte Carlo**	**2020 Monte Carlo**
Weighted average fair value	**6p**	8p	**26p**	32p	**23p**	16p
Weighted average share price	**20p**	32p	**26p**	32p	**26p**	32p
Weighted average exercise price	**20p**	25p	**–**	–	**–**	–
Expected volatility	**47%**	36%	**–**	–	**48%**	36%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**(0.1)%**	0.5%	**–**	–	**(0.2)%**	0.5%
Dividend yield	**1.3%**	4.3%	**–**	–	**–**	–

For the LTIP awards granted, the fair value of the element subject to non-market conditions has been calculated based on the share price at the award date and the expense recognised is based on expectations of these conditions being met which are reassessed at each balance sheet date. The Monte Carlo valuation model is used to determine the weighted average fair value of the market conditions element of awards granted. Expected volatility has been calculated using average volatility historical data over a three-year period from the grant date. The risk-free interest rate is based on the implied yield of zero-coupon government bonds with a remaining term equal to the expected life. The expected life used in the models equals the vesting period. The awards granted vest after three years, four years and five years. There is no service condition after three years on any of the awards granted, just a holding period of between one and two years.

Charge for the year

The Group recognised a total charge of €1.4m (2020: €1.2m) relating to equity-settled share-based payments. The DAB awards for the year ended 31 March 2021 have not yet been granted and therefore the charge is based on an estimate.

Notes to the financial statements continued

SECTION 8. OTHER NOTES

8.1 Subsidiary undertakings and investments at 31 March 2021

The structure of the Group includes a number of different operating and holding companies that contribute to the consolidated financial performance and position.

Subsidiary undertakings

In accordance with section 409 of the Companies Act, a full list of subsidiaries at 31 March 2021 is disclosed below by country of incorporation which is the principal country of business. All are wholly owned by the Group and have a 31 March year end, unless otherwise stated, and all operate in the waste management sector and have been consolidated in the Group's financial statements. Those subsidiaries owned directly by Renewi plc, the parent company, are indicated with an asterisk.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
AP4 Terra B.V.	Vlasweg 12, 4782 PW Moerdijk, Netherlands
ATM B.V.	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
A&G Holding B.V.	Van Hilstraat 7, 5145 RK Waalwijk, Netherlands
B.V. Twente Milieu Bedrijven	Flight Forum 240, 5657 DH Eindhoven, Netherlands
CFS B.V.	Wetering 14, 6002 SM Weert, Netherlands
Coolrec B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
Coolrec Nederland B.V.	Grevelingenweg 3, 3313 LB Dordrecht, Netherlands
Coolrec Plastics B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
EcoSmart Nederland B.V.	Spaarpot 6, 5667 KX Geldrop, Netherlands
Glasrecycling Noord-Oost Nederland B.V. (67%)	Columbusstraat 20, 7825 VR Emmen, Netherlands
Immo C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Maltha Glasrecycling Nederland B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Glassrecycling International B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Groep B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Mineralz B.V.	Van Hilstraat 7, 5145 RK Waalwijk Netherlands
Mineralz Maasvlakte B.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Mineralz Zweekhorst B.V.	Doesburgseweg 16D, 6902 PN Zevenaar, Netherlands
Orgaworld International B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld Nederland B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld WKK 1 B.V.	Hornweg 67 1044 AN Amsterdam, Netherlands
Orgaworld WKK II B.V.	Hornweg 69, 1044 AN Amsterdam, Netherlands
Orgaworld WKK III B.V.	Hornweg 71, 1044 AN Amsterdam, Netherlands
Renewi Commercial B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Europe B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Hazardous Waste B.V.	Vlasweg 12, 4782 Moerdijk, Netherlands
Renewi Icopower B.V.	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Renewi Monostreams B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Nederland B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Netherlands Holdings B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Overheidsdiensten B.V.	Rijksweg-Zuid 91, 4715 TA Rucphen, Netherlands
Renewi Smink B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Support B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed Acht B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Semler B.V.	Ockhuizenweg 5-A, 5691 PJ Son, Netherlands
Shanks Belgium Holding B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Shanks B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Van Gansewinkel Industrie B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel International B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands

SECTION 8. OTHER NOTES CONTINUED

8.1 Subsidiary undertakings and investments at 31 March 2021 continued

Subsidiary	Address of the registered office
Incorporated in Belgium	
Belgo-Luxembourgeoise de Services Publics SA	Rue de Rolleghem 381, 7700 Mouscron, Belgium
EcoSmart NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Enviro+ NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Maltha Glasrecyclage Belgie BV (67%)	Fabrieksstraat 114, 3920 Lommel, Belgium
Mineralz ES Treatment NV	Gerard Mercatorstraat 8, Lommel, Belgium
Ocean Combustion Services NV	Terlindenhofstraat 36, 2170 Meerksem, Antwerpen, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Renewi Belgium NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Logistics NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Tisselt NV (previously Coolrec Belgium NV)	Baeckelmansstraat 125, 2830 Tisselt, Belgium
Renewi NV	Berkebossenlaan 7, 2400 Mol, Belgium
Renewi Valorisation & Quarry NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Wood Products NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Coolrec Deutschland GmbH (Year end 31 December)	Stadtweide 17, 46446 Emmerich am Rhein, Germany
Incorporated in France	
Coolrec France SAS (90%)	Rue Iéna Parcelle 36, 59810 Lesquin, France
Maltha Glass Recycling France SAS (67%)	Zone Industrielle, 33450 Izon, France
Incorporated in Hungary	
Maltha Hungary Uvegujrahasznosito Kft. (67%)	1214 Budapest, Orion utca 14, Hungary
Incorporated in Portugal	
Maltha Glass Recycling Portugal Lda (67%)	Parque Industrial da Gala, Lotes 26 e 27, 3081-801 Figueira da Foz, Portugal
Incorporated in the UK	
Renewi European Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Holdings Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi PFI Investments Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi SRF Trading Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi UK Services Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Safewaste Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Subsidiary undertakings holding UK PPP contracts	
Renewi Argyll & Bute Limited	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Argyll & Bute Holdings Limited*	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Cumbria Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Cumbria Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.1 Subsidiary undertakings and investments at 31 March 2021 continued

Joint ventures, associates and joint operations

At 31 March 2021 the Group through wholly owned subsidiaries had the following interests in joint venture companies, joint operations and associates, all of which operate in the waste management sector.

