BUILD CONFIDENCE

DELIVER GROWTH

renewi
waste no more

RENEWI PLC
ANNUAL REPORT AND ACCOUNTS
2019

OUR PURPOSE

to protect the world by giving new life to used materials

OUR VISION

to be the leading waste-to-product company

OUR APPROACH

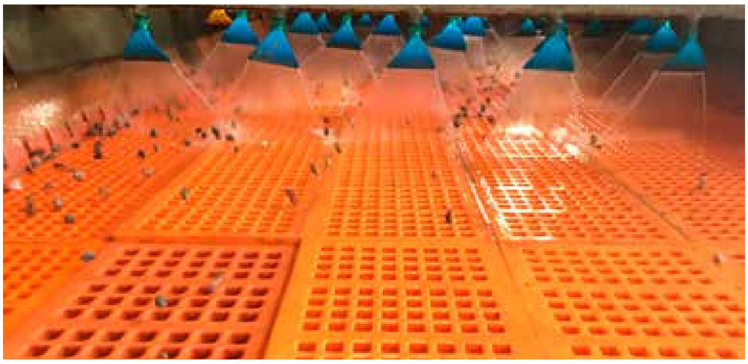
LOCAL SERVICE

UNRIVALLED RANGE OF PRODUCTS AND SERVICES

INTERNATIONAL EXPERTISE

DELIVERED BY OUR PASSIONATE AND COMMITTED PEOPLE

CONTENTS



STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

MORE INFORMATION

2018/19 IN SUMMARY

FINANCIAL HIGHLIGHTS OVERVIEW

Revenue*
€1,799m
Up 1%

Underlying EBIT*
€87.0m
Up 11%

Underlying profit before tax*
€63.8m
Up 9%

Statutory loss for the year
€(97.7)m
Prior year €(53.9)m

FINANCIAL HIGHLIGHTS BY DIVISION

COMMERCIAL

Revenue
€1,194m

More on page 38

Underlying EBIT
€86.5m

HAZARDOUS

Revenue
€211m

More on page 44

Underlying EBIT
€7.0m

MONOSTREAMS

Revenue
€213m

More on page 51

Underlying EBIT
€12.9m

MUNICIPAL

Revenue
€195m

More on page 56

Underlying EBIT
€0.8m

*Numbers are quoted on a total operations basis and include both continuing and discontinued operations
The definition and rationale for the use of non-IFRS measures are included on page 193

OUR CSR ACHIEVEMENTS THIS YEAR

90%
Overall recycling and recovery rate

0.218m
Tonnes of carbon avoidance through recycling and recovery

7%
Improvement in our >3 day accident rate

OUR PRIORITIES

See page 08 for more

Resolve ATM

Integration Delivery

Margin Improvement

Strengthen Balance Sheet

Portfolio Management

MARKET DRIVERS

Environmental need
There is a clear pull from societies around the world to address important challenges such as climate change, environmental pollution and scarcity of raw materials.

See page 16 for more

Customer demand
Companies are inevitably responding to the demand for greater sustainability. Their customers and employees demand it and Renewi is well placed to support this.

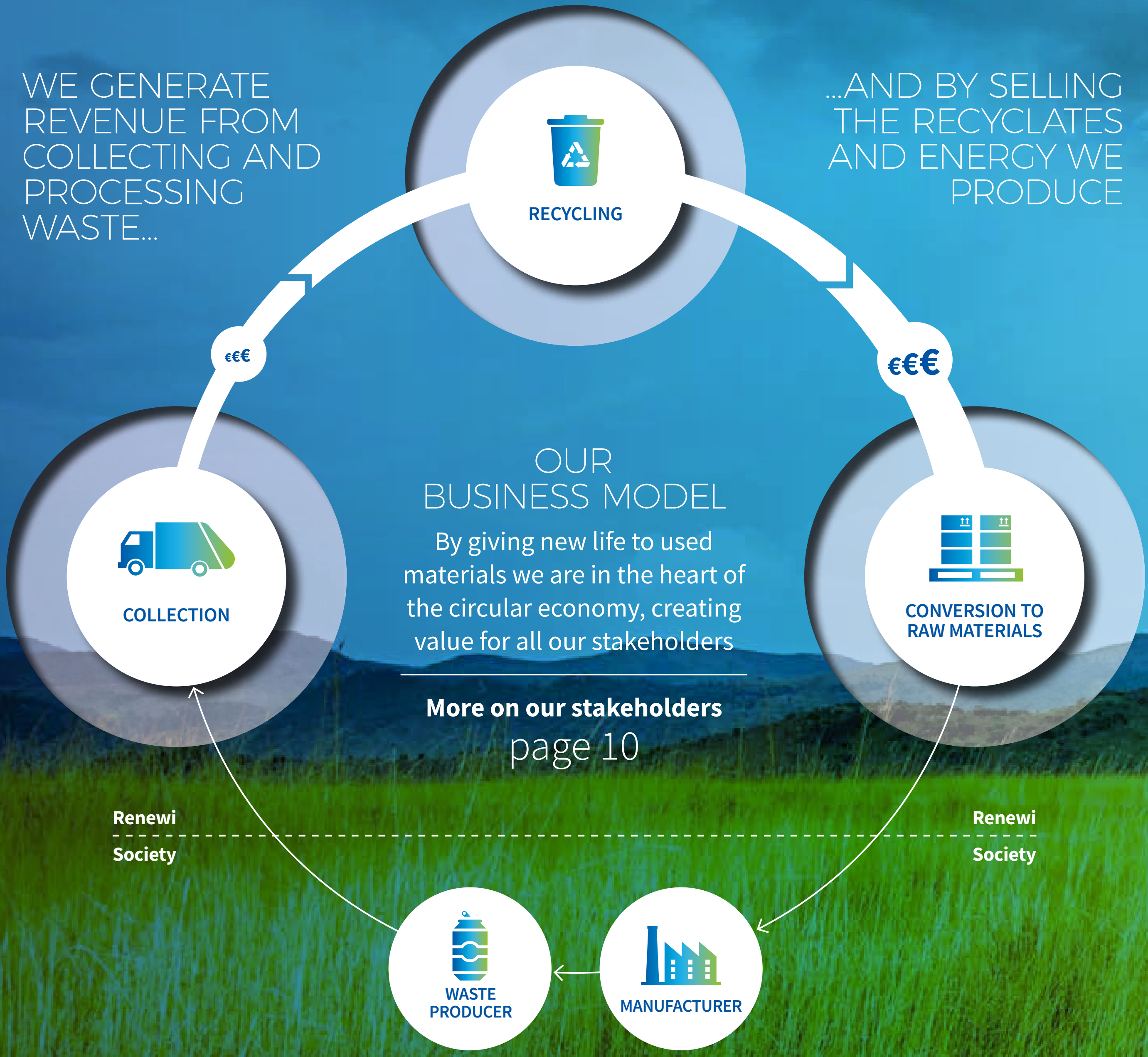
See page 16 for more

Regulation
Regulation, such as the European Union's Circular Economy Package, will drive further structural growth to recycling rates and the circular economy.

See page 16 for more

WE GENERATE REVENUE FROM COLLECTING AND PROCESSING WASTE...

...AND BY SELLING THE RECYCLATES AND ENERGY WE PRODUCE



OUR BUSINESS MODEL

By giving new life to used materials we are in the heart of the circular economy, creating value for all our stakeholders

More on our stakeholders
page 10

We are paid by waste producers to take their waste away. We process it to create products of positive value and reduce the liability of disposing of the residues. In the Commercial Division around 80% of our income comes from waste producers and 20% from our products. This can change as market prices for the products can go up or down and we pass these fluctuations on to the waste producer, protecting our margins.

RENEWI IN NUMBERS

189	7,036	107	13.85m	2,541
Number of operating sites[1]	**Number of employees**	**Number of operating sites with recycling/ recovery**	**Total tonnes of waste handled**	**Number of collection and transport trucks[2]**

1. Active operating sites; does not include offices and other non-operational sites
2. Does not include vans, passenger cars, mobile plant and similar

OUR VALUES

Our values are the foundation for everything we do. They show that how we act is just as important as what we do. We use our values to guide the way we behave and make decisions at Renewi.

WHAT WE ARE

Safe

Safety above all else

We work safely or not at all by making safety part of all our systems, structures and processes. We stick to the rules, promote safety in our work and confront unsafe behaviour.

Innovative

Do it better every day

Innovation is what keeps us at the forefront of the waste-to-product revolution, helping us to deliver better products and services. Together, we actively explore new ideas and ways of working. Listening and sharing is key.

Sustainable

Make a daily difference to our planet

Sustainability is at the heart of what we do. We are proud of our contribution to the environment and of the work we do. We are at the centre of the circular economy and ambitious about our impact on future generations.

HOW WE ACT

Accountable

Do what we say we'll do

Collectively, we ensure that our operations run efficiently. Our team's performance-driven mindset means we are committed to raise standards, show active integrity, and deliver with energy and pace.

Customer-focused

Add value for our customers

Our customers come first, so we are committed to providing excellent customer service to each and every one. We do this by being consistently reliable and timely, responsive and entrepreneurial, and full of friendly, positive energy.

Together

Always open and respectful

Cooperation and supporting each other are essential within Renewi. That is why we treat each other with respect, listen and learn from one another, work together across all boundaries, and value every person's role and contribution.

For more information on our values see the People section on page 60

Colin Matthews
Chairman

REVIEW OF THE YEAR

2019 was a challenging year for the Group, with the good progress in our core Benelux Commercial businesses, including a strong final fourth quarter, offset by the extended reduction in output at ATM, our facility in the Netherlands that treats contaminated soil, and underperformance in our Monostreams Division. The commissioning of our waste treatment centre in Derby was also delayed. As a result, underlying profit before tax on a total operations basis was €63.8m which, after significant exceptional and non-trading items, produced a statutory loss of €97.7m.

In light of the reduced performance at ATM, we have taken a number of steps to reduce the Group's core net debt and leverage ratio, which has peaked following the merger of Shanks with Van Gansewinkel in 2017. These steps include the planned disposals of our Canadian business and our Reym industrial cleaning business, which are well-advanced, and tight control of costs and capital expenditure across the Group. We have also temporarily reduced the Group's dividend payments.

These actions will increase the Group's focus on our core Benelux Commercial businesses. Following the successful integration of Shanks and Van Gansewinkel, these businesses enjoy strong market positions and are delivering improving performance underpinned by our continuous improvement and commercial effectiveness programmes alongside the realisation of our planned merger benefits.

EPS AND DIVIDEND

Total underlying earnings per share grew by 13% to 6.1 cents (2018: 5.4 cents). We are recommending a reduced final dividend for the year ended 31 March 2019 to 0.5 pence per share, which will result in a total dividend for the year of 1.45 pence per share. This, together with a similar reduction in the total dividend for the year ending 31 March 2020, will benefit the Group by around €30m. Thereafter, the Board will review the dividend policy and expects to maintain a dividend cover policy on earnings before non-trading and exceptional items of 2.0x – 2.5x in line with previous guidance.

SAFETY AS OUR FIRST VALUE

We work hard to improve safety, the first of our six Renewi values. Safety matters because our people matter, and improved safety means improved operational performance. Renewi launched a new safety culture initiative and set new ambitious targets, which you can read more about on page 64. During the year to 31 March 2019 our "greater than 3 day lost time accident rate" improved by 7%.

KEY NUMBERS*

€1,799
Revenue

€63.8m
Underlying profit before tax

€146.0m
Non-trading and exceptional items

13%
Underlying EPS improvement

7%
Improvement in our >3 day accident rate

*Numbers quoted on a total operations basis including continuing and discontinued operations

See page 25 for more

Renewi has a compelling offering for waste producers and purchasers of secondary materials, with local service supported by a range of processing technologies

CORPORATE GOVERNANCE

The Board and its committees paid close attention to the integration of the two legacy businesses and the associated control, reporting and risk management frameworks.

We also prioritised the recruitment and development of leaders and the strengthening of our corporate functions. We activated our Renewi values and launched a new Code of Conduct, supported by an extensive education scheme.

The Board aims 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 78 to 120.

BOARD CHANGES

Peter Dilnot stepped down as CEO on the last day of the year after seven years in the role. I thank him for his part in creating Renewi and for his hard work and dedication. The Board was pleased to appoint Otto de Bont as the Group's new CEO. He has transitioned smoothly into the role from 1 April 2019 having previously run our Commercial business in the Netherlands.

Neil Hartley joined us as Non-Executive Director, bringing expert and relevant knowledge as an investor in adjacent industries. Jacques Petry, Senior Independent Director, will reach nine years of service during the coming year and will stand down from the Board before the 2020 AGM. When he does so, Allard Castelein will become Senior Independent Director.

Following the merger of Shanks and Van Gansewinkel, Renewi has been undergoing a major transformation. As the two recently announced disposals complete, we secure regulatory alignment at ATM, and we achieve a secondary listing in Amsterdam, Renewi will focus on creating value in our core Benelux markets. Our Board structure and governance will continue to evolve accordingly and we expect to launch a search for a new Chairperson based within the Benelux region during the current financial year.

A DEDICATED TEAM AND A POSITIVE FUTURE

On behalf of the Board, I thank all our colleagues for their commitment and resilience in a challenging year.

Renewi is well positioned at the heart of the emerging circular economy, a market driven by pressing societal needs. The Benelux is at the forefront of these trends where legislation and the demands of consumers and companies for sustainable solutions are leading to new opportunities. Renewi has a compelling offering for waste producers and purchasers of secondary materials, with local service supported by a range of processing technologies. We are focused on ensuring that Renewi capitalises on these opportunities and delivers sustainable future growth.

Colin Matthews
Chairman

BUILD CONFIDENCE. DELIVER GROWTH

Our strategy is focused on resolving short-term challenges and positioning ourselves for growth in increasingly favourable markets

- Dispose of non-core assets
- Decrease leverage
- Resolve ATM regulatory issues
- Ringfence Municipal

Sort and fix immediate issues, creating a cash generative business with competitive advantage in Benelux recycling

Capture benefits from strong structural drivers to deliver strategic growth and shareholder value

- Deliver integration benefits
- Expand margins
- Simplify organisation and processes
- Digitalise through new digital channels and business models
- Innovate and invest in recycling technologies
- Actively manage portfolio

OUR FUTURE GROWTH

We have clear plans to address the current challenges and to deliver long-term profitable growth.

DIVISIONS

COMMERCIAL

Concentrate on treatment and creating value-added secondary products. Continue to expand margins through commercial effectiveness, continuous improvement and by focusing on overheads and cost-to-serve.

Goals 2019/20
- Complete Phase 1 of integration to deliver €40m committed cost synergies
- Next phase of integration to identify further savings
- Focus on increasing margins in tenders and pricing
- Selective investment in processing technology alone/ through partners

HAZARDOUS WASTE

Resolve regulatory challenges for thermal soil at ATM and invest to refine thermally-cleaned soil into secondary products. Complete strategic disposal of Reym.

Goals 2019/20
- Resume shipments of thermally-treated soil
- Gain product certification for new building products and invest in larger-scale equipment for full-scale production
- Transition to new partnership relationship with Reym
- Integrate support activities into Renewi

MONOSTREAMS

Address market and operational challenges through rationalisation and investment in operational improvements. Exploit growth opportunities, focusing on organic waste treatment, bottom ash treatment and plastics.

Goals 2019/20
- Rationalise Coolrec, focusing on profitable business lines
- Improve performance of Maltha Netherlands
- Build on positive momentum for Orgaworld, embedding Rotie and securing synergies
- Complete Maasvlakte expansion, explore opportunities to expand in bottom ash treatment

MUNICIPAL

Following Canada sale, focus on UK portfolio improvements, commercial and operational performance, and reducing risk and volatility. Negotiate commissioning of Derby or exit without further loss.

Goals 2019/20
- Complete sale of Canadian assets
- Resolve Derby situation through renegotiated commissioning plan or exit
- Deliver significant operational improvements, especially BDR and ELWA
- Review UK market for alternative growth opportunities

GROUP

DELIVER INTEGRATION

Deliver €40m committed cost synergies and complete physical rebranding and transition of the two legacy businesses to one way of working.

Goals 2019/20
- Complete Phase 1 of integration to deliver cost synergies
- Complete rebranding and build positive brand recognition
- Complete site IT and process migrations in Belgium
- Complete pilot phases for C&D migration in Netherlands and transfer first sites

STRATEGIC EXPANSION

Position Renewi as cost-efficient leader, including simplification of organisation. Invest to maintain leading position in sorting and production of high-quality recyclates and secondary materials.

Goals 2019/20
- Complete actions to strengthen balance sheet
- Simplify portfolio, organisation and processes, including initial phase of Renewi 2.0
- Invest in processing capability and capacity, including partnerships
- Develop innovation portfolio, including partnerships

MARGIN IMPROVEMENT

Continue to focus on driving margins through optimised price and reduced cost-to-serve, leveraging scale and the breadth of our capabilities.

Goals 2019/20
- Increase margins in tenders through offering enhanced service and capabilities
- Ensure price increases to capture and pass on inflationary costs
- Reduce cost-to-serve and optimise processes, including continuous improvement and digitalisation/robotics

MANAGING THE PORTFOLIO

Disposal of non-core assets and those not delivering returns, invest in assets for scale and new capabilities, positioning Renewi with a range of secondary products in expanding sectors.

Goals 2019/20
- Complete the sale of Canadian business
- Complete the sale of Reym
- Acquire Rotie (organics) and consider other niche acquisitions that can add value and deliver sustainable attractive returns

INVESTORS
We are committed to delivering stable profitable growth and attractive returns for our investors. We intend to reduce volatility and increase cash generation for longer-term stability.

CUSTOMERS
As a pure-play waste-to-product company we have a unique position in the value chain, linking waste producers to secondary raw material consumers. We actively support our customers to achieve their recycling targets, secure secondary raw materials and to create circular solutions.

OUR STAKEHOLDERS

COMMUNITIES
(Local and Wider Society)
We aim to be a good neighbour and make a positive contribution to the local community.

GOVERNMENTS
(Regulators and Policy Makers)
We support government initiatives to further stimulate recycling and the use of secondary raw materials. We work with regulators to ensure the market receives high-quality products, manufactured responsibly.

EMPLOYEES
Our success is driven by our talented team of people and we are committed to developing and driving our people agenda and keeping our people safe.

HOW WE ENGAGE

We have a number of important stakeholders who are central to all that we do. Engaging with these people is a core part of our everyday operations. We strive to communicate effectively with them, using a two-way dialogue.

STAKEHOLDER	HOW WE ENGAGE	
Employees	Daily Interactions	CEO Vlogs
	Town Hall Meetings	Internal Announcements
	Works Councils	Divisional Magazines
	Renews Magazine	Intranet
	Employee Engagement Survey	Toolbox Talks (safety updates)
Investors	Investor Briefings	Corporate Reporting
	Investor Roadshows	Investor Meetings
	Analyst Presentations	AGM
	Capital Markets Days	Site Visits
	Website	
Customers	Waste Collection	Emails
	Meetings	Letters
	Websites	Calls
	Webchat	Social Media
	Feedback Surveys	Customer Events
Governments	**REGULATORS**	**POLICY-MAKERS**
	Meetings	Lobbying Activities
	Site Visits	Letters
	Letters	Briefings
	Membership Body Events	Industry Events
Communities	**LOCAL**	**WIDER SOCIETY**
	Liaison Committees	Websites
	Site Visits	Local Media
	Leaflets	
	Meetings	

OUR **INNOVATION INITIATIVES** HAVE MADE GOOD PROGRESS DURING **THE LAST YEAR**

FROM WASTE TO PRODUCT

ORANGE PEEL = **ESSENTIAL OILS**

Renewi will collect citrus peel from supermarkets and catering companies and transport them to PeelPioneers' new plant. The peel will be turned into essential oils and citrus pulp which will be used as ingredients in products such as detergents. Every 1,000 kg of peels processed will provide enough detergent to clean 4,500 m^2 of floor.

Otto de Bont
CEO

OVERVIEW

Peter Dilnot stepped down as CEO on the last day of the financial year after seven years in the role. The Board and I thank him for his part in creating Renewi and for his hard work and dedication.

I took over as CEO on 1 April 2019, following two years as Managing Director of the Netherlands Commercial Division. Together with our Belgian Commercial business, the Commercial Division, which accounts for two-thirds of Renewi activities, delivered good profit growth year on year, supported by merger cost synergies, and is well positioned for future profitable growth. This good progress was offset by significant challenges elsewhere in the Group.

As previously announced, ATM was severely impacted by the ongoing industry-wide suspension of the application of thermally treated soil. We are progressing the additional tests required by the Dutch authorities for the resumption of shipments of thermally treated soil from ATM on an interim basis and as an input to a planned new regulatory framework. We continue to expect the authorities to permit shipments under such an interim regime during the year ending 31 March 2020 and we maintain a strong order book of domestic and export customers waiting to take the cleaned soil once regulatory clearance is given.

Following market and operational challenges in Monostreams, we are rationalising sites and products, which will deliver improved performance. In the Municipal Division, our main challenge is the new Derby facility. Following the failure of our partner, Interserve, to commission the facility, we have now provided for the complete termination of the PPP contract.

As previously announced, we have also implemented a series of actions to reduce the Group's core net debt and leverage, including an extension of bank covenants, reduced capital expenditure, cost reduction actions and the reduction of the dividend. The planned strategic disposals of our Canadian and Reym businesses are expected to reduce the leverage ratio by at least 0.5x with both processes progressing well.

We are focused on resolving our short-term challenges and building a solid base for future growth. Renewi remains well positioned for profitable growth in increasingly favourable markets.

TOTAL OPERATIONS

	REVENUE			UNDERLYING EBIT		
	Mar 19 €m	Mar 18 €m	Variance %	Mar 19 €m	Mar 18 €m	Variance %
Commercial Waste	1,194.4	1,158.2	3%	86.5	73.3	18%
Hazardous Waste	211.3	231.0	-9%	7.0	19.9	-65%
Monostreams	213.3	204.4	4%	12.9	18.2	-29%
Municipal	195.2	200.5	-3%	0.8	(6.6)	N/A
Group central services	–	–		(21.7)	(22.3)	3%
Inter-segment revenue	(33.5)	(33.8)		–	–	
Continuing Operations	**1,780.7**	**1,760.3**	**1%**	**85.5**	**82.5**	**4%**
Discontinued Operations	**18.3**	**18.8**		**1.5**	**(4.2)**	
Total	**1,799.0**	**1,779.1**	**1%**	**87.0**	**78.3**	**11%**

The underlying figures above are reconciled to statutory measures in note 2 in the consolidated financial statements.
Discontinued operations include the results of the Canada Municipal segment which meets the criteria as set out in IFRS5.

GROUP PERFORMANCE

Including discontinued operations, total revenues grew 1% to €1,799m and total underlying EBIT increased 11% to €87m. Total underlying profit before tax was 9% ahead of last year at €64m. Total underlying earnings per share grew 13% to 6.1 cents (2018: 5.4 cents).

Total exceptional items were €146m (2018: €97m), of which €52m were cash. These items included the €57m of planned synergy delivery and merger integration costs. It also included the €64m write-off of our investment in the Derby gasification facility and additional provision for associated costs, due to the failure of our partner, Interserve, to commission the facility. As a result, there was a Group statutory loss for the year of €98m (2018: €54m).

Strong cash management continued through the year despite a material reduction in cash flow as a result of ATM remaining at low output levels. Underlying free cash flow was €30m and benefited from tight control of capital expenditure to mitigate the lower than expected profitability. Cash balances were increased by the disposal of non-core assets including the Energen Biogas anaerobic digestion (AD) facility for €20m in cash. Our core net debt at 31 March 2019, excluding the impact of assets held for sale, was €556m, representing a multiple of 3.06x EBITDA, within our recently extended covenant level of 3.50x and in line with our expectations for the year.

As previously announced, the proposed dividend for the year was reduced to 1.45 pence per share, reflecting the Group's focus on strengthening its balance sheet.

DIVISIONAL PERFORMANCE SUMMARY – further detail provided in the Operating Review

Encouraging growth in our core Commercial Division

Our Commercial Division, representing around 65% of Group revenues, had a good year, increasing underlying EBIT by 18% to €86.5m on revenues up 3% to €1,194m. Margins increased by a further 90 basis points to 7.2% and returns on operating assets increased 250 basis points to 23.1%. The Netherlands increased underlying EBIT by 21% to €53.2m, while Belgium grew underlying EBIT by 14% to €33.3m. The performance reflected the positive impact of strong price increases for inbound waste introduced in January 2019 to offset lower recyclate income and increasing costs during the year, especially in the disposal of residues. Market share is being maintained and tender renewals continue to be won at improved margins. Divisional synergies amounted to €19.1m during the year in line with our expectations.

We are delivering integration benefits in the form of cost synergies (see page 09)

STRATEGIC OBJECTIVES

Hazardous Waste Division lower due to ongoing regulatory suspension of soil shipments

As previously announced, ATM was significantly impacted by the ongoing suspension of the offset of remediated soil in the Netherlands by the regulators. Revenues reduced 9% to €211m and underlying EBIT reduced 65% to €7.0m, with margins decreasing by 530 basis points to 3.3%. The waterside and packed chemical waste activities at ATM performed as expected and a strong pipeline both of contaminated soil and potential outlets remains for remediated soil once the market reopens.

We are progressing the additional tests required by the Dutch authorities for the resumption of shipments of thermally treated soil from ATM on an interim basis, during the year ending 31 March 2020, which will also be used as an input to a planned new regulatory framework. We maintain a strong order book of domestic and export customers waiting to take the cleaned soil once regulatory clearance is given.

In parallel we are developing a process to treat soil further, separating it into gravel, sand and fly ash for sale into the construction industry as building materials. We have made good progress in recent months, securing planning permission and producing pilot-scale quantities. We will invest in full-scale production capacity in the coming year, and expect material production to take place during 2020/21.

Reym had a challenging year with fewer customer shutdowns within which to operate and lower productivity due to less predictable scheduling of projects. A series of commercial initiatives implemented in the fourth quarter have resulted in an improved performance and outlook for the current financial year.

Market and operational challenges impacted the Monostreams Division

After a strong first year, our Monostreams Division delivered a disappointing performance. Revenues increased 4% to €213m but underlying EBIT fell 29% to €12.9m. Margins reduced by 290 basis points to 6.0%. Mineralz performed well during the year, including the long-term extension of the permit for the Maasvlakte Class 1 landfill site. Orgaworld also performed well. However, Coolrec and our glass business Maltha were disappointing and are being restructured under new leadership, simplifying the range of geographies served and products recycled.

KEY NUMBERS*

€87.0m
Underlying EBIT

€63.8m
Underlying profit before tax

7%
Improvement in our >3 day accident rate

90%
Recycling and recovery rate

*Numbers quoted on a total operations basis including continuing and discontinued operations

See page 25 for more

OUR COMPETITIVE ENVIRONMENT

Political/social/environmental background
Renewi's purpose as a company is to provide solutions for the structural and thematic challenges of our age: climate change, energy transition and resource depletion. The overwhelming and urgent need to reduce carbon emissions and to preserve scarce materials in an increasingly polluted planet is driving consumer sentiment, political will and ultimately the regulatory environment in a positive direction for us. We are strongly positioned to benefit from long-term trends to increase the use of secondary materials and reduce carbon footprint.

Renewi is influenced by regulation at the international, EU regional, and national level, including for example the United Nations Sustainable Development Goals, the EU Waste Directive, and national policies such as the EU circular economy package, Belgium OVAM regulations and Zero Waste Scotland. Domestic policies in international markets also influence our operations; for example, China's National Sword policy, which has reduced outlets for paper and plastic waste streams. Taxation and fiscal incentives are also significant to the business model of Renewi, including landfill taxation and fiscal incentives, and incineration taxation, among others.

These regulations and fiscal incentives largely favour companies with strong recycling capabilities compared to those focusing on incineration, landfilling or international exports. The increasingly complex permit landscape favours companies with scale, experience and deep knowledge of the markets they operate in. Renewi fits this profile perfectly.

Industry rivalry
There is significant and effective industry rivalry, especially in collection. Small-scale local players with low overheads effectively cap prices for collection, but they lack outlets and treatment solutions. Barriers to growth tend to limit their size. In our core markets there are relatively few national players. Competition is based on the provision of broader or better recycling services, logistic scale and service, and support in sustainability initiatives.

Input: Waste producing customers
Waste collection historically was a commoditised segment of the market, with customers buying primarily on price and service level. Large customers provided base volumes for logistic efficiency and therefore could command lower prices. This is changing, as customer demands are evolving towards sustainable solutions. Customers want us to offer sustainable treatment of their waste and for us to provide them with the information for their own sustainability goals and reporting. Our breadth of offering in terms of accepting a wide range of waste streams provides a compelling total offering. Large customers also increasingly require circular solutions: the supply of secondary products back from their own waste streams. This is in line with Renewi's primary focus increasingly being on treatment over collection.

Outputs: Recyclates, secondary products and residues customers
Recyclate markets have considerable power to dictate market pricing when operating in commodity markets, such as ferrous, non-ferrous and precious metals, baled paper and plastic, but relatively less when buying bespoke processed products with a higher value-add (such as plastics) as inputs for manufacturing processes. Renewi therefore increasingly focuses on further processing to produce secondary materials with a higher value and which are better embedded in the customer's supply chain.

The pricing for waste residues is driven by the supply-demand balance. At present there is very little spare capacity for the acceptance of a broad range of residues from burnable waste to landfill to specialist outlets and pricing has therefore been rising at above inflation. The largest residue for Renewi is burnable waste which goes to energy from waste facilities. There is currently a lack of capacity for burnable waste across northern Europe with strict limits on likely permits to increase capacity.

Barriers to entry
Barriers to entry historically are low in our industry. As the recycling market has matured and become more sophisticated, barriers to entry have increased for scale operators in our markets. From an environmental perspective, it is no longer easy, or even possible, to secure the sites and new permits to operate in the Benelux where regulations progressively become stricter. Efficient collection requires a nationwide network and high route density. A large truck fleet is a significant capital commitment, along with the required network of depots and transfer stations. The processing of waste requires further significant capital, secured volumes and extensive know-how in how to operate the facilities safely and efficiently.

Substitute products
Substitutes to waste collection primarily include prevention of waste arising, and increased re-use, both of which Renewi supports and stimulates.

Substitutes to recycling primarily include lower grade waste treatment solutions such as landfill and incineration. The political environment is increasingly supporting recyclers through fiscal and regulatory disincentives to use incineration and landfill, such as rising taxes or outright prohibition. These trends are expected to continue. There is significant activity in finding new large and small-scale technical solutions to waste treatment. Renewi operates some of the most advanced sorting lines in the Benelux and continually reinvests to improve outputs. Renewi remains alert to emerging trends in waste processing for new products and selectively invests directly or through partnerships to maintain a position in new technologies.

OUR COMPETITIVE ENVIRONMENT

POLITICAL/SOCIAL/ENVIRONMENTAL BACKGROUND

- (+) Clear and urgent need to recycle materials and reduce carbon emissions
- (+) Societal pressure for better recycling
- (+) Tightening regulation to stimulate recycling
- (+) Political targets to stimulate use of secondary raw materials
- (+) Legislation to improve low-carbon manufacturing rates
- (−) Increasing regulation can create technical challenges
- (−) Closure of Asian markets for lower grade recyclate

BARRIERS TO ENTRY

- (+) Range of processing technologies
- (+) Breadth and scale of customer offering
- (+) Logistic efficiency and route density
- (+) Brand and market leadership
- (+) Capital cost of entry
- (+) Hard to secure sites and permits to operate

INPUTS: WASTE PRODUCING CUSTOMER POWER

- (+) Demand for more circular solutions
- (+) Need to demonstrate sustainable outlets for waste
- (+) Breadth of services required
- (−) Collection relatively commoditised

OUTPUTS: RECYCLATES AND SECONDARY PRODUCTS CUSTOMER POWER

- (+) Growth in demand for secondary materials
- (+) Increase in circular partnerships
- (−) Volatility in commodity prices
- (−) Reduced demand from Asia for recyclates

OUTPUTS: RESIDUES CUSTOMER POWER

- (+) Renewi has large volumes to place in market
- (+) Able to lock in long-term and stable contracts
- (−) Lack of capacity driving up cost
- (−) Availability of outlets could cap collection volumes

SUBSTITUTE PRODUCTS

- (+) Substitute products (incineration/landfill) increasingly disincentivised by regulations
- (+) Renewi well placed to identify successful new technologies
- (+) Renewi well invested with modern processing lines

Recovery in the Municipal Division

The UK Municipal business reported an underlying profit of €0.8m, a €7.4m improvement on the €6.6m loss in the prior year, with revenues 3% lower at €195m. The improvement reflected the reporting of losses at Wakefield as an onerous contract along with improvements achieved through execution of planned portfolio management, improved operational performance and some one-off upsides as previously announced, offset by higher incinerator costs and reduced recyclate income.

Following the failure of our partner, Interserve, to commission the new Derby facility, we have now provided for the complete termination of the PPP contract.

The Canadian Municipal business is reported as available for sale and as a discontinued business this year given the advanced state of the disposal process.

ADDRESSING THE SHORT-TERM CHALLENGES

Strengthening the balance sheet

In view of the continued suspension of soil shipments at ATM, the Board has implemented a series of actions to reduce Renewi's core net debt and leverage ratio, including:

- agreement with our banks to extend the net debt to EBITDA bank covenant of 3.5x for a further year until 30 June 2020;
- the strategic disposals of our Reym and Canada Municipal businesses, which are progressing well. Both processes are now in the second round of due diligence with encouraging levels of interest. The proceeds from the sales are expected to reduce Renewi's leverage ratio by at least 0.5x;

We are working hard to resolve ATM regulatory issues (see page 08)

STRATEGIC OBJECTIVES

- additional specific projects across Renewi to reduce costs over the next two years, including cost reductions in Commercial, plant and operational performance improvements in Municipal and the restructuring actions reported above in Monostreams; and
- as previously announced, the reduction in the Group's proposed final dividend for the year ended 31 March 2019 to 0.5 pence per share, which will result in a total dividend for the year of 1.45 pence per share. This, together with a similar reduction in the total dividend for the year ending 31 March 2020, will benefit the Group by around €30m.

As a result of these actions, we expect the Group to de-lever significantly over the coming year even if full production is not resumed at ATM. The Group's target leverage is to be below 2.0x.

Ongoing work to improve efficiency

As at the end of March 2019 we had successfully delivered the committed €30m of merger cost savings. We are on track to deliver the remaining committed savings of €40m in FY20.

We continue to focus on enhancing margins in our core businesses, managing the dynamic interface between the price charged for inbound waste and the price receivable or costs incurred for the products we make and the residues we place:

- our commercial effectiveness programme reduces loss-making accounts and increases gross margins on tender renewals;
- we address inflationary cost pressures by implementing appropriate price rises such as those introduced in January 2019;
- we invest in further processing and in identifying new outlets to offset lack of capacity in certain parts of the off-take market; and
- we are now rolling out our continuous improvement programme, increasing efficiency and capacity across our operating assets.

New focus on simplification

Some two years into the merger, we believe Renewi can be more focused and efficient. We will simplify the business, focusing on markets, assets and processes that can consistently generate superior returns. This simplification is expected to deliver further material benefits, including:

- a refined portfolio of businesses;
- a simpler and leaner organisation structure;
- reduced overhead;
- reduced cost-to-serve in core processes;
- reduced risk; and
- greater scalability for future expansion.

Further detail will be provided with our half year results in November.

We have a clear strategy to address current headwinds and to deliver sustained growth

Expanding margins is a key strategic objective for Renewi (see page 08)

STRATEGIC OBJECTIVES

OUR VISION AND STRATEGY TO DELIVER SUSTAINABLE LONG-TERM GROWTH

We are focused on resolving our short term challenges and building a solid base for future growth.

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 the highest structural growth rates, such as organics. Our industry is driven by increasing environmental legislation, particularly in the European Union, such as the Circular Economy Package.

Renewi has a consistent strategy to deliver long-term profitable growth and a higher quality of earnings. This includes completing the integration and driving further margin improvement using our proven tools. Our current core markets are in the Benelux where we can see significant opportunity from the market trends. We will therefore be focusing increasingly on investments and innovation to exploit these growth opportunities in commercial waste treatment. It is also clear that we can do more in making Renewi lean and competitive for the longer term. We will be looking to simplify the organisation, portfolio and processes in order to ensure that we are efficient in the competitive markets we serve.

SECONDARY LISTING

As previously indicated, Renewi intends to achieve a secondary listing on Euronext Amsterdam, reflecting closer proximity to the majority of Renewi's business, the strong regional focus on the circular economy and the Group's core operations as a Benelux recycling business. In addition, the secondary listing is expected to increase visibility of Renewi in the region, expand research coverage, widen investor interest in the Group and contribute to liquidity in the Group's shares. We expect that the listing will take place in the second half of this financial year.

OUTLOOK

The Group outlook is unchanged, with a prudent assumption of no shipments of thermally treated soil from ATM for the purposes of forecasts for the year ending 31 March 2020. We expect to see year-on-year progress in the Commercial and Monostreams Divisions offset by a reduced performance in Municipal due to Derby and higher central costs.

Looking forward, the Group is well positioned as an established leader in the European recycling market which is set for sustained, structural growth.

Otto de Bont
Chief Executive Officer

We have completed our first phase of integration, delivering €30m of cost savings as planned, and we are confident that the €40m will be delivered in full

Renewi is very well placed to help advanced economies meet sustainability targets. Our focus on becoming a leading producer of secondary raw materials will reduce waste going to landfill and CO_2 emissions

EXPERIENCED AND PASSIONATE TEAM

Our Executive Committee comprises a unique mix of industry experts and talented leaders from other sectors. This combination makes us stronger, as we have fresh perspectives to supplement our existing deep sector knowledge.

HELEN RICHARDSON
HUMAN RESOURCES DIRECTOR

Appointed: April 2019

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.

GEORGE SLADE
IT DIRECTOR

Appointed: April 2015

George joined the legacy Shanks business as IT Director in 2013 to focus on improving the Group's IT landscape and developing technology to support and grow the business. During this time, he has led a number of key projects across the business including commercial effectiveness and the implementation of a Group-wide collaboration platform. He has previously held a number of executive positions at IMI plc, BGL Group, Cable and Wireless, Ericsson and Level(3).

PATRICK DEPREZ
PRODUCT SALES DIRECTOR

Appointed: Dec 2012

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. Since 2006, Patrick has 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: Sep 2017

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 European & International Law from the Radboud University of Nijmegen.

BAS VAN GINKEL
STRATEGY AND BUSINESS DEVELOPMENT DIRECTOR

Appointed: Sep 2018

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 USA, plus an MSc in Business Administration (with a specialisation in corporate finance) and a BSc in Economics from the University of Groningen in the Netherlands.


Otto de Bont (l) & Toby Woolrych (r)
Our CEO and CFO respectively, are members of the Executive Committee, and are also on the Board. Their biographies can be found on page 79.

WIM GEENS
MANAGING DIRECTOR, COMMERCIAL BELGIUM

Appointed: Nov 2012

Wim was appointed as Director Belgium, Luxembourg and France at VGG in May 2015. He was appointed to the VGG Executive Committee in November 2012. Wim has been working for VGG since 2006. He started within operations and became Group Director Operations/Real Estate/Procurement in 2009. Prior to his appointment at VGG, Wim was a Director within Carrefour NV, a French retail group. Before that, Wim was a Board member and Executive Director in several Industries and has an MBA and Master's in commercial and financial sciences.

JONNY KAPPEN
MANAGING DIRECTOR, HAZARDOUS WASTE FOCUSED ON REYM

Appointed: July 2012

Jonny has been working for the legacy Shanks business since 2000 when Shanks took over operations from Waste Management Inc (WMI). He was later appointed Managing Director of the Hazardous Waste Division in 2007. Jonny started his career as a civil engineer working for Reym in 1979 as a field engineer and he was promoted first to Operations Director in 1994 and then to Managing Director in 1997. Jonny is also Chairman of the Industrial Cleaning Foundation – a Benelux Safety Foundation.

THEO OLIJVE
STATUTORY DIRECTOR, RENEWI HAZARDOUS WASTE BV FOCUSED ON ATM

Appointed: June 2019

Theo joined Renewi on 1 June 2019 as Statutory Director of Renewi Hazardous Waste BV with 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 VP for LyondellBasell, where he was responsible for global manufacturing. He was also Managing Director for 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.

BAS BLOM
MANAGING DIRECTOR, MONOSTREAMS & GROUP CONTINUOUS IMPROVEMENT DIRECTOR

Appointed: Feb 2017

Bas is an experienced executive leader of regional and global commercial business-to-business organisations, business process re-engineering projects, including manufacturing operations and joint-ventures, strategic business development and M&A. He worked for 26 years at General Electric Plastics and its successor after acquisition: SABIC Innovative Plastics, a division of the large global chemicals corporation. Bas holds an MSc in Aerospace Engineering and an MBA.

JAMES PRIESTLEY
MANAGING DIRECTOR, MUNICIPAL

Appointed: Nov 2016

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 this 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.

Otto de Bont was previously Managing Director, Netherlands Commercial. We are actively recruiting for this role at the time of going to print (June 2019).

WE ARE POSITIONED **HIGHER** UP THE **VALUE CHAIN** IN THE SEGMENTS EXPECTED TO **SHOW THE HIGHEST** STRUCTURAL GROWTH RATES

FROM WASTE TO PRODUCT

FOOD WASTE = **COMPOST**

Renewi processes green waste from flower and vegetable growers. During a closed composting process, the green waste is placed into tunnels to decompose. It takes approximately two weeks to process the waste into a sustainable source of compost which is supplied to the agricultural industry.

Toby Woolrych
CFO

OVERVIEW

INTRODUCTION

On a total operations basis (including Canada Municipal now reported as discontinued), we saw revenue growth of 1% and underlying EBIT growth of 11% despite the loss of expected EBIT at ATM of around €13m. Group underlying EBIT margins grew by 40 basis points, and by 90 basis points in the Commercial Division. We also saw an increase in the Group return on operating assets on a total operations basis from 15.9% to 20.7%. Non-trading and exceptional items of €146.0m after tax resulted in a statutory loss for the year of €97.7m.

FINANCIAL REVIEW

The Group reports in Euros from 1 April 2018 to reflect the fact that the majority of our revenues and costs are Euro denominated. The impact of currency is much reduced and as such no comparisons at constant currency are required.

On 8 November 2018 the Group announced its intention to sell Canada Municipal and Reym. Active disposal programmes are underway and have reached a stage whereby we consider that the assets and liabilities of both businesses should be presented as assets held for sale. The Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement, and the Income Statement and Cash Flow Statement prior year comparatives have been restated.

FINANCIAL PERFORMANCE

	Mar 19 €m	Mar 18 €m
Continuing operations		
Revenue	1,780.7	1,760.3
Underlying EBIT	85.5	82.5
Underlying profit before tax	62.5	62.3
Non-trading and exceptional items	(151.5)	(115.1)
Loss before tax	(89.0)	(52.8)
Total tax credit for the year	12.4	1.4
Loss for the year from continuing operations	(76.6)	(51.4)
Loss for the year from discontinued operations	(21.1)	(2.5)
Total operations: loss for the year	(97.7)	(53.9)

NON-TRADING AND EXCEPTIONAL ITEMS

The Group reported significant non-trading and exceptional items, under three main headings:

- merger and integration costs: items that were known, planned for and previously communicated in relation to the costs of integrating Renewi. These costs are one-off and exceptional in nature;
- portfolio costs: items associated with the acquisition or disposal of assets, generally only communicated close to the completion of the related transaction. These include profit or loss on sale, goodwill impairments and transaction costs; and
- other items: this category includes impairments and provisions.

Total non-trading and exceptional items amounted to €146.0m (2018: €97.4m) as set out in the table below.

Other items primarily comprise €64.3m relating to impairments and onerous contract provisions in UK Municipal, of which €59.3m relates to the Derby contract, and €6.5m relates to ATM. The exceptional finance costs include interest receivable impairments and ineffectiveness of interest rate derivatives.

The portfolio management activity charge of €8.7m includes a profit on sale of €11.4m from the sale of Energen Biogas and the transfer of 50% of an ATM subsidiary to a joint

We are actively managing our portfolio to deliver long-term, sustainable growth (see page 08)

STRATEGIC OBJECTIVES

NON-TRADING & EXCEPTIONAL ITEMS

	Mar 19 €m	Mar 18 €m
Merger-related costs	56.8	25.0
Portfolio management activity	8.7	26.1
Other items	70.2	57.3
Amortisation of acquisition intangibles	6.4	6.7
Exceptional finance costs	9.4	–
Non-trading & exceptional items in loss before tax	151.5	115.1
Tax on non-trading & exceptional items	(12.4)	(9.3)
Exceptional tax	(15.6)	(7.8)
Discontinued operations	22.5	(0.6)
TOTAL	**146.0**	**97.4**

MERGER-RELATED P&L CHARGES

	FY17 €m	FY18 €m	FY19 €m	FY20 €m	Total €m	Original €m	Difference €m
Integration costs*	3.4	8.5	12.5	3.0	27.4	20.0	(7.4)
Synergy delivery	5.3	13.4	22.1	13.4	54.2	50.0	(4.2)
Branding capex	–	–	–	–	–	12.0	12.0
Initial merger programme	8.7	21.9	34.6	16.4	81.6	82.0	(0.4)
Monostreams restructuring	–	0.5	10.0	–	10.5		
Non-cash costs	–	2.6	12.2	–	14.8		
TOTAL	**8.7**	**25.0**	**56.8**	**16.4**	**106.9**		

*Including branding capex now expensed rather than capitalised

venture partner, together with a fair value adjustment relating to Reym as it has now been classified as an asset held for sale.

At merger completion we announced total expected merger-related cash costs of €50m for synergy delivery, €20m for other integration costs and €12m for rebranding capital spend. The table above shows how this has been incurred over the last three years and what is expected in FY20. Total spend is expected to be in line with initial indications. Branding spend is now expensed rather than capitalised. The additional costs for Monostreams relate to restructuring activities in Coolrec and the glass businesses and are expected to deliver €1.4m of additional synergy benefits.

The discontinued operations charge of €22.5m reflects a fair value adjustment as the business has now been classified as an asset held for sale.

Including disposal proceeds, non-trading and exceptional charges resulted in a net cash outflow of €52m. These items are explained further in note 5 to the financial statements.

Net finance costs

Net finance costs, excluding the exceptional items, were €0.6m higher year on year at €23.4m (2018: €22.8m). The charge for discount unwind on provisions has increased in the current year as a result of the onerous contract provisions recorded at 31 March 2018. This increase in cost has been compensated by savings in other areas as shown in note 6 to the consolidated financial statements. Exceptional and non-trading finance charges of €9.4m include interest receivable impairments due to Derby, interest rate swap ineffectiveness and a change in fair value of derivatives.

Share of results from associates and joint ventures

The lower income compared to last year is a result of the disposal of Energen Biogas which was disposed of in August 2018.

Loss before tax

Statutory loss before tax from continuing operations, including the impact of non-trading and exceptional items, was €89.0m (2018: €52.8m).

Taxation

Total taxation for the year on continuing operations was a credit of €12.4m (2018: €1.4m). The effective tax rate on underlying profits from continuing operations was 25.0% at €15.6m, slightly lower than last year's 25.1%. The tax credit arising on the non-trading and exceptional items of €151.5m was €28.0m given a significant proportion of these are non-taxable.

Both the Dutch and Belgian governments have recently implemented a number of corporate tax reforms, including lower corporate tax rates. These changes were substantively enacted in Belgium in early 2018, which resulted in a tax credit of €7.8m due to lower deferred tax liabilities at 31 March 2018. In the Netherlands the lower rates were enacted in late 2018 and a tax credit of €6.3m has been reflected in the current year. In addition there has been an exceptional tax credit of €10.5m in relation to the recognition of a significant proportion of legacy VGG Netherlands fiscal unity losses given utilisation of these is now more certain.

We believe that by making appropriate provisions for ATM and Municipal over the past two years, the number and size of impairments and provisions should fall significantly going forward

Looking forward, we anticipate the underlying tax rate to fall to around 24% in the next few years, reflecting the recently enacted rates in Belgium and the Netherlands.

The Group statutory loss after tax, including all discontinued and exceptional items, was €97.7m (2018: €53.9m).

Earnings per share (EPS)
Underlying EPS from continuing operations, excluding non-trading and exceptional items, increased by 1.7% to 5.9 cents per share (2018: 5.8 cents) and including the Canadian discontinued operations increased by 13% to 6.1 cents per share. Basic EPS from total operations was 11.6 cents loss per share compared to a loss of 6.8 cents per share in the prior year.

Dividend
As announced previously, the Board is recommending a final dividend of 0.5 pence per share, making a full year dividend of 1.45 pence per share (2018: 3.05 pence per share). Subject to shareholder approval, the final dividend will be paid on 26 July 2019 to shareholders on the register at close of business on 28 June 2019. Total dividend cover, based on earnings before non-trading and exceptional items from total operations, is 3.8 times (2018: 1.6 times).

CASH FLOW PERFORMANCE

Free cash flow was impacted by the suspension of ATM soil shipments which was mitigated by continuing tight Group capital spend. Working capital was adverse due to €11.6m unrecovered delay damages at Derby and higher accounts receivable in Commercial Netherlands as the January price increases briefly delayed invoicing. In the prior period there was positive working capital at ATM and from improved factoring of receivables. Replacement capital expenditure at €88.1m represents 91% of depreciation (2018: 88%) showing tight control and integration related expenditure has been spent later than originally forecast. Tax paid was €5.6m higher than last year following the utilisation of brought forward tax losses in Belgium.

The growth capital expenditure of €11.7m relates to the extension at the Maasvlakte landfill and the extension of the Ottawa site in Canada Municipal.

The Canada Municipal funding includes the one-off cash payment from the City of Surrey municipality as this facility entered into full service.

The acquisitions and disposals inflow in the current year includes €20m for the sale of our 50% share in Energen Biogas and €4m from the sale of 50% of the shareholding in a Hazardous Waste subsidiary.

Synergy and integration related expenditure includes €24.1m for synergy delivery costs and €14.4m for costs incurred in the merger and integration of the two businesses with the latter including non-capitalised branding expenditure of c.€7m. Transaction related spend in the current year includes some initial transaction costs relating to the Reym and Canada disposal processes.

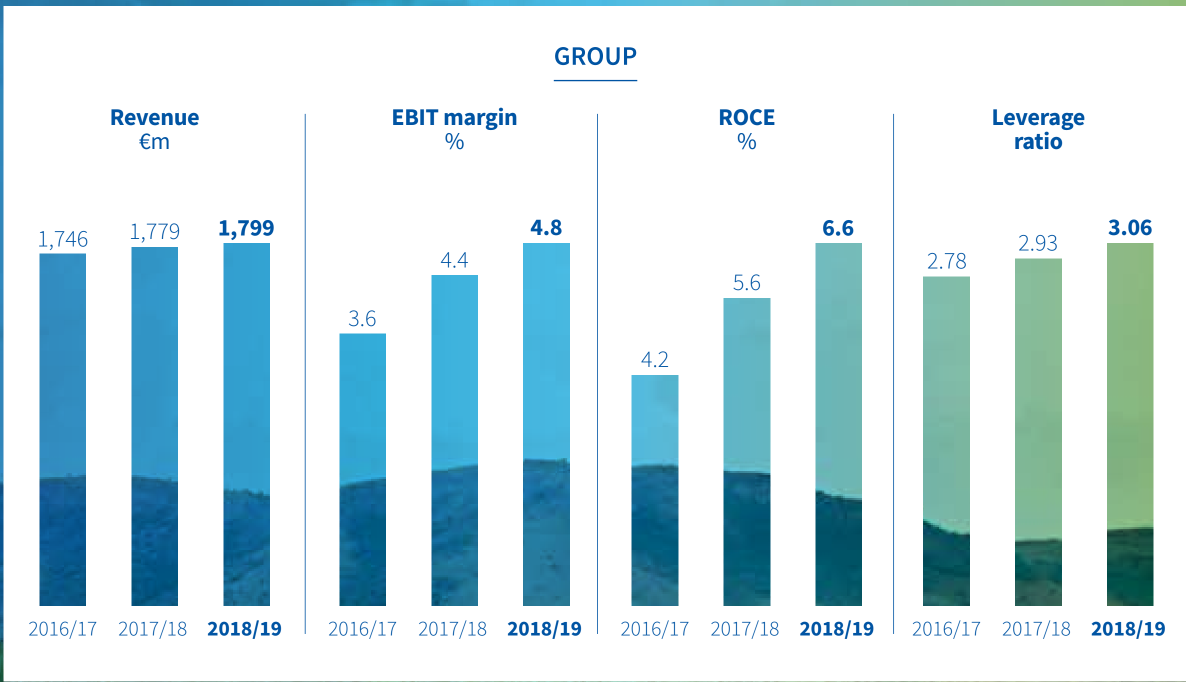
Free cash flow conversion was better than anticipated, despite reduced profits from ATM, boosted by tight capital spend and no soil off-take

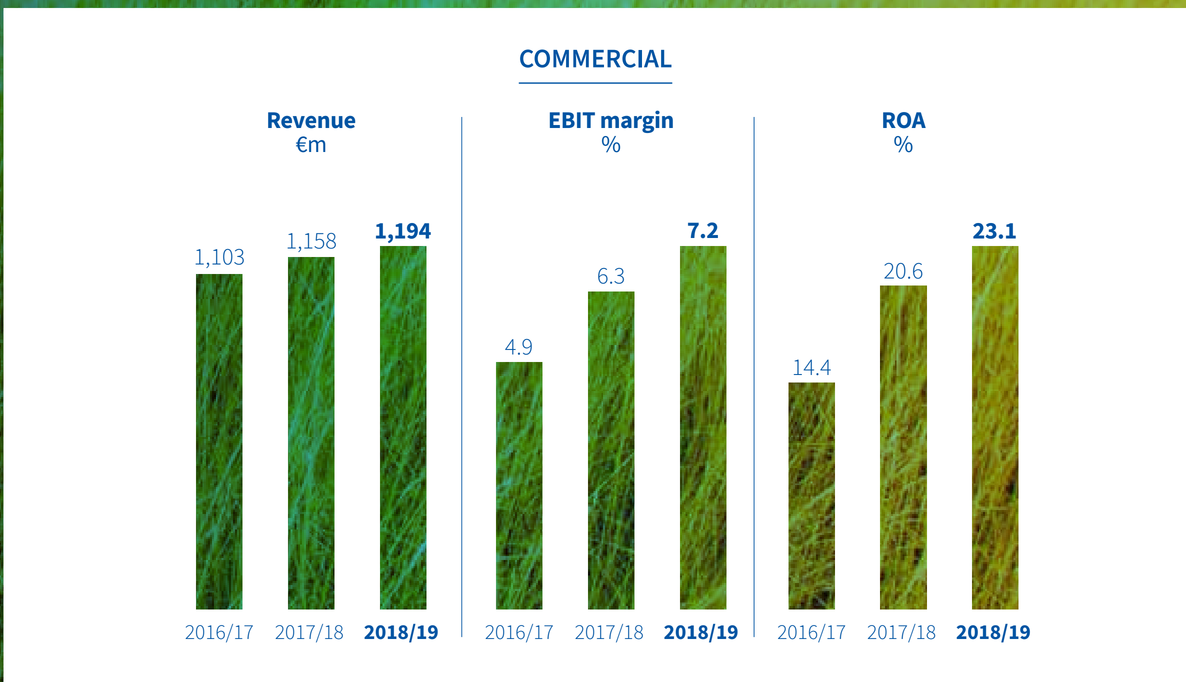
CASH FLOW

	Mar 19 €m	Mar 18 €m
EBITDA	181.3	178.3
Working capital movement	(22.2)	28.0
Movement in provisions and other	(9.8)	(6.6)
Net replacement capital expenditure	(88.1)	(86.2)
Interest, loan fees and tax	(30.9)	(25.1)
Underlying free cash flow	**30.3**	**88.4**
Growth capital expenditure	(11.7)	(3.5)
UK PFI funding	2.4	(2.5)
Canada Municipal funding	6.8	(11.5)
Acquisitions and disposals	24.1	(7.2)
Dividends paid	(27.4)	(27.6)
Restructuring spend	(0.2)	(1.3)
Synergy and integration spend	(38.5)	(20.4)
Transaction related spend	(0.2)	(12.5)
UK Municipal onerous contracts	(21.4)	(7.1)
Other	(16.1)	(8.6)
VGG acquisition – net cash	–	0.8
Net core cash flow	**(51.9)**	**(13.0)**
Free cash flow conversion	**35%**	**113%**

All numbers above include both continuing and discontinued operations.
Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.
Net core cash flow is reconciled to the movement in net debt on page 194.

MEASURING OUR PERFORMANCE – 2018/19





Other cash flows include the onerous contract provision spend in UK Municipal of €21m which includes the €12m termination payments relating to the exit of the Dumfries and Galloway contract in October, the ATM spend on additional logistics and other associated costs of €5m, €3m funding for the closed UK defined benefit pension scheme and €9m relating to the purchase of short-term investments in the insurance captive and own shares for incentive funding.

Net cash generated from operating activities decreased from €136.0m in the prior year to €73.6m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included on page 194 in the consolidated financial statements.

INTEGRATING THE FINANCE FUNCTION TO DELIVER ENHANCED VALUE

Our finance integration programme has progressed well over the year, delivering a wide range of projects to reduce cost or to support the integration:

Reduced transaction costs through shared services
We successfully closed a second shared service centre (SSC) during the year on time and without disruption, transferring activities from Amersfoort to the main SSC in Lommel.

Treasury programmes to increase liquidity and reduce cost
Our treasury programmes are reducing our financing cost and increasing headroom. They include a cash management transformation project, which creates one single way of working including instructing payments using the Group treasury management system and concentration of cash via a new cash pooling structure. Other programmes focus on optimisation of our covenants, guarantees, leasing and hedging, as well as further Green accreditation which has included establishing a European Private Placement (EUPP) programme with a €25m issuance in the period.

Capital expenditure in all divisions has remained tightly controlled across the year and integration-related expenditure has been lower than expected

Enhanced capabilities in Risk Management, Internal Control and Internal Audit

We have continued our investment in Risk Management, Internal Control and Internal Audit, reflecting the requirements of the enlarged Group. This has included further expansion of the team and investment in additional risk and control framework capabilities.

Consolidation and upgrade of finance systems

We have been working during the year to prepare a new consolidation system that has gone live in April 2019. This will standardise and enhance visibility of financial performance across the Group, replacing two separate legacy systems. Our Netherlands Commercial business has also consolidated its financial transactions onto one accounting system in April 2019.

INVESTMENT PROJECTS

Expenditure in 2019/20

The Group's ongoing expectations for replacement capital expenditure remain around 75% to 80% of depreciation. This level may from time to time be supplemented with larger-scale replacement projects. Given 2019/20 is another year of catch-up, with a few larger projects and the continuation of the investment in new IT platforms, the ratio is therefore expected to be around 95% this year. Total capital spend estimated at c€110m. Over the next two to three years we expect to spend €15m to replace and upgrade major components of ATM's soil treatment line and €2m for the digestate dryer at Roeselare. Growth capital expenditure will continue next year with the completion of the Maasvlakte landfill extension and the upgrade of the Ottawa site.

Group return on assets

The Group return on operating assets (excluding debt, tax and goodwill) from total operations increased from 15.9% at 31 March 2018 to 20.7% at 31 March 2019. The Group post-tax return on capital employed was 6.6% compared with 5.6% at 31 March 2018.

TREASURY AND CASH MANAGEMENT

Core net debt and gearing ratios

The net core cash outflow of €51.9m, along with an adverse exchange effect of €5.9m on the translation into Sterling of the Group's Euro and Canadian Dollar denominated debt and loan fee amortisation, has resulted in core net debt increasing to €556.2m. Core net debt excludes the consolidated UK PFI/PPP contract debt asset backed finance with no recourse to the Group. This was in line with expectations and resulted in a net debt to EBITDA ratio of 3.06x, within our covenant limit of 3.5x which was extended until 30 June 2020. Given the actions already taken and the planned disposal programme for Canada and Reym we expect net debt to fall in the coming year. The Group's target leverage is to be below 2.0x.

Debt structure and strategy

Core borrowings are mainly long-term as set out in the table on page 32. The Group's main banking facility is a €575m multicurrency Green Loan including a €550m combined term loan and revolving credit facility with pricing linked to leverage and to CSR measures. These facilities have two one-year extension options. In December 2018 a €25m Green European private placement facility was incorporated into the main banking facility and was fully drawn.

Decreasing leverage is a core part of our strategy to deliver growth for stakeholders **(see page 08)**

STRATEGIC OBJECTIVES

The Group has a debt cost of less than 3% across all facilities, including the effect of hedging instruments. At 31 March 2019, 90% of our core net debt was fixed or hedged. The fixed rate debt includes the two €100m retail bonds and the €25m European Private Placement instruments. The hedging includes a €125m interest rate cap and three cross currency swaps totalling €168m. At 31 March 2019, the Group had guarantees of €238.6m (2018: €235.4m).

As noted above, a €100m Belgian retail bond will mature in July 2019. Based on expected business funding requirements there is sufficient liquidity headroom within existing facilities without further issuance together with the expected proceeds from the disposal processes for Canada and Reym which are well underway.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/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 2019, this debt amounted to €95.4m (2018: €94.6m).

Green finance initiative results in reduced finance costs

Last year Renewi refinanced its entire bank borrowings using a green certification. All Green KPIs progressed well year on year and exceeded our FY19 targets in each case, leading to a further reduction in the margin of our main banking facility. Our recycling rate, as well as our recycling and recovery rate, improved to record levels at 66.9% and 90.0% respectively, despite the headwinds from reduced opportunities to export paper and plastics to China and reduced ATM soil processing, which also brought total waste volumes down year on year. These improvements also led to an improved carbon avoidance intensity ratio of 0.218, which is equivalent to 3m tonnes of CO_2 avoided across our 14m tonnes of waste handled. During the year we invested in our fleet with a further 285 Euro 6 trucks entering service. This enabled us to reduce emissions and retire older vehicles, and they now account for 34.9% of the total fleet. Our collections efficiency improved in the year to 3.117, supported by the successful migration of systems in the past few months which will deliver a fully annualised route optimisation impact next year. There was a strong focus on safety in the year, with multiple group-wide initiatives which contributed to an improved >3 day accident rate of 1,404 per 100,000 employees.

DEBT STRUCTURE

	Drawn €m	Term
€100m Belgian retail bond	100.0	July 19
€100m Belgian Green retail bond	100.0	June 22
€550m Green RCF and term loan	347.6	May 23
Green EUPP – 5 year term	15.0	Dec 23
Green EUPP – 7 year term	10.0	Dec 25
	572.6	
Finance leases and other	33.7	
Finance leases transferred to disposal group	4.2	
Loan fees	(3.9)	
Cash	(50.4)	
Core net debt	**556.2**	

Directors' valuation of UK PFI/PPP portfolio

The Directors provide a valuation of the financial investments in the SPVs used to fund the contracts and into which the Group has often invested in the form of subordinated debt and equity. The benefits of these financial assets are not easily assessed from the financial statements. As at 31 March 2019, the Directors believed that this valuation has reduced to €32m (2018: €51m) as a result of the ongoing challenges faced by the Derby SPV.

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with the onerous contract provisions in the UK Municipal being utilised over 20 years and landfill provisions for many decades longer. The current provisions amount to €55m, of which we expect around €30m to be spent in the year. Of this €7m relates to exceptional restructuring, €15m relates to Municipal, and €8m relates to landfill. Municipal cash outflows are expected to reduce in subsequent years.

The Group does not expect other contingent liabilities to crystallise in the coming year.

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002. At 31 March 2019, the net retirement benefit deficit relating to the UK scheme was €3.1m compared with €13.6m at 31 March 2018. The decrease in the deficit was a result of good asset returns, benefits from the change in mortality assumptions to align with the latest actuarial valuation net of lower discount rate and higher inflation assumptions. Given the conclusion of the High Court case on guaranteed minimum pension (GMP) in October 2018, it has been estimated that the impact of GMP equalisation is 1% of liabilities and as a result past service costs of €2.0m have been recorded as an exceptional charge in the current year. The most recent triennial actuarial valuation of the scheme was carried out at 5 April 2018 and will be finalised in the current year. The Group has agreed that it will aim to eliminate the pension plan deficit with an annual deficit funding of €3.5m for a further period still to be determined.

In addition, there are a number of defined benefit pension schemes for employees in the Netherlands and Belgium which had a net retirement benefit deficit of €6.1m (2018: €6.7m). The principal Dutch legacy scheme acquired as part of the VGG merger has now been closed and a new defined contribution scheme has been set up which has resulted in a curtailment gain of €2.1m which has been recorded as an exceptional credit.

Toby Woolrych
Chief Financial Officer

WE ARE A **LEADING** WASTE-TO-PRODUCT COMPANY WITH A COLLECTIVE **AMBITION** TO **“WASTE NO MORE”**

FROM WASTE TO PRODUCT

Renewi will collect and transport contaminated steel direct to PMC’s recycling facility which has been specifically designed to recycle steel contaminated with asbestos. The fibrous parts of the asbestos are destroyed and other hazardous substances such as chromium-6 and mercury are captured or neutralised. The process prepares steel for reuse in the steel industry in the form of Purified Metal Blocks (PMB)™.

COMMERCIAL

The Commercial Divisions are located in the Netherlands and Belgium. They provide a wide range of waste-to-product solutions and represent around 65% of Renewi's revenues.

The commercial waste market covers the collection, sorting, treatment and recycling of waste materials from a range of sources. It also includes the ultimate disposal of waste streams that cannot be recycled or incinerated.

Renewi is the market leader in the Benelux. We provide customers with cost-efficient waste-to-product solutions and advise them on how to achieve their own sustainability goals by optimising source separation of waste which can then be converted into high-quality raw materials and energy.

Our market is divided into the following main segments: Construction and Demolition (C&D) – Netherlands only; Industrial and Commercial (I&C); Domestic and Hazardous – Belgium only.

Renewi deploys part of its own sorting and recycling operations for, amongst other things, paper, cardboard, wood, plastics, metals and C&D waste. Renewi has partnerships with other recyclers to make sure that we can offer our customers the solutions that are best suited for their specific waste streams. Other specific recycling activities are clustered within the Monostreams Division.

Our unique business model in this market allows us to focus on the value that we can recover from specific waste streams. We then upgrade this waste to new products during its sorting and treatment.

We generally collect a large part of the waste ourselves to secure volumes, which we value as sources from which to produce secondary raw materials. We maximise recycling based upon the quality of the waste we collect, and we dispose only of the residues that we are unable to convert into a reusable product or recyclate. In this way, we 'waste no more' both environmentally and economically. Our general business model is set out in the graphic on page 37.

Our Commercial Divisions operate over 119 sites in the Benelux. Our sites have a diverse profile in terms of the activities that take place on the site as well as the focus on specific sources of waste and customer segments, which affects its current financial performance and competitive strategy as outlined in the following sections.

MARKETS

The Commercial Division serves four main market segments across the Benelux: C&D in Netherlands only, I&C, Domestic and Hazardous in Belgium only.

The I&C segment meets the needs of specific markets, sectors and businesses including factories, offices, hospitals, retail, shops and restaurants. Waste streams are preferably separated at the source to retain quality, such as segregated paper or plastic, food waste or glass. However, within this sector there is still a significant flow of mixed waste. For specific situations such as office buildings we have developed specific concepts like Ecosmart in the Netherlands, which provides collection bins and services to maximise source separation.

We provide customers with cost-efficient waste-to-product solutions and advise them on how to achieve their own sustainability goals

The division will deliver long term growth and attractive returns from the increasing demand for its wide range of recycling services

The Commercial segment is vulnerable to price movements within the incineration market due to the relatively high amount of residual waste. In the past three years the market conditions have improved, with the incinerators full and prices continuing to rise. These higher prices for incineration also have a positive effect on recycling as separation of waste becomes more financially attractive for our customers.

In August 2017 the Chinese government announced its National Sword legislation to block imports of recycled paper and plastic and to enforce stricter purity standards going forward. Prices for recycled paper and plastics have fallen sharply. Renewi has demonstrated that it is comparatively well-positioned to manage this change due to our high quality products and dynamic pricing.

The introduction of dynamic pricing has reduced risk to the business operating model. Within our dynamic pricing model we pass on monthly movements in the value of the recyclates by changing the gate fee where needed.

The C&D segment is core for Renewi in the Netherlands and arises from residential, commercial or infrastructure construction. The construction market in the Netherlands, which had hit a 63-year low in 2014, has since recovered for four consecutive years. The hazardous part in Belgium is comparable to the Hazardous Waste Division, on a smaller scale.

The domestic segment provides "hands and wheels" services in door-to-door municipal collection. This can be through a direct service agreement or through a form of Public Private Partnership in which Renewi controls the service provision for a management fee. This municipal segment is different to the Municipal Division because the contracts tend to be much shorter in duration and for collection not treatment; in the Netherlands the waste remains the property of the municipality.

The Commercial Division also operates in a number of 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, the collection of organic waste streams from restaurants, a wood chip manufacturing segment and two landfills.

Over the year there have been improving end markets in our Commercial Divisions, with ongoing economic growth. GDP grew 2.6% in the Netherlands and 1.4% in Belgium. Dutch incinerators remain effectively full, underpinning more stable pricing in the Dutch waste market. Belgian incinerator capacity remains full and restricted, which has led to some volumes even ending up in landfill in the past year.

Recyclate prices were generally stable with the exception of paper. which were generally negative compared to the prior year.

DIVISIONAL STRATEGY

The Commercial Division creates value from its leadership position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, operational scale and advantaged technology positions it strongly in its core markets. The division will deliver long-term growth and attractive returns from the increasing demand for its wide range of recycling services and products. This will be reinforced through the delivery of synergies

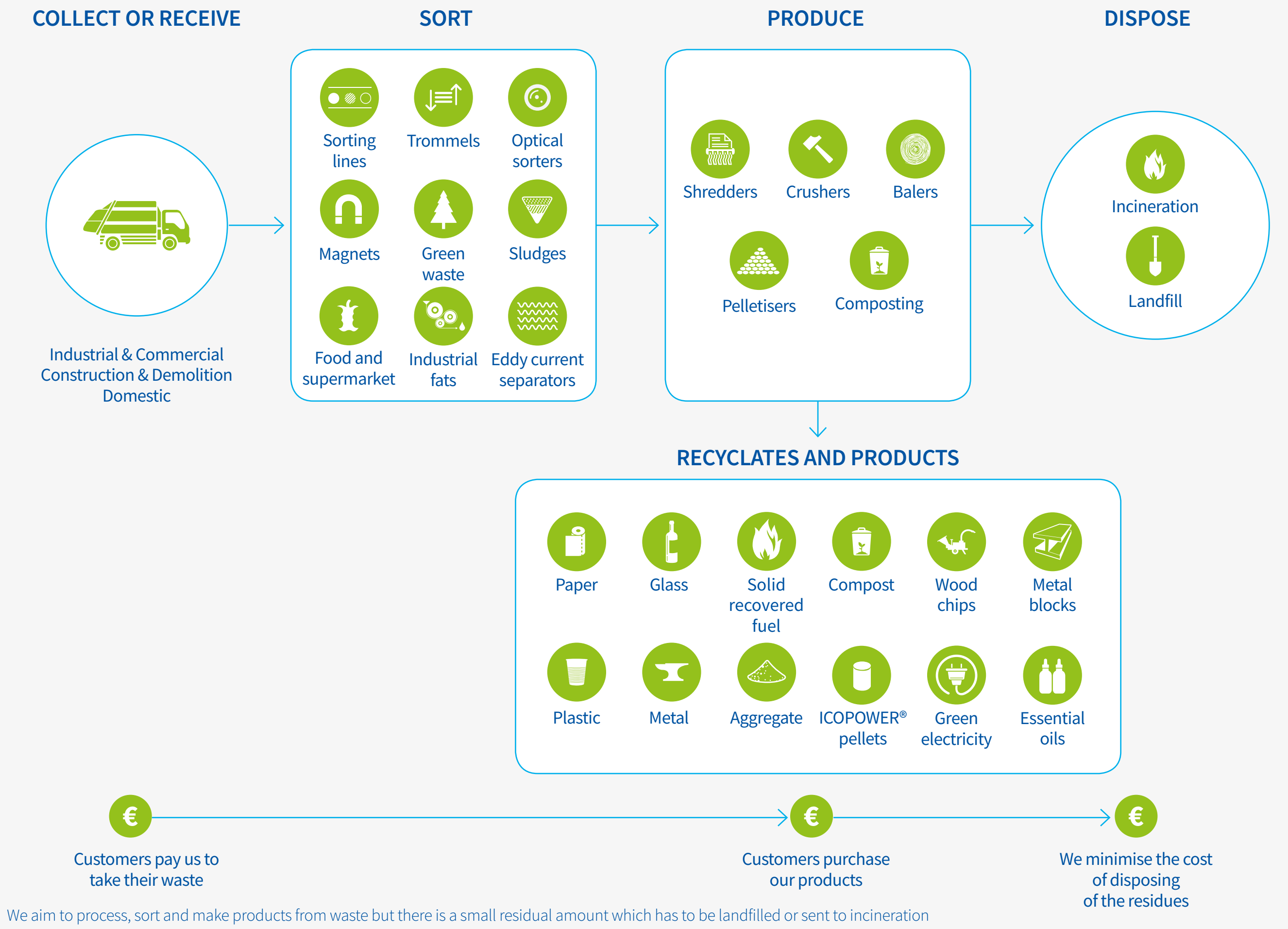
KEY NUMBERS

€1,194
Revenue

€86.5m
Underlying EBIT

See page 38 for more

COMMERCIAL BUSINESS MODEL



and the application of margin-enhancing initiatives such as commercial effectiveness and continuous improvement.

FINANCIAL PERFORMANCE

The Commercial Division performed strongly in 2018/19, delivering an 18% increase in underlying EBIT to €86.5m on revenues up 3% to €1,194m. Margins increased by 90 basis points to 7.2% and the return on operating assets rose 250 basis points to 23.1%.

Revenues in the Netherlands grew by 4% to €764.7m and underlying EBIT by 21% to €53.2m. Margins improved by 100 basis points to 7.0%. Return on operating assets increased by 70 basis points to 18.7%.

Core volumes increased by around 2%, with bulky waste the strongest segment and construction & demolition waste volumes up slightly less than 1%. Volumes of pure recyclates were up by 1% driven by paper and plastic. Other volumes decreased by 3%, principally rubble, where our main processing line was being rebuilt for much of the year, and in landfill where we have been phasing down volumes to conserve the void. Pricing for inbound waste increased by 7%, particularly in a strong fourth quarter, and outbound pricing for core recyclates was more stable after sharp falls last year.

A core strategic focus is expanding margins through commercial effectiveness and continuous improvement in Commercial **(see page 09)**

STRATEGIC OBJECTIVES

COMMERCIAL FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT			
	Mar 19 €m	Mar 18 €m	Variance €m	Variance %	Mar 19 €m	Mar 18 €m	Variance €m	Variance %
Netherlands Commercial Waste	764.7	736.9	27.8	4%	53.2	44.0	9.2	21%
Belgium Commercial Waste	430.8	422.2	8.6	2%	33.3	29.3	4.0	14%
Intra-segment revenue	(1.1)	(0.9)	(0.2)		–	–		
Total	**1,194.4**	**1,158.2**	**36.2**	**3%**	**86.5**	**73.3**	**13.2**	**18%**

	UNDERLYING EBIT MARGIN		RETURN ON OPERATING ASSETS	
Netherlands Commercial Waste	7.0%	6.0%	18.7%	18.0%
Belgium Commercial Waste	7.7%	6.9%	37.3%	27.4%
Total	**7.2%**	**6.3%**	**23.1%**	**20.6%**

Note
On 1 April 2018 the Dutch property portfolio entity was transferred to the Netherlands Commercial division from the Group Central Services and the glass activities of van Tuijl were transferred to the Monostreams division.
The return on operating assets for Belgium excludes all landfill related provisions.

The ongoing increase in operating margin was encouraging, particularly given the €4m headwind from lower recyclate prices and further increasing costs of disposal of residues. Total synergies were €11.3m with additional synergies of €6.5m delivered during the year.

Belgium revenues increased by 2% to €430.8m and underlying EBIT grew by 14% to €33.3m. Underlying volume growth was flat in line with the market, impacted by the tight outlet market. Pure recyclates were down by 3% driven by paper and metals. The core collection and treatment business was steady, offsetting headwinds from lower recyclate prices and higher outlet costs including solid recovered fuel (SRF). Profitability of the Cetem landfill continued to decline as expected, with volumes reducing prior to its final closure in 2019. Total synergies were €7.8m, with additional synergies of €3.4m delivered during the year.

OPERATIONAL REVIEW

Our principal focus was on delivering the integration, increasing margins and investing in innovation and processing.

Integration and synergies
After a successful first year of integration, the first half of 2018/19 was primarily focused on creating "one way of working" in each of the Netherlands and Belgium. This migration onto one set of core processes and, where possible, one IT platform is essential for synergies such as route optimisation and site rationalisation. Pilot trials were used to reduce the migration risks. In the Netherlands we upgraded our software to the core Clear operating system to establish the required functionality for the integration. Migration of sites onto the Renewi model accelerated through last summer and autumn on schedule such that, as at 31 March 2019, almost all of the business migrations have been completed. The final sites in Belgium will complete before the summer and the construction & demolition customers of legacy-Shanks in the Netherlands will be transferred over the coming year. This progress allowed us to accelerate cost synergy initiatives in the second half, increasing run rate savings from €27m as at 30 September 2018 to €35m as at 31 March 2019. The remaining €5m of benefits to reach our €40m cost synergies target are primarily a result of site rationalisation and additional procurement savings.

Brand recognition is important to help win new business and it has increased with very positive association. We have rebranded over 2,100 vehicles, 20,000 containers and 300,000 wheeled containers. All of our sites now show the Renewi brand and our team of over 7,000 employees have new workwear. Renewi brand campaigns have also taken place on national radio and through social media. Brand recognition has improved from below 5% when Renewi was first created to approximately 15% following our extensive rebranding activities.

KEY NUMBERS

€53.2m
Netherlands Commercial Waste EBIT

+18%
Increase in underlying EBIT in Commercial division

7.2%
Underlying EBIT margin for Commercial

€1.19bn
Total revenue for Commercial

Our Commercial division is improving margins through synergy delivery and commercial effectiveness

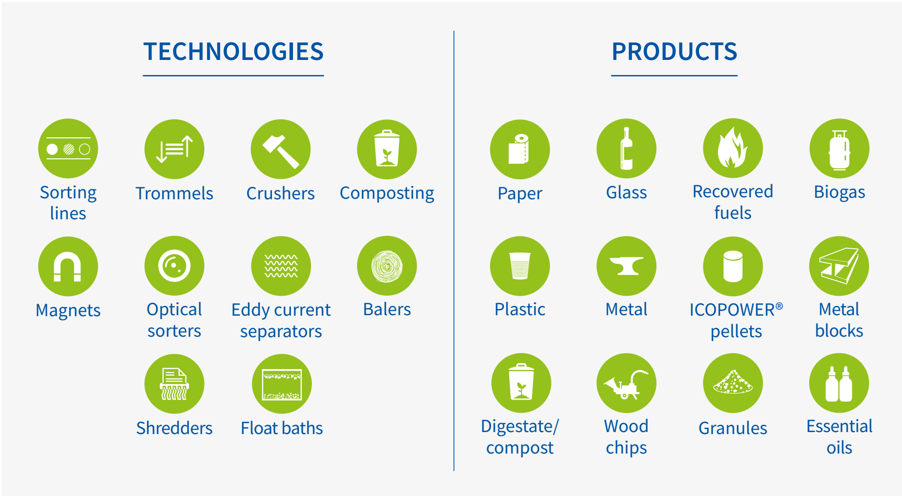
Improving margins

The recycling industry has historically relied on Asian markets, particularly China, as an end destination for recycled paper and plastics. This end market has been shrinking over the past 18 months and may ultimately close completely. As a consequence, the value of low-quality recycled paper and plastics has reduced significantly and some of the lower grades are now being incinerated. Paper and plastics comprise just 0.8m tonnes of the 14m tonnes of waste we take in each year.

By working with our customers to segregate paper and plastic at source, we earn more from the resulting recyclates. We have 14 facilities focusing on the recycling of source segregated paper from which the majority of the output goes to European paper mills. The separation also allows us to implement dynamic pricing for over 70% of these materials.

Over the past two years, our revenue from recycled paper and plastics has fallen by €30m. By focusing on quality and dynamic pricing, the impact on our profits has been restricted to an estimated €8m, during a period in which we have delivered strongly increased divisional profits and margins.

As reported through the year, we have seen inflationary cost pressure in the market including sharp rises in some off-take costs and a tighter labour market. This has been exacerbated by new Dutch legislation regarding holiday pay, which has caused a one-off industry-wide increase in blue collar salaries of around 6%, and above all by the 140% increase in the Dutch incinerator tax from €13 per tonne to €32 per tonne. We responded by introducing significant price increases on 1 January 2019 averaging around 11% in the Netherlands, and around 6% in Belgium. Results in the last quarter show that these price increases have been successful and tender renewals have continued at higher gross margins. Dynamic pricing means that the amount we charge, or pay, the customer for the waste paper or plastic is linked to international price indices, limiting Renewi's commodity exposure.



Investment and innovation

We have invested selectively in the Commercial Division during 2018/19. As previously reported, the collection fleet is being rejuvenated to reduce the growing costs associated with an aged fleet. We are funding this investment in trucks through asset-backed finance which matches the cash costs of running the fleet to the related cash inflows and which allows the fleet to be flexed in size according to evolving market trends in logistics. Renewi is one of the largest fleet operators in the Benelux and during

We are focusing on treatment and creating value-added secondary products in Commercial (see page 09)

STRATEGIC OBJECTIVES

We work with our customers to ensure that paper and plastic are separated at source, which creates cleaner inputs that can be more effectively recycled

the year we placed an order for over 420 new Euro 6 compliant trucks which are coming on stream now. The impact of replacing fully depreciated vehicles with new ones results in an increase in cost, around €3m in each of 2018/19 and 2019/20.

Some of our integration activities also require capital investment. For example, the rationalisation of our Rotterdam region from five sites to three requires €6m in capital investment to expand the Vlaardingen site, offset by €5m from the sale of the two closed sites, one of which completed in 2018/19: a net investment of €0.5m to realise an annual benefit of €1m.

Our net replacement capital is carefully controlled and in 2018/19 amounted to €56m (90% of depreciation), of which the majority was spent on maintaining Renewi's estate of 109 operating sites, replacing obsolete or broken containers and replacing on-site vehicles such as cranes and loaders. Looking forward, we intend selectively to increase investment in our processing footprint and capabilities in order to generate higher returns and more stable earnings.

Innovating and investing in recycling technologies will help create shareholder value **(see page 08)**

STRATEGIC OBJECTIVES

Our innovation initiatives have also made good progress. During the past year we have celebrated the opening of the PeelPioneers plant at our site in Son. Renewi collects citrus peels from supermarkets and catering companies. PeelPioneers recycles these into essential oils and citrus pulp, for use in products such as detergents and animal feeds. Our project on recovering cellulose from nappies and incontinence products has progressed from lab scale to pilot scale. A large-scale test with used products is planned for the beginning of the next financial year, after which a decision will be made for the construction of a full-scale plant. We are also partnering with the Purified Metal Company to allow recycling of steel that has been contaminated with asbestos, mercury or other impurities. Pre-collection of these metals has started, meaning that material that is now collected will be recycled in the plant that is currently under construction and will be completed in 2020.

During the next year we expect to innovate in a capital-light way by partnering with universities, start-ups and specialised recycling companies.

Divisional outlook

The Commercial Division is expected to make progress in the current year. We expect our implemented price increases and the final year of synergy delivery from the transformational merger to offset lower growth in the construction market, the previously reported closure of our CETEM landfill in Belgium and ongoing cost pressures.

CASE STUDY: BEYOND SIMPLY RECYCLING

Innovation is at the heart of what we do. The “i” in Renewi stands for innovation and is one of our core values, as well as a key growth factor.

Our innovation portfolio has over 100 potential opportunities and is co-ordinated by a central team that supports division and group-wide transformational projects, which must all demonstrate sustainable competitive advantage and target financial returns

We act as an enabler with our partners to deliver new technologies, putting into practice our expertise in bringing waste products to quality levels. This year, our innovations ranged from cat litter to essential oils.

In Belgium, Renewi and Recypel have created a new facility that produces high-quality cat litter pellets and animal bedding from pallet waste wood and other construction materials. Renewi is also looking at developing this waste wood into oils for engine use.

“No one else in Europe is innovating to such an extent with waste wood – we are a true pioneer,” says Wim Pype, Manager Biogenic Waste at Renewi Commercial Belgium Division.

In May 2019, we launched a unique solution for recycling asbestos-contaminated steel with Purified Metal Company. A new facility will open in 2020, specifically designed to recycle contaminated steel, combining innovative processes with existing techniques, ensuring it is no longer hazardous.

We have also worked with Peel Pioneers to launch a circular solution for processing citrus peels into essential oils and citrus pulp, then used in detergents and animal feed.

Together with Essity, we have developed a solution to process used baby nappies and incontinence materials. We use cellulose fibre from the recycling process as a secondary raw material for the chemical industry.

“We are always looking for new innovative ways to process waste streams into valuable raw materials and achieve our vision to ‘waste no more’,” explains Eric Segers, director of Specialities at Renewi Commercial Netherlands.

OVER THE PAST **TWO YEARS** WE **CLEANED** ENOUGH WASTE WATER TO FILL **246 OLYMPIC-SIZED SWIMMING POOLS**

FROM WASTE TO PRODUCT

POLLUTED WATER = **CLEAN WATER**

Renewi's ATM plant treats soil, sludges, oils, solvents and water. The contaminated water is usually received at the site's own jetty. It is treated on-site using ATM's bio-water system, comprising physical and biological cleaning processes. The cleaned water is then discharged off-site for further treatment.

HAZARDOUS WASTE

The Hazardous Waste Division is made up of two businesses: Reym and ATM. It represents around 12% of Renewi's revenues.

ATM is one of Europe's largest sites for the treatment of contaminated soil and water, as well as for the disposal of a broad range of hazardous waste such as waste paints and solvents. In addition, there is a small specialist site at Weert called CFS. CFS is a specialised chemical physical separation unit that can handle highly-contaminated waters and sludges. The combination of both treatment sites gives the Hazardous Waste Division a leading position in the market. The business model is shown in the graphic on page 46.

ATM is a leader in water and soil treatment because of: the cost advantages provided by its fully integrated plant processes; its waterside location for the cleaning of ships; and its excellent record of compliance with the many environmental controls and permits required in the hazardous waste market. As you can read on page 18, ATM has been heavily impacted during the year by specific discussions with the regulators on the soil cleaning process.

Reym is a leading industrial cleaning company in the Netherlands, promoting a Total Care solution (cleaning, transport and waste management) for heavy industry, petrochemical sites, oil and gas production (both on and offshore) and the food industry. Reym's highly-experienced and trained cleaning teams use specialist equipment to deliver a reliable, cost-effective and above all safe cleaning process in a market where the cost of safety and quality is of paramount importance. The disposal process for this business is on track.

MARKETS

The core market drivers for the Hazardous Waste Division are industrial activity in the Benelux, particularly in the oil and gas sectors and in the Rotterdam and Moerdijk region, coupled with construction and site remediation activity across Europe. We are a trusted party for the processing industry in complex and highly-intensive shutdown maintenance projects.

The core oil and gas market, which represents up to half of the division's revenues, remains mixed. Oil prices have steadily increased to c. $65 per barrel in the period, which is positive, but onshore gas production has continued to fall due to regulatory restrictions. As expected, maintenance and cleaning activity at refineries has recovered. Reym faced ad-hoc requests from its customers during this year, impacting its utilisation rates. Project margins have improved during the past year.

DIVISIONAL STRATEGY

Our initial focus is to return ATM to normal operation during FY20. In the future we intend to refine soil outputs further into higher-value secondary raw materials. As previously announced, our Reym industrial cleaning business is currently being marketed in a process expected to complete in the coming months.

FINANCIAL PERFORMANCE

Hazardous Waste had a difficult year as a result of the ongoing restrictions on the shipments of thermally cleaned soil in the Dutch market. Revenues fell by 9% to €211m and underlying EBIT fell by 65% to €7.0m. An exceptional item of €6.5m (2018: €2.9m) was

The core drivers are industrial activity, coupled with construction and site remediation activity across Europe

Our ATM contaminated waste treatment facility has a strategy to restore normal operations and produce higher-value secondary raw materials

additionally reported in relation to the ATM soil issue.

Overall revenues at ATM fell by 17% to €89m. Revenue at the waterside increased on prior year and pyro throughput was broadly flat. Processing of contaminated soil was around 50% of capacity in the first half, reducing to around 20% of capacity in the final months of the year.

Reym saw revenues fall by 2% to €129m, with fewer large shutdowns at customer sites as expected. Profitability was impacted by ongoing late rescheduling of client projects with a consequent impact on productivity.

OPERATIONAL REVIEW

ATM and CFS

Historically, ATM disposed of treated soil to a neighbouring building services company, which placed the treated soil into the market. End uses for treated soil include landscaping, industrial and infrastructure developments. As previously reported, our ATM soil treatment facility has been operating at reduced output as a result of the nationwide ban from mid-2018 in the issuing of approvals for the use of thermally treated soil pending further review. This review, the detail of which was announced in the Dutch parliament in December 2018, is looking at how a range of secondary materials, with a focus on cleaned soil and dredging soil, should be used safely in the Dutch market in the future.

We have been working closely with the authorities to provide extensive data on a wide range of parameters on the cleaned soil stored at ATM. All parties intend that this data should provide a new basis to define the conditions in which thermally treated soil can be used. The data gathering process is expected to complete in the summer, although we cannot say how long it will take for new permits to be issued thereafter. There remains a strong pent-up supply of inbound contaminated soil and TAG requiring treatment and we have maintained a pipeline of domestic and international customers for the cleaned soil.

As part of our strategy in Hazardous Waste, we plan to invest in refining thermally-cleaned soil into secondary products (see page 09)

STRATEGIC OBJECTIVES

HAZARDOUS WASTE FINANCIAL PERFORMANCE

	Revenue Mar 19 €m	Revenue Mar 18 €m	Revenue Variance €m	Revenue Variance %	Underlying EBIT Mar 19 €m	Underlying EBIT Mar 18 €m	Underlying EBIT Variance €m	Underlying EBIT Variance %
Total	**211.3**	**231.0**	**(19.7)**	**-9%**	**7.0**	**19.9**	**(12.9)**	**-65%**

	Underlying EBIT margin		Return on operating assets	
Total	**3.3%**	**8.6%**	**10.7%**	**24.1%**

CASE STUDY: PUTTING THINGS RIGHT AT ATM

Dutch politicians and regulators have temporarily closed the thermally-cleaned soil market in the Netherlands in response to quality and usage concerns. The negative impact of this temporary ban has been profound on ATM, Renewi and its investors. As we work our way towards a successful resolution and resumption of output, there are important things that we have learned and demonstrated.

The importance of quality
It is essential that Dutch regulators and citizens have confidence in the quality of secondary materials. We have market-leading technical capabilities and a strong compliance culture at ATM. Our large laboratory tests all incoming contaminated products and outgoing cleaned products to ensure they meet specifications. We are now deep into an unprecedented testing programme, supported by the regulators, to test cleaned soil for over 250 different parameters. We are confident that this will conclude that thermally cleaned soil is safe for use when applied in appropriate locations.

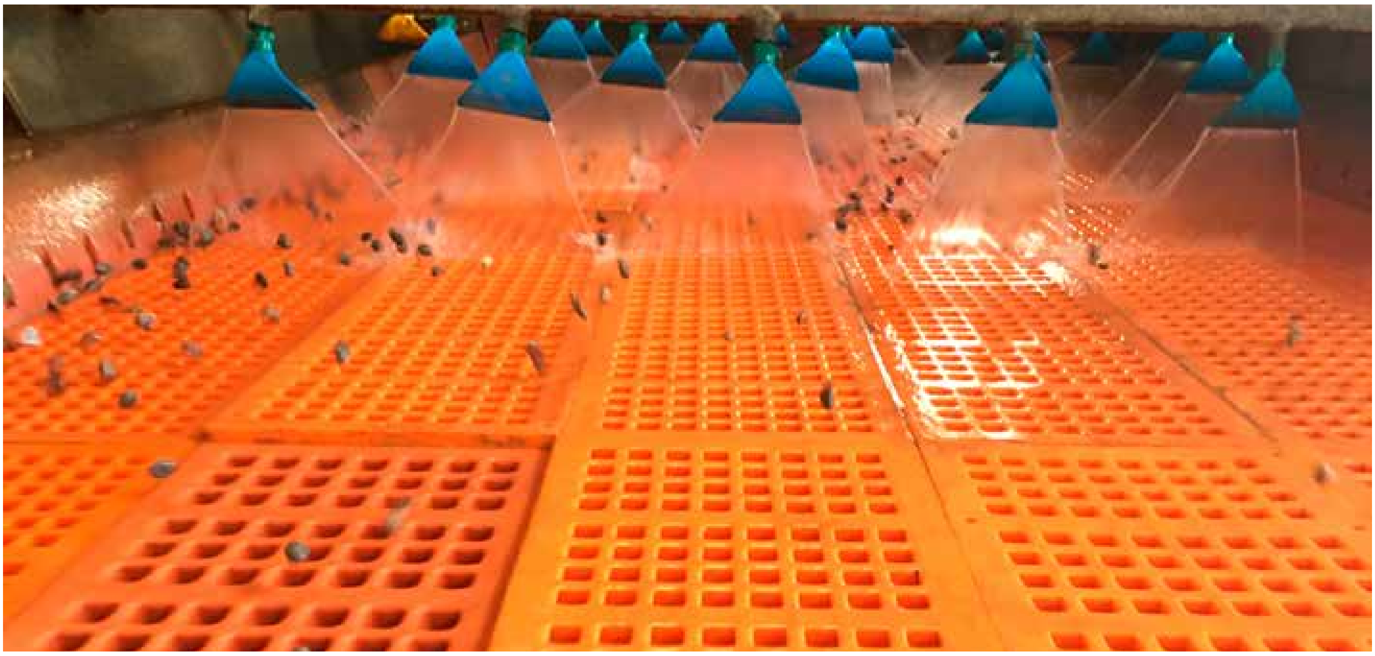
The importance of innovation
We invest continually to improve our processes and our products. Market requirements and the improving sensitivity of analytical tools sets more stringent requirements around secondary materials. Over the past three years we have invested nearly €10m in a flue gas incinerator, an expanded ESP gas cleaning unit and in a de-salter that purifies wash water so that it can be reused. We are innovating with processing treated soil into three grades (gravel, sand and fly ash) for secondary building materials in construction and asphalt markets. These new products are even further up the recycling chain and are expected to be highly attractive as demand to use secondary materials increases.

The importance of transparency
We consistently engage with our different stakeholder groups, including regulators, local communities and customers. The concerns raised around thermal soil over the past two years have shown us that we can always do more. “Trust resulting from transparent communication can accelerate mutual working towards solutions. We believe that this transparency is in place and we are confident that jointly we can work towards the reopening of an essential market if the Netherlands is to be able to treat its own contamination and meet its targets for a circular economy,” says Jacques de Jong, Compliance Director at ATM.

HAZARDOUS WASTE BUSINESS MODEL

CUSTOMER	CLEAN	TRANSPORT	PRODUCE	DISPOSE
Heavy industry (Petrochemical) Industry & Shipping Industry & Government Construction & Government	Industrial cleaning generates contaminated water	Contaminated water Paint & solvent waste Contaminated soil Sludge	Bio water treatment Pyrolysis Gasification Thermal treatment	Cleaned water Clean soil

GROWING REGULATION



In addition, we have over the past year continued our development project to further refine thermally treated soil into three secondary materials: gravel, sand and fly ash. We expect these can be sold for a positive consideration into the building materials market for use in asphalt, concrete and cement. We have been progressing the trials in a joint venture with a third party with around €0.8m of losses reported in results from joint ventures. We have received planning permission for the new process and we are developing our capability using a pilot line. The current production can be used to develop the customer base and to gain product certifications. A full-size line capable of refining all the output from the thermal treatment process would then potentially be commissioned in early 2020. The economics of the new process are expected to be at least as good as the historic thermally treated soil outlet.

As a result of the soil offset issues, the Group incurred an exceptional charge of €6.5m relating to the logistics and storage off-site of around 760,000 tonnes of soil along with testing and legal costs.

The other core waste treatment processes for the Division performed well. Water intake and treatment at ATM increased compared to the prior year. Inbound volumes by truck and industrial sludge volumes remained weak but ship volumes were significantly stronger. Waste water throughput was over 804,000 tonnes, with a further 84,000 tonnes of sludges. Treatment of packed chemical waste through the pyro plant was broadly flat and the new inbound warehouse was installed during the second half of the year. The CFS water treatment facility in the southern part of the Netherlands did well, increasing profits by 17%.

Reym

The industrial cleaning market for our Reym business was challenging during the year while the ongoing recovery of the oil price is positive over time and helpful for volumes. However, there were fewer large customer shutdowns, as expected, and the ordering patterns of customers remained prone to late changes with a consequent impact on productivity.

We have introduced a range of pricing and initiatives in all our new contracts to counter changes in customer ordering patterns. Performance was stronger in the fourth quarter as a result and is expected to continue in 2019/20.

DIVISIONAL OUTLOOK

As previously announced, while we expect to resume shipments from ATM under an interim regime during the year, the timing of this is uncertain and therefore we have prudently assumed no such shipments for the purposes of the Group's financial forecasts for the year.

TECHNOLOGIES

Thermal treatment
High pressure
Ultrasonic
Scrubbing
Vacuum
Chemical
Gasification
Biological
Detonation
Separation

PRODUCTS

Cleaned water
Clean soil
Inert ash

BY **RECYCLING** AND PRODUCING SECONDARY **RAW MATERIALS** WE HELP OUR CUSTOMERS TO ACHIEVE THEIR OWN **SUSTAINABILITY GOALS**

FROM WASTE TO PRODUCT

Renewi's plastics recycling specialist subsidiary, Coolrec, collects and dismantles old devices such as refrigerators, televisions, vacuum cleaners and mobile phones. The material is treated and processed into granules which are used, for example, by Philips for making new vacuum cleaners which consist of 36% recycled materials.

MONOSTREAMS

The Monostreams Division comprises four businesses: Coolrec, Maltha, Mineralz and Orgaworld. It represents around 12% of Renewi's revenues.

These businesses produce materials for specific markets from waste streams such as glass bottles, discarded electrical and electronic equipment, food waste, source separated organics and bottom ashes from incinerators. The resulting products are used in markets such as jars and bottles for food and beverage packaging, plastics for new appliances, green energy, compost and fertiliser products, and building and construction materials in western Europe.