Joint ventures	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
PQA B.V.	50%	31 December 2020	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld B.V.	50%	31 December 2020	Coevorderweg 48, 7737 PG Stegeren, Netherlands
SQAPE B.V.	50%	31 December 2020	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Incorporated in Belgium			
Marpos NV	45%	31 December 2020	L. Coiseaukaai 43, 8380 Dudzele, Belgium
Recypel BV	50%	31 December 2020	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2021	Regenbeekstraat 7C, 8800 Roeselare, Belgium
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2020	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2020	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2021	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2021	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2021	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Associates	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
AMP B.V.	33%	31 December 2020	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Dorst B.V.	50%	31 December 2020	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
RetourMatras B.V.	31.63%	31 December 2020	Bruggenmeestersstraat 10, 2415 AA Nieuwerbrug aan den Rijn, Netherlands
Tankterminal Sluiskil B.V.	40%	31 December 2020	Oostkade 5, 4541 HH Sluiskil, Netherlands
Zavin B.V.	33%	31 December 2020	Baanhoekweg 42, 3313 LA Dordrecht, Netherlands
Zavin C.V.	33%	31 December 2020	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in Belgium			
SUEZ PCB Decontamination NV	23%	31 December 2020	Westvaartdijk 97, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2020	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium
Incorporated in Austria			
EARN Elektroalgeräte Service GmbH	33%	31 December 2020	Johannesgasse 15,1010 Wien, Austria
Incorporated in the UK			
ELWA Limited	20%	31 March 2021	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2021	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

SECTION 8. OTHER NOTES CONTINUED

8.1 Subsidiary undertakings and investments at 31 March 2021 continued

Joint operations	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Baggerspecieverwerking Noord-Nederland V.O.F.	50%	31 December 2020	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Hydrovac V.O.F.	50%	31 December 2020	Graafsebaan 67, 5248 JT Rosmalen, Netherlands
Induserve V.O.F.	33%	31 December 2020	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Octopus V.O.F.	50%	31 December 2020	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
Smink Boskalis Dolman V.O.F.	50%	31 December 2020	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
TOP Leeuwarden V.O.F.	50%	31 December 2020	Newtonweg 1, 8912 BD Leeuwarden, Netherlands

8.2 Related party transactions

Transactions between the Group and its associates and joint ventures

The Group had the following transactions on arm's length terms and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2021 €m	2020 €m	2021 €m	2020 €m
Sales	**51.2**	47.3	**18.8**	25.4
Purchases	**4.4**	4.8	**1.3**	0.2
Management fees	**0.8**	0.7	**0.4**	0.4
Receivables at 31 March	**5.2**	3.7	**2.2**	1.8
Payables at 31 March	**0.2**	0.6	**0.2**	0.1
Loans made by Group companies at 31 March	**0.7**	0.7	**0.2**	0.2
Loans made to Group companies at 31 March	**–**	–	**0.6**	0.6

The receivables and payables are due one month after the date of the invoice and are unsecured in nature and bear no interest.

Remuneration of key management personnel

Key management personnel comprises the Board of Directors and the members of the Group's Executive Committee. The disclosures required by the Companies Act 2006 and those specified by the Financial Conduct Authority relating to Directors' remuneration (including retirement benefits and incentive plans), interests in shares, share options and other interests, are set out in the Directors' Remuneration Report on pages 108 to 123, and form part of these consolidated financial statements. The emoluments paid or payable to key management personnel were:

	2021 €m	2020 €m
Short-term employee benefits	**5.6**	6.1
Termination benefits	**0.4**	1.1
Post-employment benefits	**0.2**	0.2
Share-based payments	**–**	0.3
	6.1	7.7

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Ongoing businesses	Ongoing businesses exclude the results of the Canada Municipal business which was sold on 30 September 2019 and the Reym business which was sold on 31 October 2019	Provides insight into current performance excluding the impact of disposed activities
Revenue from ongoing businesses	Revenue from continuing operations which excludes businesses that have been disposed of	Provides insight into ongoing revenue development and trends
Underlying EBIT	Operating profit from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements. Amortisation on acquisition intangibles is excluded to avoid double counting of costs in underlying EBIT as the Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation, impairment and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance
Underlying EBITDA margin	Underlying EBITDA as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying profit before tax	Profit before tax from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets	Last 12 months underlying EBIT divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Adjusted free cash flow	Net cash generated from operating activities including interest, tax and replacement capital spend activities and excluding non-trading and exceptional items, Covid-19 tax deferral receipts, settlement of ATM soil liabilities and spend relating to the UK PPP contracts	Measure of cash generation in the underlying business available after regular replacement capital expenditure to fund growth capital projects and invest in acquisitions
Free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of free cash flow to underlying EBIT from continuing and discontinued operations	Provides an understanding of how our profits convert into cash
Total cash flow	Total cash flow is net debt excluding loan fee capitalisation and amortisation, exchange movements, movement in PPP non-recourse net debt, movements in IFRS 16 lease liabilities and acquired/disposed of cash	Provides an understanding of total cash flow of the Group
Non-trading and exceptional cash flow items	Renewi 2.0, synergy delivery, integration and restructuring cash flows are presented in cash flows from operating activities and are included in the categories in note 3.3, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend
Core net debt	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PPP contracts and lease liabilities as a result of IFRS 16	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and IFRS 16 lease liabilities are excluded as financial covenants on the main multi currency green finance facility remain on a frozen GAAP basis
Liquidity	Liquidity headroom includes cash, money market funds and undrawn committed amounts on the multicurrency green finance facility	Provides an understanding of available headroom to the Group
Net debt to EBITDA/leverage ratio	Core net debt divided by an annualised underlying EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period.	Commonly used measure of financial leverage and consistent with covenant definition

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliations of certain non-IFRS measures are set out below:

Reconciliation of operating profit (loss) to underlying EBITDA

2021	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Total €m
Operating profit (loss)	**46.3**	**14.4**	**(4.5)**	**(7.9)**	**(4.9)**	**43.4**
Non-trading and exceptional items (excluding finance items)	**7.4**	**8.7**	**4.8**	**10.3**	**(1.6)**	**29.6**
Underlying EBIT from continuing operations	**53.7**	**23.1**	**0.3**	**2.4**	**(6.5)**	**73.0**
Depreciation and impairment of property, plant and equipment and right-of-use assets	**59.8**	**29.1**	**14.0**	**8.7**	**4.9**	**116.5**
Amortisation of intangible assets (excluding acquisition intangibles)	**1.2**	**0.1**	**0.6**	**0.6**	**3.8**	**6.3**
Non-exceptional gain on disposal of property, plant and equipment	**(0.8)**	**0.2**	**0.1**	**0.3**	**0.1**	**(0.1)**
Total underlying EBITDA	**113.9**	**52.5**	**15.0**	**12.0**	**2.3**	**195.7**

2020	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Total ongoing businesses €m	Disposals €m	Total €m
Operating profit (loss)	13.7	29.2	(7.4)	(31.5)	(6.9)	(2.9)	(25.2)	(28.1)
Non-trading and exceptional items (excluding finance items)	35.7	–	13.0	30.2	(0.5)	78.4	37.3	115.7
Underlying EBIT from continuing operations	49.4	29.2	5.6	(1.3)	(7.4)	75.5	12.1	87.6
Depreciation and impairment of property, plant and equipment and right-of-use assets	54.1	27.0	12.6	9.0	3.8	106.5	–	106.5
Amortisation of intangible assets (excluding acquisition intangibles)	1.4	0.2	0.6	0.3	3.9	6.4	–	6.4
Non-exceptional gain on disposal of property, plant and equipment	(0.5)	(0.3)	(0.1)	0.1	–	(0.8)	–	(0.8)
Underlying EBITDA from continuing operations	104.4	56.1	18.7	8.1	0.3	187.6	12.1	199.7
Underlying EBITDA from discontinued operations	–	–	–	–	–	–	3.1	3.1
Total underlying EBITDA	104.4	56.1	18.7	8.1	0.3	187.6	15.2	202.8

Reconciliation of underlying profit before tax to underlying profit before tax ongoing businesses

	2021 €m	2020 €m
Underlying profit before tax	**47.4**	54.1
Underlying EBIT from operations disposed of in the prior year	**–**	(12,1)
Underlying finance costs from operations disposed of in the prior year	**–**	0.5
Underlying profit before tax ongoing businesses	**47.4**	42.5

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliation of adjusted free cash flow as presented in the CFO's Review

	2021 €m	2020 €m
Net cash generated from operating activities	**243.4**	157.7
Exclude non-trading and exceptional provisions and working capital	**12.6**	25.3
Exclude payments to fund defined benefit pension schemes	**3.6**	3.5
Exclude deferred Covid taxes	**(54.1)**	(6.0)
Exclude offtake of ATM soil	**2.6**	–
Exclude UK Municipal contracts	**19.3**	23.6
Exclude exceptional proceeds from disposal of property, plant and equipment	**–**	0.8
Exclude increase in Municipal Canada PPP financial asset	**–**	0.1
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(30.8)**	(37.9)
Include finance income received	**10.2**	10.9
Include repayment of obligations under lease liabilities	**(40.4)**	(38.5)
Include purchases of replacement items of intangible assets	**(8.8)**	(6.7)
Include purchases of replacement items of property, plant and equipment	**(51.1)**	(67.7)
Include proceeds from disposals of property, plant and equipment	**4.5**	10.2
Include UK Municipal contracts PPP net debt and financial asset movements	**(2.2)**	0.1
Adjusted free cash flow	**108.8**	75.4

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the CFO's review. The 2021 replacement spend shown above totalling €59.9m (2020: €74.4m) (being €8.8m (2020: €6.7m) intangible assets and €51.1m (2020: €67.7m) property, plant and equipment) plus the growth capital expenditure of €6.9m (2020: €10.1m) as shown in the CFO's review reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €66.8m (2020: €84.5m) within investing activities in the consolidated Statement of Cash Flows.

Reconciliation of property, plant and equipment additions to replacement capital expenditure as presented in the CFO's Review

	2021 €m	2020 €m
Property, plant and equipment additions (note 4.2)	**61.1**	65.6
Intangible asset additions (note 4.1)	**11.3**	8.5
Asset held for sale additions	**–**	4.9
Proceeds from disposals of property, plant and equipment	**(4.5)**	(11.1)
Movement in capital creditors (included in trade and other payables)	**(5.6)**	6.4
Growth capital expenditure – as disclosed in the CFO's review	**(6.9)**	(10.1)
Replacement capital expenditure per CFO's review	**55.4**	64.2

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliation of total cash flow as presented in the CFO's Review

	2021 €m	2020 €m
Total cash flow	**117.5**	102.1
Movement in PPP non-recourse net debt	**5.4**	5.4
Additions to lease liabilities	**(60.9)**	(61.8)
Repayment of obligations under lease liabilities	**40.4**	38.5
Capitalisation of loan fees net of amortisation	**(1.3)**	0.9
Exchange movements	**(10.3)**	(3.8)
Exchange movements – discontinued	**–**	(0.1)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**–**	(13.0)
Lease liabilities acquired as part of acquisitions	**–**	(22.7)
IFRS 16 transition additions – excluding assets held for sale	**–**	(155.4)
IFRS 16 transition additions – assets held for sale	**–**	(21.9)
IFRS 16 lease liabilities sold as part of business disposal – assets held for sale	**–**	20.1
IFRS 16 lease liabilities – previously IAS 17 finance leases sold as part of business disposal	**–**	0.2
Movement in total net debt (note 5.1)	**90.8**	(111.5)

Reconciliation of total net debt to net debt under covenant definition

	2021 €m	Restated* 2020 €m
Total net debt	**(668.1)**	(758.9)
Less PPP non-recourse net debt	**87.8**	90.0
Less IFRS 16 lease liabilities	**236.7**	211.7
Net debt under covenant definition	**(343.6)**	(457.2)

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in section 1.

8.4 Contingent liabilities

There is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which represents management's best estimate of the most likely outcome. It is noted that the potential maximum claim is €58m (excluding compound interest currently amounting to €5m), and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence. A ruling from the European Commission is expected during FY22 but no monies would likely become payable until FY23.

There is an ongoing criminal investigation into the production of thermally cleaned soil at ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct strongly in such an event. Given that it is not even clear whether or what charges might be brought in the criminal case and the charge is expected to be lower than €1m we do not consider it appropriate at this stage to provide for this. Given these uncertainties, it cannot be ruled out that the outcome of the criminal investigation or the topic it concerns could result in liability for damages resulting from third party claims in the future.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to businesses sold in prior periods. Different warranty periods are in existence and it is assumed that these will expire within 10 years. Based on management's assessment of the most likely outcome appropriate warranty provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling €219.8m (2020: €222.3m).

Consolidated five year financial summary

	2021 €m	2020 €m	2019 €m	2018 €m	2017 €m
Consolidated Income Statement					
Revenue from continuing operations[1]	**1,693.6**	1,775.4	1,780.7	1,760.3	927.7
Underlying EBIT from continuing operations[1]	**73.0**	87.6	85.5	82.5	43.7
Finance charges – interest	**(19.3)**	(23.4)	(13.3)	(14.0)	(9.6)
Finance charges – other	**(7.9)**	(11.0)	(10.1)	(8.8)	(5.7)
Share of results from associates and joint ventures	**1.6**	0.9	0.4	2.6	2.4
Profit from continuing operations before exceptional items and tax (underlying profit)	**47.4**	54.1	62.5	62.3	30.8
Non-trading and exceptional items	**(29.2)**	(113.5)	(151.5)	(115.1)	(101.9)
Profit (loss) before tax from continuing operations	**18.2**	(59.4)	(89.0)	(52.8)	(71.1)
Taxation	**(11.6)**	(13.3)	(15.6)	(15.7)	(7.1)
Exceptional tax and tax on exceptional items	**4.4**	12.2	28.0	17.1	7.5
Profit (loss) after tax from continuing operations	**11.0**	(60.5)	(76.6)	(51.4)	(70.7)
Loss after tax from discontinued operations	**–**	(16.6)	(21.1)	(2.5)	(0.6)
Profit (loss) for the year	**11.0**	(77.1)	(97.7)	(53.9)	(71.3)
Profit (loss) attributable to:					
Owners of the parent	**11.1**	(77.9)	(92.8)	(54.2)	(70.9)
Non-controlling interests	**(0.1)**	0.8	(4.9)	0.3	(0.4)
	11.0	(77.1)	(97.7)	(53.9)	(71.3)
Consolidated Balance Sheet					
Non-current assets	**1,617.8**	1,625.8	1,439.6	1,669.2	1,674.3
Other assets less liabilities	**(706.6)**	(631.6)	(472.7)	(637.7)	(565.2)
Total net debt	**(668.1)**	(758.9)	(647.4)	(595.2)	(597.6)
Net assets	**243.1**	235.3	319.5	436.3	511.5
Equity attributable to owners of the parent					
Share capital and share premium	**573.1**	573.1	573.1	573.1	572.9
Exchange reserve and retained earnings	**(336.1)**	(339.2)	(254.6)	(142.9)	(66.6)
	237.0	233.9	318.5	430.2	506.3
Non-controlling interests	**6.1**	1.4	1.0	6.1	5.2
Total equity	**243.1**	235.3	319.5	436.3	511.5
Financial ratios					
Underlying earnings per share – continuing operations (cents per share)	**4.5c**	5.1c	5.9c	5.8c	4.5c
Basic loss per share – continuing operations (cents per share)	**1.4c**	(7.7)c	(9.0)c	(6.5)c	(13.1)c
Dividend per share (pence per share)	**–**	0.45p	1.45p	3.05p	3.05p

1. Revenue and underlying EBIT from continuing operations is stated before non-trading and exceptional items as set out in note 3.3.