Coolrec is a recycler of electrical and electronic appliances, producing recycled plastics and both ferrous and non-ferrous metals. It has eight sites across Belgium, the Netherlands, France and Germany, and the appliances are being supplied largely from so-called producer schemes on long-term supply contracts. Coolrec has innovative partnerships with industry partners such as Philips and Miele to make products circular.

The **Mineralz** business produces building materials from incinerator bottom ashes, extracting both minerals and metals as part of the process. The company has become an important partner for incinerators who need to comply with the Dutch Green Deal. The Deal states that 100% of the bottom ashes have to be recycled by 2020. Mineralz has partnerships with producers of building materials to turn cleaned materials into products like concrete tiles. Mineralz continues to operate unique landfill services to manage specialist waste streams such as fly ashes at the Maasvlakte landfill site in Rotterdam which was granted an extension during the year.

Orgaworld is an innovative leader in organic waste treatment and is a producer of green electricity and soil enhancing materials. It has five facilities in the Netherlands, primarily based on (tunnel) composting, anaerobic digestion and waste water treatment technology. In the Amsterdam area, Orgaworld produces green energy for around 15,000 homes. In addition to its production facilities, Orgaworld has an Organics Innovation Centre to develop products of the future.

Maltha is a European leader in glass recycling, focused primarily on recycling flat and container glass into "cullet" and glass powder for reuse in the glass industry. 33% of the Maltha group is owned by Owens-Illinois, a world leader in packaging glass. Maltha has sites in the Netherlands, Belgium, France, Portugal and Hungary.

MARKETS

Each of our distinct end markets in the Monostreams Division has its own market drivers and has customers on both ends of the value chain. The companies source their materials from the collection and sorting market for waste and from corporate circularity programmes and transform them into raw materials to provide customers at the other end of the value chain with secondary raw materials. Monostreams is a division where Renewi's waste-to-product strategy is tangible.

These businesses produce materials for specific markets from waste streams such as glass bottles, discarded electrical and electronic equipment, food waste, source separated organics and bottom ashes from incinerators

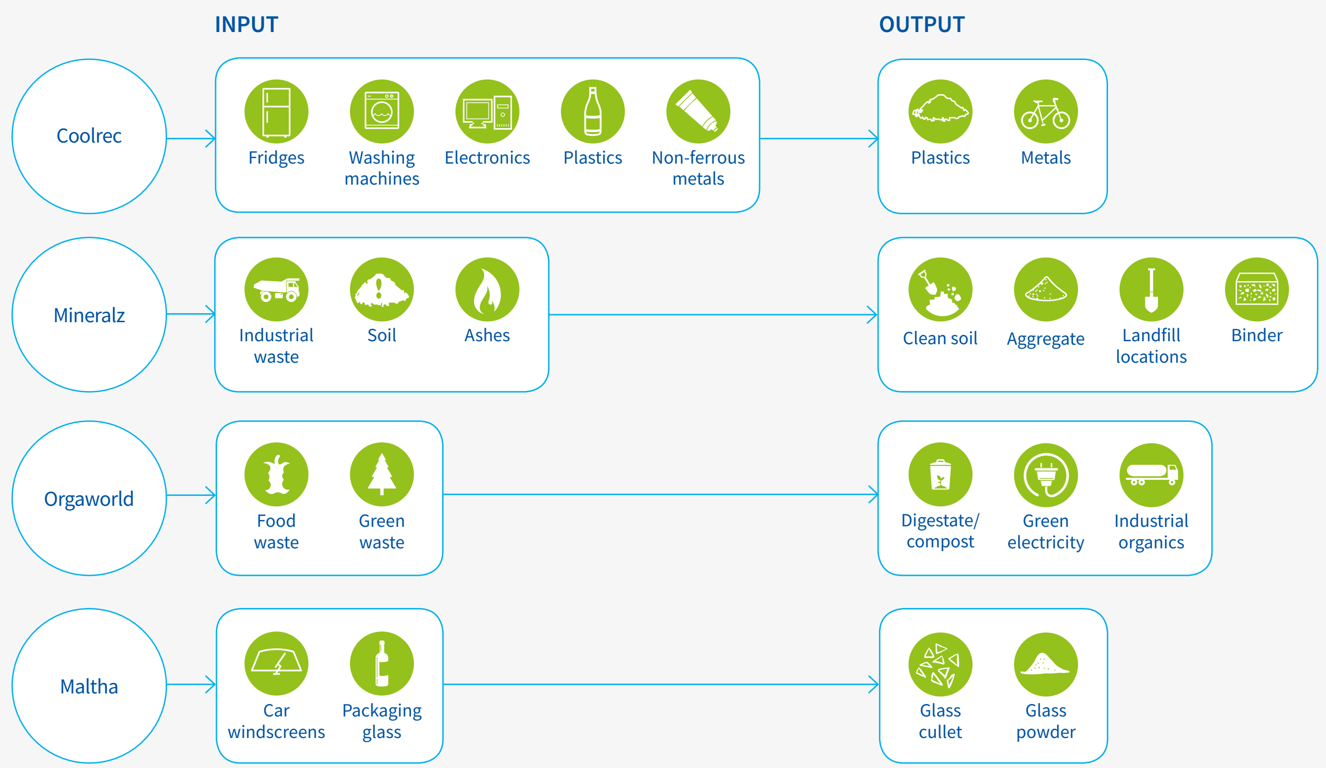
In Monostreams our strategy includes investing in recycling technologies: focusing on organic waste treatment, bottom ash treatment and plastics (see page 09)

STRATEGIC OBJECTIVES

In Coolrec, input volumes have been relatively stable over the past years, though the mix is changing rapidly, for example old televisions are fading out and more smart devices are appearing. The business can benefit from changes in environmental legislation and incentive schemes to drive additional recycling, and also from technology changes which will lead to higher quality output (secondary) raw materials. The business is exposed to the value of the materials that it recovers, particularly non-ferrous metals and plastics, many of which have been at low price levels during 2018.

The Mineralz business is generating good growth from creating building materials from the bottom ashes. A significant proportion of bottom ashes from incinerators is not yet being recycled and will need to be by 2020 in order to comply with the Green Deal policy. Mineralz further generates revenues from specialist materials requiring landfill. These materials have few other disposal options and so input volumes are secure, so long as there is landfill capacity and permits in place. Waste legislation and policy is very specific on which waste streams can be landfilled. For the Netherlands this means that only waste streams that cannot be recycled or incinerated can be landfilled. This legislation is well-established and has resulted in relatively stable waste flows being landfilled. However, two negative legislative rulings will reduce pricing and profit margins at the landfill in the coming years.

MONOSTREAMS BUSINESS MODEL



MONOSTREAMS FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT			
	Mar 19 €m	Mar 18 €m	Variance €m	Variance %	Mar 19 €m	Mar 18 €m	Variance €m	Variance %
Total	**213.3**	**204.4**	**8.9**	**4%**	**12.9**	**18.2**	**(5.3)**	**-29%**

	UNDERLYING EBIT MARGIN		RETURN ON OPERATING ASSETS	
Total	**6.0%**	**8.9%**	**18.1%**	**25.6%**

Note
From 1 April 2018 the activities of van Tuijl were transferred from Netherlands Commercial.
The return on operating assets excludes all landfill related provisions.

At Orgaworld, inbound volumes from municipalities are relatively mature and are secured on long-term contracts, many of which have been renewed over the past year. Electricity prices increased over the year, supporting the anaerobic digestion units.

Our Maltha glass recycling business sources waste, flat and container glass across Europe. Supply has been stable, although margin has been under pressure among other costs by increased waste costs and high input prices. The cullet and powders produced are sold to leading glass manufacturers, including our partner Owens-Illinois, where demand is currently relatively strong for high purity products and expected to further increase following circularity drive in the packaging industry shifting from the use of plastics to glass. Market demand and pricing for fine fractions and for Ceramic Stone and Porcelain (CSP) materially worsened over the year, resulting in impairments at Dintelmond.

DIVISIONAL STRATEGY

Monostreams incorporates Maltha, Coolrec, Mineralz and Orgaworld. All four focus on producing high-quality products from specific source segregated input streams.

FINANCIAL PERFORMANCE

Monostreams had a disappointing 2018/19 after a successful first year. Revenue increased by 4% to €213m with strong revenue growth delivered at Mineralz and Orgaworld offset by a contraction at Coolrec. However, underlying EBIT fell by 29% to €12.9m. Both Maltha and Coolrec saw significant profit declines on prior year as a result of margin pressure from material price movements and operational issues. Margins fell by 290 basis points to 6.0% and return on operating assets by 750 basis points to 18.1%.

OPERATIONAL REVIEW

The Coolrec business recycles e-waste and white goods into plastics and metals. Over the past year the business saw a sharp reduction in profitability due to changes in incoming waste streams, such as volume reduction in televisions, and rapid shifts in the value of certain recyclates, in particular non-ferrous aluminium. Two sites in Germany have been closed around year end and we have closed two underutilised production lines in Belgium. New management has been appointed to drive the reorganisation and future growth.

TECHNOLOGIES

Anaerobic digestion
Specialist landfill
Composting
Glass recycling
Electrical and electronic equipment

PRODUCTS

Plastics
Metals
Clean soil
Aggregate
Binder
Digestate/compost
Green electricity
Industrial organics
Glass cullet
Glass powder

Our glass businesses saw operational challenges in two facilities in the Netherlands. We closed one on 1 April 2019 and we are working with Owens-Illinois, our 33% partner in Maltha, to improve performance at the other. The overall glass market is set for growth due to a shift from plastic towards glass products. We have put in place new management.

Mineralz delivered a solid year of profits with increased volumes from projects, regular landfill and soil-cleaning. Volumes and pricing from bottom ashes offset the positive volume growth.

Orgaworld delivered growth in volumes treated, in addition to growth in inbound green waste. Improved electricity productions and prices at the two anaerobic digesters also boosted profitability. Orgaworld is well placed in a dynamic market and provides important services to Renewi commercial clients such as the large supermarkets.

DIVISIONAL OUTLOOK

We expect progress at Monostreams, with some recovery in Coolrec and Maltha offset by a decline in Mineralz where increases in landfill tax cannot be passed on into the market because they compete with outlets not subject to tax.

A key part of Monostreams' growth strategy is to improve performance in Maltha
(see page 09)

STRATEGIC OBJECTIVES

CASE STUDY: INNOVATION IN LANDFILL

Renewi's Maasvlakte operation in Rotterdam is a pioneering and innovative landfill site in the Netherlands, providing a very necessary and unique service to safely treat hazardous waste.

Run by the company's Mineralz business, the Maasvlakte is the only location in the country authorised to immobilise and store hazardous materials such as fly ashes and low-level NORM (Naturally Occurring Radioactive Materials) waste in a safe and environmentally responsible way.

What makes the Maasvlakte site unique is its highly-specialised technology and market-leading position. A pioneering 'Class 1' landfill site, it has been in operation since 1988, employing 30 people today. Taking waste from incineration plants such as fly ashes which contain dioxides and heavy metals, input volumes are increasing, particularly for highly leaching hazardous waste. "We immobilise approximately 50% of the total incoming waste volumes for safe deposition. Our technology can bind chlorides and heavy metals using specialised binders, so they are no longer leaching," explains Paul Dijkman, Director of Mineralz, part of Renewi's Monostreams Division.

"We deal with the waste that no-one else can deal with in a sustainable way. We can't just leave it untreated – and we are the only outlet within the Netherlands that can treat and dispose of these hazardous materials in a safe manner," he adds.

In 2018, Renewi was granted permission to expand Maasvlakte to create an additional 85% increase in potential landfill volume, from 4.5 million m^3 to 8.2 million m^3 of hazardous waste, though the surface areas will only increase by 45%. This means it now has the required disposal capacity to meet forecasted demand for the next 20 years.

Waste legislation and policy are very specific on which waste streams can be landfilled. For the Netherlands this means that only waste streams that cannot be recycled or incinerated can be landfilled. This legislation is well established and has resulted in relatively stable waste flows being landfilled. Renewi is also strongly placed to recycle and recover non-hazardous waste to increase diversion from landfill.

What makes the Maasvlakte site unique is its highly specialised technology and market-leading position

THERE IS AN INCREASING DEMAND FOR **SOLUTIONS** FOR **SEPARATING WASTE** EFFECTIVELY, INCREASING RECYCLING PERCENTAGES, MAKING USE OF **SECONDARY MATERIALS,** REDUCING CARBON EMISSIONS AND DEVELOPING **CIRCULAR REVENUE** MODELS

FROM WASTE TO PRODUCT

DOMESTIC WASTE = **ENERGY**

Renewi uses mechanical biological treatment technology to produce solid recovered fuel or refuse derived fuel from black bag waste. A combination of mechanical and biological processes is used to sort the waste. This includes removing recyclates, such as metals, removing moisture and shredding. The remaining material can be used to produce green electricity.

MUNICIPAL

The Municipal Division operates waste treatment facilities for UK and Canadian city and county councils. It represents around 11% of Renewi's revenues.

The waste treatment facilities form part of long-term PFI or PPP contracts between Renewi and the associated council, usually lasting 25 years. These contracts are established primarily to divert waste away from landfill in a cost-effective and sustainable way.

The contract provides guaranteed volumes under agreed terms, typically with some form of price indexation. However, the contracts are not always linked to the variable cost of the disposal of processed off-take and changes in this market can result in margin pressure. To mitigate this, off-take contracts are predominantly secured under long-term contracts.

Renewi runs six municipal contracts in the UK using a range of technologies. The contracts are with Argyll and Bute, Wakefield, Barnsley Doncaster and Rotherham (BDR), Derby, Elstow and East London (ELWA) councils. All of these contracts, except Derby, are in full operation. Further detail on challenges in the Derby contract is provided in the following sections.

In Canada, Renewi manages three municipal contracts – Surrey, Ottawa and London (Ontario).

The Municipal Division is focused on running and optimising these existing contracts, rather than bidding for new ones. The business model is shown in the graphic on page 57.

MARKETS

The Municipal Division, having secured its input waste under long-term contracts, competes in a number of downstream markets, in particular with regard to the provision of RDF to energy from waste companies and SRF to cement manufacturers. In line with our stated strategy, the majority of these disposal routes are now secured under long-term agreements, which has removed this price volatility risk.

The Division also supplies various recyclate materials into the market. Typically, pricing for these waste and product streams is secured against market indices. During 2018/19, impacted by China's National Sword policy, there was a general tightening of market prices across key streams as well as a requirement in the market for higher grade recyclate materials.

The Canadian market is growing, with many municipalities yet to invest in the infrastructure required to divert waste, especially organic waste, from landfill. On 8 November 2018 the Group announced its intention to exit Municipal Canada.

In line with the strategy to actively manage our portfolio, the Municipal Division completed its exit from the UK AD Sector with the sale of its anaerobic digestion (AD) facility (50% Joint Venture) in Cumbernauld in September 2018. In November 2018 we exited the loss-making and deteriorating operating contract held between Renewi and Shanks Dumfries And Galloway Limited regarding the D&G PFI contract.

The Municipal Division is focused on running and optimising these existing contracts, rather than bidding for new ones

Actively managing our portfolio is a core part of our strategy to Build Confidence and Deliver Growth (see page 08)

STRATEGIC OBJECTIVES

Looking forward, the UK remains a dynamic market place beyond the Municipal sector, poised for further transition towards better recycling and product production as and when the UK increasingly may adopt the EU Circular Economy Package.

DIVISIONAL STRATEGY

We are de-risking the business, simplifying the portfolio and delivering operational excellence in the remaining assets. As previously announced, the planned strategic disposal of our Canadian business is on track and progressing well.

FINANCIAL PERFORMANCE

The Municipal Division turned a loss of €10.6m in 2017/18 into an underlying EBIT of €2.3m during 2018/19 on revenues 3% lower at €213.5m. The drivers of performance were operational improvement, effective portfolio management to exit loss-making activity and the reporting of Wakefield as an onerous contract in 2018/19.

The UK business reported revenues down 3% to €195m and made an underlying EBIT of €0.8m (2018: loss of €6.6m) as reported above. The key drivers of this were improvement in underlying operational

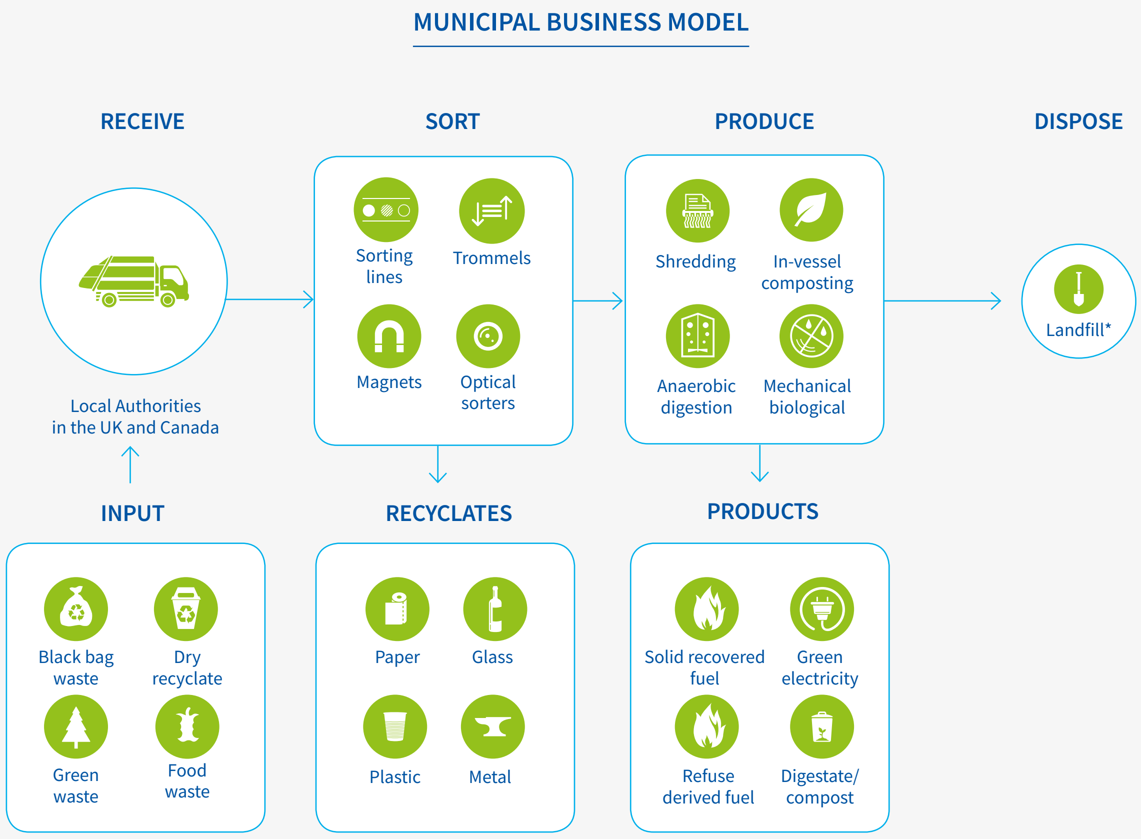
The Municipal Division's strategy is to deliver a recovery plan that will stabilise and de-risk the business

MUNICIPAL FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT		
	Mar 19 €m	Mar 18 €m	Variance €m	Variance %	Mar 19 €m	Mar 18 €m	Variance €m
UK Municipal	195.2	200.5	(5.3)	-3%	0.8	(6.6)	7.4
Canada Municipal (discontinued)	18.3	18.8	(0.5)	-3%	1.5	(4.0)	5.5
Total	**213.5**	**219.3**	**(5.8)**	**-3%**	**2.3**	**(10.6)**	**12.9**

	UNDERLYING EBIT MARGIN	
UK Municipal	0.4%	-3.3%
Canada Municipal (discontinued)	8.2%	-21.3%
Total	**1.1%**	**-4.8%**

Given the disposal process, the Canada business is held for sale at 31 March 2019 and meets the criteria of a discontinued operation.



* We aim to process, sort and make products from waste but there is a small residual amount which has to be landfilled.

performance of Cumbria, reduced losses from the sale of Westcott Park in March 2018 and one-off benefits from a rates rebate, offset by a €1.4m impact of lower recyclate prices and off-take challenges at East London (ELWA). These were supplemented by the impact of reporting the losses at Wakefield as an onerous contract. Performance at Barnsley, Doncaster and Rotherham (BDR) stabilised and improved with the contract reducing losses year on year despite underlying cost pressures with no impact on underlying EBIT. The exit from Dumfries and Galloway (D&G) has reduced ongoing onerous contract losses.

The Canadian business reported revenues down by 3% to €18.3m. A strong operational improvement resulted in an underlying EBIT of €1.5m compared to a loss of €4.0m in the prior year. All three facilities generated a profit and we were particularly pleased with the performance of the Surrey advance bio-fuel facility in its first year of operation.

OPERATIONAL REVIEW – UK

The UK Municipal business has delivered an improved performance based on operational execution and portfolio management. This has been offset this year by issues at Derby and ELWA. We believe that all issues at UK Municipal have been provided for following the provisions and impairments taken this year.

Improving operational performance

Achieving stable operations gives Renewi a platform to drive continuous improvement through all contracts. This includes optimising operating costs, eliminating cost of failure and reducing exposure to difficult off-take markets. Looking forward, an expanding continuous improvement programme will deliver further improvements.

Managing the portfolio
In March 2018, we sold our loss-making facility at Westcott Park saving annual losses of c. €2m per annum going forward. In September 2018 we sold our 50% stake in Energen Biogas in Scotland for €20m, generating a profit on sale of €11m. In November 2018 we exited the loss-making and deteriorating operating contract held between Renewi and Shanks Dumfries And Galloway Limited regarding the D&G PFI contract for a cash cost of €12m.

Commissioning problems with the Derby PPP contract
In 2014, Renewi signed a contract to become the long-term operator of a gasification facility at Derby as part of a PPP contract between Resource Recovery Solutions (Derbyshire) Limited (RRS), a joint venture between Renewi and the constructor, Interserve, and Derby City and Derbyshire County Councils. As previously reported, the facility is two years late in commissioning. We have supported our customer and insisted on not accepting the facility until it has properly passed acceptance tests such that it can be safely and profitably operated. Recognising the significant risks that the facility cannot be commissioned in a timely way, we have written off our historic €40m investment in the Derby project, taken a €7.6m provision for ongoing losses and assumed termination costs in the event that the contract comes to an end, and have provided €11.6m against delay damages which we believe are owed to us by Interserve but which remain outstanding.

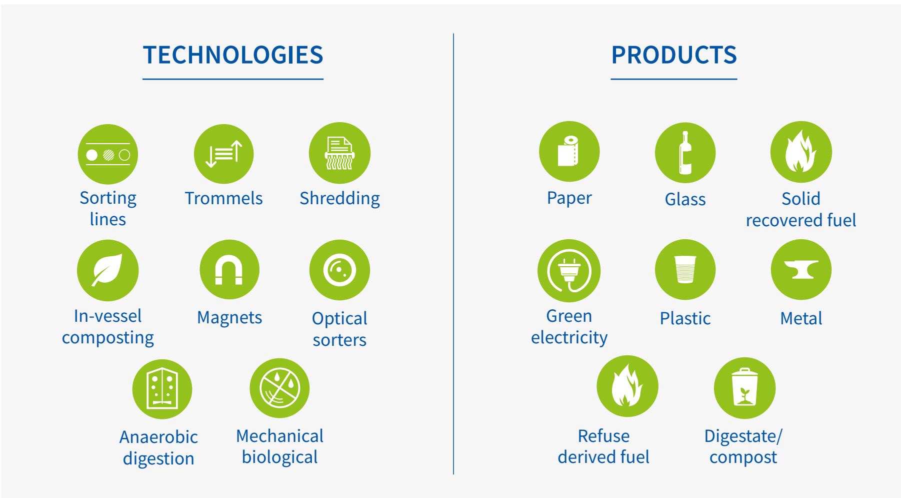
ELWA and Brexit
We have therefore taken an impairment charge against our assets of €4m in ELWA as no longer considered recoverable. As previously announced, the only significant direct impact of Brexit on Renewi is at ELWA from where around 200,000 tonnes of refuse derived fuel (RDF) is exported to the Netherlands each year.

OPERATIONAL REVIEW – CANADA

Our Canadian business delivered a much improved performance over the prior year. The Surrey facility made an encouraging profit in its first full year of operation. Local market dynamics are moving favourably and improved industrial and commercial organic inputs and off-take contracts have been negotiated. London returned to full production after operational challenges in the prior year and made good progress in filling the facility with short and longer term contracts in a growing local market. At Ottawa planning is underway to amend the facility following successful resolution of a longstanding commercial dispute with the customer that will result in the enlarged facility being able to process a wider range of inputs that should increase diversion rates in the City.

DIVISIONAL OUTLOOK

We expect a reduced performance in the UK Municipal Division as a result of the anticipated loss of income from Derby. The Canadian business is now reported as discontinued operations.



CASE STUDY: DELIVERING ON OUR COMMITMENTS

Our Municipal Division has made great strides over the past year in establishing a stable base. Our focus on the effective execution of planned strategic, operational and financial actions has created a stronger business, ready to face the future.

The Municipal portfolio consists of long-term waste treatment contracts for UK and Canadian councils, established to recycle and divert waste away from landfill in a cost-effective and sustainable way.

Describing it as an 'improvement phase', James Priestley, Managing Director of Municipal, explains that the Division's strategic focus is on driving operational improvements and efficiencies. "We've come out of the building phase and have long term off-take contracts in place. This gives us a sound structure, which allows us to move ahead in all areas. So now we need to ensure that our operations are as efficient as possible," adds James.

Over the past year, the Division has increasingly directed capital investment towards improvement; investing to maintain plants and ensuring that they are working at optimum efficiency. There are also a range of new initiatives designed to improve operational processes and service delivery.

We have invested in new training for management and first-level supervisors – vital to manage the business going forward and a key area we will continue to develop. The Renewi Rewards programme has also been successful in helping our teams to increase recognition and continue to learn and develop. While our continuing focus on health and safety in line with our values, means that the division has made significant improvements it its safety performance.

"We continue to build a stable base from which we can grow. We've taken bold action over the past year to ensure that our portfolio is the right strategic fit going forward – this has included exiting loss-making contracts. We've an excellent team with a track record of delivery, and we are investing in the right places to prepare our business for the future," James comments.

Helen Richardson
HR DIRECTOR

CREATING "ONE RENEWI"

Our success is driven by our talented team of people and we are committed to developing and driving forward our people agenda. Over the last year, our focus has been on building "One Renewi" culture, nurturing health and wellbeing and engaging with our teams during turbulent times.

BUILDING "ONE RENEWI"

We recognise and value our people as our most important asset in achieving our goals. It is the hard work that they put in every day that makes a difference. From site cleaners, to financial controllers and from creative marketeers to truck drivers. No matter what role our people have in Renewi, they each play a crucial part in delivering our long-term strategy for growth.

Building our culture

Helping our people to feel part of "One Renewi" has been an important focus and we have taken every opportunity to become "better together".

Our values have helped this journey. They are the foundation for everything we do. They guide the way we behave and make decisions, outline what is important to us, how we operate and what differentiates us from our competitors. Most importantly, they show that 'how' we do things is just as important as 'what' we do. We are proud that these values were not created in a boardroom by a small group of people but were crafted and shaped by our people.

As each of our divisions is different, dedicated value activation initiatives were taken using the model opposite. Our Commercial Netherlands Division has been the pilot for a values game, which has been launched based on the popular escape rooms concept. Colleagues work together during the game to solve a variety of puzzles and discuss the values and their experiences in a debrief session after the game.

Change management

Change has been an ongoing theme at Renewi over the last year. It has been important that we bring our people on the change journey with us. From continuous improvement and portfolio management to our large-scale integration programme.

Our integration programme has delivered the committed €30m of synergies over the year. In addition to delivering the financials, our teams have been working hard to create "One Renewi". This has involved route optimisation, site migration and roll-bin migration.

To support our people, we have delivered change management training across Renewi and successfully built the "iRenew" network in Belgium. The iRenew network appoints ambassadors to support and train on certain change projects. Over 70 leaders and managers have been trained so far. In the Netherlands and Belgium, projects have been launched which encourage our teams to look at and experience their colleagues' work. This builds both empathy and trust, helping to facilitate change.

As part of the integration programme we needed to harmonise our reward structure. In Belgium the landscape is particularly complex with several union delegations and three Works Councils in place until the next social elections in May 2020. We therefore set up a unique central union delegation, comprising representatives from the different unions to negotiate important integration items such as reward structures, different pay systems and our lease car policy.

Divestments and other portfolio management activities also involve change. We publicly announced the sales of our Canada and Reym businesses in November 2018. Whilst the sales processes gain pace, it has been important to keep our people motivated and to communicate the latest information.

ACTIVATING OUR VALUES

We have focused on a culture activation programme using the following model to activate our values

1: CREATING AWARENESS:

Helping our people know, remember and ultimately "live" our values.

2: ALIGNING PROCESSES:

Changing any process or procedure that is not aligned with our values.

3: ADDRESSING THE "SOFT" SIDE:

a. Our leaders behaving according to our values.
b. Unwanted behaviour is corrected, and good behaviour is recognised.
c. Communicating in line with our values.
d. Our workplace reflecting our values.


renewi

ENGAGING IN TURBULENT TIMES

Renewi is operating during turbulent times. During this period, it is more important than ever for us to engage with our people.

In the Benelux, Works Councils and Unions have specific rights regarding corporate activities. We find it helpful to work closely with these bodies to deliver organisational changes in a smooth and negotiated manner and in full compliance with good employment practice.

These Works Councils reflect the voice of our employees. In Belgium, employee strikes are more common practice, so it has been crucial to have a good understanding of each other, have regular contact and maintain social peace. A similar cooperative approach is working well in the Netherlands, especially during the integration programme where numerous joint decisions have been taken.

Another way we listen to and engage with our people is through our annual engagement survey, Pulse. We want to attract, gain and retain the best talent. To do that, we need to listen to our employees and act upon their input. Especially during these challenging times, it is increasingly important to take our people's suggestions on board. Our 2019 survey will be more frequent, faster and better with a modern digital approach.

Nurturing our people's health and wellbeing

Safety is our first value and our top priority. There is nothing more important than getting our people home safely at the end of each working day. We launched a new Safety Culture Initiative over the year to further develop our safety culture. The initiative is managed by our leadership team and includes setting the right standards and ensuring we have capable leadership.

In addition to safety, we prioritise the health and wellbeing of our people. We launched a sustainable health programme in the Netherlands called "Fit2Finish". The programme supports our people to be fit and healthy to continue work until retirement, as well as reducing sickness levels.

In the UK, we have recently launched a new employee portal called RenewiYOU. The programme centres around three topics – Reward, Recognise and Revitalise. The Reward part gives our people great benefits such as access to retailer discounts. The Recognise section creates a platform to improve how we recognise our colleagues including e-cards that can be sent to recognise colleagues' living our values. The Revitalise part offers support to help our people's overall wellbeing, including topics such as sleep, alcohol intake and mental health awareness.

Safety is our first value and our top priority. There is nothing more important than getting our people home safely at the end of each working day

Developing our talented people
Our people are Renewi. The hard work they put in every day makes the difference, so ensuring we develop them is a natural step.

In the UK we have historically focused on technical training rather than on building leadership capabilities. To improve this, we introduced a new leadership development programme. The programme comprises six modules: driving performance, driving change, authentic leadership, the productive manager, rehearsing crucial conversations and coaching for results. A similar programme is being built in the Netherlands and Belgium.

Our ethics, compliance and people
We are proud to have a diverse workforce which includes people from different backgrounds and cultures. We operate in nine countries and have employees from much further afield. This creates a vibrant working environment in which our people can thrive.

This year we launched our new Code of Conduct which is based on our core values and establishes preferred behaviours. This includes creating a safe and healthy work environment, diversity, equality, non-discrimination and being accountable – doing the right thing even when nobody is watching. An IT Code of Conduct is also included which explains the right way for our people to behave online to keep both themselves, and Renewi safe.

Our Board will engage with employees and the wider workforce to enhance the 'employee voice' in the boardroom. In addition to the existing channels of communication via our Works Council arrangements in Netherlands and Belgium, the Board has designated Non-Executive Director Jolande Sap to assist the Board with workforce reporting. Our UK trading entity, Renewi UK Services Ltd, is obliged to disclose annual male/female pay details under UK Gender Pay Gap Reporting legislation. The data suggests that although our total female population employed is significantly lower than our total male population, the difference within the mean pay gap category is negligible.

Renewi is an equal opportunities employer, which means that full and fair consideration is given to applications from, the continuing employment, career development and training of disabled people. We do not disclose information about human rights in this report, since it is not considered necessary for an understanding of the development, performance or position of Renewi's activities. During the year, we reviewed our policies concerned with combating the possibility of human trafficking and slavery in our business and supply chains. In compliance with the UK Modern Slavery Act 2015, our statement on this matter is considered and approved by the Board on an annual basis and can be found on our website.

GENDER DIVERSITY

18%
of our workforce is female

1,229
women are employed

2 (22%)
female Board members

1* (9%)
female member of our Executive Committee

67 (22%)
female Senior Managers

* A second female Executive Committee member was appointed on 1 April 2019.

DEVELOPING OUR INTEGRATED APPROACH

Over the past year we have established a new Corporate Social Responsibility (CSR) policy and structure for Renewi, and we are now ready to put these into practice.

We started 2018/19 with clear CSR goals. We wanted to establish a holistic CSR structure for Renewi, one that is embedded into our different divisions and acts as a guiding principle for future activity. We also wanted to initiate a company-wide CSR policy relevant to all our stakeholder groups. Using both projects as a basis, we will now start developing in more detail our approach to core CSR areas across Renewi.

This is a strategic step forward for Renewi post integration. This integration was facilitated by the two legacy companies having a shared commonality of CSR approach. Our next step is to take our CSR approach and performance beyond integration and into increasing improvement.

At Renewi, we take a carefully-planned and thought-out approach to objectives and goalsetting, ensuring we focus on the material themes for all our internal and external stakeholder groups, and acknowledging their importance (see Our Stakeholders, page 10).

Our new integrated CSR policy fulfils three main functions:

1) A statement of intent - how we approach CSR as a business

2) An overview of our approach to CSR – what does it mean to Renewi

3) How we are putting CSR into practice at Renewi

We have set objectives in core areas such as carbon and energy efficiency, health and safety, and community engagement, and all divisions are working to deliver on them.

We made positive progress in meeting our 2018/19 CSR goals and start the new year well-positioned to build on our hard work into 2019/20. For the first half of the year, we focused our efforts on the processes and strategy behind data collection and embedding internal structures. This meant that in the second half we were able to become more outward-looking; taking our new structures and processes and using them to explore key focus areas.

SAFETY INITIATIVES

Ensuring the health, safety and wellbeing of our people is crucial to our success. We take our responsibility to our people very seriously. Safety is our top priority and our first value. There is nothing more important than getting our people home safely every day. We aspire to have zero accidents. This is embedded into each of our divisions and we are proud of the progress we have made with our new Safety Culture Initiative over the past year. This was activated following our leadership conference in June 2018, the first day of which was devoted to safety. We identified key areas for safety focus, and used the themes identified by our leaders to understand important issues for all our people. Our Safety Culture Initiative focuses on five key themes:

- Leadership
- Employee engagement
- Standards
- Communications
- Performance

From focusing on integration, our next steps are taking our CSR approach and performance into true improvement, with a new CSR policy

RECYCLING AND RECOVERY PERFORMANCE

Indicator	2018/19	2017/18
Total waste handled at sites (million tonnes)	13.85	14.02
Materials recycled (million tonnes)[1,2]	9.27	9.30
Materials recovered for energy production from waste (million tonnes)[1,2]	3.20	3.19
Total materials recycled and recovered for energy production (million tonnes)	12.47	12.49
Recycling as % of total waste handled	66.9%	66.3%
Recycling and recovery as % of total waste handled	90.0%	89.1%

1. Recycled is materials 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.

For each theme, we have since developed more than 40 specific improvement projects and embedded outputs in areas such as our 10 lifesaving rules, our new HomeSafe awards scheme and crisis communication improvements. We are also developing meaningful local safety KPIs on a site-by-site basis, and plan to implement a common SHEQ IT reporting system including best-practice performance reporting.

In 2017/2018 we reset some of our health and safety objectives because we had already achieved them early. For example, we reset our near-miss close-out target from 75% to 85% and revised our severity rate target. This reset, aimed at pushing our performance even further, has resulted in our 2018/19 performance lagging behind in some areas. We accept this, as there is little point in setting targets that are easy to achieve.

ACCIDENTS AND NEAR-MISSES

Indicator	2018/19	2017/18
Number fatal accidents	0	1
Number >3 day accidents	98	108
>3 day accident rate	1,404	1,505
Number lost time injuries (LTI)	168	172
LTI frequency rate	10.8	12.5
Severity rate	18.8	17.4
Number near-misses raised	17,927	10,934
Number near-misses closed-out	12,293	9,097
Near-miss close-out rate	69%	83%

Key
>3 day accident: Accident which results in a person being off-work for more than 3 days
>3 day accident rate: Number >3 day accidents / 100,000 employees = rate
LTI (lost time injury): Accident which results in a person being off work for a day or more
LTI frequency rate: Number LTIs / total number hours worked x 1,000,000 = rate
Severity rate: Total number days lost as result of accidents / total number LTIs
Near-miss: An accident which nearly, but did not, happen. Also called risk reports, close-calls etc
Near-miss close-out rate: Number near-misses closed-out / number near-misses raised as a %

CARBON PERFORMANCE

EMISSIONS FROM OUR ACTIVITIES (CO_2 EQUIVALENT '000 TONNES)[1,2]		
Source	2018/19	2017/18
Process based emissions		
Emissions from green composting	90	76
Emissions from hazardous waste treatment	204	256
Emissions from landfill	91	101
Emissions from other processes (mechanical biological treatment – MBT – and anaerobic digestion – AD)	50	67
Transport based emissions		
Fuel used by waste collection and transport vehicles	120	120
Business travel (cars, trains, flights and similar)	5	5
Energy use emissions		
Electricity used on sites and in offices	117	221
Gas used on sites and in offices	17	16
Fuel used on sites for plant/machinery and equipment/heating	36	36
Total emissions from significant sources	**732**	**799**

1. 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
2. Minor restatement of the 2018 data as the result of analysis of merged company data during the year

CARBON AVOIDANCE AS A RESULT OF OUR ACTIVITIES		
Source	2018/19	2017/18
Renewable energy generated	47	56
Waste derived fuels produced and sold	970	946
Materials separated for re-use/recycling	1,764	1,699
Energy from waste used on site as a fuel	241	305
Total potential avoided emissions	**3,022**	**3,006**

GREENHOUSE GAS EMISSIONS AND AVOIDANCE INTENSITY RATIOS		
Ratio	2018/19	2017/18
Million tonnes greenhouse gases emitted (CO_2 equivalent) per million tonnes waste handled	0.053	0.057
Million tonnes greenhouse gases avoided by our activities (CO_2 equivalent) per million tonnes waste handled	0.218	0.214

We have worked to increase the number of near-miss accidents raised by our employees, and have been successful – the number of near-miss accidents raised by our employees increased by 64% from 10,934 in 2017/18 to 17,927 in 2018/19. Our focus in 2019/20 is to continue the improvements we have seen in accident rates, while targeting other areas for improvement to meet our 2020 targets.

PROTECTING THE ENVIRONMENT

We protect the environment by giving new life to used materials. This helps to protect the world's natural resources and to preserve the planet for future generations. This is central to our company purpose. Everything we do is integral to protecting the environment and it puts us at the heart of the circular economy.

We handled almost 14 million tonnes of waste in 2018/19. Our overall recycling and recovery rate increased to 90% as a percentage of waste handled, meeting our 2020 target a year early. We are investing to ensure we can continue to keep improving our recycling and recovery rate, by optimising our sites and investing in pioneering processes to ensure we stay efficient. Innovation is at the heart of how we work, it plays a vital part in tomorrow's recycling solutions (see case study, page 41).

We continue to take positive steps towards reducing our own carbon footprint, decreasing our emissions and increasing the carbon avoidance benefit our activities produce. Over the past few years our carbon avoidance trend, in terms of tonnes of CO_2-equivalent per million tonnes of waste handled, is on an upward trajectory.

As a core plank of our strategy to deliver growth we will innovate and invest in recycling technologies **(see page 08)**

STRATEGIC OBJECTIVES

We are one of the first large companies to establish a Green Finance Framework encompassing the whole business. The innovative Green Scorecard embeds sustainability improvement into the terms of our Green Loan

GREEN FINANCE

In 2017/18 we established our Green Finance Framework (GFF), which positions Renewi as a pure player focused on sustainability and provides assurance to all stakeholders that an investment in Renewi will make a positive contribution to the environment.

We are able to do this because we are wholly focused on sustainability, with the vast majority of our assets classified as 'green' because they support 'pollution prevention and control', as defined in the ICMA Green Bond Principles and the LMA Green Loan Principles.

We are one of the first large companies to establish a GFF encompassing the whole business, and to convert our entire €550m bank borrowing into a Green Loan. This loan facility has been extended to May 2023 with options to extend into 2025. It is structured so as to allow future green bonds and green debt placements to be issued under the same GFF.

Over 2018/19 this has included new Green Leases to fund our Euro 6 trucks, which will reduce Renewi's potential emissions due to their efficiency, as well as a Green European Private Placement instrument. As a result, we are on track to be almost entirely Green funded during 2019 after the repayment of the 2013 Belgian Retail bond.

To support our Green Finance initiative, our innovative 'Green Scorecard' embeds sustainability improvement into the terms of our Green Loan. This scorecard means that the banks providing our loans charge lower borrowing costs if we achieve the targets we have set ourselves for recycling percentages, carbon emission avoidance and pollution reduction. We are delighted and encouraged that we have exceeded our ambitious targets against all of the five key indicators in our Green Scorecard. Our main banking facility margin will be slightly reduced for the year ahead.

Green Scorecard Key Indicators

- Increases in our recycling and recovery rate
- Growth in carbon avoidance produced by our activities
- Increase in fleet fuel efficiency, reducing carbon emissions
- Transition to a lower-polluting Euro 6 fleet
- Ongoing reduction in our >3 day accident rate

RISK MANAGEMENT

Our risk management and internal control approach are important to the successful execution of our strategy.

INTEGRATED RISK MANAGEMENT

Risk is under continual observation by the Board and the Executive Committee. Their awareness of the potential impacts of our operational activities on our strategy, the environment, our customers, employees, shareholders and the public is key to our success.

The Board and the Executive Committee are aligned on our strategy and the associated identification of key risks and mitigation of them. Key risks and mitigations are cascaded into the business and form the foundation for the divisional risk assessment and risk management processes.

We operate in a rapidly changing environment with specific industry, commercial, regulatory and other key risks, including some beyond our control. Our risk management strategy, risk framework and internal control processes are important to the delivery of our strategy and objectives, achievement of sustainable shareholder value, the protection of our reputation and good corporate governance and ethical conduct.

During the year we have continued to complete and revise risk assessment initiatives across the Group. Our most significant risks remain output market related such as recyclate pricing and incinerator costs and capacity. Key adverse developments to our risk profile involve changing law and policies as well as our financial risks. Good progress in synergy and integration delivery has reduced this key risk.

Our focus remains to exercise good risk management, during the integration of Renewi, to ensure we achieve the value capture and deliver other benefits of integration. We have a specific risk register and risk meetings to manage this, as well as individual risk registers embedded into all major project plans.

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 element of our strategic planning. 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 leaders;
- Our risk management framework. This ensures that each of our businesses identifies the risks it faces and their importance, designs and implements effective mitigations to control key risks and that these mitigations are monitored and remain effective. The output of this process is a summary of all our 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 is positioned firmly in the line through the Divisional management teams, coordinated by the Divisional Finance Directors. Risk registers, mitigations and alignment with risk appetite are reviewed by divisional management, our Risk Committee, Audit Committee and the Board to ensure the appropriateness of the risks identified and the effectiveness of the controls and actions reported;
- Change being managed carefully through project management and approval processes, with embedded risk management in project management activities;
- Embedded risk management systems that are part of our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems, such as divisional registers, to ensure all risks are considered and ranked appropriately and that mitigations are informed and practical;
- Enhanced risk assessment for all major capital requests. 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
- Review of key risks at each divisional review meeting which ensures that we monitor our key risks and mitigations at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

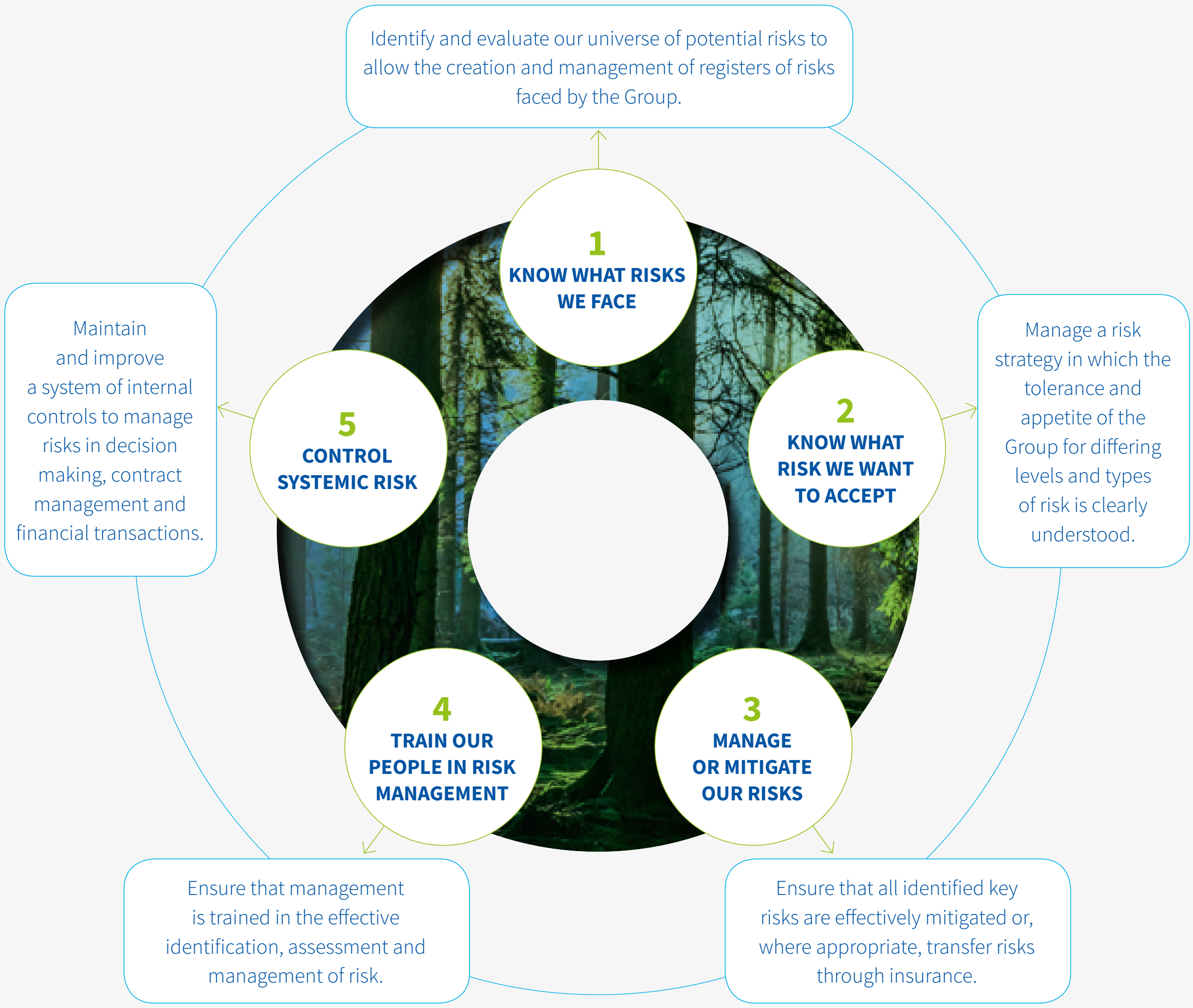
REVIEW OF THE RISK ENVIRONMENT DURING 2018/19

The year ended March 2019 was a difficult one for Renewi and we experienced a number of challenges that offset good underlying progress. In this section we review those risks and assess how well our risk detection and mitigation processes worked.

Reduced value for products we make
Renewi has both anticipated and effectively managed the very significant falls in the value of the paper and plastics it recycles. The risk was recognised as one of the more important ones we faced. The projected impacts were forecast and the dynamic pricing reduced the adverse impact of this change. Changes in metal prices at Coolrec were less effectively hedged and a restructuring of the business to reduce risk is underway. Going forward, our focus on higher value-add products is expected to reduce the risk further.

Increased cost of disposal of residues
As reported, we have seen ongoing increases in the cost of disposing of many residues, not only to incinerators but also to landfill and other specialist outlets. This increased costs and placed margin pressure on the Commercial Division in the first half of the year that was recovered through price increases in the second half. We were unable to adjust in a timely way to very significant changes in available outlets and pricing for by-products of glass recycling. We are reviewing the business model at our Maltha business to manage the risk better in the future.

FIVE OBJECTIVES OF OUR RISK MANAGEMENT FRAMEWORK:



ATM soil restrictions
Adverse changes of law or policy have been a long-identified risk on our register. Nevertheless, the evolution of initial restrictions on the use of thermally treated soil into a complete temporary ban during the summer of 2018 surprised management as we had indications that outlets would be granted. We have reviewed our understanding of how we address political and regulatory concerns, and also the level of prudence we should use in our forward guidance during situations that are uncertain and unusual.

Derby commissioning
The impairment of the Derby project is to an extent addressed by our stated risk with regard to long-term contracts. The risk that our contractor would be unable to commission the facility within two years of the due date was understandably considered remote when the contract was signed. There is good contractual protection with regard to the operating contract and, under the circumstances, the impairment of the investment vehicle was almost inevitable given the current status of the facility. The PFI investment approach used historically in the UK and Canada is unlikely to be endorsed in future.

RISK COMMITTEE

Our Risk Committee is a critical component of our risk management architecture. The Committee:

- Produces and proposes risk management processes and policies for consideration and approval by our Audit Committee and Board;
- Ensures the Board-approved Group risk management framework is implemented and effective;
- Promotes an awareness of risk culture in Renewi in which an appropriate management of risk in all its forms is considered in daily activities;
- Supports the Renewi risk culture through the sharing of learnings and best practices and review of risk failures;
- Reviews selected risks from risk registers to ensure consistency of risk appetite being borne and the mitigations in place;
- Reviews occurrences of risk management failure to identify root cause, identify and share lessons learned to mitigate risk of repetition;
- Drives consistency in approach, use of tools and risk appetite across Renewi; and
- Provides access to expertise in managing risks, where appropriate, from across Renewi or from outside specialists.

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

OUR RISK RESPONSIBILITIES AND ARCHITECTURE

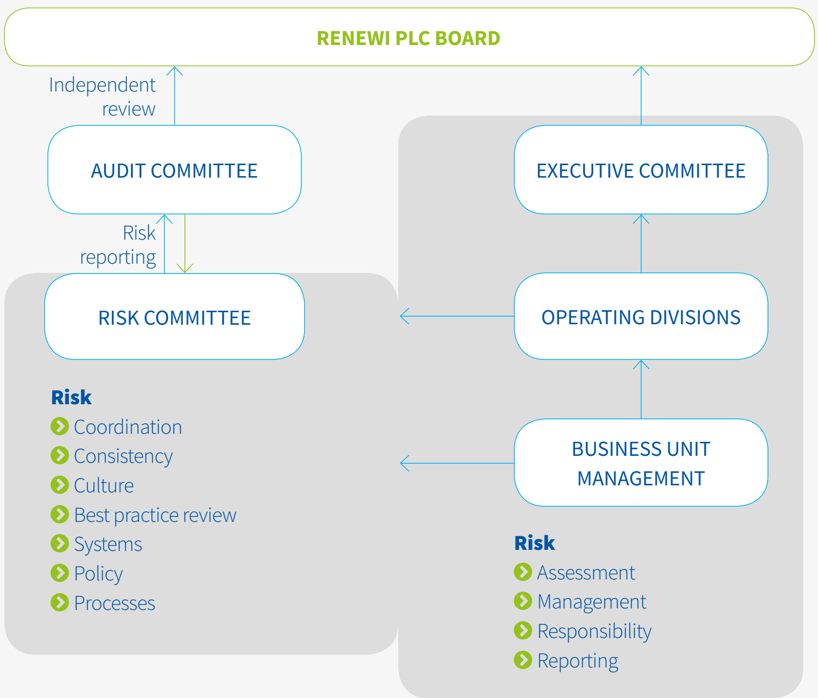
Our operating divisions and business unit management have responsibility for the assessment and management of risk, with formal responsibility assigned to the Divisional Finance Directors.

Our Risk Committee, working with the 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 Chairs

RISK MANAGEMENT RESPONSIBILITIES



OUR PROGRESS AGAINST 2018 OBJECTIVES AND THE FUTURE

In our 2018 Annual Report we committed to further actions to improve our Risk Management processes in 2018/19. Despite the potential distractions of integration, good progress has been made. A summary of this progress as well as our objectives for 2019/20 is shown below.

WHAT WE SAID WE WOULD DO IN 2018/19	HOW WE DID
Establish bottom-up divisional and functional risk register processes. Further improve our divisional risk registers and increase the revision interval	Processes for Divisional and Functional risk registers established and are revised at least bi-annually, or more frequently if needed.
Establish functional risk registers for ICT, Product Sales, SHEQ, Finance and HR	We have conducted risk assessment sessions resulting in a list of key risks for each, with risk registers and mitigating actions and controls for ICT and Treasury. For Product sales and Finance the mitigating actions are under review pending several improvement projects and will be finalised in the coming period. Our SHEQ related strategic and operational risks are embedded in the safety culture planner. This planner tracks the improvements of multiple work groups across Renewi. The HR-related risks are currently covered in the Divisional risk registers.
Establish risk registers at business unit level for Monostreams businesses	For all Monostreams businesses risk assessment sessions were conducted and a list of key risks for each business is in place.
Further improve the robustness of our risk management procedures with development and implementation of a methodology for identification of unknown risks	The risk assessment process is an iterative process to ensure we benefit from new insights and developments. The risk assessment process collects the known risks through interview of experts and employs analytical methods such as Post Investment Reviews, as well as creative methods such as brainstorming and mind mapping. We have made improvements to the composition of the Risk Committee. The Risk Committee comprises key functional professionals, including Divisional Finance Directors. The composition of the Risk Committee is therefore broad and allows us to approach any risk with expertise regardless of its category.
Formalisation of the risk appetite at divisional level, aligned with Group risk appetite and taking into account and addressing potential aggregation risks	The Renewi risk appetite has been considered when establishing the risk appetite for each division.
Creation of additional risk awareness through effective communication of risk management strategy, risk appetite, policies and processes	Risk awareness increased at Risk Committee and Divisional Management Team (MT) level. Risk management strategy implemented, risk appetite aligned and harmonised across divisions. Risk training completed for all finance leaders.
Identification and execution of additional mitigating actions required on key risks	Mitigating actions based on current risk levels compared to risk appetite at the Group and Divisional level. Execution and monitoring will remain ongoing.
Development of Group Key Risk Indicators	Key Risk Indicators have been determined, underlying metrics and thresholds are in process of being identified. Initial key macro-economic indicators such as GDP, unemployment and consumer confidence are reported and considered monthly.
Expand a strong risk culture through creation of risk awareness by training and sharing best practices as well as making steps in the creation of an open culture where we learn from past instances	Best practices shared and discussed, followed by an extensive risk culture session at the Risk Committee in October 2018. As part of the standing agenda, risk culture will be a recurring topic in Risk Committees.
Further embedding risk management in core day-to-day processes	We have completed the divisional risk registers and increased risk awareness at Risk Committee and Divisional MT level. Risk management strategy implemented, risk appetite aligned and harmonised across Divisions. Risk training completed for all finance leaders.
Implementation of a key control framework, supported by an ICT tracking and tracing tool	Key control framework in place for the Monostreams, Hazardous Waste and Municipal Divisions. Also for the Shared Service Centre (SSC), Treasury, Tax and ICT functions, key controls have been developed and implemented. The commercial divisions are in development as these follow the integration process. A new automated tool has been selected and approved. Full implementation is anticipated in H2 of FY20.
Establish monthly key control compliance reports	Key control compliance reports are prepared and reviewed on a monthly basis for divisions and functions where the key control framework is designed and implemented. Clear escalation models are in place.

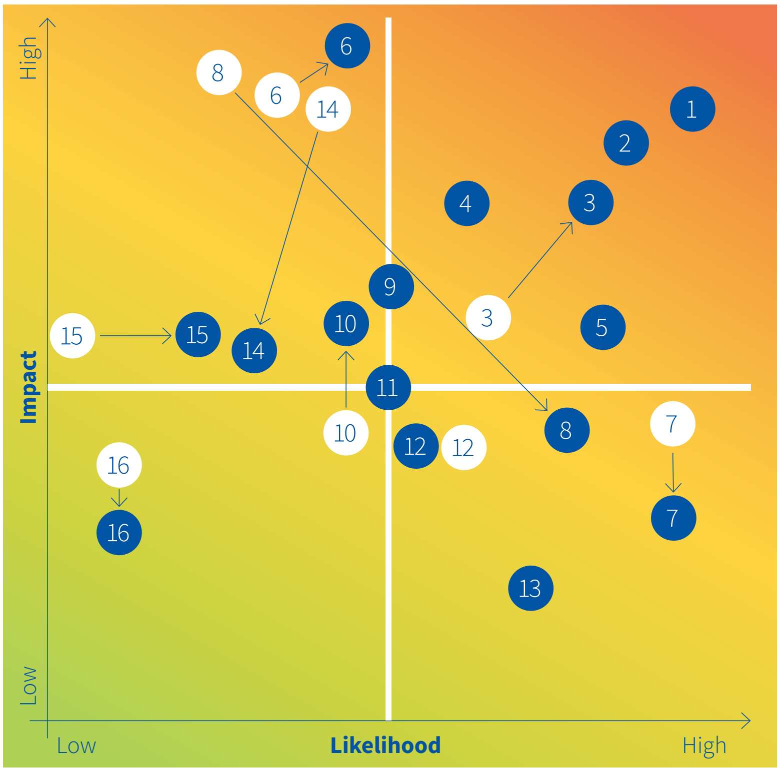
RISK MANAGEMENT OBJECTIVES FOR FY20
Further improve our divisional risk registers and decrease the revision interval
Reduce major fires by additional investments in fixed fire systems improvements and conduct fire standards audit which covers, among other things, the processes and checks involving acceptance of waste
Introduce structured use of Key Risk Indicators for first selected areas of risk
Create and embed divisional authorisation documents that sit within and below Group authorisation document
Structured learnings for Risk Committee and senior management by executing post investment reviews and sharing the outcomes for future reference and making improvements in investment processes and decisions through monthly webinars
Structured learnings for Risk Committee and senior management through other risk-focused learning exercises such as on inventory, being shared through monthly webinars
Roll out risk-based decision-making training
Broaden the scope of internal audit to cover key business risks in addition to core processes
Complete the rollout of a key control framework and implementation of supporting software

KEY RISKS AND MITIGATIONS

Our key risks are outlined in the heat diagram below and in the table on the following pages. For FY19 our key risks were discussed in detail by both our Risk Committee and senior leaders and include 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 level of mitigation. A description of each risk can be found in the table on the next page.



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. No new key risks have been identified.

Key risks

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.
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.
3. **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.
4. **Environmental compliance –** That we fail to comply with environmental permits and/or environmental laws and regulations.
5. **Long-term contracts –** That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts.
6. **Unsustainable debt –** That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding.
7. **Labour availability and cost –** That there are shortages of certain labour types leading to unavailability or severe wage inflation.
8. **Brexit –** That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in UK and over-capacity of incineration in the Benelux.
9. **Input pricing –** That market pricing may put pressure on our margins.
10. **Digitalisation –** That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete.
11. **Talent development, leadership and diversity –** That we fail to meet the (future/anticipated) required management capabilities.
12. **Health and safety –** Injury or loss of life. That we incur reputational loss, or civil and criminal costs.
13. **Major plant failure or fire –** Operational failure and/or fire at a key facility leading to business interruption and other costs.
14. **Integration –** That integration of the two companies, including the creation of a strong corporate culture and migration of IT systems, is ineffective and/or fails to deliver anticipated synergies.
15. **Input volumes –** That incoming waste volumes in the market may fall should macro-economic conditions reverse.
16. **ICT failure and cyber threat –** That ICT failure and/or cyber crime causes business interruption or loss.

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:** stable	- By focusing on improving product quality we optimise the value we receive for our products. - Investments in technologies which fit with market needs for products. - Sustainable technologies used align with market needs and international and national policy. - Renegotiation of long-term and fixed-price off-take contracts where appropriate. - We apply dynamic pricing that aligns between input and output prices, which 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.	Product pricing, demand and quality is a stable but high risk. The impacts have partly been offset through dynamic pricing and targeted price rises, increasing our margins compared to last year and demonstrating that our mitigations are broadly effective.
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:** stable	- We have experienced employees dedicated to product offtake markets. - We apply cost control measures to offset impact of lost revenue. - A diversity of residue offtakers are used to spread the risk. - Quality control systems in place to ensure specification of residues is as required. - Revised and improved offtake strategy process is designed and implemented.	Growing input volumes are putting increased pressure on outlets that are largely full. As a result, there is increased focus on the calorific value of residues. Balancing input and output volumes is an ongoing risk to short term profits that Renewi is working to mitigate. New long-term offtake contracts are signed to guarantee capacity remains available to us.
3. 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:** increase	- 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.	The new testing regime for our ATM soil cleaning business puts pressure on margins. We perceive incremental pressure on law and policy makers for new laws and policies and on regulatory bodies to adhere to existing laws and policies. The dialogue with governing bodies becomes increasingly important. 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.
4. Environmental compliance That we fail to comply with environmental permits and/or environmental laws and regulations. **Risk direction:** stable	- Effective management of all environmental matters arising through environment management systems and regular inspections and audits. - Monthly environmental issues reporting across all levels of organisation with adequate follow-up. - Experienced and competent environmental specialist employees in place. - Community environmental engagement performance in place as key business objective.	Internal management of compliance through competent specialists is recognised as key. Pressure on environmental permits through increasingly strict regulation has grown over recent years. Continued challenges at ATM being carefully monitored and addressed by management in close dialogue with the authorities.
5. 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:** stable	- 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. - Tight controls and reviews on build programmes to ensure they remain on track.	The Board's caution with regard to complex long-term contracts remains.

KEY RISK	KEY MITIGATION	COMMENTARY
6. 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 treasury programmes are reducing our financing cost, continuously improving cash control and increasing headroom. ▸ Reinvest only where profitable. ▸ Good budget control on capital projects. ▸ Good balance of leased and owned assets. ▸ We apply a diverse range of financing options and timings. ▸ Quality external advice. ▸ An EUPP is in place. ▸ Credit facilities have been extended and improved.	We are strategically planning to ensure we have access to existing and new forms of capital, including a dual listing on Euronext Amsterdam. Continuing portfolio management includes anticipated sales of Reym and our Canadian business.
7. 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 in place for drivers.	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.
8. Brexit That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in UK and over-capacity of incineration in the Benelux. **Risk direction:**	▸ Scenario planning for hard Brexit capacity management. ▸ Flexible/prudent approach to hedging strategies. ▸ Identify potential new offtake solutions in the UK.	Brexit is very likely to have at least some impact on export of waste and recyclates internationally. Higher impact scenarios, however, are considered significantly less likely than lower impact scenarios. We have put in place mitigators, including a revised and improved offtake strategy to significantly bring down the potential impact of Brexit for Renewi. Given the nature of this risk we emphasise the volatility of this risk, which can change rapidly. Brexit is therefore under close monitoring by management.
9. 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 structural and operational. ▸ 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 increase price competitiveness and margins. We are moving towards pricing new business for margin over volume and in line with product offtake demand.
10. Digitalisation That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete. **Risk direction:**	▸ IT Director part of Executive Committee with 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 remain 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.	Integration 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 investigated within Renewi. Numerous digitalisation 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 emerging in the global waste-to-product markets.
11. Talent development/ leadership That we lack the required management capabilities. **Risk direction:**	▸ Key objectives set for employee development with leadership development programmes in place. ▸ Performance appraisal processes are in place. ▸ Engagement surveys are conducted and followed up.	The recovering economy means that talent is in increasingly short supply. We have reinforced our HR department to drive retention and optimisation of internal and the recruitment of external talent. We also recruited a new HR Director, Helen Richardson, who has a strong track record in international HR leadership roles.

KEY RISK	KEY MITIGATION	COMMENTARY
12. 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 on all management meetings. • Defined and tracked health and safety priorities plan underway and delivering. • We active and openly engage with regulators. • Safety leadership programme in place. • Coherent targets in place for accident, near-miss and other key safety performance parameters.	The Renewi-wide safety culture programme is on track. We have competent internal specialists in place and continue to fortify our SHEQ teams.
13. Major plant failure or fire Operational failure and/or fire at a key facility leading to business interruption and other costs. **Risk direction:**	• Effective insurance programmes supported by experienced brokers. • 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 advice. • 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.	We are optimising the insurance captive which we introduced in the previous financial year. Resilience at our major unique facilities remains our concentration, with high-quality maintenance and lifecycle programmes in place. 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.
14. Integration That integration of the two companies, including the creation of a strong corporate culture and migration of IT systems, is ineffective and/or fails to deliver anticipated synergies. **Risk direction:**	• Comprehensive and in-depth due diligence prior to merger. • Use of competent external advisers where required. • Clear integration plan with road map to successful integration in place. • Dedicated divisional integration teams supported by central integration management office in place. • Clear targets in place for integration performance communicated to all key employees. • Regular "Flagship Events" to coordinate teams and share learnings. • Monthly detailed reviews of divisional and functional projects.	We have a clear vision of where value capture from our merger lies, and a clear plan to achieve it has been in place since Day One. Clear reporting for value capture performance and tracking against integration plan is in place. We have beaten our plan in the first and second year and have clear visibility for achieving the remainder. Site migration in our Belgium Commercial business was completed last year. Principal outstanding risk is the migration of core processes and ICT systems.
15. 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. • Continued investment to secure new waste streams and volumes. • Market-facing customer-focused organisation. • Major capital deployed only if backed by long-term contracts.	We handle 14 million tonnes of waste each year. Our wide geographical spread provides access to multiple markets. Improved economic environment has resulted in rising volumes. Public opinion is shifting towards increased recycling rather than incineration.
16. 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 high-quality results. • Continued investment in upgraded systems and infrastructure. • Regular external security tests and improvements throughout the year. • Security planned for at design stage in all projects/programs.	Implementation of state-of-the-art cyber resilience software completed last year. Development of greater centralisation of ICT systems to allow common risk approach. ICT integration plans are underway.

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, cross currency interest rate swaps and an interest rate cap. At the end of March 2019, circa 90% of core borrowings were fixed or hedged. Additionally, the PFI/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 Canada and is exposed to translation risk on the value of assets denominated in Sterling and Canadian Dollars into Euros. This exposure is reduced by borrowing in Sterling and Canadian Dollars. 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 off-take 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. 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.

At the end of March 2018, circa 90% of core borrowings were fixed or hedged

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than 12 months and has adopted a period of three years for the assessment.

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 and a combination of two of these happening together. The scenarios modelled included further challenges in the off-take markets together with restrictions in low front end pricing, the impact of a disruptive and hard Brexit, a sustained period of shutdown at our key Hazardous Waste site and an economic slowdown.

The key assumptions made in Renewi's long-term financial model are: delivery of the final year of synergies in the year ending March 2020 together with steady market growth resulting in margin improvements in the Commercial division, ongoing challenges at ATM and the maturity of a €100m Retail Bond in July 2019 which is not assumed to be replaced like for like. As already announced, there are processes underway for the disposal of the Canada and Reym businesses. These have been reported as held for sale at 31 March as the Board is confident that the sales will be concluded in the next 12 months, however for the purpose of this modelling no sales proceeds have been assumed in any period.

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, business continuity and commercial effectiveness plans and deferral of capital expenditure.

The Group's liquidity and financial headroom have all 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.

Based on the consolidated financial impact of this analysis, 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 over the period of assessment.

THE BOARD OF DIRECTORS

COLIN MATTHEWS CBE, FREng
CHAIRMAN

Appointed: March 2016

Skills and experience:
Colin currently chairs Highways England Company Limited, formerly the Highways Agency. In his executive career he has been Chief Executive Officer of Heathrow Airport, Hays plc and Severn Trent plc. He has also been Managing Director of Transco and Engineering Director of British Airways. Earlier he worked in the motor industry in Japan and the UK, in strategy consulting and for General Electric in the UK, France and Canada. He has also served as a Non-Executive Director for Mondi plc, Severn Trent plc and Johnson Matthey plc. Colin is a Fellow of the Royal Academy of Engineering and was awarded the CBE in 2014 for his services to aviation. Colin was appointed as the Non-Executive Chairman of EDF Energy Holdings Ltd, a wholly-owned subsidiary of the EDF Group, in November 2017.

R N

JACQUES PETRY MBA
SENIOR INDEPENDENT DIRECTOR

Appointed: September 2010

Skills and experience:
Jacques was until the end of May 2019 Chairman of energy provider Albioma, having held the position of both Chairman and CEO until 1 June 2016. He was Chairman and Chief Executive of SITA and its parent company, Suez Environnement. In 2005 he was appointed Chief Executive of Sodexo Continental Europe and South America. Since 2007 he has advised corporate and financial sponsors, specialising in Infrastructure and Environmental Services investments worldwide. He has extensive global non-executive and executive experience.

A R N

MARINA WYATT MA, FCA
NON-EXECUTIVE DIRECTOR

Appointed: April 2013

Skills and experience:
Marina currently holds the position of Chief Financial Officer of the Associated British Ports Group. She is also a Fellow of the Institute of Chartered Accountants. Following nine years with Arthur Andersen in London and the US, she then joined Psion plc as its Group Controller and became Group Finance Director in 1996. In 2002 she was appointed Chief Financial Officer of Colt Telecom plc and joined TomTom as its Chief Financial Officer in September 2005. In September 2015 she was appointed Chief Financial Officer of UBM plc where she remained until UBM plc's takeover by Informa plc in June 2018. Marina is a Member of the Supervisory Board at Lucas Bols N.V.

A R N

ALLARD CASTELEIN MD
NON-EXECUTIVE DIRECTOR

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 a career in the energy sector, holding a number of senior positions at Shell, culminating in becoming the Vice President Environment for 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 Rotterdam. He is a senior member of several Dutch trade organisations including the Economic Board of Zuid Holland and the Confederation of Netherlands Industry and Employers.

A R N

NEIL HARTLEY MA, MBA
NON-EXECUTIVE DIRECTOR

Appointed: January 2019

Skills and experience:
Neil currently holds the position of Managing Director of First Reserve, a leading global private equity investment firm exclusively focused on energy, which he joined in 2006. Before joining First Reserve, he spent six years in investment banking with Simmons & Company International, most recently as a Director, where he focused on corporate finance advisory work in the energy sector. Prior to this he was a Management Consultant at McKinsey & Company, Inc. He also spent seven years with Schlumberger, most recently as a Field Service Manager and Field Engineer. Since 2008 he has been a Non-Executive Director of Norwegian company DOF Subsea AS. Between 2016 and 2018 he also held the position of Non-Executive Director of UK utility services company M Group Services Ltd.

A R N

JOLANDE SAP MSC
NON-EXECUTIVE DIRECTOR

Appointed: April 2018

Skills and experience:
Jolande has represented the Green Party, GroenLinks, in the lower house of the Dutch parliament, including two years as party leader. Between 1996 and 2003 Jolande worked at the Dutch Ministry of Social Affairs and Employment and amongst other responsibilities 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 Netherlands National Green Fund, a member of the Supervisory Boards of KPMG (Netherlands), Royal KPN N.V. and the Springtij Forum. She chairs the Supervisory Boards of the Netherlands Public Health Federation, Arkin and Fairfood International. Jolande graduated from the Tilburg University in economics having specialised in political economy and philosophy.

R N

LUC STERCKX MSC, PHD
NON-EXECUTIVE DIRECTOR

Appointed: September 2017

Skills and experience:
Luc started his career at Exxon Chemicals, then became the CEO of Indaver before joining the executive committee of PetroFina in which capacity 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.

A R N

OTTO DE BONT MSC
CHIEF EXECUTIVE OFFICER

Appointed: April 2019

Skills and experience:
Otto succeeded Peter Dilnot as Chief Executive Officer in April 2019. Prior to becoming Chief Executive Officer, Otto was the Managing Director for Renewi's Netherlands Commercial Division, and a member of the Executive Committee, playing a central role in the integration of Shanks Group plc with Van Gansewinkel Groep BV. Before his career at Renewi, Otto worked for a number of blue-chip companies including United Technologies and the Plastics and Security divisions of General Electric. During his six years at United Technologies, Otto spent time in various managerial positions culminating in his role as President of the Fire & Security Field 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 plc 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.

BOARD COMMITTEE MEMBERSHIP

A Audit

R Remuneration

N Nomination

Chair

Colin Matthews
Chairman

We continue to give equal consideration to balancing the interests of our customers, shareholders, employees and the wider communities in which Renewi operates

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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 April 2016, for the year ended 31 March 2019.

The Board is aware of the forthcoming revisions to the UK Corporate Governance Code which will apply to companies with financial year ends beginning on or after 1 January 2019. In consideration of the forthcoming changes, over the last year we have reviewed the activities of our organisation to implement the necessary adjustments. Wherever possible we have applied the reporting revisions ahead of schedule and included them within this report.

Under the revised Code, for example, Boards must engage with employees and the wider workforce to enhance the "employee voice" in the boardroom. In addition to the existing channels of communication via our Works Council arrangements in the Netherlands and Belgium, the Board has designated Non-Executive Director Jolande Sap to assist the Board with workforce reporting.

In March, Renewi also launched its new Code of Conduct together with a range of policies and protocols. Specifically, that Code formalises the required behaviours and procedures in key business integrity areas such as fraud and bribery prevention, whistle blowing, management of confidential information and modern slavery prevention.

The non-executive directors, all of whom the Company regard 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.

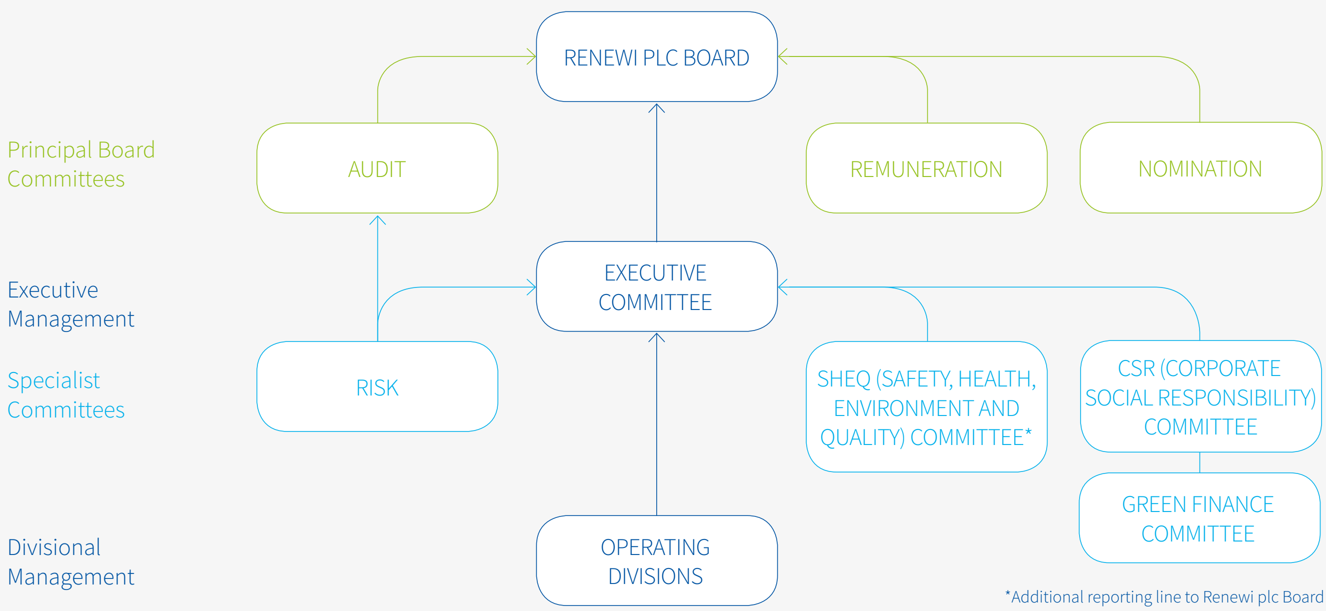
The Board is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Audit Committee has again assisted the Board in its assessment of these matters together with those of Going Concern and Viability Statement disclosures. The full Audit Committee Report is set out on pages 84 to 87.

During the year, both the Nomination and Remuneration Committees were focused primarily on considering Board composition and succession. Their full reports can be found on pages 88 to 89 and 90 to 107 respectively. In January 2019 the Board was strengthened further by the appointment of Neil Hartley as an independent non-executive director. At the end of the year, following the departure of Peter Dilnot, succession to the role of Chief Executive Officer was achieved through internal promotion. Otto de Bont, former Managing Director of our Netherlands Commercial Waste Division, joined the Board as CEO with effect from the start of our 2019/20 financial year.

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.

Colin Matthews
Chairman
23 May 2019

OUR CORPORATE GOVERNANCE REPORTING MANAGEMENT FRAMEWORK



The Board fully supports the principles of good corporate governance. This report, together with the Directors' Remuneration Report on pages 90 to 107, explains how the Group has applied and complied fully with the provisions of the UK Corporate Governance Code 2016 in force for the year to 31 March 2019.

The Board

The Board comprises the Chairman, a further six 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 which 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.

Jacques Petry continues to hold the position of Senior Independent Director. The Senior Independent Director will be available to shareholders should they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

The table below details the number of formal Board meetings held in the year and the attendance record of each director.

The calendar of meetings of the Board and its Committees for 2018/19 is shown overleaf.

Director	Board meetings 2018/19
Colin Matthews (Chairman)	13 (13)
Allard Castelein	12 (13)
Jacques Petry	13 (13)
Marina Wyatt	13 (13)
Luc Sterckx	13 (13)
Jolande Sap	12 (13)
Neil Hartley	3 (3)
Peter Dilnot	13 (13)
Toby Woolrych	12 (13)

Bracketed figures indicate maximum potential attendance of each director. Neil Hartley was appointed to the Board on 17 January 2019. Otto de Bont did not join the Board until 1 April 2019.
Toby Woolrych was absent from the Board meeting held in October 2018 and Allard Castelein was absent from that held in January 2019, both due to prior diary commitments. Both meetings were unscheduled and held at short notice.
Jolande Sap notified the Company prior to appointment that she would be absent from the Board meeting held on 28 June 2018 due to a prior commitment.

CALENDAR OF MEETINGS OF THE BOARD AND ITS COMMITTEES FOR 2018/19

	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
Board	●	●	●	●		●●	●	●	●	●●	●	●
Audit Committee		●						●			●	
Remuneration Committee		●						●			●	●
Nomination Committee				●		●		●●				
Shareholder (AGM)				●								

In addition, 14 duly authorised Board Committee meetings, comprising at least two directors, were held during the year.

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 the Safety, Health, Environment and Quality report. 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 three formal Committees (Audit, Remuneration and Nomination). In addition, while not a Committee with 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. 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 three main specialist committees covering; Risk, SHEQ and CSR 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 professional 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. Non-executive directors also have access to PricewaterhouseCoopers' non-executive database and course programme. There is a rolling programme of holding Board meetings at different Group locations in order to review local operations, with a focus on safety during site visits.

Diversity
At the current time it has not been determined to set a specific female or ethnicity Board member quota. However, 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. 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. Appointments to the Board and throughout the Group continue to be based on the diversity of contribution and required competencies,

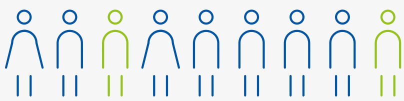
GENDER DIVERSITY

	Female	Male	Total
Board	2 (22%)	7 (78%)	9
Executive Committee	1* (9%)	10 (91%)	11
Group	1,229 (17%)	5,806 (83%)	7,035
Senior Managers	67 (22%)	239 (78%)	306

*A second female Executive Committee member was appointed on 1 April 2019.

BOARD BALANCE

● EXECUTIVE DIRECTORS 2
● NON-EXECUTIVE DIRECTORS 7



BOARD DIVERSITY

● FEMALE 2
● MALE 7

irrespective of gender, age, nationality or any other personal characteristic.

The Nomination Committee and the Board continue to closely monitor all aspects of diversity in recruitment and promotions across the workforce.

Statistical employment data for the Group can be found in the Corporate Social Responsibility Report which will be available on the Renewi website in June 2019. Further summary details, in addition to those shown below including those on gender pay gap reporting, can also be found in the People section on page 63.

Audit Committee

The Audit Committee met three times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Marina Wyatt who chairs the Committee, Jacques Petry, Allard Castelein, Luc Sterckx, and since 17 January 2019, Neil Hartley.

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 Chairman, the executive directors and representatives from the external auditors PricewaterhouseCoopers LLP are regularly invited to attend meetings. The Committee also has access to the external auditors' advice without the presence of the executive directors.

The Audit Committee Report on pages 84 to 87 sets out the role of the Committee and its main activities during the year.

Remuneration Committee

The Remuneration Committee met four times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Allard Castelein, Colin Matthews, Jacques Petry, Marina Wyatt, Luc Sterckx, Jolande Sap and, since 17 January 2019, Neil Hartley. The Committee, which is chaired by Allard Castelein, 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 90 to 107 contains particulars of Directors' remuneration and their interests in the Company's shares.

Nomination Committee

The Nomination Committee met four times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is chaired by Colin Matthews and is comprised solely of non-executive directors: Jacques Petry, Marina Wyatt, Allard Castelein, Luc Sterckx, Jolande Sap and, since 17 January 2019, Neil Hartley.

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 88 to 89 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 108 to 110.

APPOINTMENTS TO THE BOARD CONTINUE TO BE BASED ON THE DIVERSITY OF CONTRIBUTION

MEETING ATTENDANCE

Director	Audit Committee Meetings
Marina Wyatt (Chair)	3 (3)
Allard Castelein	3 (3)
Jacques Petry	3 (3)
Luc Sterckx	3 (3)
Neil Hartley	1 (1)

Director	Remuneration Committee Meetings
Allard Castelein (Chair)	4 (4)
Colin Matthews	4 (4)
Jacques Petry	3 (4)
Marina Wyatt	4 (4)
Luc Sterckx	4 (4)
Jolande Sap	4 (4)
Neil Hartley	2 (2)

Director	Nomination Committee Meetings
Colin Matthews (Chair)	4 (4)
Allard Castelein	4 (4)
Jacques Petry	3 (4)
Luc Sterckx	4 (4)
Marina Wyatt	4 (4)
Jolande Sap	4 (4)
Neil Hartley	0 (0)

Bracketed figures indicate maximum potential attendance of each director.
Neil Hartley was appointed to the Board and the Nomination, Remuneration and Audit Committees on 17 January 2019.
Jacques Petry was absent from the Remuneration and Nomination Committee Meetings held on 4 November 2018 due to prior diary commitments. Both meetings were unscheduled and held at short notice.

Marina Wyatt
Chair of the Audit Committee

AUDIT COMMITTEE REPORT

On behalf of the Board I am pleased to present the Audit Committee Report for the year ended 31 March 2019.

COMMITTEE CHAIR:

Marina Wyatt

COMMITTEE MEMBERS:

Allard Castelein, Jacques Petry, Luc Sterckx, Neil Hartley (appointed 17 January 2019)

TERMS OF REFERENCE:

www.renewiplc.com/audit

THE 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 and 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
- The development and implementation of policy on the engagement of the external auditor to supply non-audit services

At their meeting in May 2018, the Committee considered corporate governance compliance, taxation and the 2018 financial statements. The November 2018 meeting was concerned primarily with the interim results, review of the non-trading and exceptional items policy, the assessment of the new leasing accounting standard and the annual audit process effectiveness review. The February 2019 meeting considered Group Risk Management Strategy and Policy, preparation of the 2019 financial statements and all other year end accounting matters and treatments and the external audit plan.

In March 2019 the Company received a letter from the Financial Reporting Council raising a number of points on the 2018 financial statements. In response to this these 2019 accounts have included certain additional disclosures in the following principal areas; provisions, estimates and judgements and alternative performance measures. As stated in the Financial Reporting Council's letter, there are inherent limitations of such a desktop review.

During the year the Committee was again responsible for reviewing the approach and framework to assist the Board in their preparation of the Viability Statement as required by provision C.2.2 of the UK Corporate Governance Code. This included reviewing the process and the selection of principal risks to be subject to stress testing and scenario modelling. The Group's Viability Statement on page 77 confirms the Board's reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2022.

Accounting policies and issues

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, material areas in which significant judgements have been applied and compliance with financial reporting standards and relevant financial and governance reporting requirements. The significant accounting issues considered by the Committee during the year were:

- **Onerous contracts in UK Municipal.** Given the long-term nature of these contracts, these provisions are judgemental. Following on from the significant provisions reflected in March 2018, further reviews of expected future cash flows and assumptions on a contract by contract basis have taken place and discussed with management. Following this process, the Committee has concluded that an appropriate level of provisions has been reflected in the balance sheet as at 31 March 2019.

- **Presentation of non-trading and exceptional items.** 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 which has been subject to recent pronouncements on quantum and presentation from the Financial Reporting Council. Based on a review of the supporting papers and calculations from management, the Committee considers that these items have been appropriately classified.

- **Impairment.** A number of significant assumptions have to be made when preparing cash flow projections including long-term growth rates, discount rates and future profitability. The Committee has reviewed the annual impairment review papers prepared by management and concluded that there is sufficient headroom across the cash generating units and that no goodwill impairments are necessary. The goodwill note in the financial statements includes appropriate disclosures for any reasonably possible changes in assumptions. In addition, the Committee has concluded that all necessary impairments for property, plant and equipment and other intangibles associated with UK Municipal contracts and the Monostreams division have been reflected.

- **Lease accounting and the impact of the new leasing standard from 1 April 2019.** A detailed work programme for the assessment of the impact of IFRS 16 was performed during the year. The Committee has reviewed the papers and discussed with management the application of the modified retrospective approach along with the non-restatement of comparative amounts. It was concluded that certain long-term leases should be measured as if the new rules had always existed and for all others the assets were measured at the amount of the lease liability on adoption. As set out in section 1 of the financial statements this will have a significant impact on the balance sheet with right-of-use assets of €171m being brought onto the balance sheet along with a lease liability of €177m.

- **Landfill and other liability 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 has confirmed that the assumptions taken including the period of liability and discount rates were acceptable and the closing balances were appropriate.

- **Accounting for various tax-related matters including the level of provisions.** The most significant judgements for tax related to the recognition of deferred tax assets and the impact of recently communicated corporation tax changes in the Netherlands. The Committee received verbal and written reports from senior management and the external auditors and the balances recognised at March 2019 were considered appropriate. The impact of the enacted corporation tax rates in the Netherlands which reduced the carrying value of deferred tax liabilities and the recognition of a significant proportion of losses in the legacy VGG fiscal unity losses given more certainty over utilisation were both considered to be of a sufficient size that they should be recorded as exceptional rather than underlying tax credits.

- **Assets held for sale and discontinued operations.** The Committee has discussed with management the appropriateness of determining that the sale processes for the Canada Municipal and Reym businesses are sufficiently advanced and that the criteria as set out in IFRS 5 have been met. It was also concluded that the Canada Municipal business meets the definition of a discontinued operation. Given the asset held for sale status, the carrying value of the disposal groups has been assessed, which resulted in a loss on remeasurement.

The Committee is satisfied that the judgements made by management are reasonable and the appropriate disclosures in relation to key judgements and estimates have been included in the financial statements.

Fair, balanced and understandable

The Committee has assisted the Board in its consideration as to whether the Annual Report and Accounts are fair, balanced and understandable, such that shareholders are provided with the necessary information to assess the Group's performance, business model and strategy. Having reviewed the results of the year end internal verification and approval processes at its meeting in May 2019, the Committee was able to confirm this to be the case.

External audit

PricewaterhouseCoopers LLP (PwC) were appointed as the Company's external auditors by shareholders at the AGM in 1994. A competitive tender process for the external audit is scheduled to start in the coming months with a new appointment concluded by March 2020.

The Committee continues to review the performance, effectiveness and independence of the auditors on an annual basis. PwC rotate their lead audit engagement partner as a minimum at least every five years, as required by their own rules and by regulatory bodies. Rotation ensures a fresh look without sacrificing institutional knowledge. The rotation of lead audit partners, other partners including specialist partners and senior engagement personnel is reviewed on a regular basis by the lead audit engagement partner in consultation with the Committee. PwC's rotation rules require the lead audit partner and key partners involved in the audit to rotate every five years, and other partners and senior staff members every seven or ten years. Accordingly, the Audit Committee confirms that the Company is in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

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. While the CFO may approve any new engagement up to the value of £25,000, anything in excess requires Committee approval up to an agreed annual aggregate limit of 50% of the prior year's audit fee. In exceptional circumstances, this limit may be exceeded with the approval of the Board.

In determining whether or not to engage the external auditor to provide any non-audit services, consideration will be given to whether this would create a threat to their independence. Similarly, the external auditor will not be permitted to undertake any advocacy role for the Group such that their objectivity may be compromised. The external auditor may not provide services involving the preparation of accounting records or financial statements, the design, implementation and operation of financial information systems, actuarial and internal control functions or the management of internal audits.

During the year €35,000 of non-audit services were provided by PwC, which is comparable with €60,000 in the prior year. The total audit fees, as disclosed in note 3.2 of the financial statements, amounted to €1.8m (2018: €1.5m).

A resolution will be put to shareholders at the forthcoming AGM proposing PwC's re-appointment as Group auditors.

As part of the external audit process, the Committee discusses and agrees the scope of the audit which is based around a structured methodology to help ensure quality and rigour as well as regulatory compliance. The 2018/19 audit process was based on PwC's acceptance and independence procedures reflecting their understanding of the business and focusing on scoped areas determined to be of highest risk.

During the year, tax and other professional services have also been provided to the Group by the audit firms KPMG, Deloitte and EY.

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 on 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 annually reviews the internal audit charter and approves any changes, defining the role and mandate of internal audit. The Committee monitors and reviews the effectiveness of its work and approves its annual plan.

Consistent with previous years, internal audit services from suitably qualified external providers were also engaged during the year. KPMG performed a limited control review which covered the integration process in Belgium. EY was engaged for several site reviews within our Commercial Division in the Netherlands and has conducted a data analysis on manual journal entries across all Divisions in scope at the shared service centre in Belgium.

The detailed findings from all reviews were presented to and considered by the Committee. Any necessary actions, including improvements from both the internal and external reviews, are acted upon by local divisional teams with 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 pages 111 to 120.

Risk management

The Group risk management framework, major risks and the steps taken to manage these risks are outlined on pages 68 to 76.

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 68 to 76. 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 C.2.1 of the UK Corporate Governance Code and Turnbull guidance. 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 registers 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 matrix 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 extensively used to help management of the business and to provide early warning of potential additional risk factors;
- Monthly meetings and visits to key operating locations by the executive directors and most senior managers 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 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; and
- Prompt review by the Committee of any fraudulent activity or whistle-blowing reports with appropriate rectifying action.

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;
- Bi-annual certification by divisional managing and finance directors and executive directors on compliance with appropriate policies and accuracy of financial information; and
- The Committee receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance.

Anti-bribery and corruption

2018/19 has seen the implementation of a new Renewi Code of Conduct and Reporting and Investigation Protocol, harmonising the legacy whistle-blowing facilities and providing 24/7 confidential reporting.

Marina Wyatt
Chair of the Audit Committee
23 May 2019

Colin Matthews
Chairman of the
Nomination Committee

NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2019

COMMITTEE CHAIRMAN:

Colin Matthews

COMMITTEE MEMBERS:

Allard Castelein, Jacques Petry, Marina Wyatt, Luc Sterckx, Jolande Sap, Neil Hartley (appointed 17 January 2019)

TERMS OF REFERENCE:

www.renewiplc.com/nomco

THE ROLE OF THE COMMITTEE IS TO:

- 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

The Committee met four times during the year and details of members' attendance are provided in the Corporate Governance section on page 83. The Committee was particularly focused on CEO succession, following the announcement in November that Peter Dilnot would be stepping down from the Board at the end of March 2019. During the year the Committee has also appointed an additional non-executive director.

SUCCESSION PLANNING

The Committee worked closely with independent search consultants Heidrick & Struggles during the year to refresh non-executive director representation on the Board.

A search was undertaken based on a prepared profile of the necessary and requisite skills and experience to supplement those already covered by existing Board members. The process involved shortlisting of candidates followed by interviews by the Chairman, other Committee members and the Chief Executive Officer before a final recommendation was made by the Committee to the Board.

Neil Hartley's appointment as a non-executive director was announced on 17 January 2019. In his role as Managing Director of First Reserve, a leading global private equity investment firm exclusively focused on the energy sector, Neil has gained significant experience and knowledge relevant to Renewi. Neil also has extensive experience investing within the Benelux region and is a valuable addition to the Board.

Following the recommendation of the Committee, Otto de Bont, previously Managing Director of Renewi Netherlands Commercial Waste Division, succeeded Peter Dilnot as Chief Executive Officer in April 2019.

Otto joined Renewi in May 2017 to lead the enlarged Netherlands Commercial Waste Division, following the merger between Shanks Group and Van Gansewinkel Groep. Otto has led the integration of the two businesses and has played a central role in building Renewi's presence and reputation in the Benelux region.

Biographies of all directors are set out on pages 78 and 79 of the Corporate Governance section and are available on the Company website.

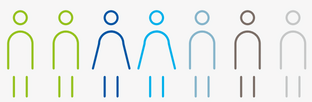
Any new director appointed to the Board is subject to election by shareholders at the first opportunity after their appointment. All directors are required under the Company's Articles of Association to stand for re-election at each AGM.

BOARD TENURE

<2 YEARS	4
2-4 YEARS	2
>4 YEARS	3

BACKGROUND/EXPERIENCE OF NON-EXECUTIVE DIRECTORS

ENERGY/CHEMICALS	2
POLITICS/SOCIO-ECONOMICS	1
TELECOMS/MARKETING	1
TRANSPORT	1
WATER/WASTE	1
PRIVATE EQUITY/INVESTMENT	1



In February 2019 Marina Wyatt was appointed as the Chief Financial Officer for the Associated British Ports Group. The Committee believes that the additional role will bring wider experience to the Board and not have an impact on the time she can dedicate to her role at Renewi.

BOARD EVALUATION

The externally facilitated Board evaluation last year identified a number of strengths in the Renewi Board including:

- Constructive relationships and a collegiate atmosphere at the Board;
- Engagement and skill of the Chairman in leading the Board;
- Complementary experience and skills of the non-executive directors; and
- Excellent Board support from the Company Secretary.

Key findings from the 2017/18 review and subsequent actions are detailed below.

1. A refocused strategy process positioning Renewi for long-term success and value creation beyond the merger benefits.

Action: A new strategy focus and additional divisional strategic reviews have been held supported by the recruitment of a new Strategy and Business Director.

2. Supplementary corporate support bandwidth to support the Executive Directors.

Action: In September 2018 Bas van Ginkel was promoted to the Executive Committee as Strategy and Business Development Director. A permanent Human Resources Director, Helen Richardson, was appointed in April 2019.

3. A review of Board Committee structure and membership.

Action: A dedicated strategy review meeting was held which included a review of the committees and the meetings held. Further review will take place in light of Director changes.

4. A number of added-value corporate governance enhancement/improvement actions.

Action: Greater exposure for senior managers to present at Board and Committee meetings, to allow more in-depth questioning from the Board.

2018/19 EVALUATION

As an external evaluation was carried out in 2017/18 the Board agreed that the 2018/19 review would be carried out through a structured questionnaire survey.

A number of themes stood out from the evaluations, building on from the previous years' refocused strategic prioritisation. These included a closer involvement with technological developments and emerging themes in the recycling and waste-to-product markets and circular economy.

Having considered the results of the evaluation the Board agreed specific 2019/20 action plans across four main areas.

1. Continue the strategy review process with a greater emphasis on technology and emerging trends.

2. Refresh the risk management processes.

3. Bring a broader range of employee and cultural issues to the Board. Recognising the UK Corporate Governance Code 2018 recommendations regarding workforce engagement, Renewi has already designated a non-executive director to facilitate interaction with the Board.

4. Schedule more time for talent review and succession planning discussions.

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 perform effectively. As part of the review, the Senior Independent Director also reviewed the Chairman's performance with the other directors. The Board was therefore able to recommend the election and re-election of all those directors standing at the forthcoming AGM.

Colin Matthews
Chairman of the Nomination Committee
23 May 2019

Allard Castelein
Chairman of the
Remuneration Committee

DIRECTORS' REMUNERATION REPORT

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 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 119 and those aspects of the Report which have been subject to audit are clearly marked.

COMMITTEE CHAIRMAN:

Allard Castelein

COMMITTEE MEMBERS:

Colin Matthews, Jacques Petry, Jolande Sap, Luc Sterckx, Marina Wyatt, Neil Hartley (from 17 January 2019)

TERMS OF REFERENCE:

www.renewiplc.com/remco

THE ROLE OF THE COMMITTEE IS TO:

- Determine the Group's policy on remuneration and monitor its careful implementation
- Review and set performance targets for incentive plans
- Set the remuneration of the Group's senior management
- Approve the specific remuneration package for the Chairman, each of the Executive Directors, the Company Secretary and below Board members of the Executive Team
- Determine the terms on which LTIP and Sharesave awards are made to employees
- Determine the policy for and scope of pension arrangements for the Executive Directors, Company Secretary and below Board members of the Executive Team

CONTENTS

The Remuneration Committee seeks to operate a Remuneration Policy that promotes the long-term success of the Group by aligning the financial interests of directors and senior executives with those of shareholders

1. ANNUAL STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019.

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.

WORK OF THE COMMITTEE DURING THE YEAR

The Committee met four times during 2018/19 and details of members' attendance at meetings are provided in the Corporate Governance section on page 83.

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 2017/18 annual bonus awards;
- Setting the performance targets for the 2018/19 annual bonus;
- Agreeing the award levels and performance targets for the 2018 LTIP awards;
- Agreeing Executive Directors' base salary increases and the Chairman's fee from 1 April 2019;
- Agreeing the terms in respect of Peter Dilnot's departure and Otto de Bont's appointment; and
- Considering the regulatory/disclosure changes during 2018/19.