Parent company Balance Sheet

As at 31 March 2021

	Note	31 March 2021 £m	31 March 2020 £m
Assets			
Non-current assets			
Intangible assets	6	**0.3**	0.4
Property, plant and equipment	7	**0.2**	0.2
Investments	8	**524.5**	524.5
Defined benefit pension scheme surplus	16	**–**	14.2
Trade and other receivables	9	**254.2**	263.5
Deferred tax assets	10	**6.1**	2.8
		785.3	805.6
Current assets			
Trade and other receivables	9	**6.0**	1.7
Current tax receivable		**–**	0.6
Cash and cash equivalents	11	**8.8**	2.8
		14.8	5.1
Total assets		**800.1**	810.7
Liabilities			
Non-current liabilities			
Borrowings	12	**(148.6)**	(175.3)
Defined benefit pension scheme deficit	16	**(3.4)**	–
		(152.0)	(175.3)
Current liabilities			
Derivative financial instruments	13	**–**	(0.1)
Trade and other payables	14	**(7.8)**	(9.8)
Current tax payable		**–**	(1.0)
Provisions	15	**(3.5)**	(4.0)
		(11.3)	(14.9)
Total liabilities		**(163.3)**	(190.2)
Net assets		**636.8**	620.5
Equity			
Share capital	17	**80.0**	80.0
Share premium	17	**401.4**	401.4
Retained earnings*		**155.4**	139.1
Total equity		**636.8**	620.5

* As permitted by section 408 of the Companies Act, the Company has elected not to present its own Income Statement or Statement of Comprehensive Income. The Company reported a profit for the year ended 31 March 2021 of £32.8m (2020: £3.9m).

The notes on pages 213 to 221 are an integral part of these financial statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 27 May 2021. They were signed on its behalf by:

Ben Verwaayen
Chairman

Toby Woolrych
Chief Financial Officer

Parent company Statement of Changes in Equity

For the year ended 31 March 2021

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2020		**80.0**	**401.4**	**139.1**	**620.5**
Profit for the year		**–**	**–**	**32.8**	**32.8**
Other comprehensive (loss) income:					
Actuarial loss on defined benefit pension scheme	16	**–**	**–**	**(21.0)**	**(21.0)**
Tax in respect of other comprehensive income items		**–**	**–**	**4.0**	**4.0**
Total comprehensive income for the year		**–**	**–**	**15.8**	**15.8**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**1.3**	**1.3**
Movement in tax arising on share-based compensation		**–**	**–**	**0.3**	**0.3**
Own shares purchased by the Employee Share Trust		**–**	**–**	**(1.1)**	**(1.1)**
Balance at 31 March 2021		**80.0**	**401.4**	**155.4**	**636.8**
Balance at 1 April 2019		80.0	401.4	131.2	612.6
Profit for the year		–	–	3.9	3.9
Other comprehensive income (loss):					
Actuarial gain on defined benefit pension scheme	16	–	–	13.1	13.1
Tax in respect of other comprehensive income items		–	–	(2.4)	(2.4)
Total comprehensive income for the year		–	–	14.6	14.6
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	0.9	0.9
Dividends	5	–	–	(7.6)	(7.6)
Balance at 31 March 2020		80.0	401.4	139.1	620.5

Parent company Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Cash flows from operating activities	19	**(8.3)**	(13.6)
Income tax received		**0.7**	–
Net cash outflow from operating activities		**(7.6)**	(13.6)
Investing activities			
Investment in subsidiary		**–**	(1.2)
Dividend received		**28.0**	1.7
Purchase of intangible assets		**–**	(0.2)
Finance income		**15.0**	20.3
Net cash inflow from investing activities		**43.0**	20.6
Financing activities			
Finance charges and loan fees paid		**(6.6)**	(10.4)
Proceeds from retail bonds		**–**	67.6
Repayment of retail bonds		**–**	(90.2)
Proceeds from bank borrowings		**8.0**	20.9
Repayment of bank borrowings		**(29.7)**	–
Investment in own shares by the Employee Share Trust	17	**(1.1)**	–
Dividends paid	5	**–**	(7.6)
Net cash outflow from financing activities		**(29.4)**	(19.7)
Net increase (decrease) in cash and cash equivalents		**6.0**	(12.7)
Cash and cash equivalents at the beginning of the year		**2.8**	15.5
Cash and cash equivalents at the end of the year	11	**8.8**	2.8

Notes to the parent company financial statements

1. ACCOUNTING POLICIES – COMPANY

General information

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 225. The nature of the Company's principal activity is a head office corporate function.

The financial statements for Renewi plc the Company are presented in Sterling being the functional currency of the entity and are rounded to the nearest £0.1m unless otherwise stated.

Basis of preparation

The separate financial statements of the Company are presented in compliance with the requirements for companies whose shares are listed on the London Stock Exchange. They have been prepared on the historical cost basis, except for derivative financial instruments and share-based payments, which are stated at fair value. The policies set out below have been consistently applied. The Company has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2020.

Going concern

Having assessed the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

Statement of compliance

The financial statements are prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No1606/2002 as it applies in the European Union.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). There were no new standards, amendments to standards or interpretations not yet effective that would be expected to have a material impact on the Company.

Intangible assets

Computer software is capitalised on the basis of the costs incurred to purchase and bring the assets into use. These costs are amortised over the estimated useful life ranging from one to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment, except for freehold land, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Depreciation is provided to write off the cost of fixtures and fittings (less the expected residual value) on a straight-line basis over an expected useful life of up to 10 years.

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value. Investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment provision is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Notes to the parent company financial statements continued

1. ACCOUNTING POLICIES – COMPANY CONTINUED

Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Retirement benefits

The Company accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income. Payments to defined contribution schemes are charged to the Income Statement as they become due.

Share-based payments

The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

Taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Foreign currencies

The functional currency of the Company is Sterling. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the period end exchange rates. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

Financial instruments

Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment losses. The Company measures impairment losses using the general expected credit loss model taking into account objective evidence of impairment as a result of assessing the estimated future cash flows of the financial asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less.