2018/19 PERFORMANCE, DECISIONS AND REWARD OUTCOMES

Performance

The variable elements of Executive Directors' remuneration in respect of the year ended 31 March 2019 have been particularly impacted by profit before tax and share price performance during the year. As detailed below and in the Annual Report on Remuneration, the share price performance measure relating to the 2016 Long Term Incentive Plan has significantly reduced the vesting percentage outcome.

2018/19 Annual bonus

Profit targets were not met, although strong underlying free cash flow performance did contribute to the financial target element of the bonus measures. Personal objectives were only partially met due in part to Municipal and Hazardous Waste Division challenges and Health & Safety performance. This resulted in potential bonus awards of 60% and 58.5% of the maximum for the Chief Executive Officer and Chief Financial Officer respectively. However, in light of the shareholder experience over the financial year, the Committee has determined that no annual bonus will be payable to the Executive Directors for 2018/19. Further details are set out on page 101 and 102.

2016 LTIP vesting in 2019

The Long Term Incentive Plan (LTIP) granted in 2016 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 2019. Although the threshold ROCE and share price targets were not met, resulting in both of these parts of the LTIP award lapsing, the threshold EPS target was exceeded and as a result, will trigger partial vesting of the 2016 LTIP awards. This will result in 23% of the LTIP awards vesting. Further details are set out on page 103.

Use of Remuneration Committee discretion

As detailed above and overleaf, the Remuneration Committee has used its discretion not to increase the base salary of Directors, to reduce the 2018/19 annual bonus to zero and to reduce 2019 LTIP award levels. There were no other instances of Remuneration Committee discretion in respect of 2018/19.

Implementing the Remuneration Policy for 2019/20

The Remuneration Committee intends to operate the Remuneration Policy for Executive Directors for 2019/20 as follows:

- Following the Chief Executive Officer's appointment, his next salary review will be on 1 April 2020. No salary increase was awarded to the Chief Financial Officer;

- Annual bonus provision will remain at 150% of salary and targets will be based on profit and cash related measures as well as personal objectives. No changes will be made to the deferral, whereby two thirds of any bonus is payable in cash and one third will be deferred in shares, 50% vesting after three years, 25% vesting after four years and 25% vesting after five years; and

- Reflecting the disappointing share price performance during 2018/19, the Committee agreed to further reduce the 2019 LTIP awards granted to Executive Directors. The Chief Executive Officer's LTIP award will be reduced to 100% of salary, noting that Otto de Bont is new in role, and the Chief Financial Officer's award will be reduced to circa 50% of salary based on the same number of shares as granted last year. Targets will continue to measure EPS, share price and ROCE. A two-year post-vesting holding period applies to awards granted to Executive Directors.

APPROACH TO REGULATORY CHANGES

The Committee has considered the various changes to the regulatory environment as they relate to executive remuneration, particularly the new UK Corporate Governance Code (the "new Code") and new legislation that will require companies to make additional pay disclosures in this report. Notwithstanding that these are not technically applicable to Renewi until the financial year ending 31 March 2020, the Committee has adopted a number of changes early. Preparatory steps have already been taken in respect of:

- The operation of the annual bonus plan and the LTIPs have been reviewed to ensure that the Committee has necessary discretion to override formulaic outcomes (as required by the new Code). The malus and clawback provisions in the annual bonus plan and LTIP have also been reviewed to ensure they reflect best practice;

- The appointment of a designated Non-Executive Director to facilitate workforce engagement; and

- The Committee's terms of reference have been updated to reflect the expanded scope required by the new Code - i.e. (i) the responsibility for setting remuneration for the Chairman, Executive Directors, below Board members of the executive team and the Company Secretary, and (ii) taking account of Group-wide remuneration and policies when setting executive pay.

While the next review of our Remuneration Policy in 2020 (i.e. at the end of our current three-year policy) will be framed against the six factors listed in the new Code, the current approach is considered by the Committee to be well positioned against them:

- **Clarity –** our policy is well understood by our senior team and employees more generally and has been clearly articulated to our shareholders;

- **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 (both in terms of deferred bonus and LTIP awards); and (iii) a number of shareholder protections (i.e. bonus deferral, shareholding guidelines, malus/clawback provisions) have been designed to reduce the risk 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; and

- **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.

In addition, we have included some of the new disclosure requirements prescribed by recent legislation, e.g. how share price appreciation impacts executive pay (both in the 'single figure table' and the 'scenario charts' respectively). The Committee is also aware that Renewi will be required to disclose the ratio of Chief Executive pay to employee pay going forward in its report relating to the year ending 31 March 2020.

Looking forward

At the 2018 AGM, the Annual Statement and Annual Report on Remuneration received the support of more than 99% of votes cast. The Committee thanks shareholders for their continued support and asks that they similarly support the 2019 AGM resolution.

Allard Castelein
Chairman of the Remuneration Committee
23 May 2019

2. DIRECTORS' REMUNERATION POLICY

The principal objective of the Remuneration Committee is to design and implement a Remuneration Policy that promotes the long-term success of the Company. The Committee seeks to ensure that the senior executives are fairly rewarded in light of the Group's performance, taking into account all elements of their remuneration package. A significant proportion of executive remuneration is performance related, comprising an annual bonus and a Long Term Incentive Plan (LTIP). The fixed portion of remuneration comprises basic salary, benefits and a payment in lieu of pension.

Policy scope
The Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration
This Directors' Remuneration Policy Report was put to a binding shareholder vote at the AGM on 13 July 2017 and received 96.9% support. The Policy applies from the date of approval for a maximum of three years.

POLICY TABLE

BASE SALARY: To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
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.	Any basic salary increases are applied in line with the outcome of the review. 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

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors receive a cash pension allowance in lieu of company pension scheme contributions.	Executive Directors may receive a cash allowance of up to 25% of salary. The CFO currently receives an allowance of 20% and the new CEO an allowance of 12.5%.	None.

BENEFITS: To provide market-competitive benefits

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
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 ex-patriation) 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

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
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.

ANNUAL BONUS: To motivate senior executives to maximise short-term performance and help drive initiatives that support long-term value creation

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
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. At least one third of any annual bonus award is deferred into shares for at least three years, subject to continued employment. The Group's current policy is for 50% of the bonus to vest after three years, 25% to vest after four years, and 25% to vest after five years. Deferred bonus awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the relevant vesting periods but would be paid only on shares that vest. **MALUS & CLAWBACK:** Malus provisions exist that entitle the Committee, at its discretion, to reduce the final award or deem it to have lapsed (to the extent it has not yet vested) in exceptional circumstances, e.g. material financial misstatement or gross misconduct. The bonus is also subject to clawback, i.e. recovery of paid amounts for material financial misstatement or conduct justifying summary dismissal.	For Executive Directors, the maximum annual bonus opportunity is 150% of salary. For threshold performance, the bonus earned is generally 25% of maximum and for on-target performance, 80% of maximum.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance such as 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. Details of the measures, weightings and targets applicable for the financial year under review are provided in the Annual Report on Remuneration.

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

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
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 but would be paid only on shares that 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. Once vested awards may, at the discretion of the Committee, be subject to further holding in whole, or in part, for a period of up to two years following the end of the performance period. Two year post-vesting holding periods apply to LTIP awards granted to Executive Directors since the 2017 AGM. **MALUS & CLAWBACK:** Malus provisions exist which entitle the Committee to reduce the final award or deem it to have lapsed during the period between the granting and end of the later of the vesting or holding period, if there has been material misstatement, gross misconduct or something which causes significant reputational damage to the Group. LTIP awards are also subject to clawback, i.e. recovery of vested awards for material financial misstatement or conduct justifying summary dismissal.	The maximum award limit in normal circumstances under the 2011 Long Term Incentive Plan will be 150% of salary (up to 200% in exceptional circumstances). Threshold performance will result in vesting of no more than 25% of maximum under each element.	Vesting of LTIP awards will be subject to continued employment and financial 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. 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. Details of LTIP targets are included in the Annual Report on Remuneration.

NOTES TO THE POLICY TABLE

Payments from existing awards

The Group will honour any commitment entered into (and Executive Directors will be eligible to receive payment from any award made), prior to the approval and implementation of the Remuneration Policy detailed in this report, including previous share awards and associated dividend equivalent payments under the LTIP and deferred share bonus plan. Details of any such awards are disclosed in the Annual Report on Remuneration.

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 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 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 and share price growth currently operated for the LTIP 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 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.

Share ownership guidelines

The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Share ownership guidelines were increased at the 2017 AGM, requiring Executive Directors to acquire a holding equivalent to 200% of their salaries. Executive Directors will be required to retain 50% of any LTIP and deferred bonus shares acquired on vesting (net of tax) until they reach their ownership guideline.

Following the publication of the new UK Corporate Governance Code, the Committee has formalised its post cessation shareholding policy for Executive Directors as follows:

- Unvested deferred annual bonus and LTIP awards will be treated in line with the good leaver/bad leaver provisions explained in the Remuneration Policy;
- Any LTIP awards which vested pre-cessation but which are still subject to the two-year holding period will need to be retained by the individual (either on a post-tax basis or as unexercised awards), post cessation, until the relevant two-year holding period has expired; and
- No restrictions will apply in respect of own shares held, irrespective of whether those shares are held as part of the shareholding guidelines or not.

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 on pages 93 and 94. The maximum limits for variable pay (excluding buy-outs) 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.

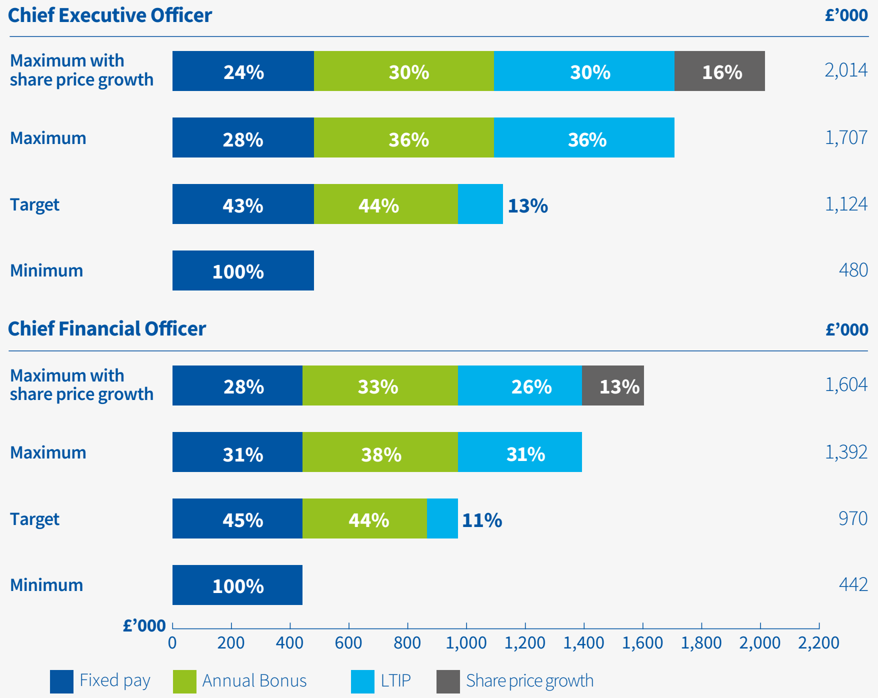
The Committee may also make an award in respect of a new appointment to buy-out incentive arrangements forgone on leaving a previous employer on a like-for-like basis, in addition to providing the normal remuneration elements.

In constructing a buy-out, 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 buy-out awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2 R to make awards using a different structure. Any buy-out 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 set out in the table on page 98. 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 Chairman of a Committee, as appropriate.

PAY SCENARIO CHARTS FOR 2019/20



PAY SCENARIO CHARTS

The above charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'Target', 'Maximum' and 'Maximum with share price growth'.

Potential reward opportunities are based on the Remuneration Policy, applied to basic salaries as at 1 April 2019. Note that the projected values exclude the impact of any dividends.

The 'Minimum' scenario shows basic salary, pension and estimated benefits (i.e. fixed remuneration). These are the only elements of the Executive Directors' remuneration packages which are not at risk.

The 'Target' scenario reflects fixed remuneration as above, plus a target bonus of up to 80% of maximum and threshold LTIP vesting of 25%.

The 'Maximum' scenario reflects fixed remuneration plus full payout of all incentives based on the normal bonus maximum and LTIP grant policy.

The 'Maximum with share price growth' scenario is as per Maximum but with a 50% share price growth assumption.

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 and from the individual. The contracts provide for an obligation to pay salary plus contractual benefits for any portion of the notice period waived by the Group. 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
Otto de Bont	27 March 2019
Toby Woolrych	27 August 2012

The Chief Executive Officer, Otto de Bont, appointed on 1 April 2019 is based in the Netherlands and has been engaged on a Dutch contract. Dutch employment law constrains the Company's ability to adhere to our Directors' Remuneration Policy approved by shareholders at the 2017 AGM. While we retain the one-year notice provision to be given by the Company, Dutch law limits the maximum notice the Chief Executive Officer can be required to provide to half that amount, i.e. six months. Although in practice "Payment in lieu of notice" upon termination remains possible (reflecting the options under our Policy regarding payment in instalments and mitigation), technically this is neither a usual contract term nor an enforceable construct under Dutch employment law. The Committee will next review and consult formally on its Remuneration Policy ahead of putting it to shareholders at our AGM in 2020 with suitable adjustments to avoid such inconsistencies going forward.

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 below 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 Bonds		
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.
Any other reason.	Not applicable.	Awards 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.
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 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
Colin Matthews (Chairman)	7 March 2016	1 August 2019
Allard Castelein	10 November 2016	1 August 2019
Jacques Petry	30 September 2010	1 August 2019
Jolande Sap	13 March 2018	1 August 2019
Luc Sterckx	3 August 2017	1 August 2019
Marina Wyatt	2 April 2013	1 August 2019
Neil Hartley	17 January 2019	1 August 2019

Non-Executive Directors' fees are capped in the Company's Articles of Association at £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 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. During the year Peter Dilnot received an annual fee of £49,250 from Rotork plc, a FTSE 250 global engineering business, in his capacity as a Non-Executive Director.

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 new UK Corporate Governance Code, the Board has designated non-executive director Jolande Sap 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 Annual Report on Remuneration and Remuneration Policy are provided below:

	ANNUAL REPORT ON REMUNERATION 2018 AGM		REMUNERATION POLICY 2017 AGM	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	584,715,450	99.31%	547,859,771	96.92%
Against	4,034,699	0.69%	17,407,656	3.08%
Total votes cast (excluding withheld votes)	**588,750,149**	**100%**	**565,267,427**	**100%**
Votes withheld	321,763	–	106,316,482	–

3. ANNUAL REPORT ON REMUNERATION

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2020 and how it was implemented during the financial year ended 31 March 2019.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2019/20

Basic salary
Current salary levels are as follows:

	1 April 2018	1 April 2019	% Increase
Otto de Bont	n/a	**€457,000**[1]	n/a
Toby Woolrych	£351,900	**£351,900**	0%

1 Equivalent to £409,015 at an exchange rate of €1 : £0.895

Following the Chief Executive Officer's appointment, his next salary review will be on 1 April 2020, as will be that of the Chief Financial Officer. No salary increase was awarded to the Chief Financial Officer from 1 April 2019.

Pension
The Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 20% of salary. Following his appointment on 1 April 2019, the new Chief Executive Officer will receive a cash supplement of 12.5% of base salary in lieu of Company pension scheme contributions, aligned with the average pension offered across Renewi's Netherlands workforce.

Annual bonus
The maximum annual bonus opportunity for Executive Directors in 2019/20 will remain unchanged at 150% of salary, with one third of any bonus pay-out deferred into shares vesting 50% after three years, 25% after four years and 25% after five years.

75% of the bonus will be based on the achievement of profit and cash related financial targets. 25% will be based on personal objectives. Proposed target levels have been set to be challenging relative to the 2019/20 business plan. The specific targets are currently deemed to be commercially sensitive, however they will be disclosed retrospectively in the 2019/20 Annual Report.

LTIP

Reflecting the disappointing share price performance during 2018/19, the Committee agreed to further reduce the 2019 LTIP awards granted to Executive Directors. The Chief Executive Officer's LTIP award will be reduced to 100% of salary, noting that Otto de Bont is new in role, and the Chief Financial Officer's award will be reduced to circa 50% of salary based on the same number of shares as granted last year.

The performance conditions will continue to be based on EPS, share price growth and ROCE weighted 50%, 25% and 25% respectively. Further details on the measures, vesting schedule and targets, including details of an increase to the share price growth target, can be found on page 103. 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

Current Chairman and Non-Executive Director fees are set out in the table below.

	Basic fee from 1 April 2018	Basic fee at 1 April 2019
Base fees		
Chairman	£153,000	£153,000
Non-Executive Director	£48,960	£48,960
Additional fees		
Audit Committee Chair	£8,670	£8,670
Remuneration Committee Chair	£8,670	£8,670
Senior Independent Director	£6,120	£6,120

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 2019 and the prior year.

	PETER DILNOT		TOBY WOOLRYCH	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Basic salary	500	510	345	352
Taxable benefits[1]	27	27	21	21
Pension[2]	125	128	69	70
Single-year variable[3]	660	0	461	0
Multiple-year variable[4,5]	160	–	84	35
Other[6]	9	9	5	3
Total	**1,481**	**674**	**985**	**481**

1 Taxable benefits comprise car allowance and medical insurance.
2 During the year, Peter Dilnot and Toby Woolrych received cash supplements in lieu of pension contribution of 25% and 20% of salary respectively.
3 Payment for performance during the year under the annual bonus including any deferred annual bonus. (See following sections for further details.).
4 Based on the estimated value of the LTIP award granted to Toby Woolrych in 2016 (Peter Dilnot's LTIP awards lapsed at cessation), assuming 23% vesting and based on a three month average share price to 31 March 2019 of 27.26 pence.
5 The impact of share price movements on the vesting of the LTIP awards granted to Toby Woolrych, based on the average three-month share price to 31 March 2019 (27.26p, the 93.5p share price at grant) and ignoring dividend equivalents, is as follows:

Value of awards expected to vest (504,000 shares x 23% x 27.26p)	£31,600
Face value of awards when granted (504,000 shares x 23% vesting x 93.5p)	£108,385
Impact of share price movements on vesting values	-£76,785

6 Includes Sharesave awards, valued based on embedded gain at grant, life assurance and income protection

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 2019 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Colin Matthews (Chairman)	150	153	–	–	150	153
Allard Castelein[1]	48	49	6	9	54	58
Jacques Petry[2]	48	49	5	6	53	55
Luc Sterckx[3]	28	49	–	–	28	49
Marina Wyatt[4]	48	49	9	9	57	58
Jolande Sap[5]	–	49	–	–	–	49
Neil Hartley[6]	–	10	–	–	–	10
Stephen Riley[7]	16	–	–	–	16	–
Eric van Amerongen[7]	16	–	14	–	30	–

1 Allard Castelein's additional fee is in respect of his role as the Chair of the Remuneration Committee.
2 Jacques Petry's additional fee is in respect of his role as the Senior Independent Director.
3 Luc Sterckx was appointed to the Board on 1 September 2017.
4 Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
5 Jolande Sap was appointed to the Board on 1 April 2018.
6 Neil Hartley was appointed to the Board on 17 January 2019.
7 Both Stephen Riley and Eric van Amerongen retired from the Board on 13 July 2017.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2019

Performance-related annual bonus in respect of 2018/19 performance
The annual bonus was measured against underlying profit before tax (50% weighting), underlying free cash flow (25% weighting) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown below.

Financial element outcomes
The financial targets and corresponding potential outcomes for the Executive Directors' 2018/19 annual bonus are shown below.

Measure	Weighting	2018/19 final outcome	Threshold	Max	Potential bonus payout (% of max)
Underlying profit before tax	50%	€63.6m	€63.8m	€87.7m	0%
Underlying free cash flow	25%	€30.0m	€12.0m	€12.0m	25%

Both the underlying profit before tax and underlying free cash flow are set based on the Group's expected budget outcome for the year in Euros as the Group's presentational currency, and for all non-Euro denominated entities values are converted to Euros at the budgeted rates of exchange. Actual performance is also measured at this constant exchange rate.

Personal element outcomes

The personal performance measures were based on individual objectives, as detailed below.

		Target	Committee's assessment of performance	Potential bonus payout (% of max)
Peter Dilnot	1. Safety culture improvement	6%	3%	
	2. Drive successful post-merger integration	5%	5%	
	3. Ensure Municipal division recovery and ATM soil production	5%	0%	
	4. Create post-merger growth strategy	5%	3%	
	5. Leadership recruitment and development	4%	4%	
		25%	**15%**	**60%**
Toby Woolrych	1. Safety culture improvement	5%	3%	
	2. Drive successful post-merger integration	4%	4%	
	3. Ensure Municipal Division recovery and ATM soil production	4%	0%	
	4. Deliver finance integration plan	3%	1.5%	
	5. Deliver enhanced and integrated risk and control environment	3%	1.5%	
	6. Deliver Treasury programme	3%	2%	
	7. Enhanced financial reporting capability	3%	2%	
		25%	**14%**	**56%**

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall potential outcome (% of salary/£)	Actual bonus outcome (% of salary/£)
Peter Dilnot	37.5%	22.5%	60.0%/£306,000	0%/£nil
Toby Woolrych	37.5%	21.0%	58.5%/£205,861	0%/£nil

2018/19 Annual bonus

Profit targets were not met, although strong underlying free cash flow performance did contribute to the financial target element of the bonus measures. Personal objectives were only partially met due in part to Municipal and Hazardous Waste Division challenges and Health & Safety performance. This resulted in potential bonus awards of 60% and 58.5% of the maximum for the Chief Executive Officer and Chief Financial Officer respectively. However, in light of the shareholder experience over the financial year, the Committee has determined that no annual bonus will be payable to the Executive Directors for 2018/19.

2016 LTIP vesting in 2019

Peter Dilnot and Toby Woolrych were granted LTIP awards in 2016 over shares equal to the value of circa 150% and 120% of salary respectively which would vest in 2019 based on three-year performance to 31 March 2019. Vesting 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	9%	45% (23%)
Share price CAGR	25%	0% vesting below 9% p.a.	<9%	0%
Improvement in ROCE	25%	0% vesting below +0.5%	<+0.5%	0%
Total vesting				23%

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 2016 LTIP for the Executive Directors on 23 November 2019 (noting that Peter Dilnot's LTIP awards lapsed on cessation of employment on 31 March 2019) will be:

Executive Director	Awards granted	Shares vesting based on performance (23% of maximum)	Dividend equivalent shares (estimated)	Total shares expected to vest	Estimated value at vesting (£000)[1]
Toby Woolrych	504,000	115,920	12,117	128,037	34,902

1. Based on the average three-month share price to 31 March 2019 of 27.26 pence.

SHARE AWARDS GRANTED IN 2018/19 (AUDITED)

Long Term Incentive Plans

The Executive Directors were granted awards under the Renewi plc 2011 Long Term Incentive Plan on 1 June 2018 as follows:

Executive Director	Date of grant	Base salary	Basis of award	Share price[2]	Face value	Number of shares
Peter Dilnot[1]	1 June 2018	£510,000	112.5% of salary	76.13p	£573,749	753,645
Toby Woolrych	1 June 2018	£351,900	90% of salary	76.13p	£316,709	416,012

1. Peter Dilnot's outstanding LTIPs lapsed upon his resignation on 31 March 2019.
2. Based on the three-day average dealing price prior to the grant date.

Details of the performance targets are as follows:

Measure	Targets
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
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
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

For the share price target for LTIP awards granted in 2019, the maximum growth target will be increased from 17% to 25% p.a. As such, 25% of this part of awards will vest for share price growth of 9% p.a. increasing to 100% vesting of this part of awards for share price growth of 25% p.a.

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)

Peter Dilnot and Toby Woolrych were granted awards under the Renewi plc Deferred Annual Bonus Plan on 1 June 2018 as follows:

Executive Director	Date of grant	2017/18 Annual Bonus	Basis of award	Share price[2]	Face value	Number of shares
Peter Dilnot[1]	1 June 2018	£660,000	1/3 of bonus	76.13p	£220,000	288,979
Toby Woolrych	1 June 2018	£460,575	1/3 of bonus	76.13p	£153,525	201,661

1. Peter Dilnot's outstanding DABs lapsed upon his resignation on 31 March 2019.
2. Based on the three-day average dealing price prior to the grant date.
50% of the awards will vest on the third anniversary of grant, 25% of awards will vest after four years and 25% will vest after five years, subject to continued employment.

EXIT PAYMENTS AND PAYMENTS MADE TO PAST DIRECTORS MADE IN THE YEAR (AUDITED)

Peter Dilnot stood down as Chief Executive Officer and from the Board on 31 March 2019. Details of his exit arrangements were as follows:

- Salary and contractual benefits, including payment in lieu of pension and car allowance were paid up to 31 March 2019 and in respect of four additional days, in lieu of untaken holiday entitlement, equating to £10,201.
- All outstanding/unvested awards under the Company's Long Term Incentive Plan, Deferred Annual Bonus Plan and Sharesave Scheme lapsed on 31 March 2019.
- No annual bonus for 2018/19 was payable.

INTERNAL APPOINTMENT AND PRIOR CONTRACTUAL COMMITMENTS

Prior to his appointment on 1 April 2019 as Chief Executive Officer, Otto de Bont was recruited originally in May 2017 to the senior position of Managing Director of Renewi's Netherlands Commercial Waste Division. In connection with the contractual commitments provided as part of that original 2017 appointment he is entitled to receive a final deferred joining fee of €75,000 in June 2019.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends) from the financial year ended 31 March 2018 to the financial year ended 31 March 2019. The Directors are proposing a final dividend for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1p).

Executive Director	2017/18 £m	2018/19 £m	% change
Distribution to shareholders	24.4	24.3	(-0.4)%
Employee remuneration	368.6	385.5[1]	4.6%

1. Employee remuneration of €430.7m at exchange rate of €1: £0.895

PAY FOR PERFORMANCE

The graph shows the total shareholder return (TSR) of Renewi plc over the 10 year period to 31 March 2019. 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.

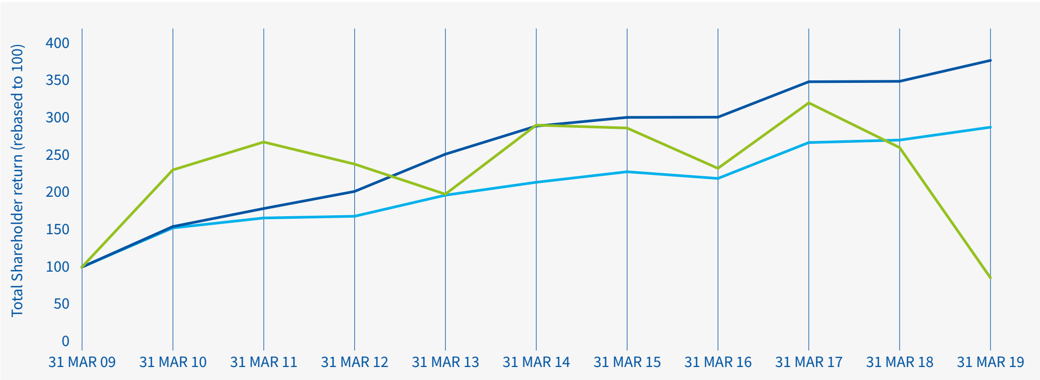
Historical TSR performance
Growth in value over 10 years of a hypothetical £100 invested at 31 March 2009.

RENEWI PLC

FTSE All-Share Support Services Index

FTSE All-Share Index

Source: Datastream (Thomson Reuters)



CEO SINGLE FIGURE REMUNERATION OVER THE TEN YEARS TO 31 MARCH 2019

Executive Director	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	TOM DRURY[1]			PETER DILNOT[2]							
Chief Executive Officer single figure of remuneration (£000)	663	840	284	157	657	860	902	1,063	924	1,481	674
Annual bonus outcome (% of maximum)	38%	69%	0%	87%	19%	66%	47%	69%	48%	88%	0%
LTIP vesting outcome (% of maximum)	0%	0%	0%	–	0%	0%	0%	0%	0%	21.50%	0%[3]

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 will vest in 2019, Peter Dilnot's LTIP awards lapsed upon his resignation.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE OFFICER'S REMUNERATION

The table below shows the percentage change in the Chief Executive Officer's remuneration 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. To provide a meaningful comparison, the analysis includes all UK based employees and is based on a consistent set of employees.

	CHIEF EXECUTIVE OFFICER			OTHER EMPLOYEES
Executive Director	2017/18 £m	2018/19 £m	% change	% change
Salary	500	510	2%	3%
Taxable benefits	27	27	0%	0%
Single-year variable	660	0	-100%	15%

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 23 May 2019 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 2018	Ordinary shares at 31 March 2019 and 23 May 2019
Colin Matthews (Chairman)	250,000	450,000
Allard Castelein	–	–
Jacques Petry	–	–
Jolande Sap	–	–
Luc Sterckx	–	150,000
Toby Woolrych	162,235	373,404
Marina Wyatt	11,600	11,600
Otto de Bont (appointed April 2019)	–	40,000
Neil Hartley (appointed January 2019)	–	–

At 1 April 2018 Peter Dilnot had an interest in 143,691 shares and in 365,280 shares at 31 March 2019, being the date of his resignation.

DIRECTORS' SHAREHOLDING (AUDITED)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2019:

	SHARES HELD			OPTIONS HELD					
	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	Share-holding requirement (% salary)	Current share-holding[1] (% salary)	Requirement met?
Peter Dilnot	365,280	–	–	–	–	–	n/a	n/a	n/a
Toby Woolrych	373,404	456,518	1,363,012	–	–	25,648	200%	25%	On track

1. Shareholdings were calculated using the mid-market price at 31 March 2019 of 23.5 pence and salary as at 31 March 2019.

DIRECTORS' INTERESTS IN SHARES OPTIONS AND SHARES IN THE DEFERRED ANNUAL BONUS PLAN, LONG TERM INCENTIVE PLAN AND ALL-EMPLOYEE PLANS (AUDITED)

The Executive Directors have been made awards under the Renewi Deferred Annual Bonus Plan.

	Outstanding awards at 31 March 2018	Awards made during the year	Awards lapsed during the year	Awards vested during the year[2,3]	Outstanding awards at 31 March 2019	Date of award	Share price on date of award (pence)	Restricted period end[1]
Peter Dilnot	110,072	–	55,036	55,036	–	29.05.15	108.92	29.05.20
	220,189	–	220,189	–	–	23.11.16	93.50	23.11.21
	116,405	–	116,405	–	–	01.06.17	93.25	01.06.22
	–	288,979	288,979	–	–	01.06.18	78.10	01.06.23
Toby Woolrych	72,077	–	–	36,039	36,038	29.05.15	108.92	29.05.20
	144,183	–	–	–	144,183	23.11.16	93.50	23.11.21
	74,636	–	–	–	74,636	01.06.17	93.25	01.06.22
	–	201,661	–	–	201,661	01.06.18	78.10	01.06.23

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 addition to Peter Dilnot's 55,036 awards which vested under the Deferred Annual Bonus Plan, an additional 5,678 shares were awarded in respect of dividend equivalents, totalling 60,714 shares (reflecting a 10.32% increase).
3. In addition to Toby Woolrych's 36,039 awards which vested under the Deferred Annual Bonus Plan, an additional 3,718 shares were awarded in respect of dividend equivalents, totalling 39,757 shares (reflecting a 10.32% increase).

The Executive Directors have been made notional allocations of shares under the Renewi Long Term Incentive Plan:

	Outstanding awards at 31 March 2018[1]	Awards made during the year	Awards lapsed during the year[2]	Awards vested during the year[5,6]	Outstanding awards at 31 March 2019[3]	Date of award	Share price on date of award (pence)	Performance period end	Restricted period end[4]
Peter Dilnot	715,650	–	561,785	153,865	–	29.05.15	108.92	31.03.18	29.05.18
	963,000	–	963,000	–	–	23.11.16	93.50	31.03.19	23.11.19
	804,000	–	804,000	–	–	01.06.17	93.25	31.03.20	01.06.20
	–	753,645	753,645	–	–	01.06.18	78.10	31.03.21	01.06.23
Toby Woolrych	375,083	–	294,440	80,643	–	29.05.15	108.92	31.03.18	29.05.18
	504,000	–	–	–	504,000	23.11.16	93.50	31.03.19	23.11.19
	443,000	–	–	–	443,000	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

1. Awards granted prior to the November 2016 Rights Issue were adjusted based on the standard theoretical ex-rights price formula.
2. Awards lapse to the extent the performance conditions are not met. Peter Dilnot's 2016, 2017 and 2018 LTIP awards lapsed on leaving the Company on 31 March 2019.
3. The performance conditions relating to the vesting of outstanding awards are shown on page 103.
4. For LTIP awards made in 2015 to 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.
5. 21.5% of Peter Dilnot's 2015 LTIP award vested in 2018. In addition to the 153,865 awards which vested, an additional 15,875 shares were awarded in respect of dividend equivalents, totalling 169,740 shares (reflecting a 10.32% increase).
6. 21.5% of Toby Woolrych's 2015 LTIP award vested in 2018. In addition to the 80,643 awards which vested, an additional 8,320 shares were awarded in respect of dividend equivalents, totalling 88,963 shares (reflecting a 10.32% increase).

The Executive Directors held options to subscribe for ordinary shares under the Renewi Sharesave Schemes:

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (pence)[1]	Number at 1 April 2018	Granted in year	Lapsed in year	Exercised in year	Number at 31 March 2019
Peter Dilnot	24.09.15	01.11.18	30.04.19	65.18	13,806	–	13,806[2]	–	–
	13.09.17	01.11.20	30.04.21	76.00	11,842	–	11,842[2]	–	–
	12.09.18	01.11.21	30.04.22	52.00	17,307	17,307	17,307[2]	–	–
Toby Woolrych	24.09.15	01.11.18	30.04.19	65.18	13,806	–	–	–	13,806
	13.09.17	01.11.20	30.04.21	76.00	11,842	–	–	–	11,842

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.
2. Lapsed on resignation on 31 March 2019.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was 86.9 pence and the lowest closing mid-market price during the year was 21.9 pence. The mid-market price at the close of business on 31 March 2019 was 23.5 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. In 2017/18 and 2018/19, 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 2018/19 were £23,242 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

Allard Castelein
Chairman of the Remuneration Committee
23 May 2019

OTHER DISCLOSURES

THE COMPANY'S ARTICLES OF ASSOCIATION

Many of the matters described below are governed by the Company's Articles of Association as well as by current legislation and regulations. The Articles can be viewed on the Company website at www.renewiplc.com

STRATEGIC REPORT

The Strategic Report set out on pages 2 to 77 provides a fair review of the Group's business for the year ended 31 March 2019. 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 23 May 2019 and signed on its behalf by the Company Secretary.

DIRECTORS' REPORT

The Directors' Report comprises pages 78 to 111. The Directors' Report was approved by a duly authorised committee of the Board on 23 May 2019 and signed on its behalf by the Company Secretary.

OTHER INFORMATION

Apart from the details of the Company's Long Term Incentive Plans, as set out in the Directors' Remuneration Report on pages 90 to 107, 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 78 to 79. All served on the Board throughout the financial year under review with the exception of Neil Hartley. Following his appointment on 17 January 2019, Neil Hartley will be standing for election by shareholders at the 2019 AGM.

Otto de Bont was appointed as Chief Executive Officer on 1 April 2019 and will also be standing for election. All other 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; and
- 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 £4,000,666. This authority lasts until the earlier of the AGM in 2019 or 30 September 2019;
- 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 80,013,325 ordinary shares. This authority lasts until the earlier of the AGM in 2019 or 30 September 2019; and
- 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 80 to 107.

CORPORATE SOCIAL RESPONSIBILITY

Renewi plc is a leading international waste-to-product company. Information on Corporate Social Responsibility (CSR) matters, including those on environment, social, community and employment policies and health and safety are set out in the CSR section on pages 64 to 67, and in the People section on pages 60 to 63 of the Strategic Report. These include disclosures on greenhouse gas emissions reporting as well as human rights and gender diversity policies. Further details on the Company's approach to carbon avoidance and the benefits of sustainable waste management can also be found in the Group CSR Report and CSR Policy, both of which will be available on the Company's website in June 2019.

RESULTS AND DIVIDENDS

The Group's Consolidated Income Statement, which appears on page 122 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 loss for the year was €97.7m (2018: loss of €53.9m).

The directors recommend a final dividend of 0.5 pence (2018: 2.1 pence) per share be paid on 26 July 2019 to ordinary shareholders on the register of members at the close of business on 28 June 2019. This dividend, if approved by shareholders, together with the interim dividend of 0.95 pence (2018: 0.95 pence) per share already paid on 4 January 2019, will make a total dividend for the year of 1.45 pence per share (2018: 3.05 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 set out on page 77 how they have assessed the prospects of the Company and, in compliance with UK Corporate Governance Code provision C.2.2, confirm that they have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2022.

SHARE CAPITAL

The Company's share capital comprises ordinary shares of 10 pence each par value. As at 31 March 2019 and as at the date of this Report, there were 800,141,536 ordinary shares in issue. During the year ended 31 March 2019 no ordinary shares were issued other than in respect of the exercise of options or awards under the Company's share schemes, details of which are given in note 7.3 to the financial statements.

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 partly 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 amongst 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 of those schemes, 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. The 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 2019 the Company had in issue two Retail Bonds: the first, comprising €100m 4.23% guaranteed notes due 30 July 2019; and the second, comprising €100m 3.65% guaranteed notes due 16 June 2022. 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 2019, is a €575m banking facility, consisting of a €550m 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 2019, would have required the repayment of €349.7m (2018: €340.1m) in principal and interest relating to the revolving credit facility and term loan, along with a make-whole payment amounting to €2.1m (2018: £nil) which is not provided for in these financial statements payable to EUPP investors based on market yields at 31 March 2019.

The Group's Retail Bonds issued in July 2013 and in June 2015 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 sixty 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 2019, repayment of €200m (2018: €200m) 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 £251,000 (2018: £556,000) on research and development during the year. This primarily related to a number of projects undertaken by the Monostreams Division, including research into bioplastics and the recovery and use of materials from incinerator bottom ash.

POLITICAL DONATIONS

No donations were made by the Group for political purposes during the financial year (2018: £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.

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 at the offices of Ashurst LLP, The London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Thursday, 11 July 2019 at 11.00am will be made available to shareholders, together with a form of proxy, and will also be available on the Company's website at www.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 vote in favour, as they intend to do in respect of their own shareholdings.

By order of the Board

Philip Griffin-Smith
Company Secretary
23 May 2019
Renewi plc
Registered in Scotland no. SC077438

NOTIFIABLE INTERESTS

	Notifications received up to 23 May 2019	
	Number of shares	Issued share capital %
Kabouter Management LLC	63,734,846	7.97
Paradice Investment Management LLC	56,548,933	7.07
Avenue Europe International Management LP	45,946,642	5.74
Cross Ocean Partners	34,079,882	4.26
Sterling Strategic Value Fund	25,675,000	3.21

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by 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 parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider 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 and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 78 to 79 of the Annual Report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Overview and Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

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
23 May 2019
Renewi plc
Registered in Scotland no. SC077438

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI PLC

Report on the audit of the financial statements

OPINION

In our opinion, Renewi plc's group financial statements and parent company financial statements (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 2019 and of the group's loss and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- 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, included within the Annual Report, which comprise: the consolidated and parent company balance sheet as at 31 March 2019; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

Other than those disclosed in note 3.2 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 April 2018 to 31 March 2019.

OUR AUDIT APPROACH

Overview

Materiality

- Overall group materiality: €8.9m (2018: £7.35m), based on 0.5% of revenue.
- Overall parent company materiality: £3.9m (2018: £5.2m), based on 1% of Net Assets.

Audit scope

- We performed an audit over the complete financial information of five out of the seven reporting units being Hazardous Waste, Netherlands Commercial, Belgium Commercial, UK Municipal and Group Central Services divisions. Additional analytical reviews and specified audit procedures were performed over the remaining reporting units, being Monostreams and Canada Municipal.
- We obtained coverage of approximately 85% of the Group's revenue and 76% of the Group's underlying profit before tax from the audit procedures performed on full scope components.

Key audit matters

- Fraud and error in revenue recognition.
- Impairment of tangible and intangible assets.
- PFI onerous contracts.
- Accounting for other provisions.
- PFI contract accounting.
- Accounting for taxation.
- Presentation of non-trading and exceptional items.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental compliance and permits and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and the manipulation of exceptional items and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- challenging the assumptions and judgements made by management in their significant accounting estimates, in particular in relation to onerous contracts and impairment of goodwill;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Fraud and error in revenue recognition The nature of the Group's performance obligations under revenue contracts varies from business to business and from customer to customer. In Netherlands Commercial and Belgium Commercial a number of contracts give rise to an obligation to process waste received. In the Hazardous Waste Division, the majority of the contracts give rise to an obligation to process waste received. Where such obligations exist, revenue is deferred when invoices to customers are raised in advance of processing the waste. The calculation of deferred revenue in the Hazardous Waste Division is based on a number of assumptions and judgements, principally in relation to the quantity of unprocessed material on site at the year end, which impact the quantum of revenue recognised in the year. At 31 March 2019 the Group has €54.4m of deferred revenue on its balance sheet. See note 4.8 to the financial statements. Due to the varying nature of the Group's contractual obligations and the judgemental nature of the amount of unprocessed material on site at the year-end, we have focused effort on this area to address the risk of undetected material errors in the recording of revenue and deferred revenue.	We assessed the accuracy of management's calculation of deferred revenue, which is calculated based on waste tonnages and pricing, by: ▸ Attending year-end inventory counts of unprocessed waste to test the existence and completeness of waste tonnages at year-end; ▸ Considering the reasonableness of management's assumptions included in the calculation of deferred revenue by benchmarking data points used by management to external sources of information; ▸ Performing substantive tests of detail on the pricing of individual waste components by tracing to invoices raised to customers; and ▸ Re-performing management's calculation of deferred revenue at year-end. Having performed the procedures above we were satisfied that the assumptions and judgements taken by management in calculating quantities of unprocessed waste at year-end were supportable and that appropriate prices had been used to calculate the deferred revenue balance.
Impairment of tangible and intangible assets At 31 March 2019, the Group had €605.6m of goodwill and intangible assets and €629.1m of tangible assets on the Group balance sheet. See notes 4.1 and 4.2 to the financial statements respectively. The Group is required to annually assess the carrying value of goodwill by calculating the recoverable amount based on the future cash flow estimates of the relevant cash generating unit (CGU). As a result of performing value in use calculations, £4.3m impairment charges have been recorded by the Group for the year ended 31 March 2019 in relation to the Derby contract in UK Municipal. We focused on this area because the value in use calculations include key assumptions and judgements in the calculation of the recoverable amounts, namely forecast revenue growth rates, trading margin, the long-term growth rate and discount rate assumptions. Reym and Canada Municipal have been recognised as Held For Sale, and accordingly management have compared the carrying value of their net assets to the fair value less costs to sell resulting in an impairment of €42m. Separate to the consideration of the carrying value of goodwill, the Group must also consider whether any indicators of impairment have been identified in relation to other intangible assets subject to amortisation and tangible assets subject to depreciation in CGUs without goodwill. Accordingly, we focused on this area because the consideration of whether indicators of impairment exist in CGUs without goodwill is judgemental. The tangibles assets impairment charge of €10.3m includes €9.3m relating to the Monostreams Division due to the underperformance of the glass operations in the Netherlands and the simplification of the range of products at Coolrec resulting in site closures. In addition €0.9m relates to plant and equipment for the underperforming ELWA contract, as well as other intangibles impairment charge of €14.3m related to €13.8m of contract right intangibles in UK Municipal in relation to the Derby and ELWA contracts as it has been determined that they are no longer recoverable and €0.5m of software in the Commercial Division and Group Central Services as part of the integration programme. We focused on these impairments to verify whether the assumptions used in determining the quantum of the asset impairments were appropriate.	For all CGUs, we obtained the discounted cash flow forecasts prepared by management. Details of the key assumptions included in the cash flow forecasts prepared by the Group are included in notes 4.1 and 4.2. We evaluated the reasonability of the future cash flow forecasts by comparing them with the latest Board approved budgets and considering the historic accuracy of management's forecasts by comparing prior year forecasts to actual outturn. Further, we challenged management on: ▸ Forecast revenue growth rates and trading margins for the CGUs over the period of the forecasts; ▸ The key assumptions for long-term growth rates in the forecasts by comparing them with historical results; and ▸ The discount rate used. Specifically, we recalculated the Group's weighted average cost of capital using market comparable information and compared it to the rate calculated by management. ▸ We also performed sensitivity analysis on the discounted cash flow forecasts and on the ability of the Group to generate the forecast cash flows. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill, intangible and/or tangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising and whether this would impact the assessment that no impairment is recognised for the year ended 31 March 2019. For all CGUs with goodwill, we were satisfied that the carrying value of goodwill was supported by the value in use calculations and no impairment charge was required. In relation to those assets held for sale, we have confirmed that the criteria for the classification of Held for Sale has been met. We have compared the carrying value of net assets to the estimated fair value less costs to sell, resulting in an impairment charge of €42m against goodwill and other assets in Canada and Reym. For intangibles and tangible assets we have evaluated whether there have been indicators of impairment, where indicators were present we have reviewed and challenged management's impairment model assumptions and discount rate used.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
PFI onerous contracts As disclosed in note 4.9 to the financial statements, the Group has onerous contract provisions of €88.9m in the Municipal Division. In 2019 the provision increased to recognise €7.6m in relation to the Derby contract in UK Municipal to cover ongoing losses and assumed termination costs in the event that the project fails and €1.8m in relation to the ELWA contract in UK Municipal due to anticipated additional costs of offtake and adverse recyclate prices. Due to their nature, these provisions are judgemental. Where an onerous contract provision is recognised, the amount recognised is based on assumptions and estimates to calculate the expected returns from the operating agreements over the life of the agreement. These include the level of anticipated operational efficiency, the cost base required, consumer behaviour regarding waste and recycling, and the use of an appropriate risk free discount rate.	Our audit work on provisions focused on: - Considering significant PFI contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous; - Reading Board minutes to identify any relevant matters reported to the Board; and - Discussions with management to understand the basis of the calculation of the provision. We reviewed the reasonableness of management's models which were used to estimate the expected returns on the operating agreements. We did this by considering the estimation accuracy of management's forecasts in light of actual outturn in the year and our knowledge of current market conditions. Further, we challenged management on the estimated level of forecast costs required to deliver the forecast operational performance, their views on future consumer behaviour and the impact that may have on the calculations, as well as the discount rate used. Based on this work, we concluded that management's forecasts were reasonable and that where provisions were recognised, these had been calculated on an appropriate basis.
Accounting for other provisions The Group operates in different jurisdictions and in an industry that is heavily regulated and subject to change. Non-compliance with laws and regulations has the potential to lead to litigation and associated financial or reputational damage. In addition to onerous contracts discussed above, as disclosed in note 4.9 to the financial statements, the Group has long-term landfill provisions for site restoration and aftercare of €138.9m at 31 March 2019. Separately the Group has other provisions of €37.5m principally comprising restructuring obligations, dilapidations, long service employee awards, legal claims, warranties and indemnities. Due to their nature, these provisions are judgemental. Changes to the environment in which the Group operates can impact both the amounts required to settle the provision and the period over which the provision is recognised.	Our audit work on provisions focused on: - Understanding the processes and controls in place to ensure compliance and a discussion of any instances of non-compliance in the year with management; - Considering significant contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous; - Reading Board minutes to identify any relevant matters reported to the Board; - Meeting with in-house legal counsel to determine the status of known claims against the Group and assess the appropriateness of the associated provisions held; and - Discussions with management to understand the basis of the calculation of the provision. In addition to the procedures above, for the Group's long-term landfill provisions we specifically: - Considered the estimation accuracy of the forecast spend on which the provision is based on our knowledge of the industry, the sites and contracts involved; and - Considered the appropriateness of the discount rates applied to the forecast future cash flows in light of market risk free rates and the nature of the risks in the future cash flows. Having performed the procedures above we found that the key assumptions applied to each provision, which differed depending on the nature of and duration of the provision, were appropriately supported.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for taxation The Group has recognised €34.1m of a total potential deferred tax asset of €76.2m in respect of historic losses as at 31 March 2019. See note 3.5 to the financial statements. The amount of deferred tax assets recognised is judgemental and is determined by reference to future forecasts of taxable profits. In the current year, the Group has increased the level of deferred tax asset recognised on historic losses in the Netherlands by €10.5m mainly due to the creation of an integrated Netherlands Commercial trading entity and discussions with the local tax authorities. The amount recognised has been based on forecast future profits in the period until the losses expire.	As part of our work on deferred tax, we have considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets. Specifically we have considered: ▸ Board approved budgets and forecasts against historic performance by legal entity; ▸ Correspondence with relevant local tax authorities; and ▸ Whether taxable differences result in taxable amounts against which unused tax losses can be utilised. Having performed the procedures above we consider that the assumptions applied in the recognition of deferred tax assets at 31 March 2019 were reasonable.
Presentation of non-trading and exceptional items The Group presents two measures of performance in the Income Statement; statutory and underlying, the latter after adjusting for certain items of income or expense as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. The determination of which items of income or expense are classified as exceptional or non-trading is subject to judgement and therefore users of the accounts could be misled if amounts are not classified appropriately. A description of the amounts presented as non-trading or exceptional is included in note 3.4 to the financial statements.	We considered the appropriateness of the amounts classified as non-trading and exceptional. In order to do this we considered: ▸ The Group's accounting policy on exceptional and non-trading items; and ▸ Pronouncements by the Financial Reporting Council on this matter. We challenged management on the appropriateness of the classification of such items being mindful that classification should be even handed between gains and losses, the basis for the classification clearly disclosed, and applied consistently from one year to the next. Our work highlighted certain items that management had classified as exceptional which were judgemental. Having considered the nature and quantum of these items, overall we are satisfied that the presentation of non-trading and exceptional items in the financial statements for the year ended 31 March 2019 is appropriate.