External borrowings

Retail bonds and bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

1. ACCOUNTING POLICIES – COMPANY CONTINUED

Amounts owed to subsidiary undertakings

Amounts owed to subsidiary undertakings are initially recognised at fair value and subsequently held at amortised cost.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Group's exposure to financial risk. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's derivative financial instruments are not designated as hedges and the changes in fair value are recognised in the Income Statement. The Company had no derivative financial instruments at 31 March 2021, details of the fair values of the derivative financial instruments are disclosed in note 5.5 and 5.6 of the Group financial statements.

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

Dividends

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

2. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related note.

Defined benefit pension scheme

The Company operates a defined benefit scheme in the UK for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. Management have concluded that the Group has an unconditional right to a refund of any surplus in the UK defined benefit pension scheme once the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme. The principal assumptions in connection with the retirement benefit scheme are set out in note 7.2 of the Group financial statements.

Impairment of investments in subsidiary undertakings

Investments in subsidiary undertakings are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is estimated based on projected cash flows which may be long term in nature as detailed in note 8.

3. EMPLOYEES

Staff costs	2021 £m	2020 £m
Wages and salaries	**4.0**	3.1
Social security costs	**0.3**	0.3
Share-based benefits	**1.3**	0.9
Other pension costs	**0.1**	–
Total staff costs	**5.7**	4.3

The average number of people (including executive directors) employed by the Company was 17 employees (2020: 16).

See pages 108 to 123 of the Directors' Remuneration report for details of the remuneration of executive and non-executive Directors and their interest in shares and options of the Company. Further details on share-based payments are set out in note 7.3 of the Group financial statements.

Notes to the parent company financial statements continued

4. AUDITORS' REMUNERATION

The auditors' remuneration for audit services to the Company was £0.1m (2020: £0.1m) and the fees paid to BDO LLP and its associates for non-audit services for audit related assurance services for the Company were £nil (2020: £63,023 paid to PricewaterhouseCoopers LLP and its associates).

5. DIVIDENDS

Dividends recognised and proposed:

	2021 £m	2020 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2020 of nil pence per share (2019: 0.5 pence)	–	4.0
Interim dividend paid for the year ended 31 March 2021 of nil pence per share (2020: 0.45 pence)	–	3.6
	–	7.6
Total dividend per share (pence)	–	0.45p

The Directors have not recommended a final dividend for the year ended March 2021 or the year ended March 2020.

6. INTANGIBLE ASSETS

	Computer Software £m
Cost	
At 31 March 2019	1.3
Additions	0.2
Disposals	(1.0)
At 31 March 2020 and 2021	**0.5**
Accumulated amortisation and impairment	
At 1 April 2019	1.0
Amortisation charge	0.1
Disposals	(1.0)
At 1 April 2020	0.1
Amortisation charge	0.1
At 31 March 2021	**0.2**
Net book value	
At 31 March 2021	**0.3**
At 31 March 2020	0.4
At 31 March 2019	0.3

7. PROPERTY, PLANT AND EQUIPMENT

	Land £m	Fixtures and fittings £m	Total £m
Cost			
At 1 April 2019, 31 March 2020 and 31 March 2021	**0.1**	**0.2**	**0.3**
Accumulated depreciation and impairment			
At 1 April 2019	–	–	–
Depreciation charge	–	0.1	0.1
At 31 March 2020 and 2021	**–**	**0.1**	**0.1**
Net book value			
At 31 March 2021	**0.1**	**0.1**	**0.2**
At 31 March 2020	0.1	0.1	0.2
At 31 March 2019	0.1	0.2	0.3

8. INVESTMENTS

	Investments in subsidiary undertakings £m
At 1 April 2019	350.0
Additions	237.1
Disposals	(62.6)
At 31 March 2020 and 2021	**524.5**

In the prior year a restructuring took place which included the Company disposing of its 50% holding of Renewi Europe B.V. of £62.6m in exchange for a £62.6m investment in Renewi Holdings Limited. In addition the Company released £173.3m of debt with Renewi Holdings Limited in exchange for additional shares in the entity and there was a further investment of £1.2m in an existing subsidiary.

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of £524.5m (2020: £524.5m). This assessment is based on the value in use calculated with reference to the discounted cash flow forecasts for each of the reporting segments of the Group as set out in note 4.1 of the Group financial statements. The Group performs sensitivity analysis of the impairment testing by considering reasonably possible changes in the key assumptions used. The results of sensitivities performed demonstrated significant headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge.

9. TRADE AND OTHER RECEIVABLES

	2021 £m	2020 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**254.2**	263.5
Current assets		
Amounts owed by subsidiary undertakings	**4.3**	1.5
Other receivables	**0.9**	0.1
Prepayments	**0.8**	0.1
	6.0	1.7

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021 £m	2020 £m
Sterling	**19.2**	14.9
Euro	**241.0**	250.3
	260.2	265.2

During the year an expected credit loss allowance of £1.3m (2020: £2.2m) was charged to the Income Statement in relation to loans owed by subsidiary undertakings in the UK Municipal business. The Directors do not consider there to be any significant increases in credit risk in relation to the remaining receivables.

Interest on amounts owed by subsidiary undertakings is received at rates of between 0% and 14% (2020: 0% and 14%), the balances are unsecured and repayable either on demand or in accordance with the loan agreements with a final repayment date of 30 September 2039.

Notes to the parent company financial statements continued

10. DEFERRED TAX ASSET

Deferred tax is provided in full on temporary differences under the liability method using the applicable tax rate.

	Retirement benefit scheme £m	Tax losses £m	Derivative financial instruments £m	Other timing differences £m	Total £m
At 31 March 2019	0.5	5.5	0.1	0.3	6.4
Charge to Income Statement	(0.8)	(0.3)	(0.1)	–	(1.2)
Charge to equity	(2.4)	–	–	–	(2.4)
At 31 March 2020	(2.7)	5.2	–	0.3	2.8
Charge to Income Statement	(0.7)	(0.2)	–	(0.1)	(1.0)
Credit to equity	4.0	–	–	0.3	4.3
At 31 March 2021	**0.6**	**5.0**	**–**	**0.5**	**6.1**

The majority of the £6.1m (2020: £2.8m) deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2021, the Company has unused tax losses (tax effect) of £5.0m (2020: £5.2m) available for offset against future profits. A deferred tax asset has been recognised in respect of £5.0m (2020: £5.2m) of such losses and recognition is based on management's projections of future profits in the Company. Tax losses may be carried forward indefinitely.

11. CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents of £8.8m (2020: £2.8m) was denominated in the following currencies:

	2021 £m	2020 £m
Sterling	**8.4**	2.5
Euro	**0.2**	0.1
Canadian Dollar	**0.2**	0.2
	8.8	2.8

12. BORROWINGS

	2021 £m	2020 £m
Non-current borrowings		
Retail bonds	**148.6**	154.1
Bank loans – revolving credit facility	**–**	21.2
	148.6	175.3

At 31 March 2021 the Group had two issues of green retail bonds. The bonds of £85.0m (€100m) (2020: £88.2m (€100m)) maturing in June 2022 have an annual gross coupon of 3.65% and the bonds of £63.6m (€75m) (2020: £65.9m (€75m)) maturing in July 2024 have an annual gross coupon of 3.00%.