We determined that there were no key audit matters applicable to the parent company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting function is structured into local or regional finance centres for each of the territories in which the Group operates. These functions maintain their own accounting records and controls and reports to the head office finance team in Milton Keynes UK through an integrated consolidation system. The Group financial statements are a consolidation of seven reporting units being Netherlands Commercial, Belgium Commercial, Hazardous Waste, UK Municipal, Canada Municipal, Monostreams and Group Central Services. Of the Group's seven reporting units, we identified Netherlands Commercial, Belgium Commercial, Hazardous Waste, UK Municipal and Group Central Services which, in our view, required an audit of their complete financial information due to their size compared to the Group.

Additional procedures were performed over non-reporting components, which included specified procedures and analytical review.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team (who were also responsible for the audit of the Municipal reporting unit), or component auditors from other PwC network firms operating under our instruction. Where the work was performed by our component audit teams we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This included attendance at a planning day held with the component teams in Eindhoven as well as attendance by the Group engagement team at the clearance meetings held for the Netherlands Commercial, Belgium Commercial, Hazardous Waste and Monostreams reporting units and a review of the audit working papers of our component teams by the Group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Overall materiality	€8.9m (2018: £7.35m)	£3.9m (2018: £5.2m)
How we determined it	0.5% of revenue.	1% of Net Assets.
Rationale for benchmark applied	In line with prior year, revenue is considered the most relevant measure of performance for the Group rather than the trading result whilst the Group continues to undertake its integration programme to combine the legacy Shanks business with legacy VGG. We identified revenue as the benchmark that would not be volatile as a result of the integration and merger processes, and which is also reflective of the scale and size of activities of the group.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the parent company, and is a generally accepted auditing benchmark. In determining materiality for 2019, we considered a range of benchmarks including total assets which we felt inflated materiality and as such have chosen a net asset materiality for 2019.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between €4.2m and €8.0m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €450k (Group audit) (2018: £365k) and £193k (Parent company audit) (2018: £259k) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

REPORTING OBLIGATION	OUTCOME
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 77 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 77 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit. (Listing Rules).

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 111, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 84 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 111, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

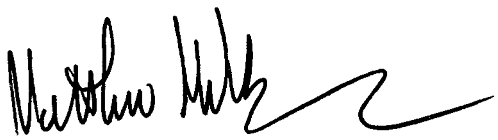
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; 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.

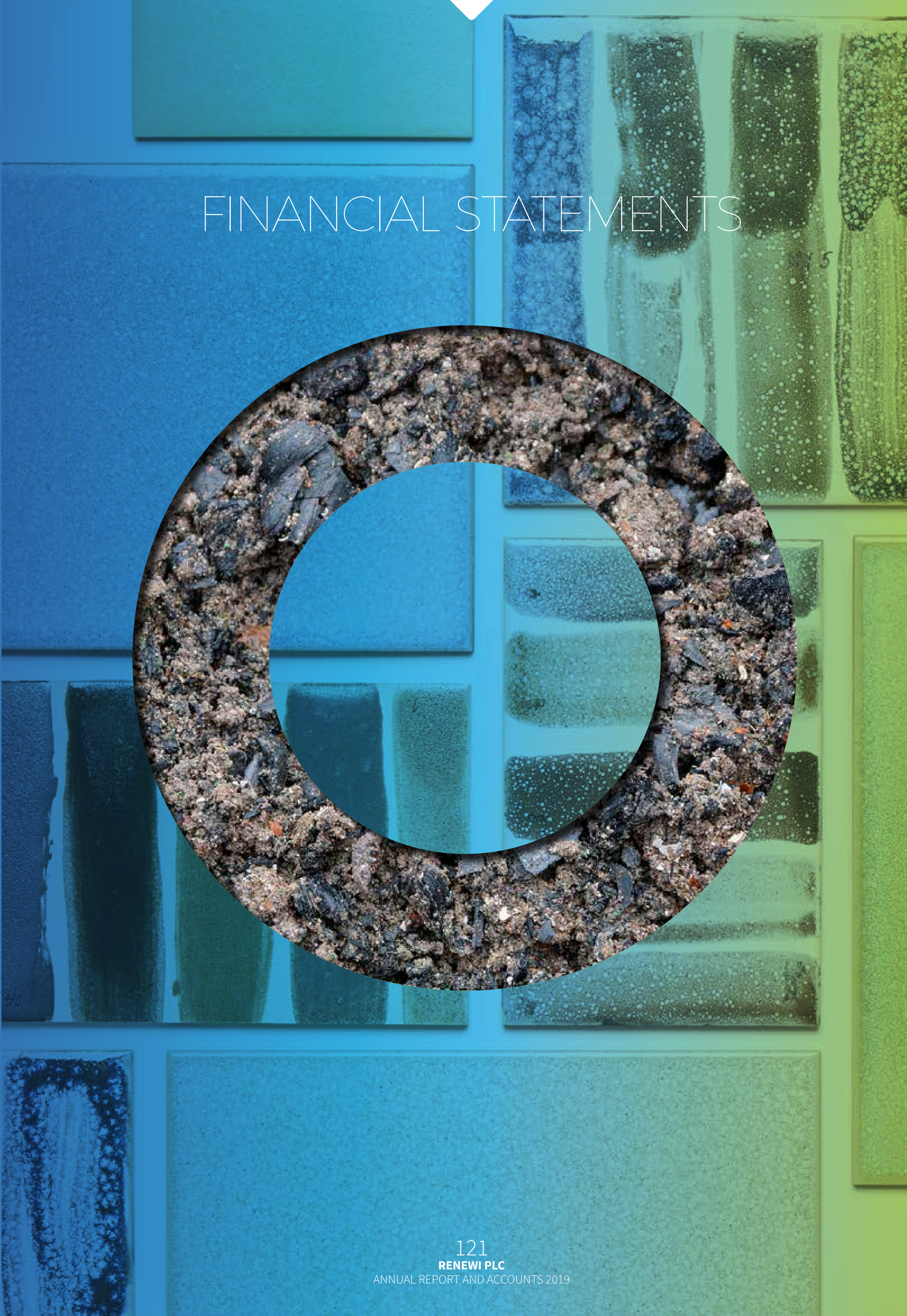
We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the members on 11 May 1994 to audit the financial statements for the year ended 31 March 1995 and subsequent financial periods. The period of total uninterrupted engagement is 25 years, covering the years ended 31 March 1995 to 31 March 2019.



Matthew Mullins
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 May 2019



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 Underlying €m	2019 Non trading & exceptional items €m	2019 Total €m	2018 Restated* Underlying €m	2018 Restated* Non trading & exceptional items €m	2018 Restated* Total €m
CONTINUING OPERATIONS							
Revenue	2,3.1	**1,780.7**	**–**	**1,780.7**	1,760.3	–	1,760.3
Cost of sales	3.4	**(1,470.4)**	**(51.3)**	**(1,521.7)**	(1,430.0)	(79.6)	(1,509.6)
Gross profit (loss)		**310.3**	**(51.3)**	**259.0**	330.3	(79.6)	250.7
Administrative expenses	3.4	**(224.8)**	**(90.8)**	**(315.6)**	(247.8)	(35.5)	(283.3)
Operating profit (loss)	2,3.4	**85.5**	**(142.1)**	**(56.6)**	82.5	(115.1)	(32.6)
Finance income	5.4	**12.4**	**–**	**12.4**	12.6	–	12.6
Finance charges	5.4	**(35.8)**	**(9.4)**	**(45.2)**	(35.4)	–	(35.4)
Share of results from associates and joint ventures	4.3	**0.4**	**–**	**0.4**	2.6	–	2.6
Profit (loss) before taxation		**62.5**	**(151.5)**	**(89.0)**	62.3	(115.1)	(52.8)
Taxation	3.5	**(15.6)**	**28.0**	**12.4**	(15.7)	17.1	1.4
Profit (loss) for the year from continuing operations		**46.9**	**(123.5)**	**(76.6)**	46.6	(98.0)	(51.4)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	6.3	**1.4**	**(22.5)**	**(21.1)**	(3.1)	0.6	(2.5)
Profit (loss) for the year		**48.3**	**(146.0)**	**(97.7)**	43.5	(97.4)	(53.9)
Attributable to:							
Owners of the parent		**48.9**	**(141.7)**	**(92.8)**	43.0	(97.2)	(54.2)
Non-controlling interests	5.9	**(0.6)**	**(4.3)**	**(4.9)**	0.5	(0.2)	0.3
		48.3	**(146.0)**	**(97.7)**	43.5	(97.4)	(53.9)
Basic earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	3.6	**5.9**	**(14.9)**	**(9.0)**	5.8	(12.3)	(6.5)
Discontinued operations	3.6	**0.2**	**(2.8)**	**(2.6)**	(0.4)	0.1	(0.3)
		6.1	**(17.7)**	**(11.6)**	5.4	(12.2)	(6.8)
Diluted earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	3.6	**5.9**	**(14.9)**	**(9.0)**	5.8	(12.3)	(6.5)
Discontinued operations	3.6	**0.2**	**(2.8)**	**(2.6)**	(0.4)	0.1	(0.3)
		6.1	**(17.7)**	**(11.6)**	5.4	(12.2)	(6.8)

*The 2018 comparatives have been restated to reclassify discontinued operations and details are given in Section 1 Basis of preparation.

The notes on pages 127 to 191 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 €m	Restated* 2018 €m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**0.3**	(4.6)
Fair value movement on cash flow hedges	5.5	**2.1**	8.1
Deferred tax on fair value movement on cash flow hedges	3.5	**(0.2)**	(1.6)
Share of other comprehensive income of investments accounted for using the equity method	4.3	**0.2**	0.7
		2.4	2.6
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	7.2	**10.8**	3.4
Deferred tax on actuarial gain on defined benefit pension schemes	3.5	**(1.7)**	(0.7)
		9.1	2.7
Other comprehensive income for the year, net of tax		**11.5**	5.3
Loss for the year		**(97.7)**	(53.9)
Total comprehensive loss for the year		**(86.2)**	(48.6)
Attributable to:			
Owners of the parent		**(81.1)**	(49.5)
Non-controlling interests		**(5.1)**	0.9
Total comprehensive loss for the year		**(86.2)**	(48.6)
Total comprehensive loss attributable to owners of the parent arising from:			
Continuing operations		**(60.1)**	(46.7)
Discontinued operations		**(21.0)**	(2.8)
		(81.1)	(49.5)

*The 2018 comparatives have been restated to reclassify discontinued operations and details are given in Section 1 Basis of preparation.

The notes on pages 127 to 191 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Note	**31 March 2019 €m**	Restated* 31 March 2018 €m	31 March 2017 €m
Assets				
Non-current assets				
Intangible assets	4.1	**605.6**	699.3	684.9
Property, plant and equipment	4.2	**629.1**	710.8	720.2
Investments	4.3	**15.9**	19.1	18.5
Loans to associates and joint ventures	4.3	**–**	15.7	16.6
Financial assets relating to PFI/PPP contracts	4.4	**149.8**	189.9	193.5
Trade and other receivables	4.7	**0.5**	5.3	3.6
Derivative financial instruments	5.5	**0.1**	0.6	0.4
Deferred tax assets	3.5	**38.6**	28.5	36.6
		1,439.6	1,669.2	1,674.3
Current assets				
Inventories	4.6	**26.0**	26.6	23.2
Investments	4.3	**5.9**	–	–
Loans to associates and joint ventures	4.3	**0.9**	6.8	6.7
Financial assets relating to PFI/PPP contracts	4.4	**6.0**	15.4	15.6
Trade and other receivables	4.7	**278.8**	294.1	274.6
Derivative financial instruments	5.5	**2.9**	1.6	–
Current tax receivable		**–**	0.1	0.1
Cash and cash equivalents	5.2	**50.4**	73.0	87.5
		370.9	417.6	407.7
Assets of disposal groups classified as held for sale	6.2	**162.4**	0.4	0.4
		533.3	418.0	408.1
Total assets		**1,972.9**	2,087.2	2,082.4
Liabilities				
Non-current liabilities				
Borrowings – PFI/PPP non-recourse net debt	5.3	**(92.6)**	(93.3)	(99.4)
Borrowings – Other	5.3	**(483.7)**	(558.9)	(564.1)
Derivative financial instruments	5.5	**(28.4)**	(33.3)	(35.1)
Other non-current liabilities	4.8	**(6.5)**	(7.7)	(6.0)
Deferred tax liabilities	3.5	**(56.1)**	(71.2)	(90.6)
Provisions	4.9	**(215.9)**	(230.1)	(171.9)
Defined benefit pension schemes deficit	7.2	**(11.9)**	(25.4)	(31.5)
		(895.1)	(1,019.9)	(998.6)
Current liabilities				
Borrowings – PFI/PPP non-recourse net debt	5.3	**(2.8)**	(1.3)	(2.4)
Borrowings – Other	5.3	**(118.7)**	(14.7)	(19.2)
Derivative financial instruments	5.5	**(4.4)**	(0.1)	(1.0)
Trade and other payables	4.8	**(518.6)**	(547.1)	(480.4)
Current tax payable		**(17.9)**	(20.9)	(16.8)
Provisions	4.9	**(55.4)**	(46.9)	(52.5)
		(717.8)	(631.0)	(572.3)
Liabilities of disposal groups classified as held for sale	6.2	**(40.5)**	–	–
		(758.3)	(631.0)	(572.3)
Total liabilities		**(1,653.4)**	(1,650.9)	(1,570.9)
Net assets		**319.5**	436.3	511.5
Equity				
Share capital	5.9	**99.5**	99.5	99.5
Share premium	5.9	**473.6**	473.6	473.4
Exchange reserve		**(17.9)**	(18.2)	(13.5)
Retained earnings		**(236.7)**	(124.7)	(53.1)
Equity attributable to owners of the parent		**318.5**	430.2	506.3
Non-controlling interests	5.9	**1.0**	6.1	5.2
Total equity		**319.5**	436.3	511.5

*The 2018 comparatives have been restated with details given in Section 1 Basis of preparation.

The notes on pages 127 to 191 are an integral part of these consolidated financial statements.

The Financial Statements on pages 122 to 191 were approved by the Board of Directors and authorised for issue on 23 May 2019. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2018		**99.5**	**473.6**	**(18.2)**	**(124.7)**	**6.1**	**436.3**
Loss for the year		**–**	**–**	**–**	**(92.8)**	**(4.9)**	**(97.7)**
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		**–**	**–**	**0.3**	**–**	**–**	**0.3**
Fair value movement on cash flow hedges	5.5	**–**	**–**	**–**	**2.3**	**(0.2)**	**2.1**
Actuarial gain on defined benefit pension schemes	7.2	**–**	**–**	**–**	**10.8**	**–**	**10.8**
Tax in respect of other comprehensive income items	3.5	**–**	**–**	**–**	**(1.9)**	**–**	**(1.9)**
Share of other comprehensive income of investments accounted for using the equity method	4.3	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Total comprehensive income (loss) for the year		**–**	**–**	**0.3**	**(81.4)**	**(5.1)**	**(86.2)**
Share-based compensation	7.3	**–**	**–**	**–**	**0.8**	**–**	**0.8**
Movement on tax arising on share-based compensation	3.5	**–**	**–**	**–**	**(0.6)**	**–**	**(0.6)**
Own shares purchased by the Employee Share Trust	5.9	**–**	**–**	**–**	**(3.4)**	**–**	**(3.4)**
Dividends	5.10	**–**	**–**	**–**	**(27.4)**	**–**	**(27.4)**
Balance as at 31 March 2019		**99.5**	**473.6**	**(17.9)**	**(236.7)**	**1.0**	**319.5**
Balance at 1 April 2017		99.5	473.4	(13.5)	(53.1)	5.2	511.5
(Loss) profit for the year		–	–	–	(54.2)	0.3	(53.9)
Other comprehensive (loss) income:							
Exchange (loss) gain on translation of foreign subsidiaries		–	–	(4.7)	–	0.1	(4.6)
Fair value movement on cash flow hedges	5.5	–	–	–	7.6	0.5	8.1
Actuarial gain on defined benefit pension schemes	7.2	–	–	–	3.4	–	3.4
Tax in respect of other comprehensive income items	3.5	–	–	–	(2.3)	–	(2.3)
Share of other comprehensive income of investments accounted for using the equity method	4.3	–	–	–	0.7	–	0.7
Total comprehensive loss (income) for the year		–	–	(4.7)	(44.8)	0.9	(48.6)
Share-based compensation	7.3	–	–	–	2.1	–	2.1
Movement on tax arising on share-based compensation	3.5	–	–	–	(0.2)	–	(0.2)
Proceeds from exercise of employee options	5.9	–	0.2	–	–	–	0.2
Own shares purchased by the Employee Share Trust	5.9	–	–	–	(1.1)	–	(1.1)
Dividends	5.10	–	–	–	(27.6)	–	(27.6)
Balance as at 31 March 2018		99.5	473.6	(18.2)	(124.7)	6.1	436.3

The notes on pages 127 to 191 are an integral part of these consolidated financial statements.

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 as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 €m	Restated* 2018 €m
Loss before tax		**(89.0)**	(52.8)
Finance income		**(12.4)**	(12.6)
Finance charges		**45.2**	35.4
Share of results from associates and joint ventures		**(0.4)**	(2.6)
Operating loss from continuing operations		**(56.6)**	(32.6)
Operating loss from discontinued operations		**(21.0)**	(3.6)
Amortisation and impairment of intangible assets	4.1	**31.9**	18.2
Depreciation and impairment of property, plant and equipment	4.2	**99.5**	93.0
Loss on remeasurement of assets held for sale	6.2	**42.0**	–
(Gain) loss on disposal of property, plant and equipment		**(2.3)**	2.4
Exceptional loss allowance of loans to associates and joint ventures	4.3	**20.4**	–
Impairment of investments	4.3	**–**	1.1
Exceptional gain on disposal of joint venture		**(11.1)**	–
Outflows in respect of PPP arrangements under the financial asset model		**(1.7)**	(11.5)
Capital received in respect of PPP financial assets		**8.6**	–
Exceptional loss on disposal of property, plant and equipment		**–**	13.1
Exceptional gain on disposal of subsidiaries		**(0.3)**	–
Exceptional gain on insurance proceeds in relation to fires in the Netherlands and Belgium		**–**	(5.7)
Net (decrease) increase in provisions		**(16.9)**	51.7
Exceptional curtailment net of past service cost in relation to defined benefit pension schemes	7.2	**(0.1)**	–
Payments to fund defined benefit pension schemes deficit		**(3.4)**	(3.5)
Other non-cash items		**(2.2)**	–
Share-based compensation	7.3	**0.8**	2.1
Operating cash flows before movement in working capital		**87.6**	124.7
Decrease (increase) in inventories		**0.1**	(3.5)
Increase in receivables		**(5.3)**	(20.6)
Increase in payables		**4.4**	43.0
Cash flows from operating activities		**86.8**	143.6
Income tax paid		**(13.2)**	(7.6)
Net cash inflow from operating activities		**73.6**	136.0
Investing activities			
Purchases of intangible assets		**(5.7)**	(9.0)
Purchases of property, plant and equipment		**(101.8)**	(87.9)
Disposals of property, plant and equipment		**8.1**	4.8
Exceptional disposal of property, plant and equipment		**–**	(4.2)
Insurance proceeds in relation to fires in the Netherlands and Belgium		**–**	4.0
Acquisition of subsidiary, net of cash acquired	6.1	**–**	(6.4)
Acquisition of business assets		**(0.1)**	(0.2)
Proceeds from disposal of subsidiary		**7.4**	–
Purchase of joint venture		**(3.8)**	–
Net receipt (payment) of deferred consideration		**0.3**	(0.6)
Purchase of other short-term investments		**(5.9)**	–
Proceeds from disposal of joint venture		**20.2**	–
Dividends received from associates and joint ventures		**0.7**	1.4
Net repayment of loans granted to associates and joint ventures		**1.6**	0.2
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(1.4)**	(2.3)
Capital received in respect of PFI/PPP financial assets		**4.4**	4.5
Finance income		**11.7**	11.3
Net cash outflow from investing activities		**(64.3)**	(84.4)
Financing activities			
Finance charges and loan fees paid		**(29.4)**	(30.4)
Proceeds from share issues	5.9	**–**	0.3
Investment in own shares by the Employee Share Trust	5.9	**(3.4)**	(1.1)
Dividends paid	5.10	**(27.4)**	(27.6)
Proceeds from bank borrowings	5.1	**40.3**	12.6
Repayment of PFI/PPP net debt	5.1	**(0.6)**	(4.7)
Repayments of obligations under finance leases	5.1	**(11.8)**	(15.1)
Net cash outflow from financing activities		**(32.3)**	(66.0)
Net decrease in cash and cash equivalents		**(23.0)**	(14.4)
Effect of foreign exchange rate changes		**0.4**	(0.1)
Cash and cash equivalents at the beginning of the year		**73.0**	87.5
Cash and cash equivalents at the end of the year	5.2	**50.4**	73.0

*The 2018 comparatives have been restated to reclassify discontinued operations and details are given in Section 1 Basis of preparation.

The notes on pages 127 to 191 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 and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 208. The nature of the Group's operations and its principal activities are set out in section 2.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and share-based payments which are stated at fair value. Assets classified as held for sale are stated at the lower of carrying value and 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 2018. The consolidated financial statements are presented in Euros and all amounts are rounded to the nearest €0.1m unless otherwise stated.

Going concern

Having assessed the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Changes in presentational currency

On 12 July 2018 the Group announced that from the beginning of the current financial year the currency in which it presents its consolidated financial results and consolidated financial statements would change from Sterling to Euros to reflect that the majority of the Group's revenues and costs are Euro denominated. The comparative information has been restated in Euros in accordance with the guidance in IAS 21 The effects of changes in foreign exchange rates.

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:

- 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; 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 an overseas subsidiary undertaking is disposed of.

The most significant currencies for the Group were translated at the following exchange rates:

	Closing rates			Average rates		
Value of €1	**31 March 2019**	31 March 2018	Change	**2019**	2018	Change
Sterling	**0.862**	0.876	(1.6)%	**0.895**	0.879	1.8%
Canadian Dollar	**1.500**	1.586	(5.4)%	**1.530**	1.520	0.7%

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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1. BASIS OF PREPARATION CONTINUED

Changes in presentation

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business. Active programmes are underway and the criteria for asset held for sale have been met therefore the assets and liabilities are presented as held for sale. The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement and the prior year Income Statement and Cash flow statement comparatives have been restated.

Comparative information

In accordance with IFRS 3 Business Combinations the comparative information in the consolidated balance sheet for the year ended March 2018 has been restated for acquisition accounting adjustments in relation to the Hazardous Waste acquisition in the prior year and the impacts of the restatement are set out in note 6.1.

Changes in accounting policies

There were two new standards adopted for the first time for the Group's financial year that had an impact on the Group's financial statements.

Accounting standard	Requirements
IFRS 15 Revenue from Contracts with Customers and IFRS 15 (amendment)	The Group has adopted IFRS 15 from 1 April 2018 and no prior year restatements are required as the impact is immaterial. The Group has amended its accounting policies, where appropriate and this is explained in the relevant notes.
IFRS 9 Financial Instruments	The Group has adopted IFRS 9 from 1 April 2018 which introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairments for financial assets and hedge accounting. The Group has adopted the new rules retrospectively but has not identified any material amendments to the prior period therefore no restatement is required. For hedge accounting the Group has considered the new requirements and no changes to the existing hedge relationships were necessary. IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred loss model as per IAS 39. The ECL model requires the Group to account for ECLs as a result of the credit risk on initial recognition of financial assets and to recognise changes in those ECLs at each reporting date. ECLs are calculated for all financial assets in scope regardless of whether they are overdue or not. Since adoption there have been no material changes in estimates or assumptions that have led to a significant change in the ECL allowance. Reclassification of financial assets and liabilities into the IFRS 9 categories had no material overall impact on the measurement basis applied. Details of the classification and measurement of financial assets and liabilities under IAS 39 and IFRS 9 at 1 April 2018, the date of initial application are set out in note 5.6. The accounting policies have been amended as appropriate and are explained in the relevant notes.

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 European Union. At the date of approval of these financial statements, the following standard was endorsed and effective for annual periods beginning on or after 1 January 2019:

Accounting standard	Transition	Impact
IFRS 16 Leases	The Group will apply IFRS 16 from its mandatory adoption date of 1 April 2019. The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for certain leases will be measured on transition as if the new rules have always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption, adjusted for any prepaid or accrued lease expenses and onerous contracts. In addition, the Group will elect the following main practical expedients and will apply these consistently to all of our leases: ▶ to exempt short-term leases and low value items; and ▶ to not separate lease and non-lease components.	The most significant changes are the recognition of right-of-use assets and lease liabilities for operating leases. Based on the information currently available the Group expects to recognise on 1 April 2019 right-of-use assets of €171m, and lease liabilities of €177m, the current part of the lease liability is €25m.

There are no other IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the Group and there were no new IFRSs or IFRS IC interpretations which were early adopted by the Group.

SECTION 1. BASIS OF PREPARATION CONTINUED

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.

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.

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. 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 free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They 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 on pages 193 to 194.

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. See note 3.4 for further details.

Revenue recognition – In applying IFRS 15 Revenue from Contracts with Customers consideration was given to the timing of performance obligations and it was concluded that there was no material difference with the previous standard. We have adopted the cumulative effect method. Further details are given in note 3.1.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1. BASIS OF PREPARATION CONTINUED

Service concession arrangements – The consideration from local authorities for the operations of waste management service concessions is treated as financial assets relating to PFI/PPP contracts in accordance with IFRIC 12. At the balance sheet date, the Group has continuing financial assets relating to PFI/PPP contracts of €155.8m (2018: €205.3m) and a further €44.0m in assets of disposal group classified as held for sale. 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 4.4.

Assets held for sale and discontinued operations – Management has used judgement to determine that the criteria of IFRS 5 Non-current assets held for sale and discontinued operations have been met for the business disposals underway at 31 March 2019. Further details are given in note 6.2.

Estimates and assumptions

Impairment of intangible assets – Impairment testing is carried out annually on 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 the selection of appropriate discount and long-term growth rates. The future cash flows are derived from approved forecasts. Details of the key assumptions and sensitivity analysis are given in note 4.1. Where a disposal group meets the criteria for asset held for sale the Group estimates the selling price less cost to sell in order to determine if an impairment is required.

Impairment of tangible assets and investments – The Group assesses the impairment of tangible 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.

Landfill related provisions – The Group has landfill related provisions of €138.9m (2018: €133.6m). 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 a sensitivity assumption are set out in note 4.9.

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 €94.9m (2018: €109.5m) which have been provided at 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 PFI/PPP contracts which amount to €88.9m (2018: €101.7m). The provision has been based on the best estimate of likely future cash flows including assumptions on tonnage inputs, plant performance and recyclates pricing. Details of the discount rates used and a sensitivity assumption are set out in note 4.9.

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 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 judgement that it is probable that there will be taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. The Group assesses the availability of future taxable profits using the same five year projections as used for the value in use calculations for impairment reviews. Adequate provisions have been recognised where necessary in respect of any uncertain tax positions in the Group, based upon management's assessment of the potential outcomes of the relevant discussions with the tax authorities.

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, are set out below:

Commercial Waste	**Collection and treatment of commercial waste in the Netherlands and Belgium.**
Hazardous Waste	**Industrial cleaning and treatment of hazardous waste in the Netherlands.**
Monostreams	**Production of materials from waste streams in specific end markets such as glass, electrical and electronic equipment, organics and minerals in the Netherlands, Belgium, France, Germany, Hungary and Portugal.**
Municipal	**Operation of waste management facilities under long-term municipal contracts in the UK.**
Group central services	**Head office corporate function.**

Segmental reporting

The Commercial Waste reportable segment includes the Netherlands and Belgium 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.

The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations and consequently the net results are presented as discontinued operations.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. Underlying EBIT is continuing operating profit before the amortisation of acquisition intangibles, non-trading and exceptional items. The Group accounts for inter-segment trading on an arm's length basis.

Revenue

	2019 €m	Restated* 2018 €m
Netherlands Commercial Waste	**764.7**	736.9
Belgium Commercial Waste	**430.8**	422.2
Intra-segment	**(1.1)**	(0.9)
Commercial Waste	**1,194.4**	1,158.2
Hazardous Waste	**211.3**	231.0
Monostreams	**213.3**	204.4
Municipal	**195.2**	200.5
Inter-segment revenue	**(33.5)**	(33.8)
Total revenue from continuing operations	**1,780.7**	1,760.3

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Results

	2019 €m	Restated* 2018 €m
Netherlands Commercial Waste	**53.2**	44.0
Belgium Commercial Waste	**33.3**	29.3
Commercial Waste	**86.5**	73.3
Hazardous Waste	**7.0**	19.9
Monostreams	**12.9**	18.2
Municipal	**0.8**	(6.6)
Group central services	**(21.7)**	(22.3)
Total underlying EBIT	**85.5**	82.5
Non-trading and exceptional items (note 3.4)	**(142.1)**	(115.1)
Total operating loss from continuing operations	**(56.6)**	(32.6)
Finance income	**12.4**	12.6
Finance charges	**(35.8)**	(35.4)
Finance charges – non-trading and exceptional items (note 3.4)	**(9.4)**	–
Share of results from associates and joint ventures	**0.4**	2.6
Loss before taxation and discontinued operations	**(89.0)**	(52.8)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Net Assets

	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal* €m	Group central services €m	Tax, net debt and derivatives €m	Total continuing operations €m	Discontinued operations €m	Total €m
31 March 2019									
Gross non-current assets	**880.6**	**163.4**	**183.8**	**159.0**	**14.1**	**38.7**	**1,439.6**	**–**	**1,439.6**
Gross current assets	**210.1**	**114.7**	**43.3**	**34.6**	**9.8**	**53.3**	**465.8**	**67.5**	**533.3**
Gross liabilities	**(353.4)**	**(102.6)**	**(166.6)**	**(166.0)**	**(55.4)**	**(804.6)**	**(1,648.6)**	**(4.8)**	**(1,653.4)**
Net assets (liabilities)	**737.3**	**175.5**	**60.5**	**27.6**	**(31.5)**	**(712.6)**	**256.8**	**62.7**	**319.5**
31 March 2018									
Gross non-current assets	804.2	263.2	188.2	285.3	99.2	29.1	1,669.2	–	1,669.2
Gross current assets	197.5	37.5	43.6	59.8	4.9	74.7	418.0	–	418.0
Gross liabilities	(358.2)	(96.2)	(150.7)	(181.7)	(70.4)	(793.7)	(1,650.9)	–	(1,650.9)
Net assets (liabilities)	643.5	204.5	81.1	163.4	33.7	(689.9)	436.3	–	436.3

*Municipal includes historic discontinued non-current assets of €0.5m (2018: €0.7m), current assets of €0.2m (2018: €0.2m) and gross liabilities of €nil (2018: €0.1m) in relation to the UK Municipal discontinued operations.

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Other disclosures

	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal* €m	Group central services €m	Total Continuing operations €m	Discontinued operations €m	Total €m
2019								
Capital expenditure:								
Property, plant and equipment	**63.7**	**17.6**	**17.8**	**0.6**	**1.0**	**100.7**	**2.9**	**103.6**
Intangible assets	**–**	**–**	**–**	**1.5**	**3.4**	**4.9**	**–**	**4.9**
Depreciation charge	**60.0**	**14.3**	**11.2**	**0.7**	**1.1**	**87.3**	**2.4**	**89.7**
Amortisation of intangibles	**3.9**	**0.5**	**4.4**	**0.4**	**4.0**	**13.2**	**0.1**	**13.3**
Impairment charge:								
Intangible assets	**0.4**	**19.5**	**–**	**18.1**	**0.1**	**38.1**	**15.6**	**53.7**
Property, plant and equipment	**0.1**	**–**	**9.2**	**1.0**	**–**	**10.3**	**6.9**	**17.2**
Loans to joint ventures	**–**	**–**	**–**	**20.4**	**–**	**20.4**	**–**	**20.4**
Non-trading and exceptional items	**27.6**	**26.7**	**25.8**	**73.6**	**(2.2)**	**151.5**	**22.5**	**174.0**
2018								
Capital expenditure:								
Property, plant and equipment	63.4	15.3	9.9	0.4	4.0	93.0	0.9	93.9
Intangible assets	1.9	1.0	–	4.0	3.8	10.7	0.1	10.8
Depreciation charge	55.2	13.2	12.7	1.2	5.0	87.3	2.4	89.7
Amortisation of intangibles	4.6	0.6	4.5	0.6	4.2	14.5	–	14.5
Impairment charge:								
Intangible assets	1.4	–	–	2.2	0.1	3.7	–	3.7
Property, plant and equipment	3.3	–	–	–	–	3.3	–	3.3
Non-trading and exceptional items	13.1	3.7	4.9	82.6	10.8	115.1	-	115.1

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Geographical information – continuing operations

The Group's segment assets (non-current assets being intangible assets, property plant and equipment and investments by geographical location) are detailed below:

	2019 €m	Restated* 2018 €m
Netherlands	**848.0**	953.3
Belgium	**357.2**	363.1
UK	**9.4**	32.6
Canada	**–**	42.1
France	**28.4**	30.0
Portugal	**6.0**	6.4
Germany	**1.0**	1.1
Hungary	**0.6**	0.6
	1,250.6	1,429.2

*The comparatives have been restated for acquisition accounting adjustments in relation to a prior year Hazardous Waste acquisition.

NOTES TO THE FINANCIAL STATEMENTS

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 has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. IFRS 15 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. This represents a single performance obligation and is recognised at a point in time when the waste is collected and accepted by Renewi. The revenue recognition of IFRS 15 by the Group does not differ materially from the previous accounting practices.

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 has resulted in a change in accounting policy which increases revenue with a corresponding increase in cost of sales for the value of the waste collected with no impact on or change to operating profit.

Accordingly, the adoption of IFRS 15 has not had a material impact on revenue recognition. In accordance with the new standard the Group elected to apply the cumulative effect method and as a result prior year comparatives have not been restated.

Accounting policy

Under IFRS 15 revenue is defined as income arising in the course of the Group's ordinary 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 as the customer simultaneously receives and consumes the goods or services or when there is an enforceable right to payment for performance completed to date. In general, the Group's revenue is not subject to conditions that would imply a variable consideration.

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 applicable revenue types for each division 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 on a price per tonne basis. 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 our 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 as processing occurs.

- **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 the risks and rewards related to the goods have passed to the buyer.
  - **Income from power generation:** from gas produced by processes at anaerobic digestion facilities and landfill sites 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.
  - **Hazardous waste industrial cleaning:** revenue is recognised over time by reference to the stage of completion based on services performed to date.

- **Other** includes delayed damages in the Municipal Division and other sundry items.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 REVENUE RECOGNITION CONTINUED

The timing of payment 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 4.8. 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 4.7.

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 (PFI/PPP) contracts in the Municipal Division 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, known as lifecycle, expenditure such that it is handed over to the local authority in good working order is deferred and only recognised as revenue when the service is provided. Income and costs relating to specific rights and obligations within the contracts are transferred to deferred revenue or other receivables and either released or charged to the Income Statement over the period of delivery, further details are given in note 4.4.

The following tables show the Group's continuing revenue by type of service delivered and by primary geographic markets:

Revenue by type of service	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	Total €m
2019						
Inbound	**969.2**	**91.5**	**71.7**	**167.3**	**(23.5)**	**1,276.2**
Outbound	**151.5**	**4.1**	**138.9**	**5.9**	**(2.2)**	**298.2**
On-Site	**44.2**	**115.7**	**–**	**–**	**(6.3)**	**153.6**
Other	**29.5**	**–**	**2.7**	**22.0**	**(1.5)**	**52.7**
Total revenue	**1,194.4**	**211.3**	**213.3**	**195.2**	**(33.5)**	**1,780.7**
2018						
Inbound	919.9	110.5	60.8	163.8	(27.4)	1,227.6
Outbound	179.3	19.1	141.2	7.6	(2.7)	344.5
On-Site	44.1	101.4	–	–	(3.7)	141.8
Other	14.9	–	2.4	29.1	–	46.4
Total revenue	1,158.2	231.0	204.4	200.5	(33.8)	1,760.3

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 REVENUE RECOGNITION CONTINUED

Revenue by geographic market	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	Total €m
2019						
Netherlands	**764.0**	**211.3**	**113.9**	**–**	**(31.2)**	**1,058.0**
Belgium	**430.4**	**–**	**62.6**	**–**	**(2.3)**	**490.7**
UK	**–**	**–**	**–**	**195.2**	**–**	**195.2**
France	**–**	**–**	**24.2**	**–**	**–**	**24.2**
Other	**–**	**–**	**12.6**	**–**	**–**	**12.6**
Total revenue	**1,194.4**	**211.3**	**213.3**	**195.2**	**(33.5)**	**1,780.7**
2018						
Netherlands	736.3	231.0	97.5	–	(29.4)	1,035.4
Belgium	421.9	–	71.7	–	(4.4)	489.2
UK	–	–	–	200.5	–	200.5
France	–	–	23.1	–	–	23.1
Other	–	–	12.1	–	–	12.1
Total revenue	1,158.2	231.0	204.4	200.5	(33.8)	1,760.3

Revenue recognised at a point in time amounted to €1,576.8m (2018: €1,540.3m) with the remainder recognised over time. The majority of the Commercial, Municipal and Monostreams revenue is recognised at a point in time, whereas for Hazardous Waste the majority is recognised over time.

3.2 OPERATING LOSS

Detailed below are the key amounts recognised in arriving at operating loss for the year:

Continuing operations	Note	2019 €m	Restated* 2018 €m
Staff costs	7.1	**430.7**	417.5
Depreciation of property, plant and equipment	4.2	**89.7**	89.7
Amortisation of intangible assets	4.1	**13.3**	14.5
Repairs and maintenance expenditure on property, plant and equipment		**101.1**	91.8
Net (profit) loss on disposal of property, plant and equipment		**(2.3)**	2.4
Non-trading and exceptional items	3.4	**151.5**	115.1
Net foreign exchange gain		**(2.3)**	–
Net impairment losses on financial and contract assets	4.7	**14.7**	1.6
Operating lease costs:			
– Minimum lease payments		**41.9**	39.8
– Less sub-lease rental income		**(0.5)**	(0.3)
		41.4	39.5

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

The total remuneration of the Group's auditors, PricewaterhouseCoopers LLP and its associates, for services provided to the Group during the year was:

	2019 €m	2018 €m
– Audit of parent company and consolidated financial statements	**0.3**	0.2
– Audit of subsidiaries pursuant to legislation	**1.5**	1.3
Fees payable to the auditors pursuant to legislation	**1.8**	1.5

During the year €35,000 of non-audit services were provided by PwC.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 OPERATING LEASES

Accounting policy

All leases other than finance leases are treated as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the relevant lease.

From 1 April 2019 the Group adopts IFRS 16 Leases and further details on the transition and its impact are set out in section 1.

Minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases for continuing operations are as follows:

	2019 €m	Restated* 2018 €m
Within one year	**33.2**	35.7
Later than one year and less than five years	**94.3**	77.1
More than five years	**136.6**	148.3
	264.1	261.1
Future minimum lease payments expected to be received under non-cancellable sub-leases	**(3.7)**	(0.6)
	260.4	260.5

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 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, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions and amortisation of acquisition intangibles. 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	2019 €m	2018 €m
Merger related costs:			
Synergy delivery costs – cash		**32.1**	13.9
Synergy delivery costs – non-cash		**12.1**	2.6
Integration costs – cash		**12.5**	8.5
Integration costs – non-cash		**0.1**	–
		56.8	25.0
Portfolio management activity:			
Disposals		**(11.0)**	–
Loss on remeasurement of assets held for sale		**19.5**	–
Acquisition costs		**0.2**	0.5
UK Municipal		**–**	25.6
		8.7	26.1
Other items:			
UK Municipal – Derby contract issues		**59.3**	–
ATM soil issues		**6.5**	2.9
UK Municipal – Other contract issues		**5.0**	56.9
IAS 19 Employee benefits pension curtailment and past service costs		**(0.1)**	–
Income relating to fires		**(0.5)**	(2.6)
Restructuring charges		**–**	0.1
		70.2	57.3
Exceptional finance charges – Derby contract issues		**5.0**	–
Ineffectiveness on cash flow hedges		**4.3**	–
Change in fair value of derivatives at fair value through profit or loss		**0.1**	–
Amortisation of acquisition intangibles	4.1	**6.4**	6.7
Non-trading and exceptional items in loss before tax (continuing operations)		**151.5**	115.1
Tax on non-trading and exceptional items		**(12.4)**	(9.3)
Exceptional tax credit		**(15.6)**	(7.8)
Non-trading and exceptional items in loss after tax (continuing operations)		**123.5**	98.0
Discontinued operations	6.3	**22.5**	(0.6)
Total non-trading and exceptional items in loss after tax		**146.0**	97.4

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 NON-TRADING AND EXCEPTIONAL ITEMS CONTINUED

The non-trading and exceptional items include the following:

Merger related costs

Due to the significance of the merger on the Group and the associated synergy delivery projects, these costs are considered to be exceptional. Synergy delivery costs of €44.2m (2018: €16.5m) and integration costs of €12.6m (2018: €8.5m) were incurred as the Group executes merger plans for generating value. Synergy delivery costs include €12.1m of non-cash impairments principally relating to businesses in the Monostreams division due to underperformance of the glass operations in the Netherlands and the simplification of the range of products at Coolrec. The total cost of €56.8m (2018: €25.0m) was split €29.5m (2018: €4.9m) in cost of sales and €27.3m (2018: €20.1m) in administrative expenses.

Portfolio management activity

The disposals credit includes the profit on the sale of the Group's share in the UK joint venture, Energen Biogas of €11.1m, the profit on sale of transferring 50% of a Hazardous Waste ATM subsidiary to a joint venture net of initial fees relating to the ongoing disposal process for the Canada and Reym businesses.

As announced on 8 November 2018 the Municipal Canada and Hazardous Waste Reym industrial cleaning business are being sold. Active disposal programmes are underway and the criteria as set out for assets held for sale have been met. As a result, the carrying value of the Reym disposal group has been assessed which has resulted in a loss on remeasurement of assets held for sale of €19.5m. This remeasurement has been allocated against goodwill and has been recorded in administrative expenses.

Further transaction costs of €0.2m (2018: €0.5m) relating to the merger of Van Gansewinkel Groep BV (VGG) have been incurred in the year, principally comprising legal and other advisory costs. These are considered exceptional as part of the overall total transaction costs.

The prior year UK Municipal charge of €25.6m included the exit of its loss-making anaerobic digestion facility at Westcott Park and the decision to initiate the termination of the D&G PFI operating contract which was completed on 10 September 2018.

The total cost of €8.7m (2018: €26.1m) was split €nil (2018: €9.4m) in cost of sales and €8.7m (2018: €16.7m) in administrative expenses.

Other items

As previously communicated the Derby facility is two years late in commissioning and recognising the significant risk that the facility cannot be commissioned in a timely manner with the possibility of termination as subsequent to year end an intention to terminate was received, there has been an impact on the historic investment in this project which includes the original subordinated debt investment of €20.4m, goodwill of €4.3m and other intangible assets of €10.6m. In addition, we have set up an onerous contract provision for €7.6m to cover ongoing losses and assumed termination costs in the event that the project fails, a loss allowance against €11.6m of delay damages which we believe are owed to us by the constructor Interserve but have remained unpaid for a period of time and accelerated the charge in relation to a prepayment of €4.8m.

The charge for ATM soil issues of €6.5m (2018: €2.9m) relates to the soil offset market issue and includes additional costs of logistics, off-site storage, testing and legal advice.

The charge for UK Municipal other contract issues includes an onerous contract provision of €1.8m in relation to the ELWA contract due to anticipated additional costs net of a release of €0.9m for the Elstow contract where a renegotiation has resulted in the provision set up in a prior year being no longer required. In addition, €4.1m (2018: €2.2m) of historic contract right intangibles and plant and equipment relating to the ELWA contract have also been impaired as these are no longer considered recoverable over the remaining life of the contract. The prior year charge of €59.7m related to additional provisions of €30.7m and €33.5m at BDR and Wakefield respectively given the financial and operational performance of these assets.

The net IAS 19 Employee benefits credit includes a past service charge of €2.0m for the UK defined benefit pension scheme as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation along with a curtailment gain of €2.1m which arose as the principal Dutch legacy VGG defined benefit pension scheme was closed.

The net credit of €0.5m was the result of final insurance settlements relating to significant fires at two Commercial sites in the prior year.

The total charge of €70.2m (2018: €57.3m) was split €15.4m (2018: €58.6m) in cost of sales and €54.8m (2018: €1.3m credit) in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 NON-TRADING AND EXCEPTIONAL ITEMS CONTINUED

Items recorded in finance costs

The exceptional finance costs include a loss allowance against the interest receivable on the subordinated debt in relation to the Derby UK Municipal contract as described above. A revised repayment programme for the Cumbria PFI project borrowings has led to ineffectiveness being recognised for the related interest rate swap.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €6.4m (2018: €6.7m) is all recorded in cost of sales.

Exceptional tax

The exceptional tax credit of €15.6m (2018: €7.8m) relates to the change in tax rates and the recognition of tax losses in the Netherlands and further details are given in note 3.5.

Discontinued

The carrying value of the Canadian disposal group has been assessed which has resulted in a loss on remeasurement of assets held for sale of €22.5m. This remeasurement has been allocated against goodwill, intangible assets and property, plant and equipment and has been recorded in discontinued administrative expenses.

3.5 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 profit 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 principally in the Netherlands, Belgium, the UK, France and Canada, 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 a tax asset 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

3.5 TAXATION CONTINUED

Income statement

The tax credit based on the loss for the year from continuing operations is made up as follows:

	2019 €m	Restated* 2018 €m
Current tax		
UK corporation tax		
– Current year	**1.5**	1.4
Overseas tax		
– Current year	**10.1**	10.4
– Prior year	**(0.4)**	0.2
Total current tax charge	**11.2**	12.0
Deferred tax		
– Origination and reversal of temporary differences in the current year	**(23.8)**	(13.2)
– Adjustment in respect of the prior year	**0.2**	(0.2)
Total deferred tax credit	**(23.6)**	(13.4)
Total tax credit for the year	**(12.4)**	(1.4)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

The tax on the Group's loss for the year from continuing operations differs from the UK standard rate of tax of 19% (2018: 19%), as explained below:

	2019 €m	Restated* 2018 €m
Total loss before taxation	**(89.0)**	(52.8)
Tax credit based on UK tax rate of 19%	**(16.9)**	(10.0)
Effects of:		
Adjustment to tax charge in respect of prior years	**(0.2)**	–
Profits taxed at overseas tax rates	**2.3**	1.7
Non-deductible (non-taxable) other items	**0.9**	2.1
Non-deductible transaction costs	**–**	0.2
Non-deductible goodwill impairment	**4.9**	–
Non-deductible impairment of loan to joint venture	**4.8**	–
Unrecognised deferred tax assets	**6.0**	12.9
Net exceptional credit relating to recognition of tax losses	**(9.3)**	–
Exceptional credit relating to change in Netherlands tax rate	**(6.3)**	–
Exceptional credit relating to change in Belgian tax rate	**–**	(7.8)
Change in tax rate	**1.4**	(0.5)
Total tax credit for the year	**(12.4)**	(1.4)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

The rate of UK corporation tax rate changed from 20% to 19% on 1 April 2017 and will change to 17% on 1 April 2020. As a result, the UK deferred tax for the year has been calculated based on the substantively enacted rates.

Net exceptional credit in relation to tax losses

In view of the performance of the integrated Netherlands Commercial business in the current year and the Group's forecasts for future profitability of the Netherlands business, an exceptional tax credit of €10.5m has been recognised in relation to the utilisation of tax losses of the legacy Van Gansewinkel Netherlands businesses included in the Dutch fiscal unity that can reasonably be expected in the coming years. In addition, there is an exceptional tax charge of €1.2m for the impairment of the deferred tax asset brought forward in respect of Maltha Netherlands fiscal unity losses.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.5 TAXATION CONTINUED

Exceptional credit relating to change in Netherlands tax rate

For the accounting period ended 31 March 2019, the standard Netherlands corporate income tax rate was 25% and this will remain the case for the period ending 31 March 2020. Under the corporate tax reform enacted by the Dutch government on 18 December 2018, the rate will reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. 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 has resulted in an exceptional tax credit of €6.3m in the current year.

Exceptional credit relating to change in Belgian tax rate

For the accounting period ended 31 March 2018, the standard Belgian corporate income tax rate was 33.99%. Under the corporate income tax reform as enacted by the Belgian government on 22 December 2017, there was be a phased reduction of this tax rate to 29.58% for accounting periods starting on or after 1 January 2018 and furthermore 25% from 1 January 2020. As a result, the Belgian deferred tax was calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This resulted in an exceptional tax credit of €7.8m in the prior year.