The bank borrowings relate to the Group's Euro denominated multicurrency green finance facility of €520m (2020: €520m) and further details are set out in note 5.3 of the Group financial statements.

Of the non-current borrowings of £148.6m (2020: £175.3m) £85.0m (2020: £nil) are due to be repaid between one and two years and £63.6m (2020: £175.3m) are due to be repaid between two and five years.

The carrying amounts of borrowings are denominated in Euros.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company held forward foreign exchange contracts with a current liability of £nil (2020: £0.1m) and a notional value of £nil (2020: £2.9m).

14. TRADE AND OTHER PAYABLES

	2021 £m	2020 £m
Trade payables	**0.2**	0.5
Other tax and social security payable	**0.3**	0.3
Accruals and other payables	**7.1**	7.5
Amounts owed to Group undertakings	**0.2**	1.5
	7.8	9.8

The carrying amounts of trade and other payables are denominated in the following currencies:

	2021 £m	2020 £m
Sterling	**3.6**	5.3
Euro	**4.2**	4.5
	7.8	9.8

Interest on amounts owed to Group undertakings is 0% (2020: 0%) and these balances are unsecured and repayable upon demand.

15. PROVISIONS

	£m
At 1 April 2020	4.0
Additions	1.4
Released in the year	(1.8)
Utilised in the year	(0.1)
At 31 March 2021	**3.5**

Provisions principally include warranties, whereby under the terms of the agreements for the disposal of certain businesses, the Company has given warranties to the purchasers which may give rise to payments. The Company has the liability until the end of the contractual terms in the agreements.

16. RETIREMENT BENEFIT SCHEME

The Company's defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants and closed for future benefit accrual. The plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2022 are £3.0m. Further details are provided in note 7.2 of the Group financial statements.

In the prior year the scheme was closed for future benefit accrual and a bulk pension increase exchange exercise and an at-retirement pension increase exchange have recently been introduced. The impact of these changes led to a reduction in the pension scheme liability which was reflected as a past service credit of £1.2m in the prior year.

Notes to the parent company financial statements continued

17. SHARE CAPITAL AND SHARE PREMIUM

	Number	Ordinary shares of 10p each £m	Share premium £m
Share capital allotted, called up and fully paid			
At 1 April 2019, 31 March 2020 and at 31 March 2021	**800,141,536**	**80.0**	**401.4**

Renewi plc Employee Share Trust

The Renewi plc Employee Share Trust owns 4,302,746 (0.6%) (2020: 4,834,692 (0.6%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement. Retained earnings include ordinary shares held by the Trust to satisfy future share awards which are recorded at cost. During the year 4,419,977 (2020: 695,158) shares were transferred to individuals under the LTIP and DAB schemes and during the year 3,888,031 (2020: nil) shares were purchased by the Trust at a cost of £1.1m.

18. FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	2021 £m	2020 £m
Financial assets			
Trade and other receivables excluding prepayments	9	**260.8**	265.1
Cash and cash equivalents	11	**8.8**	2.8
		269.6	267.9
Financial liabilities			
Retail bonds	12	**148.6**	154.1
Bank loans – revolving credit facility	12	**–**	21.2
Trade and other payables excluding non-financial liabilities	14	**7.5**	9.5
Forward foreign exchange contracts	13	**–**	0.1
		156.1	184.9

The fair value of financial assets and financial liabilities is not materially different to their carrying value except for the retail bonds which have a fair value of £152.5m (2020: £154.5m).

The following table analyses the Company's financial liabilities including derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Company is obliged to pay.

	Within one year £m	Between one and five years £m	Total £m
At 31 March 2021			
Retail bonds	**5.0**	**157.9**	**162.9**
Trade and other payables	**7.8**	**–**	**7.8**
	12.8	**157.9**	**170.7**
At 31 March 2020			
Retail bonds	5.2	169.2	174.4
Bank loans – revolving credit facility	0.5	23.5	24.0
Forward contacts – sell	2.9	–	2.9
Forward contracts – buy	(2.8)	–	(2.8)
Trade and other payables	9.5	–	9.5
	15.3	192.7	208.0

19. NOTES TO THE STATEMENT OF CASH FLOWS

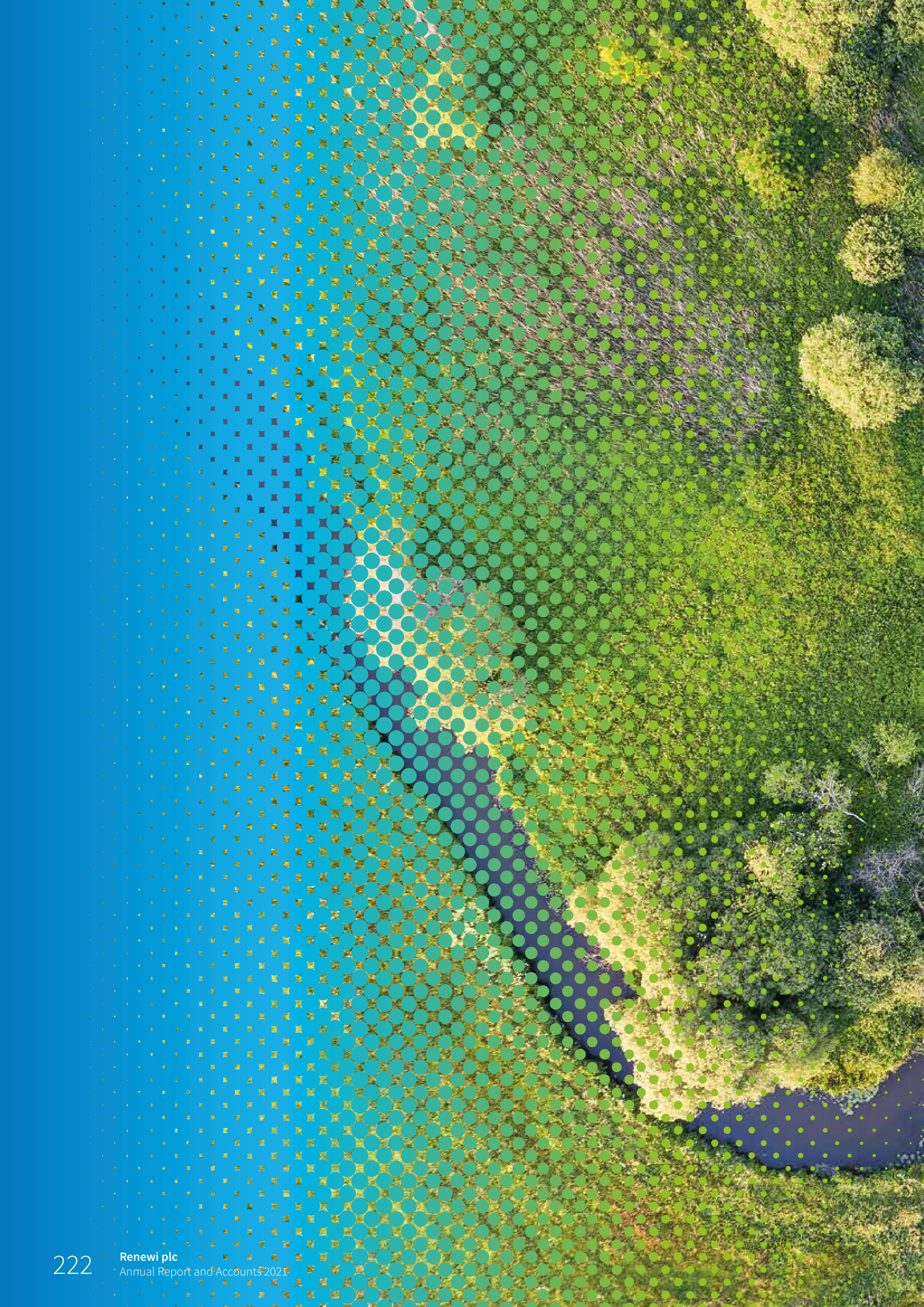
	2021 £m	2020 £m
Profit before tax	**32.7**	5.1
Fair value loss on financial instruments	**(0.1)**	(0.4)
Finance income	**(18.0)**	(20.3)
Finance charges	**7.1**	8.7
Operating profit (loss)	**21.7**	(6.9)
Amortisation of intangible assets	**0.1**	0.1
Depreciation of property, plant and equipment	**–**	0.1
Dividend in specie	**–**	(11.2)
Dividend income	**(28.0)**	(1.7)
Exceptional past service credit in relation to the defined benefit pension scheme	**–**	(1.2)
Exceptional write-off of intercompany receivable	**–**	15.3
Exceptional provision against intercompany receivables	**–**	2.2
Exceptional intercompany debt waiver	**–**	173.3
Non-cash investment in subsidiary as settled via intercompany	**–**	(173.3)
Net (decrease) increase in provisions	**(0.5)**	1.6
Payment related to committed funding of the defined benefit pension scheme	**(3.1)**	(3.1)
Share-based compensation	**1.3**	0.9
Exchange gain (loss)	**3.1**	(4.5)
Operating cash flows before movement in working capital	**(5.4)**	(8.4)
(Increase) decrease in receivables	**(0.9)**	0.5
Decrease in payables	**(2.0)**	(5.7)
Cash flows from operating activities	**(8.3)**	(13.6)