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	
	2019 €m	2018 €m	**2019 €m**	Restated* 2018 €m
Retirement benefit schemes	**2.7**	5.1	**(0.7)**	(0.6)
Tax losses	**33.5**	21.7	**11.8**	4.8
Derivative financial instruments	**4.8**	4.2	**0.8**	–
Capital allowances	**(49.7)**	(59.5)	**5.8**	4.6
Other timing differences	**(8.8)**	(14.2)	**5.9**	4.6
At 31 March	**(17.5)**	(42.7)	**23.6**	13.4

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

The movement in the deferred tax balance during the year is:

	2019 €m	2018 €m
Net deferred tax liability at 1 April	**(42.7)**	(54.0)
Credited to Income Statement	**23.6**	14.4
Charged to equity	**(2.5)**	(2.5)
Transferred to disposal groups classified as held for sale (note 6.2)	**4.2**	–
Exchange	**(0.1)**	(0.6)
Net deferred tax liability at 31 March	**(17.5)**	(42.7)
Analysed in the balance sheet, after offset of balances within countries, as:		
Deferred tax assets	**38.6**	28.5
Deferred tax liabilities	**(56.1)**	(71.2)
Net deferred tax liability at 31 March	**(17.5)**	(42.7)

The majority of the €38.6m (2018: €28.5m) deferred tax asset and the majority of the €56.1m (2018: €71.2m) deferred tax liability are expected to be recovered after more than one year.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.5 TAXATION CONTINUED

As at 31 March 2019, the Group had unused trading losses (tax effect) of €76.2m (2018: €67.5m) available for offset against future profits. A deferred tax asset has been recognised in respect of €34.1m (2018: €21.7m) 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 made a taxable loss in 2019 and this is principally due to exceptional costs incurred in 2019 that are not expected to occur going forward. No deferred tax asset has been recognised in respect of the remaining €42.1m (2018: €45.8m) 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, €15.0m recognised and €13.2m unrecognised, expire after 9 years.

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 2019 amounted to €262.8m (2018: €248.7m) and the unrecognised deferred tax on the unremitted earnings is estimated to be €0.1m (2018: €0.1m) which relates 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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.6 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 outstanding at the year end 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 outstanding 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 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 in managed and measured on a day to day basis.

	2019			2018 Restated*		
Continuing operations	Earnings €m	Weighted average number of shares million	Earnings per share cent	Earnings €m	Weighted average number of shares million	Earnings per share cent
Underlying profit after tax	46.9			46.6		
Non-controlling interests	0.6			(0.5)		
Underlying earnings per share attributable to owners of the parent	47.5	796.7	5.9	46.1	799.9	5.8
Adjustments:						
Non-trading and exceptional items	(151.5)			(115.1)		
Tax on non-trading and exceptional items	12.4			9.3		
Exceptional tax	15.6			7.8		
Non-controlling interests	4.3			0.2		
Basic loss per share attributable to owners of the parent	(71.7)	796.7	(9.0)	(51.7)	799.9	(6.5)
Dilutions	–	0.1	–	–	0.5	–
Diluted loss per share attributable to owners of the parent	(71.7)	796.8	(9.0)	(51.7)	800.4	(6.5)
Underlying earnings per share attributable to owners of the parent	47.5	796.7	5.9	46.1	799.9	5.8
Dilutions	–	0.1	–	–	0.5	–
Underlying diluted earnings per share attributable to owners of the parent	47.5	796.8	5.9	46.1	800.4	5.8
Discontinued operations						
Basic loss per share attributable to owners of the parent	(21.1)	796.7	(2.6)	(2.5)	799.9	(0.3)
Diluted loss per share attributable to owners of the parent	(21.1)	796.8	(2.6)	(2.5)	800.4	(0.3)
Underlying loss per share attributable to owners of the parent	1.4	796.7	0.2	(3.1)	799.9	(0.4)
Underlying diluted loss per share attributable to owners of the parent	1.4	796.8	0.2	(3.1)	800.4	(0.4)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

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.

Landfill void represents the acquisition of a landfill operation in the Netherlands in 2006 when the landfill void was capitalised based on the fair value of the void acquired. This asset is amortised over its estimated useful life on a void usage basis and measured at cost less accumulated amortisation. The estimated remaining useful life is 16 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 PFI/PPP contracts in Municipal	Term of the contract
Computer software	1 to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships	Up to 14 years

NOTES TO THE FINANCIAL STATEMENTS

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 2017	660.8	25.6	51.3	74.2	811.9
Additions	–	–	10.7	–	10.7
Acquisition through business combination	14.1	–	–	0.3	14.4
Disposals	–	–	(1.5)	–	(1.5)
Exchange	(0.1)	–	(0.6)	(0.2)	(0.9)
At 31 March 2018	674.8	25.6	59.9	74.3	834.6
Purchase price allocation adjustment (note 6.1)	8.2	–	–	–	8.2
At 31 March 2018 – restated	683.0	25.6	59.9	74.3	842.8
Additions	–	–	4.9	–	4.9
Acquisition through business combinations	–	–	–	0.1	0.1
Disposals	(5.1)	–	(2.0)	(0.1)	(7.2)
Transferred to disposal groups classified as held for sale (note 6.2)	(57.3)	–	(8.5)	(1.3)	(67.1)
Exchange	0.1	–	0.6	–	0.7
At 31 March 2019	**620.7**	**25.6**	**54.9**	**73.0**	**774.2**
Accumulated amortisation and impairment					
At 1 April 2017	63.7	16.7	16.4	30.2	127.0
Amortisation charge	–	1.5	6.3	6.7	14.5
Impairment charge	–	–	3.7	–	3.7
Disposals	–	–	(1.5)	–	(1.5)
Exchange	–	–	(0.1)	(0.1)	(0.2)
At 31 March 2018	63.7	18.2	24.8	36.8	143.5
Amortisation charge	–	1.0	5.9	6.4	13.3
Impairment charge	4.3	–	14.3	–	18.6
Disposals	–	–	(1.9)	–	(1.9)
Transfer to disposal group classified as held for sale (note 6.2)	–	–	(3.6)	(1.3)	(4.9)
Exchange	–	–	–	–	–
At 31 March 2019	**68.0**	**19.2**	**39.5**	**41.9**	**168.6**
Net book value					
At 31 March 2019	**552.7**	**6.4**	**15.4**	**31.1**	**605.6**
At 31 March 2018 – restated	619.3	7.4	35.1	37.5	699.3
At 31 March 2017	597.1	8.9	34.9	44.0	684.9

The additions of €4.9m (2018: €10.7m) include €3.4m (2018: €6.9m) of software and €1.5m (2018: €3.8m) contract rights in relation to Municipal contracts.

Of the total amortisation charge of €13.3m (2018: €14.5m), €6.4m (2018: €6.7m) related to intangible assets arising on acquisition. Of the remaining amortisation expense of €6.9m (2018: €7.8m), €1.6m (2018: €2.4m) has been charged in cost of sales and €5.3m (2018: €5.4m) has been charged in administrative expenses.

The goodwill impairment charge of €4.3m (2018: nil) related to the Derby contract in UK Municipal. The other intangibles impairment charge of €14.3m (2018: €3.7m) related to €13.8m (2018: €2.2m) of contract right intangibles in UK Municipal in relation to the Derby and ELWA contracts as it has been determined that they are no longer recoverable and €0.5m (2018: €1.5m) of software in the Commercial Division and Group Central Services as part of the integration programme. Further details are set out in note 3.4.

The net book value of acquisition related intangibles of €31.1m (2018: €37.5m) included customer relationships of €20.8m (2018: €23.0m), permits of €6.3m (2018: €7.2m) and licences of €3.4m (2018: €6.6m).

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.

The significant CGUs are Netherlands Commercial Waste, Belgium Commercial Waste, Hazardous Waste and Monostreams which are in line with the operating segments explained in section 2. A summary is set out below:

	2019 €m	2018 €m
Netherlands Commercial Waste	231.5	231.5
Belgium Commercial Waste	136.3	136.3
Commercial Waste	367.8	367.8
Hazardous Waste*	102.4	150.8
Monostreams	82.5	82.5
Municipal*	–	18.2
Total goodwill	552.7	619.3

*An element of the Hazardous Waste and Municipal CGUs goodwill are included within assets held sale

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. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and underlying EBIT. 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 five-year plans used in the impairment models are based on management's past experience and future expectations of performance and reflect the planned changes in the CGUs as a result of restructuring programmes and actions instigated in the current year together with limited recovery and improvement in general market and economic conditions.

For each of the CGUs with significant goodwill in comparison with the total carrying value of goodwill of the Group, the key assumptions, long-term growth rate and discount rate used in the value in use calculations are shown below.

2019	Netherlands Commercial Waste	Belgium Commercial Waste	Hazardous Waste	Monostreams
Revenue (% annual growth rate)	3.7%	3.7%	7.0%	(1.9)%
Underlying EBIT margin (average % of revenue)	6.4%	5.9%	9.5%	5.1%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	8.8%	9.1%	8.6%	8.8%

2018	Netherlands Commercial Waste	Belgium Commercial Waste	Hazardous Waste	Monostreams
Revenue (% annual growth rate)	3.4%	3.8%	3.4%	1.7%
Underlying EBIT margin (average % of revenue)	7.9%	6.2%	11.0%	7.6%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	8.7%	9.1%	8.6%	9.1%

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 and Hazardous Waste CGUs these results demonstrated significant headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge.

The headroom for the Monostreams CGU is more limited given the recent performance which has resulted in restructuring initiatives being implemented. At 31 March 2019 the recoverable amount for this CGU exceeds the carrying value by €21m. On a sensitised profit basis applying a 8% profit reduction in the terminal value or with a 0.5% increase in the discount rate the headroom would reduce to €6m.

NOTES TO THE FINANCIAL STATEMENTS

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.

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	5 to 15 years
Computer equipment	3 to 5 years
Fixtures and fittings	Up to 10 years

Property, plant and equipment are analysed as follows:

	Land and buildings €m	Landfill sites €m	Plant and machinery €m	Total €m
Cost				
At 1 April 2017	523.8	54.7	793.1	1,371.6
Acquisition through business combination	5.6	–	3.1	8.7
Additions	18.6	0.8	74.5	93.9
Disposals	(11.0)	(0.9)	(41.1)	(53.0)
Exchange	(4.7)	–	(1.0)	(5.7)
At 31 March 2018	532.3	54.6	828.6	1,415.5
Additions	19.9	11.8	71.9	103.6
Disposals	(15.0)	–	(29.8)	(44.8)
Transfer to disposal groups classified as held for sale (note 6.2)	(72.7)	–	(75.8)	(148.5)
Reclassifications	(1.0)	1.4	0.3	0.7
Exchange	2.1	–	0.6	2.7
At 31 March 2019	**465.6**	**67.8**	**795.8**	**1,329.2**
Accumulated depreciation and impairment				
At 1 April 2017	138.0	47.4	466.0	651.4
Depreciation charge	18.4	1.2	70.1	89.7
Impairment charge	2.9	–	0.4	3.3
Disposals	(4.2)	(0.4)	(32.8)	(37.4)
Exchange	(1.6)	–	(0.7)	(2.3)
At 31 March 2018	153.5	48.2	503.0	704.7
Depreciation charge	18.5	0.9	70.3	89.7
Impairment charge	–	–	10.3	10.3
Reversal of prior year impairment charge	(0.5)	–	–	(0.5)
Disposals	(5.9)	–	(25.4)	(31.3)
Transfer to disposal groups classified as held for sale (note 6.2)	(28.8)	–	(45.8)	(74.6)
Reclassifications	–	–	0.7	0.7
Exchange	0.9	–	0.2	1.1
At 31 March 2019	**137.7**	**49.1**	**513.3**	**700.1**
Net book value				
At 31 March 2019	**327.9**	**18.7**	**282.5**	**629.1**
At 31 March 2018	378.8	6.4	325.6	710.8
At 31 March 2017	385.8	7.3	327.1	720.2

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.2 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation expense of €85.1m (2018: €84.5m) has been charged in cost of sales, €2.2m (2018: €2.8m) in administrative expenses and €2.4m (2018: €2.4m) in discontinued operations.

The impairment charge of €10.3m (2018: €3.3m) includes €9.3m relating to the Monostreams division due to the underperformance of the glass operations in the Netherlands and the simplification of the range of products at Coolrec resulting in site closures. In addition €0.9m relates to plant and equipment for the underperforming ELWA contract and €0.1m of merger related items in Belgium Commercial. In the prior year €2.0m related to the fires in the Netherlands and Belgium and €1.3m related to the synergy delivery programme in the Commercial Division. The impairment charge was split €9.3m (2018: €3.1m) in cost of sales and €1.0m (2018: €0.2m) in administrative expenses. The €0.5m reversal of the prior year impairment relates to a Netherlands Commercial site which has been disposed of in the current year and the impairment credit has been included in exceptional cost of sales.

Plant and machinery includes assets under construction of €11.6m (2018: €11.5m), land and buildings includes assets under construction of €3.0m (2018: €11.0m) and landfill sites includes assets under construction of €10.7m (2018: €nil).

Included in plant and machinery are assets held under finance leases with a net book value of €33.2m (2018: €43.4m) and in land and buildings are assets under finance leases with a net book value of €2.0m (2018: €5.5m).

4.3 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.

The Group has elected to designate the other unlisted investments as measured at fair value through other comprehensive income. They are 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 judgements

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.

Induserve VOF is owned 66.7% by the Group however it does not have control as the contractual agreement requires unanimous consent and consequently the entity is classified as a joint operation.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 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 1 April 2017	23.3	7.1	6.7	4.7	–	18.5
Additions	0.1	–	–	–	–	–
Share of retained profits	–	1.7	0.9	–	–	2.6
Dividend income	–	(0.8)	(0.6)	–	–	(1.4)
Fair value adjustment on cash flow hedges	–	–	0.7	–	–	0.7
Impairment charge	–	(0.3)	(0.8)	–	–	(1.1)
Repayments	(0.3)	–	–	–	–	–
Exchange	(0.6)	(0.1)	(0.1)	–	–	(0.2)
At 31 March 2018	22.5	7.6	6.8	4.7	–	19.1
Acquired	–	3.8	–	–	–	3.8
Additions	–	–	–	–	5.9	5.9
Share of retained (losses) profits	–	(0.2)	0.6	–	–	0.4
Dividend income	–	(0.2)	(0.6)	–	–	(0.8)
Fair value adjustment on cash flow hedges	–	–	0.2	–	–	0.2
Loss allowance	(20.4)	–	–	–	–	–
Repayments	(1.6)	–	–	–	–	–
Disposal	–	(6.8)	–	–	–	(6.8)
Exchange	0.4	–	–	–	–	–
At 31 March 2019	**0.9**	**4.2**	**7.0**	**4.7**	**5.9**	**21.8**

The loss allowance in the current year of €20.4m relates to the UK Municipal Derby contract as explained in note 3.4. The prior year impairment of investments of €1.1m related to UK Municipal investments. Both charges were recorded in administrative expenses.

The loans to associates and joint ventures are split €0.9m current (2018: €6.8m) and €nil non-current (2018: €15.7m). Total investments are split €5.9m current (2018: €nil) and €15.9m non-current (2018: €19.1m).

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 losses in the year was €54.7m (2018: €2.7m profit). Cumulatively losses of €67.0m (2018: €12.3m) are unrecognised.

Where the associate or joint venture holds non-recourse PFI/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

4.4 FINANCIAL ASSETS RELATING TO PFI/PPP CONTRACTS

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK and Canada PFI/PPP Municipal contracts.

Accounting policies and key judgements

Financial assets relating to PFI/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.

UK PFI/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 PFI/PPP arrangements involve the construction of waste management facilities to be provided to local authorities. The building of the facilities is governed by the engineer, procure and construct contract entered into by the Group. The construction work is undertaken by third party contractors with drawdowns of financing from the UK PFI/PPP funders used to pay the subcontractor for the construction works.

The Group has considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acts as agent or principal during the construction phase of the contracts. The considerations taken into account in reaching this conclusion are:

- The Group obtains quotes for the fixed price construction contract from a number of contractors as part of the preparation to submit a bid to the municipality. Once the Group has been selected as preferred bidder it has no further opportunity to vary the prices it has bid other than indexation for inflation following delay to financial close. The detailed specification and prices of the works are agreed in advance and milestone payments are only made against works to the agreed specification. In the event that a revision to the specification of works is required these and the pricing adjustment are jointly agreed with the municipality and the funders.
- At the date of financial close direct agreements are signed between the municipality, the funders and the construction contractors which govern the procedures for the completion of the waste management facilities.
- The Group has an obligation to pay the construction contractor from the non-recourse bank debt regardless of any non-payment by the municipality. In the event that the municipality fails to pay tonnage fees after the construction period there is a termination procedure which calculates the amount of damages due to all parties including fully repaying the debt. We consider that the likelihood of the risk of the municipality becoming insolvent is remote. Therefore, in our view the weight of this factor in coming to our overall judgement is reduced.
- In the event that the construction contractor fails to perform under the terms of the contract the Group holds performance and retention bonds which guarantee the obligations of the contractor. Any additional costs arising from having to replace the contractor, should they arise, would be satisfied by payments from the bonds.
- The Group earns certain fixed fees in connection with UK PFI/PPP arrangements. These fees represent consideration for services delivered before financial close or for ongoing project management.

In summary we consider that, on the basis that the construction contractor is known to the municipality 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, we act 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 PFI/PPP non-recourse debt cash flows associated with the construction of the waste management facilities in the Statement of Cash Flows is as financing and investing cash flows respectively and not as operating cash flows. This classification has been consistently applied to all periods presented in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.4 FINANCIAL ASSETS RELATING TO PFI/PPP CONTRACTS CONTINUED

Canadian PPP contract

The Group's Canadian PPP arrangement involves the construction of waste management facilities provided to the City of Surrey. The building of the facilities is governed by the design-build agreement entered into by the Group. The construction work is undertaken by third party contractors with the financing provided from the Group's core bank facilities. All relevant factors in the contractual arrangements between the parties have been considered to determine whether the Group acts as agent or principal during the construction phase of the contracts. Given the level of risks and rewards borne by the Group it has been concluded that the Group acts as principal in this contract. Revenue and costs during the construction were therefore recognised gross in the Income Statement and the cash flows associated with the construction of the waste management facilities are classified as operating cash flows in the Statement of Cash Flows.

On 8 November 2018 the Group announced its intention to exit Municipal Canada and at 31 March 2019 it met the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, consequently the net results are presented as discontinued operations in the Income Statement and the assets and liabilities are presented as held for sale. Further details are given in notes 6.2 and 6.3.

Other information for PFI/PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2019.

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: 75% SSE Generation Limited: 25%
Derby City and Derbyshire	August 2014	Mid 2018	March 2042	Renewi: 50% Interserve Developments No 4 Limited: 50%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%
City of Surrey Canada (discontinued operation)	February 2015	June 2018	May 2043	Renewi: 100%

The Dumfries and Galloway PFI contract was exited on 10 September 2018. This contract was not capable of meeting the waste regulations in Scotland requiring full diversion from landfill and long-running negotiations were unable to agree the required amendments without materially increasing risk to Renewi. As noted above the Canada contract is now included in assets of disposal groups classified as held for sale. There have been no changes to the other arrangements during the year ended 31 March 2019. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 54 to 59 of the Municipal operating review.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.4 FINANCIAL ASSETS RELATING TO PFI/PPP CONTRACTS CONTINUED

The movements in financial assets during the year are as follows:

	€m
At 1 April 2017	209.1
Income recognised in the Income Statement: Interest Income (note 5.4)	9.7
Income recognised in the Income Statement: Discontinued operations (note 6.3)	1.3
Advances	9.2
Repayments	(15.2)
Exchange	(8.8)
At 31 March 2018	205.3
Income recognised in the Income Statement: Interest Income (note 5.4)	9.5
Income recognised in the Income Statement: Discontinued operations (note 6.3)	1.3
Advances	2.9
Repayments	(24.4)
Transfer to disposal groups classified as held for sale (note 6.2)	(44.0)
Exchange	5.2
At 31 March 2019	**155.8**
Current	**6.0**
Non-current	**149.8**
At 31 March 2019	**155.8**
Current	15.4
Non-current	189.9
At 31 March 2018	205.3

The table below reconciles the financial asset repayment to the statement of cash flows:

	2019 €m	2018 €m
Capital received in respect of PPP financial assets included in cash flows from operating activities*	**8.6**	–
Capital received in respect of PFI/PPP financial assets included in cash flows from investing activities*	**4.4**	4.5
Interest in relation to PFI/PPP financial assets included in finance income in cash flows from investing activities	**11.4**	10.7
	24.4	15.2

*Capital received in respect of PFI/PPP financial assets is an investing cash flow in relation to the UK contracts where the Group acts as agent and as an operating cash flow in relation to the Canadian contract where the Group acts as principal as previously explained.

4.5 CAPITAL COMMITMENTS

	2019 €m	2018 €m
Contracts placed for future capital expenditure on financial assets	**0.1**	0.8
Contracts placed for future capital expenditure on property, plant and equipment	**15.7**	19.2
Contracts placed for future intangible assets	**0.1**	0.3
Joint venture contracts placed for future capital expenditure including financial assets	**–**	3.4

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.6 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:

	2019 €m	2018 €m
Raw materials and consumables	**14.3**	14.2
Finished goods	**11.7**	12.4
	26.0	26.6

There was a write down of €2.3m (2018: €nil) of inventories to net realisable value in the Monostreams division and this was recognised as an exceptional cost of sale.

4.7 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 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 grouped based on divisional credit risk characteristics and the days past due. 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. The expected loss rates are based on the payment profiles of revenue and the corresponding historical credit losses experienced. There have been no changes in the estimation techniques or significant assumptions during the current reporting period.

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a regular basis. Trade receivables subject to these arrangements are derecognised when the Group's rights to receive cash flows and substantially all the risks and rewards of ownership have been transferred. For trade receivables where the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards of the financial asset. This is determined by the extent to which the Group remains exposed to changes in the value of the transferred asset being the 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. Amounts receivable under invoice finance arrangements from the third party previously classified as amortised cost financial assets are now 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.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.7 TRADE AND OTHER RECEIVABLES CONTINUED

Trade and other receivables are analysed as follows:

	2019 €m	2018 €m
Non-current assets		
Deferred consideration	**0.5**	0.7
Prepayments	**–**	4.6
	0.5	5.3
Current assets		
Trade receivables	**178.5**	185.1
Accrued income	**73.8**	64.0
Loss allowance	**(18.1)**	(8.3)
Trade receivables and accrued income – net	**234.2**	240.8
Deferred consideration	**0.2**	0.2
Other receivables	**26.5**	34.7
Prepayments	**17.9**	18.4
	278.8	294.1

As at 31 March 2019, the carrying amount included in trade and other receivables representing the Group's continuing involvement in trade receivables, subject to invoice finance facilities, totalled €2.4m (2018: €4.3m) in trade receivables and €13.0m (2018: €14.7m) in other receivables. The other receivables amount is owed to the Group from the financial institutions providing the facilities being the portion of the receivable that has been sold that is not financed but is covered by credit insurance.

Other receivables also include various indirect tax receivables of €5.1m (2018: €4.1m) and accrued interest of €3.5m (2018: €6.0m). As explained in note 3.4 €5.0m (2018: €nil) of accrued interest receivable was impaired. No other financial assets within other receivables were impaired.

Movement in the loss allowance of trade receivables and accrued income:
The expected credit loss allowance for trade receivables and accrued income is equivalent to 7.2% (2018: 3.3%) of gross trade receivables and accrued income.

	2019 €m	2018 €m
At 1 April	**8.3**	9.9
Charged to Income Statement	**14.7**	2.5
Utilised	**(4.8)**	(3.9)
Transfer to disposal groups classified as held for sale (note 6.2)	**(0.1)**	–
Exchange	**–**	(0.2)
At 31 March	**18.1**	8.3

Ageing of trade receivables and accrued income that are past due but not impaired:

	2019 €m	2018 €m
Current	**195.2**	206.0
Not impaired but overdue by less than three months	**33.4**	29.8
Not impaired but overdue by between three and six months	**3.5**	2.0
Not impaired but overdue by more than six months	**2.1**	3.0
Impaired*	**18.1**	8.3
Loss allowance	**(18.1)**	(8.3)
	234.2	240.8

*The 2019 impairment includes €11.6m impairment in relation to the Derby contract as explained in note 3.4.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.7 TRADE AND OTHER RECEIVABLES CONTINUED

Included in the total loss allowance is a specific loss allowance of €11.7m where the expected credit loss is 100% of the gross receivable balance. Within the remaining trade receivables and accrued income the concentration of credit risk lies within the overdue balance where the expected credit loss represents an average of 14% of the gross balance.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2019 €m	2018 €m
Euro	**251.8**	256.6
Sterling	**27.5**	39.8
Canadian Dollar	**–**	3.0
	279.3	299.4

4.8 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.

Trade and other payables and other non-current liabilities are analysed as follows:

	2019 €m	2018 €m
Current liabilities		
Trade payables	**198.9**	224.3
Other tax and social security payable	**40.2**	43.2
Other payables	**67.7**	64.3
Accruals	**160.4**	168.3
Deferred revenue	**51.4**	46.9
Deferred consideration	**–**	0.1
	518.6	547.1
Non-current liabilities		
Other payables	**3.3**	3.1
Deferred revenue	**3.0**	4.0
Deferred consideration	**–**	0.4
Government grants	**0.2**	0.2
	6.5	7.7

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. A month end stock count is undertaken to calculate the unprocessed waste adjustment to revenue with a corresponding credit to deferred revenue. Additionally, in the Municipal division deferred revenue relates to the service element of the PFI/PPP contracts known as lifecycle as explained in note 3.1. Of the deferred revenue recognised at 31 March 2018 of €50.9m (2017: €37.7m), €44.7m (2018: €34.8m) has been recognised in revenue during the following year.

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2019 €m	2018 €m
Euro	**451.4**	474.9
Sterling	**73.7**	74.9
Canadian Dollar	**–**	5.0
	525.1	554.8

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.9 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 appropriate market rates and the risk in relation to each provision. 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 and when the obligation recognised as a provision gives access to future economic benefits an asset is recognised in property, plant and equipment.
- Onerous contract provisions are recognised when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.
- Provision for restructuring costs is recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

Provisions are analysed as follows:

	Site restoration and aftercare €m	Restructuring €m	Onerous contracts €m	Other €m	Total €m
At 1 April 2017	132.5	7.7	53.8	30.4	224.4
Provided in the year	0.4	9.9	74.5	3.8	88.6
Released in the year	–	(0.2)	(4.5)	(0.7)	(5.4)
Finance charges – unwinding of discount (note 5.4)	4.6	–	1.6	0.1	6.3
Utilised in the year	(3.9)	(8.4)	(15.0)	(4.7)	(32.0)
Reclassified to deferred revenue	–	–	–	(3.9)	(3.9)
Exchange	–	–	(0.9)	(0.1)	(1.0)
At 31 March 2018	133.6	9.0	109.5	24.9	277.0
Provided in the year	2.1	6.0	11.3	10.0	29.4
Released in the year	–	(0.1)	(0.9)	(0.5)	(1.5)
Finance charges – unwinding of discount (note 5.4)	4.5	–	3.7	0.2	8.4
Utilised in the year	(4.3)	(7.3)	(27.0)	(4.0)	(42.6)
Transfer to disposal groups classified as held for sale (note 6.2)	–	–	–	(0.8)	(0.8)
Reclassifications	2.8	–	(2.8)	–	–
Exchange	0.2	–	1.1	0.1	1.4
At 31 March 2019	**138.9**	**7.6**	**94.9**	**29.9**	**271.3**
Current	**8.2**	**7.6**	**26.1**	**13.5**	**55.4**
Non-current	**130.7**	**–**	**68.8**	**16.4**	**215.9**
At 31 March 2019	**138.9**	**7.6**	**94.9**	**29.9**	**271.3**
Current	5.4	9.0	23.1	9.4	46.9
Non-current	128.2	–	86.4	15.5	230.1
At 31 March 2018	133.6	9.0	109.5	24.9	277.0

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.9 PROVISIONS CONTINUED

Site restoration and aftercare

The site restoration provision at 31 March 2019 related to the cost of final capping and covering of the landfill sites and mineral extractions sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 32 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology. Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. 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.

Restructuring

The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives including the delivery of merger related synergies. As at 31 March 2019 the provision is expected to be spent in the following year as affected employees leave the business.

Onerous contracts

Onerous contracts are provided at the net present value of either exiting the contracts or fulfilling our obligations under the contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040. Further details of the additions in the year principally relate to the UK Municipal business and Monostreams and are shown in note 3.4.

Other

Other provisions principally cover dilapidations, long-service employee awards, 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.

Sensitivity to changes in discount rates

Landfill provisions have been discounted in both the current and prior year at a real discount rate of either 0.98%, 1.47% or 2.45% depending on the date for transfer of future obligations to the relevant local authorities. The impact of a 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €10m.

The significant onerous contract provisions relating to the Municipal UK Division have been discounted at a real rate of 1.96% (2018: 1.96%). A 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €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, core borrowings and PFI/PPP non-recourse net debt. Core net debt includes cash and cash equivalents but excludes the non-recourse net debt relating to the UK PFI/PPP contracts.

5.1 MOVEMENTS IN CORE NET DEBT AND TOTAL NET DEBT

2019	At 1 April 2018 €m	Cash flows €m	Other non-cash changes €m	Transferred to disposal groups classified as held for sale €m	Exchange movements €m	**At 31 March 2019 €m**
Cash and cash equivalents	73.0	(23.0)	–	–	0.4	**50.4**
Bank loans and overdrafts	(335.4)	(15.3)	2.0	–	(6.3)	**(355.0)**
European private placements	–	(25.0)	0.5	–	–	**(24.5)**
Retail bonds	(199.3)	–	(0.3)	–	–	**(199.6)**
Finance leases	(38.9)	11.8	(0.4)	4.2	–	**(23.3)**
Total core net debt	(500.6)	(51.5)	1.8	4.2	(5.9)	**(552.0)**
PFI/PPP non-recourse net debt	(94.6)	0.6	–	–	(1.4)	**(95.4)**
Total net debt	(595.2)	(50.9)	1.8	4.2	(7.3)	**(647.4)**

2018	At 1 April 2017 €m	Cash flows €m	Other non-cash changes €m	Transferred to disposal groups classified as held for sale €m	Exchange movements €m	At 31 March 2018 €m
Cash and cash equivalents	87.5	(14.4)	–	–	(0.1)	73.0
Bank loans and overdrafts	(331.4)	(12.6)	1.0	–	7.6	(335.4)
Retail bonds	(199.0)	–	(0.3)	–	–	(199.3)
Finance leases	(52.9)	15.1	(1.1)	–	–	(38.9)
Total core net debt	(495.8)	(11.9)	(0.4)	–	7.5	(500.6)
PFI/PPP non-recourse net debt	(101.8)	4.7	–	–	2.5	(94.6)
Total net debt	(597.6)	(7.2)	(0.4)	–	10.0	(595.2)

	2019 €m	2018 €m
Net decrease in cash and cash equivalents	**(23.0)**	(14.4)
Net (increase) decrease in borrowings and finance leases	**(27.9)**	7.2
Capitalisation of loan fees	**3.0**	1.1
Total cash flows in net debt	**(47.9)**	(6.1)
Finance leases entered into during the year	**(0.4)**	(1.1)
Amortisation of loan fees	**(0.8)**	(0.4)
Transferred to disposal groups classified as held for sale	**4.2**	–
Exchange (loss) gain	**(7.3)**	10.0
Movement in net debt	**(52.2)**	2.4
Net debt at beginning of year	**(595.2)**	(597.6)
Net debt at end of year	**(647.4)**	(595.2)

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.2 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Where the Group has a legal right to offset with a financial institution and the intention to settle net, then bank overdrafts are offset against the cash balances.

Cash and cash equivalents are analysed as follows:

	2019 €m	2018 €m
Cash at bank and in hand	**50.3**	72.9
Short-term deposits	**0.1**	0.1
	50.4	73.0

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2019 €m	2018 €m
Euro	**29.7**	58.1
Sterling	**18.6**	14.0
Canadian Dollar	**2.1**	0.9
	50.4	73.0

5.3 BORROWINGS

Accounting policy

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 with an existing lender one debt instrument for another one 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, including any fees paid and discounted 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.

Where the Group has substantially all the risks and rewards of ownership of a leased asset, the lease is treated as a finance lease. Leased assets are included in property, plant and equipment at the total of the capital elements of the payments during the lease term and the corresponding obligation is included in borrowings. Depreciation is provided to write down the assets over the shorter of the expected useful economic life and the lease term, unless there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful economic life.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

Borrowings are analysed as follows:

	2019 €m	2018 €m
Current borrowings		
Retail bonds	**100.0**	–
Bank overdrafts	**5.4**	3.5
Finance lease obligations	**8.3**	11.2
Other loans	**5.0**	–
Core borrowings	**118.7**	14.7
PFI/PPP non-recourse net debt	**2.8**	1.3
	121.5	16.0
Non-current borrowings		
Retail bonds	**99.6**	199.3
European private placements	**24.5**	–
Term loan	**132.4**	135.6
Revolving credit facility	**212.2**	196.3
Finance lease obligations	**15.0**	27.7
Core borrowings	**483.7**	558.9
PFI/PPP non-recourse net debt	**92.6**	93.3
	576.3	652.2

Core borrowings

The Group's core bank loans and retail bonds are unsecured and have cross guarantees from members of the Group.

At 31 March 2019, the Group had a Euro denominated multicurrency green bank facility of €575m (2018: €575m) including a €137.5m (2018: €143.8m) term loan and a €412.5m (2018: €431.2m) revolving credit facility. The bank facility matures on 18 May 2023 and is subject to two one-year extension options. At 31 March 2019 the term loan was fully drawn and €212.2m (2018: €196.3m) of the revolving credit facility was drawn for borrowings in Euros, Canadian dollars and Sterling. In December 2018 a €25m green European private placement facility (EUPP) was incorporated into the main banking facility and was fully drawn. The remaining €202.4m (2018: €233.9m) was available for drawing under the revolving credit facility of which €52.6m (2018: €52.6m) was utilised for ancillary guarantee facilities.

At 31 March 2019 the Group had two issues of retail bonds to investors in Belgium and Luxembourg which are listed on the London Stock Exchange. The retail bonds due July 2019 of €100m (2018: €100m) have an annual coupon of 4.23% and the green retail bonds due June 2022 of €100m (2018: €100m) have an annual coupon of 3.65%.

Included within core borrowings are capitalised loan fees of €3.9m (2018: €1.7m).

The table below details the maturity profile of non-current borrowings:

	2019			2018		
	Core borrowings €m	PFI/PPP non-recourse net debt €m	Total €m	Core borrowings €m	PFI/PPP non-recourse net debt €m	Total €m
Between one and two years	**5.1**	**5.2**	**10.3**	107.6	2.9	110.5
Between two years and five years	**467.1**	**20.3**	**487.4**	442.9	12.7	455.6
Over five years	**11.5**	**67.1**	**78.6**	8.4	77.7	86.1
	483.7	**92.6**	**576.3**	558.9	93.3	652.2

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

The carrying amounts of borrowings are denominated in the following currencies:

	2019 €m	2018 €m
Euro	**394.6**	365.4
Sterling	**234.7**	231.5
Canadian Dollar	**68.5**	71.3
	697.8	668.2

The Group's finance lease liabilities are payable as follows:

	2019			2018		
	Minimum lease payments €m	Interest €m	Principal €m	Minimum lease payments €m	Interest €m	Principal €m
Within one year	**8.7**	**(0.4)**	**8.3**	11.9	(0.7)	11.2
Between one and five years	**14.4**	**(0.9)**	**13.5**	23.1	(2.0)	21.1
More than five years	**1.4**	**–**	**1.4**	8.4	(1.8)	6.6
	24.5	**(1.3)**	**23.2**	43.4	(4.5)	38.9

The Group has an option to purchase leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

PFI/PPP non-recourse net debt

The PFI/PPP non-recourse debt is held in three PFI/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 PFI/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 PFI/PPP company.

PFI/PPP cash and cash equivalents are offset against the non-recourse gross debt as they are subject to offsetting arrangements under the debt facilities.

	2019 Bank Loans PFI/PPP non-recourse net debt €m	2018 Bank Loans PFI/PPP non-recourse net debt €m
PFI/PPP non-recourse gross debt	**111.6**	113.2
PFI/PPP cash and cash equivalents	**(16.2)**	(18.6)
PFI/PPP non-recourse net debt	**95.4**	94.6

In the majority of cases subsidiaries holding non-recourse PFI/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 require lender approval to make such transfers.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

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.

Unutilised committed borrowing facilities:

	Core borrowings		PFI/PPP non-recourse net debt		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Expiring in more than two years	**149.8**	181.3	**2.2**	2.2	**152.0**	183.5

In addition, the Group had access to €14.1m (2018: €4.4m) of undrawn uncommitted working capital facilities.

The following table analyses the Group's financial liabilities and net settled 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.

	Within one year €m	Between one and five years €m	Over five years €m
At 31 March 2019			
Retail bonds	**107.9**	**111.0**	**–**
Bank loans – core borrowings	**22.5**	**400.5**	**10.5**
Bank loans – PFI/PPP non-recourse net debt	**8.4**	**41.9**	**98.5**
Finance lease liabilities	**8.7**	**14.4**	**1.4**
Net settled derivative financial instruments	**1.6**	**12.1**	**12.5**
Trade and other payables	**427.5**	**0.2**	**2.6**
	576.6	**580.1**	**125.5**
At 31 March 2018			
Retail bonds	7.9	218.8	–
Bank loans – core borrowings	12.6	361.7	–
Bank loans – PFI/PPP non-recourse net debt	7.7	32.7	117.2
Finance lease liabilities	11.9	23.1	8.4
Net settled derivative financial instruments	2.0	12.4	20.5
Trade and other payables	448.5	0.7	3.0
	490.6	649.4	149.1

NOTES TO THE FINANCIAL STATEMENTS

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 PFI/PPP contracts is added to the financial asset based on the rate implied at the start of the PPP/PFI 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
- A significant impairment of an interest receivable balance

Net finance charges are analysed as follows:

	2019 €m	Restated* 2018 €m
Finance charges		
Interest payable on borrowings	**17.1**	17.7
Interest payable on PFI/PPP non-recourse net debt	**7.8**	8.0
Unwinding of discount on provisions (note 4.9)	**8.4**	6.3
Interest charge on the retirement benefit schemes (note 7.2)	**0.6**	0.7
Amortisation of loan fees	**0.8**	0.4
Other finance costs	**1.1**	2.3
Total finance charges before non-trading and exceptional items	**35.8**	35.4
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts (note 4.4)	**(9.5)**	(9.7)
Unwinding of discount on deferred consideration receivable	**(0.2)**	(0.2)
Interest receivable on other loans and receivables	**(2.7)**	(2.7)
Total finance income before non-trading and exceptional items	**(12.4)**	(12.6)
Non-trading and exceptional items		
Change in fair value of derivatives at fair value through profit or loss	**0.1**	–
Ineffectiveness on cash flow hedges	**4.3**	–
Exceptional finance charges (note 3.4)	**5.0**	–
Non-trading and exceptional items	**9.4**	–
Net finance charges	**32.8**	22.8

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Accounting policy

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 contacts in the UK Municipal business.

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

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

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. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge. The main source of hedge ineffectiveness in the Group is where there is a change in the underlying debt profile of a variable rate loan. Certain derivative financial instruments do not qualify for hedge accounting are held at fair value through profit or loss. Changes in the fair value of such instruments are recognised immediately 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.

Derivative financial instruments are analysed as follows:

	2019		2018	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Relating to core financings:				
Cross-currency interest rate swaps – cash flow hedges	**2.0**	**3.4**	0.5	6.0
Cross-currency interest rate swaps – at fair value through profit or loss	**–**	**–**	–	0.1
Fuel derivatives – cash flow hedges	**1.0**	**0.5**	1.7	–
Forward foreign exchange contracts – cash flow hedges	**–**	**0.6**	–	0.1
Relating to PFI/PPP contracts:				
Interest rate swaps – cash flow hedges	**–**	**28.2**	–	27.0
Interest rate swaps – at fair value through profit or loss	**–**	**0.1**	–	0.2
Total	**3.0**	**32.8**	2.2	33.4
Current	**2.9**	**4.4**	1.6	0.1
Non-current	**0.1**	**28.4**	0.6	33.3
Total	**3.0**	**32.8**	2.2	33.4

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.

Cross-currency interest rate swaps

The notional principal amount of the outstanding forward cross currency interest rate swaps at 31 March 2019 was €172.6m (2018: €168.5m). The Group holds three contracts: a floating rate term loan borrowing of Canadian dollar $50.0m swapped to €36.1m at a fixed interest rate of 2.18% expiring February 2020, a floating rate revolving credit facility borrowing of Sterling £45m swapped to €53.0m at a fixed interest rate of 2.17% expiring February 2020 and a revolving credit facility borrowing of Sterling £75m swapped to €85.0m at a fixed rate of 1.71% expiring September 2019.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

Interest rate cap

The notional principal amount of the outstanding interest rate cap contract at 31 March 2019 was €125.0m (2018: €125.0m). Under this contract the 3-month Euribor interest rate payable on €125.0m (2018: €125.0m) of term loan and revolving credit facility borrowings are capped at 0.25% until February 2020. The value of this instrument is below €0.1m in both the current and prior years.

Fuel derivatives

The value of wholesale fuel covered by fuel derivatives at 31 March 2019 amounted to €16.8m (2018: €14.4m). The Group has annual usage across the Netherlands and Belgium of approximately 50m litres of diesel per annum of which approximately 32m litres have been fixed at an average of €0.44 per litre for the year to 31 March 2020 (nominal value €14.0m) and a further 6m litres has been fixed at an average of €0.45 per litre for the year to 31 March 2021 (nominal value €2.8m).

Forward foreign exchange contracts

The notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2019 was €13.2m (2018: €13.0m). Under these contracts the UK Municipal business has fixed the Sterling rate of underlying Euro off-take contracts on a monthly basis at an average EUR:GBP rate of €1:£0.91 expiring March 2020.

Interest rate swaps relating to PFI/PPP contracts

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2019 was €110.4m (2018: €110.8m). Under these contracts the Libor rate of PPP/PFI non-recourse borrowing 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 PFI project borrowing has led to ineffectiveness of €4.2m (2018: €nil) being recognised for the related interest rate swap which has been charged to the Income Statement as a non-trading and exceptional finance charge.

Net investment hedge

Renewi plc, a Sterling functional currency company, has Euro borrowings of €200.0m, fair value of €203.6m (2018: €200.0m, fair value of €201.6m), 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 2019 (2018: 100%) and as a result the related exchange loss of €3.4m (2018: €4.9m gain) has been recognised in the exchange reserve in the consolidated financial statements.

The following table shows the impact of the Group's cash flow hedges in Other comprehensive income:

	2019 €m	2018 €m
At 1 April	**(28.0)**	(36.1)
Effective element of changes in fair value arising from:		
Cross-currency interest rate swaps	**0.3**	(0.2)
Fuel derivatives	**(1.2)**	2.7
Forward foreign exchange contracts	**(0.5)**	–
Interest rate swaps relating to PFI/PPP contracts	**3.5**	5.6
At 31 March	**(25.9)**	(28.0)

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

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 2019	Nominal Amount at 31 March 2019 €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
Relating to core financing:								
Cross-currency interest rate swaps/variable rate borrowing	**172.6**	**2.0**	**(0.3)**	**(0.2)**	**–**	**(2.3)**	**2.0%**	**1:1**
Interest rate cap/variable rate borrowings	**125.0**	**–**	**–**	**–**	**–**	**–**	**–**	**1:1**
Fuel derivatives/purchase of diesel	**16.8**	**1.2**	**0.6**	**–**	**–**	**(1.2)**	**€0.44 per litre**	**1:1**
Forward foreign exchange contracts/ off-take contracts	**13.2**	**0.5**	**(0.6)**	**–**	**–**	**(0.5)**	**€1:£0.91**	**1:1**
Relating to PFI/PPP contracts:								
Interest rate swaps/variable rate borrowings	**110.4**	**1.9**	**(25.4)**	**(4.1)**	**–**	**2.4**	**4.07%**	**1:1**
Net investment hedge								
Euro borrowings/ investment in Euro denominated subsidiaries	**200.0**	**(3.5)**	**–**	**–**	**(20.4)**	**3.5**	**–**	**1:1**

	Hedging instrument					Hedged item		
March 2018	Nominal Amount at 31 March 2018 €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 value used to determine hedge effectiveness €m	Weighted average hedged rate	Hedge ratio
Relating to core financing:								
Cross-currency interest rate swaps/variable rate borrowing	168.5	(5.1)	(0.1)	–	–	5.1	1.95%	1:1
Interest rate cap/variable rate borrowings	125.0	0.3	–	–	–	(0.3)	–	1:1
Fuel derivatives/purchase of diesel	14.4	(2.7)	1.7	–	–	2.7	€0.36 per litre	1:1
Forward foreign exchange contracts/ off-take contracts	13.0	–	(0.1)	–	–		€1:£0.89	1:1
Relating to PFI/PPP contracts:								
Interest rate swaps/variable rate borrowings	110.7	(6.4)	(28.9)	–	–	6.4	4.07%	1:1
Net investment hedge								
Euro borrowings/ investment in Euro denominated subsidiaries	200.0	7.9	–		(23.8)	(7.9)	–	1:1

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Accounting policy

Following the adoption of IFRS 9, the accounting policies for financial instruments have been updated from 1 April 2018. The Group now 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.

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 the investments 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.

Financial liabilities are classified and measured at fair value through profit or loss or at amortised cost.

Reclassification of financial assets and financial liabilities into the IFRS 9 categories had no overall impact on the measurement basis applied. The table below provides details of the classification and measurement of financial assets and liabilities under IAS 39 and IFRS 9 at 1 April 2018, the date of initial application.

	Original IAS 39 measurement category	Revised IFRS 9 measurement category
Financial assets		
Loans to associates and joint ventures, trade receivables, other receivables (excluding invoice finance receivables), cash and cash equivalents and financial assets relating to PFI/PPP contracts	Loans and receivables	Financial assets at amortised cost
Other receivables relating to invoice finance	Loans and receivables	Financial assets at fair value through profit or loss
Unlisted investments	Available for sale financial assets	Financial assets at fair value through OCI
Derivative contracts – hedge accounted	Derivative financial instruments	Derivatives used for hedging
Financial liabilities		
Borrowings, trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Derivative contracts not hedge accounted	Derivative financial instruments	Financial liabilities at fair value through profit or loss
Derivative contracts hedge accounted	Derivative financial instruments	Derivatives used for hedging

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 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Valuation techniques used to derive level 2 fair values

- Short term investment valuations are provided by the fund manager
- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- Retail bonds, the fair value is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at level 2 fair values:

	2019 €m	2018 €m
Assets		
Unlisted non-current investments (note 4.3)	**4.7**	4.7
Short term investments (note 4.3)	**5.9**	–
Derivative financial instruments (note 5.5)	**3.0**	2.2
	13.6	6.9
Liabilities		
Derivative financial instruments (note 5.5)	**32.8**	33.4
Retail bonds	**203.6**	201.6
	236.4	235.0

Carrying value of financial assets and financial liabilities

Financial assets	Note	2019 €m	2018 €m
Financial assets at amortised cost			
Loans to associates and joint ventures	4.3	**0.9**	22.5
Trade and other receivables at amortised cost*	4.7	**243.9**	256.7
Cash and cash equivalents	5.2	**50.4**	73.0
Financial assets relating to PFI/PPP contracts	4.4	**155.8**	205.3
Derivatives used for hedging			
Fuel derivatives	5.5	**1.0**	1.7
Cross-currency interest rate swaps	5.5	**2.0**	0.5
Financial assets at fair value through profit or loss			
Short term investments	4.3	**5.9**	–
Other receivables relating to invoice finance		**11.7**	14.7
Financial assets at fair value through OCI			
Unlisted non-current investments	4.3	**4.7**	4.7
		476.3	579.1

*Trade and other receivables at amortised cost comprises trade receivables and accrued income net of allowance of €234.2m (2018: €240.8m) and other receivables held at amortised cost of €9.7m (2018: €15.9m).

The Group considers that the fair value of financial assets is not materially different to their carrying value.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

Financial liabilities	Note	2019 €m	2018 €m
Financial liabilities at amortised cost			
Bank overdraft	5.3	**5.4**	3.5
Term loan, revolving credit facility, EUPP and other loans	5.3	**374.1**	331.9
Retail bonds	5.3	**203.6**	201.6
Finance lease obligations	5.3	**23.3**	38.9
Trade and other payables excluding non-financial liabilities	4.8	**430.3**	452.3
Bank loans – PFI/PPP non-recourse net debt	5.3	**95.4**	94.6
Financial liabilities at fair value through profit or loss			
Interest rate swaps relating to PFI/PPP contracts – at fair value through profit or loss	5.5	**0.1**	0.2
Derivatives used for hedging			
Cross-currency interest rate swaps	5.5	**3.4**	6.1
Fuel derivatives	5.5	**0.5**	–
Forward foreign exchange contracts	5.5	**0.6**	0.1
Interest rate swaps relating to PFI/PPP contracts	5.5	**28.2**	27.0
		1,164.9	1,156.2

The Group considers that the fair value of bank loans, trade and other payables and finance lease obligations 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 forecasted and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, EU private placements, fixed rate finance leases, cross currency interest rate swaps and an interest rate cap. The proportion of the Group's total core borrowings that were fixed or hedged at 31 March 2019 was €550.0m (2018: €532.4m) or 90% (2018: 93%). Additionally, the PFI/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 of interest rate swaps being recognised directly in reserves, 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.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Interest rate sensitivity for core 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 €1.1m (2018: €1.2m) based on the average core bank borrowings during the year.