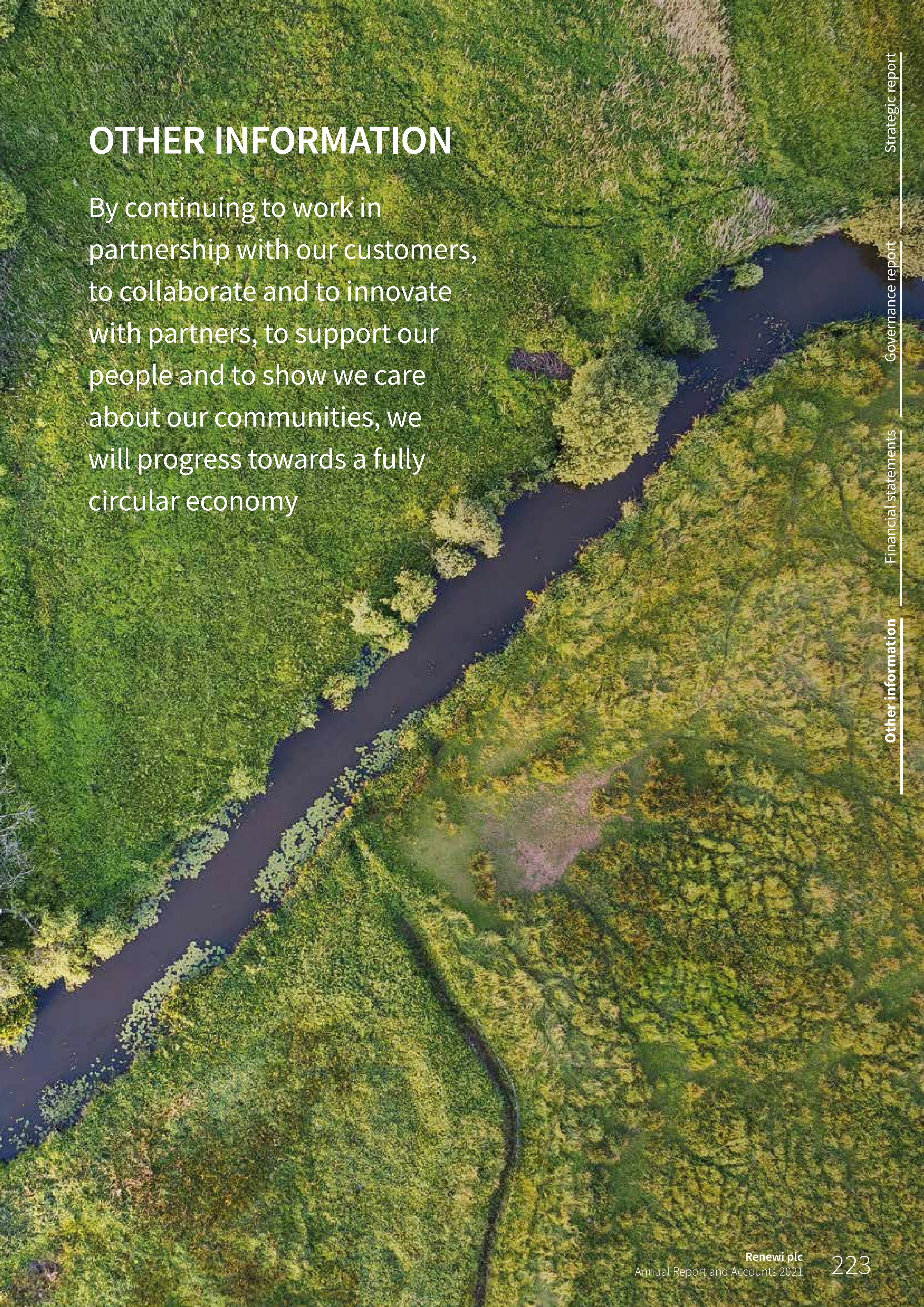
20. CONTINGENT LIABILITIES

In addition to the contingent liabilities as referred to in note 8.4 of the Group financial statements, the Company has given guarantees in respect of the Group's subsidiary undertakings' borrowing facilities totalling £220.0m (2020: £432.3m). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £1.1m (2020: £0.7m).

21. RELATED PARTY TRANSACTIONS

A list of the Company's subsidiaries is set out in note 8.1 of the Group financial statements. Transactions with subsidiaries relate to interest on intercompany loans, management charges and dividends. Net interest income was £17.5m (2020: £20.3m), management charges were £3.8m (2020: £4.7m) and dividends received were £28.0m (2020: £12.9m). Total outstanding balances are listed in notes 9 and 14.





OTHER INFORMATION

By continuing to work in partnership with our customers, to collaborate and to innovate with partners, to support our people and to show we care about our communities, we will progress towards a fully circular economy

SHAREHOLDER INFORMATION

	Holders	%	Shares held	%
Private	1,619	74.2	8,812,867	1.1
Corporate	562	25.8	791,328,669	98.9
Total	**2,181**	**100.0**	**800,141,536**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1 - 5,000	1,388	63.6	2,454,741	0.3
5,001 - 25,000	444	20.4	4,937,321	0.6
25,001 - 50,000	83	3.8	2,826,073	0.4
50,001 - 100,000	52	2.4	3,823,962	0.5
100,001 - 250,000	43	2.0	7,019,784	0.9
250,001 - 500,000	38	1.7	13,592,375	1.7
500,000+	133	6.1	765,487,280	95.6
Total	**2,181**	**100.0**	**800,141,536**	**100.0**

Registrar services
Administrative enquiries concerning shareholdings in the Company made via the London Stock Exchange should be directed to the Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Computershare can also be contacted by telephone on +44 (0)370 707 1290. Shareholders can also manage their holding online by registering at investorcentre.co.uk.

Queries in relation to shareholdings through Euronext should be directed to Renewi's Euronext Listing and Paying Agent, ABN AMRO Bank N.V. who can be contacted at as.exchange.agency@nl.abnamro.com.

Website
Shareholders are encouraged to visit our website, which has a wealth of information about Renewi.

There is a section on our website designed specifically for investors. It includes detailed coverage of the Renewi share price, annual results, performance charts, financial news and investor relations videos. This Annual Report can also be viewed on our website, together with many other reports, by going to renewiplc.com.

Dividends
Shareholders are strongly encouraged to receive their cash dividends by direct transfer as this ensures dividends are credited promptly and efficiently. Shareholders who do not currently have their dividends paid directly to a bank or building society account, and who wish to do so, should complete a mandate form obtainable from Computershare. Overseas shareholders wishing to receive their dividend payment in local currency can now do so using Computershare's Global Payments Service.

Financial calendar

15 July 2021	Annual General Meeting
November 2021	Announcement of interim results
31 March 2022	2022 financial year end
May 2022	Announcement of 2022 results

For updates to the calendar during the year, please visit the Company website: renewiplc.com.

ShareGift
If shareholders have only a small number of shares, the value of which makes it uneconomical to sell, they may wish to consider donating them to the charity ShareGift (UK registered charity no. 1052686).

Further information may be obtained from its website at sharegift.org or by calling +44 (0)20 7930 3737.

Electronic shareholder communication
Shareholders may elect to receive future shareholder documents and information by email or via the Company's website. This is intended to help the environment by reducing paper and transport as well as enabling the Company to save on administration, printing and postage costs. Please contact the Company Registrar for details.

Share fraud warning
Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid fraud
Firms authorised by the Financial Conduct Authority (FCA) in the UK will rarely contact you out of the blue with an offer to buy or sell your shares. If you feel that the person contacting you is not legitimate, note their name and the firm they work for; you can check the Financial Services Register at fca.org.uk to see if the person and firm is authorised by the FCA. If the firm does not have contact details on the register or they are out of date, call the FCA on 0800 111 6768 (from the UK) or +44 20 7066 1000 (from abroad). You can search the list of unauthorised firms to avoid at fca.org.uk/scams. If you buy or sell shares from an unauthorised firm, you will not have access to the Financial Ombudsman or Financial Services Compensation Scheme. You should always consider getting independent financial advice before any transaction.

Report a scam
If you are approached by a fraudster, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline. If you have already paid money to share fraudsters, you should contact Action Fraud on +44 (0)300 123 2040.

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Company Secretary
Philip Griffin-Smith, FCG
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For customers: renewi.com

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Principal Bankers
ING Bank N.V.
Coöperatieve Rabobank U.A.
ABN AMRO Bank N.V.
KBC Bank N.V.
BNP Paribas Fortis S.A./N.V.
HSBC Bank plc

Financial Advisers
Greenhill & Co International LLP

Corporate Brokers
Investec
Peel Hunt

Euronext Listing and Paying Agent
ABN AMRO Bank N.V.

Solicitors
Ashurst LLP
Dickson Minto W.S.

Remuneration Committee Advisers
FIT Remuneration Consultants LLP

GLOSSARY

AD – Anaerobic digestion

AEB – One of the largest incinerators in the Netherlands

AP4Terra – ATM's waste treatment plant that transitions thermally treated soil (TGG) into gravel, sand and filler

ATM – Afvalstoffen Terminal Moerdijk, a brand in our Mineralz & Water Division

BDR – Barnsley, Doncaster and Rotherham

Benelux – The economic union of Belgium, the Netherlands and Luxembourg

Bio-LNG – Bio-liquefied natural gas

C&D – Construction and Demolition

CER – Constant exchange rate

CFS – A brand in our Hazardous Waste Division

CHP – Combined heat and power

CI – Continuous improvement

CLA – Collective labour agreement

Core net debt – Borrowings less cash from core facilities excluding PPP non-recourse debt and lease liabilities as a result of IFRS 16

DAB – Deferred annual bonus

DAF – Truck manufacturer

DCMR – Shared environmental service of the province of Zuid-Holland and 14 municipalities in the Netherlands

EBIT – Earnings before interest and tax

EBITDA – Earnings before interest, tax, depreciation and amortisation

ELWA – East London Waste Authority

EPS – Earnings per share

ESG – Environmental, social and governance

FCA – Financial Conduct Authority

FORZ® – Brand name for a breakthrough product line at Mineralz

FTE – Full-time equivalent

HIPS – High Impact polystyrene

HIT – Hazards, incidents or threats

HWRCs – Household waste recycling centres

I&C – Industrial and commercial

ICT – Information and communications technology

IFRS – International Financial Reporting Standards

IL&T – Human Environment and Transport Inspectorate

KPI – Key performance indicator

LLP – Limited liability partnerships

LTIP – Long-Term Incentive Plan

M&A – Mergers and acquisitions

MBT – Mechanical biological treatment

NOx – Gases (nitric oxide and nitrogen dioxide) produced when fuel is burned

PFAS – Per- and polyfluoroalkyl substances

PFI – Private finance initiative

PMC – Purified Metal Company

PPP – Public private partnership*

RDF – Refuse-derived fuel

ROA – Return on operating assets

ROCE – Return on capital employed

SDGs – UN Sustainable Development Goals

SHEQ – Safety, health, environment and quality

SPV – Special purpose vehicle

SRF – Solid recovered fuel

SSC – Shared service centre

TAG – Tar and asphalt granulate

TGG – Thermally treated soil

TSR – Total shareholder return

VGG – Van Gansewinkel Groep B.V.

ZEV – Zero-emission vehicle

*PPP refers to a public private partnership project in the UK between (1) one or more local authorities and (2) a special purpose vehicle owned either solely by Renewi or together with joint venture partners and financed with project finance debt, under which Renewi, as operator, performs some of the waste management functions of the relevant local authorities. These include, where appropriate, those projects that also benefit from central government private finance initiative (PFI) credits.

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DG3 Newnorth is FSC® and PEFC certified. Its environmental management system is accredited to ISO 14001 and its procedures are accredited to ISO 9001.

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