The fair values of cross currency interest rate swaps for hedging the core banking facility 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 €1.3m (2018: €3.1m). 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 €1.3m (2018: €3.1m).

The fair value of the interest rate cap used for hedging the core banking facility was determined with reference to floating market interest rates. A 1% increase in interest rates would have increased the fair value of the interest rate cap asset and resulted in a pre-tax gain in other comprehensive income of €0.5m (2018: €1.2m). A 1% decrease would have no impact on the fair value or pre-tax loss in other comprehensive income (2018: €nil).

Interest rate sensitivity for PFI/PPP non-recourse borrowings

The PFI/PPP non-recourse borrowings are fully covered by interest rate swaps. The fair values of interest rate swaps used for hedging of PFI/PPP non-recourse borrowings are determined with reference to floating market interest rate. 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 €10.5m (2018: €11.0m). 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 €11.8m (2018: €12.5m).

Foreign exchange risk

The Group operates in the UK and Canada and is exposed to translation risk on the value of assets denominated in Sterling and Canadian Dollars into Euros. This exposure is reduced by borrowing in Sterling and Canadian Dollars. 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 which is managed through the use of forward exchange contracts.

Foreign exchange sensitivity

The impact of a change in foreign exchange rates of 10% on the Group’s continuing profit before tax would be €6.6m (2018: €10.1m) and the impact on continuing underlying profit before tax would have been €0.6m (2018: €1.6m).

The fair values of cross currency interest rate swaps for hedging the core borrowing are determined with reference to spot foreign exchange rates. A 10% increase in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have increased the fair value of the cross currency interest rate swap liabilities and resulted in a pre-tax loss in other comprehensive income of €16.0m (2018: €15.9m). A 10% decrease in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have reduced the fair value of the cross currency interest rate swap liability or created an asset and led to a pre-tax gain in other comprehensive income of €19.5m (2018: €19.4m).

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 profit before tax would have been €1.1m (2018: €1.0m).

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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 PFI/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 Group recognises lifetime expected credit losses at the point of initial recognition for trade receivables and accrued income as set out in note 4.7. 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 2019 the amount of credit risk on cash and short-term deposits totalled €50.4m (2018: €73.0m). The banks and financial institutions used by the Group are restricted to those with the appropriate geographical presence and suitable credit rating. 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. At 31 March 2019 the amount of credit risk on trade and other receivables amounted to €243.9m (2018: €256.7m). The Group does not hold any collateral as security.

The financial assets relating to PFI/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. At 31 March 2019 the amount of credit risk on financial assets relating to continuing operations amounted to €155.8m (2018: €205.3m).

The subordinated loan to Resource Recovery Solutions (Derbyshire) Ltd, the UK Municipal Derby contract, included within loans to joint ventures and associates has experienced a significant increase in credit risk and as a result a 100% expected credit loss has been recognised as set out in note 3.4.

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.

The following table shows the capital of the Group:

	Note	**2019 €m**	2018 €m
Total core borrowings	5.3	**602.4**	573.6
Less: cash and cash equivalents	5.2	**(50.4)**	(73.0)
Core net debt		**552.0**	500.6
Total equity		**319.5**	436.3
Total capital		**871.5**	936.9

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 core banking facility agreements have covenants including core 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.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.9 EQUITY

Accounting policy

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 2017	799,812,223	99.5	473.4
Issued under share option schemes	321,029	–	0.2
At 31 March 2018	800,133,252	99.5	473.6
Issued under share option schemes	8,284	–	–
At 31 March 2019	**800,141,536**	**99.5**	**473.6**

During the year 8,284 (2018: 321,029) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of €6,086 (2018: €264,853). Further disclosures relating to share-based options are set out in note 7.3.

The Renewi plc Employee Share Trust owns 5,529,850 (0.7%) (2018: 1,308,652 (0.2%)) 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.

	2019				2018			
	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	**55.2**	**19.2**	**24.3**	**98.7**	54.4	18.6	23.1	96.1
(Loss) profit after tax	**(14.5)**	**(0.8)**	**0.4**	**(14.9)**	1.1	(1.0)	0.7	0.8
Other comprehensive (loss) income	**–**	**(0.6)**	**–**	**(0.6)**	–	2.2	–	2.2
Total comprehensive (loss) income	**(14.5)**	**(1.4)**	**0.4**	**(15.5)**	1.1	1.2	0.7	3.0
Total comprehensive (loss) profit allocated to the non-controlling interests	**(4.8)**	**(0.4)**	**0.1**	**(5.1)**	0.4	0.3	0.2	0.9
Non-current assets	**23.5**	**78.6**	**3.8**	**105.9**	32.8	78.1	3.9	114.8
Current assets	**15.6**	**3.4**	**9.6**	**28.6**	19.6	2.9	8.5	31.0
Non-current liabilities	**(11.0)**	**(78.2)**	**(0.1)**	**(89.3)**	(5.1)	(78.8)	(0.2)	(84.1)
Current liabilities	**(20.8)**	**(15.8)**	**(5.3)**	**(41.9)**	(25.4)	(12.4)	(4.7)	(42.5)
Net assets (liabilities)	**7.3**	**(12.0)**	**8.0**	**3.3**	21.9	(10.2)	7.5	19.2
Accumulated non-controlling interests	**2.4**	**(2.9)**	**1.5**	**1.0**	7.3	(2.6)	1.4	6.1
Net (decrease) increase in cash and cash equivalents	**(0.4)**	**–**	**(0.1)**	**(0.5)**	(0.3)	–	0.6	0.3

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.10 DIVIDENDS

Accounting policy

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:

	2019 €m	2018 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2018 of 2.1 pence per share (2017: 2.1 pence)	**18.9**	19.0
Interim dividend paid for the year ended 31 March 2019 of 0.95 pence per share (2018: 0.95 pence)	**8.5**	8.6
	27.4	27.6
Proposed final dividend for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	**4.6**	18.9
Total dividend per share (pence)	**1.45p**	3.05p

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.

Prior year acquisitions

In December 2017 ATM in the Hazardous Waste division acquired MVO Moerdijk BV, subsequently renamed ATM Terra BV, for a consideration of €7.2m. At 31 March 2018 the fair values of the total identifiable net liabilities acquired was provisional. These have now been retrospectively adjusted to reflect new information obtained about the facts and circumstances of the acquisition. The impact of the restatement has been to increase the net liabilities by €8.2m resulting in final goodwill of €17.2m for the acquisition representing the possibilities for strategic expansion.

Disposals

On 30 August 2018 the UK joint venture Energen Biogas was sold for €20.2m generating a profit on disposal of €11.1m.

On 27 September 2018 the Hazardous Waste division sold 50% of the shareholding of ATM Terra BV for €3.6m. On that date the entity changed its name to AP4Terra BV.

SECTION 6. ACQUISITIONS AND DISPOSALS CONTINUED

6.2 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.

At 31 March 2018 the Group had €0.4m of property, plant and equipment held for sale being a piece of land on the Maarheeze site in the Netherlands which was sold during the year ended March 2019.

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business. Active programmes are underway therefore the assets and liabilities are presented as held for sale at 31 March 2019 as the criteria set out in IFRS 5 Non-current assets held for sale and discontinued operations have been met. Both disposals are expected to be completed within the next 12 months.

Assets classified as held for sale and the related liabilities are as follows:

	Carrying value transferred to disposal groups €m	Remeasurement under IFRS 5 €m	Carrying value under IFRS 5 €m
Goodwill	57.3	(33.5)	23.8
Other Intangible assets	4.9	(1.6)	3.3
Property, plant and equipment	73.9	(6.9)	67.0
Financial assets relating to PFI/PPP contracts	44.0	–	44.0
Trade and other receivables	23.6	–	23.6
Inventories	0.7	–	0.7
Total assets held for sale	**204.4**	**(42.0)**	**162.4**
Trade and other payables	(30.6)	–	(30.6)
Provisions	(0.8)	–	(0.8)
Finance leases	(4.2)	–	(4.2)
Tax	(4.9)	–	(4.9)
Total liabilities relating to assets held for sale	**(40.5)**	**–**	**(40.5)**
Net assets held for sale	**163.9**	**(42.0)**	**121.9**

The carrying value of the disposal groups has been assessed against the anticipated proceeds less the disposal costs and this has resulted in a loss on remeasurement of the assets held for sale of €42.0m. The remeasurement has been allocated against goodwill, other intangibles and property plant and equipment. The charge has been recognised in the Income Statement as an exceptional administrative expense with €19.5m in continuing operations and €22.5m in discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 6. ACQUISITIONS AND DISPOSALS CONTINUED

6.3 DISCONTINUED OPERATIONS

The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement and the prior year Income Statement and Cash Flow Statement comparatives have been restated.

Income Statement in relation to the discontinued operations:

	2019	2018 Restated*		
	Canada €m	Canada €m	UK €m	Total €m
Revenue	**18.3**	18.8	–	18.8
Cost of sales	**(16.0)**	(21.0)	–	(21.0)
Gross profit	**2.3**	(2.2)	–	(2.2)
Administrative expenses	**(0.8)**	(1.8)	(0.2)	(2.0)
Operating profit (loss) before non-trading and exceptional items	**1.5**	(4.0)	(0.2)	(4.2)
Non-trading and exceptional items	**(22.5)**	–	0.6	0.6
Operating (loss) profit	**(21.0)**	(4.0)	0.4	(3.6)
Finance income	**1.3**	1.3	–	1.3
Finance charges	**(1.5)**	(1.2)	–	(1.2)
(Loss) profit before tax on discontinued operations	**(21.2)**	(3.9)	0.4	(3.5)
Taxation	**0.1**	1.0	–	1.0
(Loss)profit after tax on discontinued operations	**(21.1)**	(2.9)	0.4	(2.5)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Cash flow information in relation to the discontinued operations:

	2019 €m	2018 €m
Net cash inflow (outflow) from operating activities	**10.5**	(11.9)
Net cash from investing activities	**(1.5)**	(1.0)
Net cash outflow (inflow) from financing activities	**(8.1)**	13.2
Net movement in cash	**0.9**	0.3

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	2019 €m	Restated* 2018 €m
Wages and salaries		**333.6**	324.3
Social security costs		**61.2**	59.7
Share-based benefits	7.3	**0.8**	2.1
Other pension costs	7.2	**35.1**	31.4
Total staff costs		**430.7**	417.5

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

	2019	Restated* 2018
The average number of employees by reportable segment during the year was:		
Commercial Waste	**4,685**	4,742
Hazardous Waste	**941**	943
Monostreams	**490**	461
Municipal	**649**	654
Group central services	**279**	254
Total continuing operations	**7,044**	7,054
Discontinued operations – Canada	**49**	46
Total average number of employees	**7,093**	7,100

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

Retirement benefit schemes costs

	2019 €m	2018 €m
UK defined contribution scheme	**1.4**	1.2
UK defined benefit scheme	**0.3**	0.4
Overseas defined benefit schemes	**2.0**	2.4
Other overseas pension schemes	**31.4**	27.3
	35.1	31.3

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. 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 Hewitt Risk Management 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.

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 and is still being finalised. The Group has agreed that it will aim to eliminate the pension plan deficit with an annual deficit contribution of €3.5m (£3.1m) for a further period still to be determined. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2020 are €3.8m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2019 % p.a.	2018 % p.a.
Discount rate	**2.5**	2.7
Rate of price inflation	**3.3**	3.2
Consumer price inflation	**2.2**	2.1

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 2039 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 25 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 final salaries and in some cases on average salaries. The assets consist of qualifying insurance policies which match the vested benefits. The build-up of rights for inactives are indexed on the basis of additional interest and rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans. The total estimated contributions expected to be paid to the schemes in the year ending 31 March 2020 are €1.0m.

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	2019 UK €m	2019 Overseas €m	2019 Total €m	2018 UK €m	2018 Overseas €m	2018 Total €m
Current service cost	0.3	2.0	2.3	0.4	2.4	2.8
Past service cost	2.0	–	2.0	–	–	–
Curtailment	–	(2.1)	(2.1)	–	–	–
Interest expense on scheme net liabilities	0.4	0.2	0.6	0.5	0.2	0.7
Net retirement benefit charge before tax	2.7	0.1	2.8	0.9	2.6	3.5

The past service cost of €2.0m in the UK scheme is a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation. The curtailment in the overseas scheme arose as the principal legacy Van Gansewinkel defined benefit scheme was closed.

Statement of comprehensive income	2019 UK €m	2019 Overseas €m	2019 Total €m	2018 UK €m	2018 Overseas €m	2018 Total €m
Actuarial gain (loss) on scheme liabilities	7.0	(1.8)	5.2	5.2	1.6	6.8
Actuarial gain (loss) on scheme assets	4.6	1.0	5.6	(3.2)	(0.2)	(3.4)
Actuarial gain (loss)	11.6	(0.8)	10.8	2.0	1.4	3.4

Cumulative actuarial gains and losses recognised in the statement of comprehensive income since 1 April 2004 are losses of €32.8m (2018: €43.6m).

Balance sheet	2019 UK €m	2019 Overseas €m	2019 Total €m	2018 UK €m	2018 Overseas €m	2018 Total €m
Present value of funded obligations	(202.1)	(65.0)	(267.1)	(208.4)	(63.5)	(271.9)
Fair value of plan assets	198.4	56.8	255.2	192.0	54.5	246.5
Pension scheme deficit	(3.7)	(8.2)	(11.9)	(16.4)	(9.0)	(25.4)
Related deferred tax asset (note 3.5)	0.6	2.1	2.7	2.8	2.3	5.1
Net pension liability	(3.1)	(6.1)	(9.2)	(13.6)	(6.7)	(20.3)

The UK scheme's assets of €198.4m (2018: €192.0m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Hewitt Risk Management Services Limited, a breakdown of the underlying exposures to investment classes is given below:

	2019 €m	2018 €m
Equities	46.9	48.4
Absolute return	46.5	39.7
Fixed income	19.8	22.2
Property	5.1	8.1
Liability driven investment	73.7	68.6
Cash and others	6.4	5.0
	198.4	192.0

The overseas schemes assets of €56.8m (2018: €54.5m) are insurance contracts managed by insurers in the Netherlands and Belgium.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

The movement in the pension scheme deficit recognised in the balance sheet for all defined benefit schemes:

	UK €m	Overseas €m	Total €m
At 1 April 2017	(21.9)	(9.6)	(31.5)
Current service cost	(0.4)	(2.4)	(2.8)
Interest expense	(0.5)	(0.2)	(0.7)
Net actuarial gains recognised in the year	2.0	1.4	3.4
Contributions from employer	3.8	1.8	5.6
Exchange	0.6	–	0.6
At 31 March 2018	(16.4)	(9.0)	(25.4)
Current service cost	(0.3)	(2.0)	(2.3)
Past service cost	(2.0)	–	(2.0)
Curtailment	–	2.1	2.1
Interest expense	(0.4)	(0.2)	(0.6)
Net actuarial gains (losses) recognised in the year	11.6	(0.8)	10.8
Contributions from employer	3.7	1.7	5.4
Exchange	0.1	–	0.1
At 31 March 2019	**(3.7)**	**(8.2)**	**(11.9)**

Reconciliation of the defined benefit obligation:

	UK €m	Overseas €m	Total €m
At 1 April 2017	(225.3)	(61.8)	(287.1)
Current service cost	(0.4)	(2.4)	(2.8)
Interest expense	(5.6)	(1.3)	(6.9)
Remeasurements:			
Actuarial gain on scheme liabilities arising from changes in financial assumptions	5.9	0.8	6.7
Actuarial (loss) gain on scheme liabilities arising from changes in experience	(0.7)	0.8	0.1
Contributions from plan participants	(0.1)	(0.7)	(0.8)
Benefit payments	12.3	1.1	13.4
Exchange	5.5	–	5.5
At 31 March 2018	(208.4)	(63.5)	(271.9)
Current service cost	(0.3)	(2.0)	(2.3)
Past service cost	(2.0)	–	(2.0)
Curtailment	–	6.8	6.8
Interest expense	(5.6)	(1.4)	(7.0)
Remeasurements:			
Actuarial gain on scheme liabilities arising from changes in financial assumptions	(8.1)	(1.4)	(9.5)
Actuarial gain on scheme liabilities arising from change in demographic assumptions	9.4	–	9.4
Actuarial gain (loss) on scheme liabilities arising from changes in experience	5.6	(0.3)	5.3
Contributions from plan participants	–	(0.7)	(0.7)
Benefit payments	10.4	1.1	11.5
Addition	–	(3.6)	(3.6)
Exchange	(3.1)	–	(3.1)
At 31 March 2019	**(202.1)**	**(65.0)**	**(267.1)**

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

Reconciliation of plan assets:

	UK €m	Overseas €m	Total €m
At 1 April 2017	203.4	52.2	255.6
Interest income	5.1	1.1	6.2
Remeasurements: Return on plan assets excluding interest expense	(3.2)	(0.2)	(3.4)
Contributions from employer	3.8	1.8	5.6
Contributions from plan participants	0.1	0.7	0.8
Benefit payments	(12.3)	(1.1)	(13.4)
Exchange	(4.9)	–	(4.9)
At 31 March 2018	192.0	54.5	246.5
Curtailment	–	(4.7)	(4.7)
Interest income	5.2	1.2	6.4
Remeasurements: Return on plan assets excluding interest expense	4.7	0.9	5.6
Contributions from employer	3.7	1.7	5.4
Contributions from plan participants	–	0.7	0.7
Benefit payments	(10.4)	(1.1)	(11.5)
Addition	–	3.6	3.6
Exchange	3.2	–	3.2
At 31 March 2019	**198.4**	**56.8**	**255.2**

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 Company 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 assets in the overseas pension schemes consist of qualifying insurance policies which match the benefits that will be paid to employees.

Inflation risk – The majority of benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. For the UK scheme caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy – The majority of the scheme's 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 scheme's bond holdings.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

Sensitivities for defined pension 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	4.1	(10.7)	0.25	3.1	(3.4)
Rate of price inflation	0.25	(7.1)	0.7	0.25	(0.1)	0.1
Consumer price inflation	0.25	(7.1)	0.7	–	–	–

	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	(9.4)	2.9	(0.2)	0.2

Other overseas schemes

The total cost in the year for other overseas pensions was €31.4m (2018: €27.5m).

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. These schemes are treated as defined contribution plans as it is not possible to separately identify the Group's share of the assets and liabilities of those schemes. 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. In Belgium there are a number of pension schemes which are considered as defined benefit schemes under IAS 19.

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.3 SHARE-BASED PAYMENTS

As described in the 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 90 to 107.

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 options 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 options

	SRSOS		LTIP	DAB
	Number of options	Weighted average exercise price	Number of options	Number of options
Outstanding at 1 April 2017	1,471,107	73p	11,436,140	546,521
Granted	1,003,765	76p	4,812,000	191,041
Forfeited	(236,988)	75p	(311,581)	–
Expired	(70,198)	75p	(3,161,724)	–
Exercised	(321,029)	73p	–	–
Outstanding at 31 March 2018	1,846,657	73p	12,774,835	737,562
Granted	1,975,433	52p	4,274,657	490,640
Forfeited	(941,924)	69p	(3,340,420)	(680,609)
Expired	(99,530)	70p	(2,574,653)	–
Exercised/vested	(8,284)	65p	(765,407)	(91,075)
Outstanding at 31 March 2019	2,772,352	59p	10,369,012	456,518
Exercisable at 31 March 2019	438,029	65p		
Exercisable at 31 March 2018	9,364	73p		
Weighted average share price at date of exercise		44p		
At 31 March 2019:				
Range of price per share at exercise		52p to 76p		
Weighted average remaining contractual life		1 to 2 years		

The awards granted in 2016/17 vest after three years, three and a half years and four and a half years. The awards granted during 2017/18 and 2018/19 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 half a year and two years.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.3 SHARE-BASED PAYMENTS CONTINUED

Fair value of options granted during the year

	SRSOS		LTIP			
Valuation model	**2019 Black-Scholes**	2018 Black-Scholes	**2019 Share price**	2018 Share price	**2019 Monte Carlo**	2018 Monte Carlo
Weighted average fair value	**12p**	22p	**78p**	95p	**40p**	31p
Weighted average share price	**63p**	95p	**78p**	95p	**78p**	95p
Weighted average exercise price	**52p**	76p	**–**	–	**–**	–
Expected volatility	**29%**	29%	**–**	–	**29%**	28%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**0.9%**	0.3%	**–**	–	**0.7%**	0.3%
Dividend yield	**5.2%**	3.5%	**–**	–	**–**	–

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.

Charge for the year

The Group recognised a total charge of €0.8m (2018: €2.1m) relating to equity-settled share-based payments. The DAB awards for the year ended 31 March 2019 have not yet been granted and therefore the charge is based on an estimate.

SECTION 8. OTHER NOTES

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2019

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 2019 is disclosed. 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 asterix.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
ATM B.V.	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
A&G Holding B.V.	Flight Forum 240, 5657 DH Eindhoven, 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 CV	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.	Flight Forum 240, 5657 DH Eindhoven, 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.* (previously Shanks European Investments 1 Coop WA and Renewi European Investments 1 B.V.))	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Hazardous Waste B.V.	Computerweg 12D, 3821 AB Amersfoort, 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.	Touwslagerstraat 1, 2984 AW Ridderkerk, Netherlands
Renewi Smink B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Support B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Reym B.V.	Computerweg 12, 3821 AB Amersfoort, 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.) CV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
VGIS B.V.	Theemsweg 32, 3197 KM Botlek Rotterdam, Netherlands

NOTES TO THE FINANCIAL STATEMENTS

SECTION 8. OTHER NOTES CONTINUED

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2019 CONTINUED

Subsidiary	Address of the registered office
Incorporated in Belgium	
Belgo-Luxembourgeoise de Services Publics SA	Rue de Rolleghem 381, 7700 Mouscron, Belgium
Coolrec Belgium NV	Baeckelmansstraat 125, 2830 Tisselt, Belgium
EcoSmart NV	Nijverheidsstraat 2, 2870 Puurs, Belgium
Enviro+ NV	John Kennedylaan 4410, 9042 Gent, Belgium
Maltha Glasrecyclage Belgie BVBA	Fabrieksstraat 114, 3920 Lommel, Belgium
Mineralz ES Treatment NV	Berkebossenlaan 7, 2400 Mol, Belgium
Ocean Combustion Services NV	Terlindenhofstraat 36, B-2170 Meerksem, Antwerpen, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Renewi Belgium NV	Gerard Mercatorstraat 8, B-3920, Lommel, Belgium
Renewi Logistics NV	John Kennedylaan 4410, 9042 Gent, Belgium
Renewi NV	Berkebossenlaan 7, 2400 Mol, Belgium
Renewi Valorisation & Quarry NV	Gerard Mercatorstraat 8, B-3920, Lommel, Belgium
Renewi Wood Products NV	John Kennedylaan 4410, 9042 Gent, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Reym GmbH	Oldenburg, Germany
Coolrec Deutschland GmbH (Year end 31 December)	Donatusstraße 1, 50259 Pulheim, 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 Luxembourg	
Renewi Luxembourg SA	z.a. Gadderscheier, 4501 Differdange, Luxembourg
Incorporated in Portugal	
Maltha Glass Recycling Portugal L.D.A. (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 Financial Management 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

SECTION 8. OTHER NOTES CONTINUED

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2019 CONTINUED

Subsidiary	Address of the registered office
Incorporated in Canada	
Renewi Canada LTD (previously Orgaworld Canada LTD)	2940 Dingman Drive, London ON N6N 1G4, Canada
Renewi Design-Builder General Partner LTD (previously Orgaworld Design-Builder General Partner LTD)	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Renewi Design-Builder Limited Partnership (previously Orgaworld Design-Builder General Limited Partnership)	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Renewi Surrey General Partner LTD (previously Orgaworld Surrey General Partner LTD)	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Renewi Surrey Limited Partnership (previously Orgaworld Surrey Limited Partnership)	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Subsidiary undertakings holdings UK PFI/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 (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Limited (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS

SECTION 8. OTHER NOTES CONTINUED

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2019 CONTINUED

Joint ventures, joint operations and associates

At 31 March 2019 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			
AP4 Terra B.V.	50%	31 March 2019	Vlasweg 12, 4782 PW Moerdijk, Netherlands
PQA B.V.	50%	31 December 2018	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld B.V.	50%	31 December 2018	Coevorderweg 48, 7737 PG Stegeren, Netherlands
SQAPE B.V.	50%	31 December 2018	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Incorporated in Belgium			
Marpos NV	45%	31 December 2018	L. Coiseaukaai 43, 8380 Dudzele, Belgium
Recypel BVBA	50%	31 December 2018	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2019	Regenbeekstraat 7C, 8800 Roeselare, Belgium
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2018	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2018	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Resource Recovery Solutions (Derbyshire) Holdings Limited	50%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Resource Recovery Solutions (Derbyshire) Limited	50%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2019	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 2019 CONTINUED

Associates	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Afval Loont Holding B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Barendrecht B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Exploitatie 1 B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Rotterdam B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Shared Service Centre B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Spaarders B.V.	22%	31 December 2018	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
AMP B.V.	33%	31 December 2018	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Dorst B.V.	50%	31 December 2018	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
Tankterminal Sluiskil B.V.	40%	31 December 2018	Oude Haven 44, Oostburg, 4501PA, Netherlands
Zavin B.V.	33%	31 December 2018	Baanhoekweg 42, 3313 LA Dordrecht, Netherlands
Zavin C.V.	33%	31 December 2018	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in Belgium			
SUEZ PCB Decontamination NV	23%	31 December 2018	Westvaartdijk 97, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2018	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium
Incorporated in Austria			
EARN Elektroalgeräte Service GmbH	33%	31 December 2018	Johannesgasse 15,,1010 Wien, Austria
Incorporated in the UK			
ELWA Limited	20%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Resource Recovery Solutions (Derbyshire) Limited	50%	31 March 2019	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Dumfries And Galloway Limited	20%	31 March 2019	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Shanks Dumfries And Galloway Holdings Limited	20%	31 March 2019	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom

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 2018	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Hydrovac V.O.F.	50%	31 December 2018	Graafsebaan 67, 5248 JT Rosmalen, Netherland
Induserve V.O.F.	67%	31 December 2018	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Octopus V.O.F.	50%	31 December 2018	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
Reym HMVT B.V.	50%	31 December 2018	Maxwellstraat 31, 6716 BX Ede, Netherlands
Smink Boskalis Dolman V.O.F.	50%	31 December 2018	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
TOP Leeuwarden V.O.F.	50%	31 December 2018	Newtonweg 1, 8912 BD Leeuwarden, Netherlands

NOTES TO THE FINANCIAL STATEMENTS

SECTION 8. OTHER NOTES CONTINUED

8.2 RELATED PARTY TRANSACTIONS

Transactions between the Group and its associates and joint ventures

The Group had the following transactions and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2019 €m	2018 €m	**2019 €m**	2018 €m
Sales	**52.0**	53.9	**57.1**	67.6
Purchases	**2.6**	1.9	**0.4**	1.3
Management fees	**0.9**	0.8	**1.1**	0.9
Interest on loans to associates and joint ventures	**–**	–	**0.1**	2.6
Receivables at 31 March	**5.3**	5.5	**1.9**	6.5
Payables at 31 March	**0.6**	0.3	**–**	0.2
Loans made by Group companies at 31 March	**0.7**	0.9	**0.2**	21.6
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. An expected credit loss expense of €36.9m (2018: €nil) has been recognised in relation to loans to related parties and other receivables in UK Municipal in relation to the Derby PFI contract as set out in note 3.4.

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 within the Directors' Remuneration Report on pages 90 to 107, and form part of these financial statements. The emoluments paid or payable to key management personnel were:

	2019 €m	2018 €m
Short-term employee benefits	**4.1**	5.9
Post-employment benefits	**0.2**	0.2
Share-based payments	**0.1**	0.9
	4.4	7.0

SECTION 8. OTHER NOTES CONTINUED

8.3 CONTINGENT LIABILITIES

As we announced in January 2019, there is an ongoing investigation into the production of thermally cleaned soil by 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 vigorously in such an event and, given that it is not even clear whether or what charges might be brought, we do not consider it appropriate at this stage nor is it possible to quantify a provision in relation to this.

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 the disposed operations for which appropriate 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 €238.6m (2018: €235.4m).

8.4 EVENTS AFTER THE BALANCE SHEET DATE

On 1 May 2019 the Group acquired for a nominal sum Rotie Organics, a business that collects, sources, de-packages and pre-treats out of date food waste.

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY

	2019 €m	Restated* 2018 €m	2017 €m	2016 €m	2015 €m
Consolidated income statement					
Revenue[1]	**1,780.7**	1,760.3	927.7	840.2	767.5
Underlying EBIT from continuing operations[1]	**85.5**	82.5	43.7	45.5	43.9
Finance charges – interest	**(13.3)**	(14.0)	(9.6)	(12.7)	(13.3)
Finance charges – other	**(10.1)**	(8.8)	(5.7)	(5.6)	(3.9)
Share of results from associates and joint ventures	**0.4**	2.6	2.4	1.4	1.1
Profit from continuing operations before exceptional items and tax (underlying profit)	**62.5**	62.3	30.8	28.6	27.8
Non-trading and exceptional items	**(151.5)**	(115.1)	(101.9)	(31.1)	(55.4)
Loss before tax from continuing operations	**(89.0)**	(52.8)	(71.1)	(2.5)	(27.6)
Taxation	**(15.6)**	(15.7)	(7.1)	(3.3)	(1.9)
Exceptional tax and tax on exceptional items	**28.0**	17.1	7.5	1.1	5.3
Loss after tax from continuing operations	**(76.6)**	(51.4)	(70.7)	(4.7)	(24.2)
(Loss) profit after tax from discontinued operations	**(21.1)**	(2.5)	(0.6)	0.1	1.8
Loss for the year	**(97.7)**	(53.9)	(71.3)	(4.6)	(22.4)
(Loss) profit attributable to:					
Owners of the parent	**(92.8)**	(54.2)	(70.9)	(4.6)	(22.5)
Non-controlling interests	**(4.9)**	0.3	(0.4)	–	0.1
	(97.7)	(53.9)	(71.3)	(4.6)	(22.4)
Consolidated balance sheet					
Non-current assets	**1,439.6**	1,669.2	1,674.3	845.7	1,019.1
Other assets less liabilities	**(472.7)**	(637.7)	(565.2)	(257.2)	(235.8)
Net debt	**(647.4)**	(595.2)	(597.6)	(357.9)	(521.9)
Net assets	**319.5**	436.3	511.5	230.6	261.4
Equity attributable to owners of the parent					
Share capital and share premium	**573.1**	573.1	572.9	176.7	193.3
Exchange reserve and retained earnings	**(254.6)**	(142.9)	(66.6)	56.5	70.4
	318.5	430.2	506.3	233.2	263.7
Non-controlling interests	**1.0**	6.1	5.2	(2.6)	(2.3)
Total equity	**319.5**	436.3	511.5	230.6	261.4
Financial ratios					
Underlying earnings per share – continuing operations[2] (cents per share)	**5.9c**	5.8c	4.5c	5.6c	5.7c
Basic loss per share – continuing operations[2] (cents per share)	**(9.0)c**	(6.5)c	(13.1)c	(1.0)c	(5.4)c
Dividend per share (pence per share)	**1.45p**	3.05p	3.05p	3.45p	3.45p

*The year ended March 2018 comparatives for the Income Statement have been restated to classify the Canada Municipal segment as a discontinued operation as explained in Section 1.
1 Revenue and underlying EBIT from continuing operations is stated before non-trading and exceptional items as set out in note 3.4.
2 Underlying earnings and basic loss per share for continuing operations have been restated for years ended 2015 and 2016 to reflect the bonus factor within the 2016 equity raise.

EXPLANATION OF NON-IFRS MEASURES

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
Underlying EBIT	Operating profit from continuing and discontinued operations excluding amortisation of intangible assets arising on acquisition, fair value remeasurements, non-trading and exceptional items	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
EBITDA	Underlying EBIT before depreciation, amortisation and profit or loss on disposal of plant, property and equipment for both continuing and discontinued operations	Measure of earnings and cash generation to assess operational performance
Underlying profit before tax	Profit before tax from continuing operations before 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 before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Return on operating assets	Last 12 months underlying EBIT divided by a 13 month average of total net assets (including assets and liabilities of disposal groups classified as held for sale) excluding core net debt, 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 total net assets excluding core net debt and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Underlying 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 underlying free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Net core cash flow	Cash flow from core net debt excluding loan fee amortisation and capitalisation, exchange movements and movements in PFI/PPP non-recourse net debt	Provides an understanding of total cash flow of the Group
Core net debt or core funding	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts	The borrowings relating to the UK PFI/PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group
Net debt to EBITDA	Core net debt divided by an annualised 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
Non-trading and exceptional cash flow items	Synergy, integration, restructuring and transaction cash flows are presented in cash flows from operating activities and are included in the categories in note 3.4, net of opening and closing balance sheet positions	Provides useful information on non-trading and exceptional cash flow spend
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate

EXPLANATION OF NON-IFRS MEASURES

Reconciliations of certain non-IFRS measures are set out below:

Reconciliation of underlying EBIT to EBITDA

	2019 €m	Restated* 2018 €m
Underlying EBIT from continuing operations	**85.5**	82.5
Depreciation of property, plant and equipment	**87.3**	87.3
Amortisation of intangible assets (excluding acquisition intangibles)	**6.9**	7.9
Non-exceptional (gain) loss on disposal of property, plant and equipment	**(2.3)**	2.4
EBITDA from continuing operations	**177.4**	180.1
EBITDA from discontinued operations	**3.9**	(1.8)
Total EBITDA	**181.3**	178.3

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Reconciliation of underlying free cash flow as presented in the CFO Review

	2019 €m	2018 €m
Net cash inflow from operating activities	**73.6**	136.0
Exclude non-trading and exceptional provisions, working capital and restructuring spend	**66.0**	40.9
Exclude payments to fund UK defined benefit pension scheme	**3.4**	3.5
Exclude (decrease) increase in Municipal Canada PPP financial asset	**(6.9)**	11.5
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(29.4)**	(28.6)
Include finance income received	**11.7**	11.3
Include purchases of replacement items of intangible assets	**(3.8)**	(6.8)
Include purchases of replacement items of property, plant and equipment	**(92.4)**	(83.6)
Include proceeds from disposals of property, plant and equipment	**8.1**	4.2
Underlying free cash flow	**30.3**	88.4

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the CFO review. The 2019 replacement spend shown above totalling €96.2m (being €3.8m intangible assets and €92.4m property, plant and equipment) plus the growth capital expenditure in the cash flow of €11.7m as shown in the CFO review less additions to finance leases of €0.4m (as shown in note 5.1) reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €107.5m within investing activities in the consolidated statement of cash flows.

Reconciliation of net core cash flow as presented in the CFO Review

	2019 €m	2018 €m
Net core cash flow	**(51.9)**	(13.0)
Movement in PFI/PPP non-recourse net debt	**(0.8)**	7.2
Capitalisation of loan fees net of amortisation	**2.2**	0.7
Exchange movements	**(5.9)**	7.5
Finance leases transferred to disposal groups classified as held for sale	**4.2**	–
Total cash flows in net debt (note 5.1)	**(52.2)**	2.4

PARENT COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	31 March 2019 £m	31 March 2018 £m
Assets			
Non-current assets			
Intangible assets	6	**0.3**	–
Property, plant and equipment	7	**0.3**	0.3
Investments	8	**350.0**	376.2
Trade and other receivables	9	**258.1**	276.4
Deferred tax assets	10	**6.4**	9.4
		615.1	662.3
Current assets			
Trade and other receivables	9	**187.8**	184.7
Derivative financial instruments	13	**–**	0.6
Cash and cash equivalents	11	**15.5**	11.8
		203.3	197.1
Total assets		**818.4**	859.4
Liabilities			
Non-current liabilities			
Borrowings	12	**(85.8)**	(174.6)
Defined benefit pension scheme deficit	16	**(3.2)**	(14.3)
		(89.0)	(188.9)
Current liabilities			
Borrowings	12	**(86.1)**	–
Derivative financial instruments	13	**(0.5)**	(0.1)
Trade and other payables	14	**(27.4)**	(147.7)
Current tax payable		**(0.4)**	(0.4)
Provisions	15	**(2.4)**	(0.6)
		(116.8)	(148.8)
Total liabilities		**(205.8)**	(337.7)
Net assets		**612.6**	521.7
Equity			
Share capital	17	**80.0**	80.0
Share premium	17	**401.4**	401.4
Retained earnings*		**131.2**	40.3
Total equity		**612.6**	521.7

*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 2019 of £109.6m (2018: £38.3m loss).

The notes on pages 197 to 206 are an integral part of these financial statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 23 May 2019. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2018		**80.0**	**401.4**	**40.3**	**521.7**
Profit for the year		**–**	**–**	**109.6**	**109.6**
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	16	**–**	**–**	**10.1**	**10.1**
Tax in respect of other comprehensive income items		**–**	**–**	**(1.7)**	**(1.7)**
Total comprehensive income for the year		**–**	**–**	**118.0**	**118.0**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**0.8**	**0.8**
Movement on tax arising on share-based compensation		**–**	**–**	**(0.6)**	**(0.6)**
Own shares purchased by the Employee Share Trust	17	**–**	**–**	**(3.0)**	**(3.0)**
Dividends	5	**–**	**–**	**(24.3)**	**(24.3)**
Balance at 31 March 2019		**80.0**	**401.4**	**131.2**	**612.6**
Balance at 1 April 2017		79.9	401.2	100.9	582.0
Loss for the year		–	–	(38.3)	(38.3)
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	16	–	–	1.8	1.8
Tax in respect of other comprehensive income items		–	–	(0.3)	(0.3)
Total comprehensive loss for the year		–	–	(36.8)	(36.8)
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	1.8	1.8
Movement on tax arising on share-based compensation		–	–	(0.2)	(0.2)
Proceeds from exercise of employee options		0.1	0.2	–	0.3
Own shares purchased by the Employee Share Trust	17	–	–	(1.0)	(1.0)
Dividends	5	–	–	(24.4)	(24.4)
Balance as at 31 March 2018		80.0	401.4	40.3	521.7

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	**2019 £m**	2018 £m
Cash flows from operating activities	19	**11.1**	10.8
Income tax (paid) received		**(0.8)**	0.2
Net cash inflow from operating activities		**10.3**	11.0
Investing activities			
Investment in subsidiary		**(2.6)**	–
Investment in joint venture		**(3.7)**	–
Proceeds from disposal of joint venture		**18.0**	–
Purchase of intangible assets		**(0.3)**	–
Finance income		**18.9**	18.2
Net cash inflow from investing activities		**30.3**	18.2
Financing activities			
Finance charges and loan fees paid		**(9.6)**	(10.4)
Proceeds from share issues		**–**	0.3
Investment in own shares by the Employee Share Trust		**(3.0)**	(1.0)
Dividends paid		**(24.3)**	(24.4)
Net cash outflow from financing activities		**(36.9)**	(35.5)
Net increase (decrease) in cash and cash equivalents		**3.7**	(6.3)
Cash and cash equivalents at the beginning of the year		**11.8**	18.1
Cash and cash equivalents at the end of the year		**15.5**	11.8

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 and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 208. 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 2018.

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 International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has adopted IFRS 9 Financial Instruments from 1 April 2018. This standard has resulted in changes in the accounting policies for classification, measurement and impairment of financial assets. There has been no adjustment to the amounts previously recognised in the financial statements or to the classification and measurement of financial liabilities.

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 European Union. 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.

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.

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES – COMPANY CONTINUED

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

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 options 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES – COMPANY CONTINUED

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 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 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.

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. 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

2. KEY ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make 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. The principal assumptions in connection with the retirement benefit schemes 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.

3. EMPLOYEES

Staff costs	2019 £m	2018 £m
Wages and salaries	**3.3**	3.9
Social security costs	**0.5**	0.5
Share-based benefits	**0.8**	1.8
Other pension costs	**0.1**	0.1
Total staff costs	**4.7**	6.3

The average number of people (including executive directors) employed by the Company was 17 employees (2018: 17).

See pages 90 to 107 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.

4. AUDITORS' REMUNERATION

The auditors' remuneration for audit services to the Company was £0.1m (2018: £0.1m), there were no fees paid in to PricewaterhouseCoopers LLP and its associates for non-audit services for the Company.

5. DIVIDENDS

Dividends recognised and proposed:

	2019 £m	2018 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2018 of 2.1 pence per share (2017: 2.1 pence)	**16.8**	16.8
Interim dividend paid for the year ended 31 March 2019 of 0.95 pence per share (2018: 0.95 pence)	**7.5**	7.6
	24.3	24.4
Proposed final dividend for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	**4.0**	16.8
Total dividend per share (pence)	**1.45p**	3.05p

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS

	Computer Software £m
Cost	
At 1 April 2017	1.2
Disposal	(0.2)
At 31 March 2018	1.0
Additions	0.3
At 31 March 2019	**1.3**
Accumulated amortisation and impairment	
At 1 April 2017	1.0
Amortisation charge	0.1
Impairment	0.1
Disposals	(0.2)
At 31 March 2018 and at 31 March 2019	**1.0**
Net book value	
At 31 March 2019	**0.3**
At 31 March 2018	–
At 31 March 2017	0.2

7. PROPERTY, PLANT AND EQUIPMENT

	Land £m	Fixtures and fittings £m	Total £m
Cost			
At 1 April 2017, 31 March 2018 and 31 March 2019	**0.1**	**0.2**	**0.3**
Accumulated amortisation and impairment			
At 1 April 2017, 31 March 2018 and 31 March 2019	**–**	**–**	**–**
Net book value			
At 31 March 2019	**0.1**	**0.2**	**0.3**
At 31 March 2018	0.1	0.2	0.3
At 31 March 2017	0.1	0.2	0.3

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

8. INVESTMENTS

	Investments in joint ventures £m	Investments in subsidiary undertakings £m
At 1 April 2017	–	411.2
Impairment	–	(35.0)
At 31 March 2018	–	376.2
Additions	3.7	65.2
Impairment	–	(91.4)
Disposals	(3.7)	–
At 31 March 2019	**–**	**350.0**

The Group undertook a restructuring of subsidiaries during the year which included receipt of a dividend in specie of £62.6m from Shanks European Investments 2 Coop WA now liquidated being the distribution of 50% of the shares in Renewi Europe BV. Following this restructuring the investment in Shanks European Investments 2 Coop WA of £56.4m was fully impaired. An additional impairment of £35.0m (2018: £35.0m) related to the investment in Renewi UK Services Limited as a result of the difficult trading conditions being encountered in the UK Municipal division. This investment was subsequently sold to Renewi Holdings Ltd for £1 on 29 March 2019.

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of £350.0m (2018: £376.2m) after taking account of the impairment charge in each year. 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

	2019 £m	2018 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**258.1**	276.4
Current assets		
Amounts owed by subsidiary undertakings	**186.3**	183.9
Other receivables	**0.3**	0.3
Prepayments	**1.2**	0.5
	187.8	184.7

During the year an expected credit loss allowance of £45.7m (2018: £20.3m) was charged to the Income Statement in relation to loans owed by subsidiary undertakings in the UK Municipal division. This was as a result of the difficult trading issues and also in relation to the Derby PFI contract as explained in note 3.4 of the Group financial statements. The Directors do not consider there to be a risk of default in relation to the remaining receivables.

Interest on amounts owed by subsidiary undertakings is received at rates of between 0% and 14% (2018: 0% and 14%), the balances are unsecured and repayable either on demand or in accordance with the loan agreement with a final repayment date of 30 September 2039.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2019 £m	2018 £m
Sterling	**157.7**	64.0
Euro	**258.0**	368.1
Canadian Dollar	**30.2**	29.0
	445.9	461.1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

10. DEFERRED TAX ASSET

Deferred tax is provided in full on temporary differences under the liability method using the applicable tax rate.

	Retirement benefit schemes £m	Tax losses £m	Derivative financial instruments £m	Other timing differences £m	Total £m
At 1 April 2017	3.2	2.9	0.2	0.7	7.0
(Charge) credit to Income Statement	(0.5)	3.5	(0.3)	0.1	2.8
Charge to equity	(0.3)	–	–	(0.1)	(0.4)
At 31 March 2018	2.4	6.4	(0.1)	0.7	9.4
(Charge) credit to Income Statement	(0.2)	(0.9)	0.2	0.1	(0.8)
Charge to equity	(1.7)	–	–	(0.5)	(2.2)
At 31 March 2019	**0.5**	**5.5**	**0.1**	**0.3**	**6.4**

The majority of the £6.4m (2018: £9.4m) deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2019, the Company has unused tax losses (tax effect) of £5.5m (2018: £6.4m) available for offset against future profits. A deferred tax asset has been recognised in respect of £5.5m (2018: £6.4m) 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 £15.5m (2018: £11.8m) was denominated in the following currencies:

	2019 £m	2018 £m
Sterling	**15.3**	11.7
Euro	**0.1**	0.1
Canadian Dollar	**0.1**	–
	15.5	11.8

12. BORROWINGS

	2019 £m	2018 £m
Non-current borrowings		
Retail bonds	**85.8**	174.6
Current borrowings		
Retail bonds	**86.1**	–

At 31 March 2019 the Group had two issues of retail bonds to investors in Belgium and Luxembourg which are listed on the London Stock Exchange which are carried at amortised cost. The retail bonds due July 2019 of £86.1m (€100m) (2018: £87.5m (€100m)) have an annual coupon of 4.23% and the green retail bonds due June 2022 of £85.8m (€100m) (2018: £87.1m (€100m)) have an annual coupon of 3.65%.

The table below details the maturity profile of non-current borrowings:

	2019 £m	2018 £m
Between two years and five years	**85.8**	87.5
Over five years	**–**	87.1
	85.8	174.6

The carrying amounts of borrowings are denominated in Euros.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company held forward foreign exchange contracts with a current liability of £0.5m (2018: £0.1m) and a notional value of £11.3m (2018: £11.4m). In the prior year the Company also held a fuel derivative current asset of £0.6m with the notional value of the wholesale fuel of £4.2m.

14. TRADE AND OTHER PAYABLES

	2019 £m	2018 £m
Trade payables	**0.3**	0.2
Other tax and social security payable	**0.2**	0.6
Other payables	**0.5**	0.2
Accruals	**8.3**	8.6
Amounts owed to Group undertakings	**18.1**	138.1
	27.4	147.7

Interest on amounts owed to Group undertakings is charged at rates of between 0% and 2.64% (2018: 0% and 2.65%) and these balances are unsecured and repayable upon demand.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2019 £m	2018 £m
Sterling	**21.7**	59.3
Euro	**5.7**	88.4
	27.4	147.7

15. PROVISIONS

	£m
At 1 April 2018	0.6
Additions	2.0
Utilised in the year	(0.2)
At 31 March 2019	**2.4**

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.

16. RETIREMENT BENEFIT SCHEME

The Renewi plc defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants. The defined benefit 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 2010 are £3.3m. See note 7.2 of the Group financial statements for further details.

In the year ended 31 March 2019 a past service cost of £1.7m was charged to the Income Statements as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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 2017	799,812,223	79.9	401.2
Issued under share option schemes	321,029	0.1	0.2
At 31 March 2018	800,133,252	80.0	401.4
Issued under share option schemes	8,284	–	–
At 31 March 2019	**800,141,536**	**80.0**	**401.4**

During the year 8,284 (2018: 321,029) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £5,400 (2018: £232,475).

Renewi plc Employee Share Trust

The Renewi plc Employee Share Trust owns 5,529,850 (0.7%) (2018: 1,308,652 (0.2%)) 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 ended 31 March 2019 5,087,076 (2018: 1,308,652) shares were purchased by the Trust at a cost of £3.0m (2018: £1.0m).

18. FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	**2019 £m**	2018 £m
Financial assets			
Trade and other receivables excluding prepayments	9	**444.7**	460.6
Cash and cash equivalents	11	**15.5**	11.8
Fuel derivatives	13	**–**	0.6
		460.2	473.0
Financial liabilities			
Retail bonds	12	**171.9**	174.6
Trade and other payables excluding non-financial liabilities	14	**27.2**	147.1
Forward foreign exchange contracts	13	**0.5**	0.1
		199.6	321.8

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 £175.4m (2018: £176.6m).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

19. NOTES TO THE STATEMENT OF CASH FLOWS

	2019 £m	2018 £m
Profit (loss) before tax	**110.5**	(41.0)
Fair value gain on financial instruments	**1.0**	(1.5)
Finance income	**(21.6)**	(20.7)
Finance charges	**9.2**	10.2
Operating profit (loss)	**99.1**	(53.0)
Amortisation and impairment of intangible assets	**–**	0.2
Dividend in specie	**(62.6)**	–
Exceptional provision against investments in subsidiaries	**91.4**	35.0
Exceptional gain on sale of joint venture	**(12.3)**	–
Exceptional past service cost in relation to the defined benefit pension scheme	**1.7**	–
Net increase (decrease) in provisions	**(0.2)**	(0.3)
Payments to fund defined benefit pension scheme deficit	**(3.1)**	(3.1)
Share-based compensation	**0.8**	1.8
Exchange gain (loss)	**0.9**	(1.9)
Operating cash flows before movement in working capital	**115.7**	(21.3)
Decrease in receivables	**17.5**	4.8
(Decrease) increase in payables	**(122.1)**	27.3
Cash flows from operating activities	**11.1**	10.8

20. CONTINGENT LIABILITIES

In addition to the contingent liabilities as referred to in note 8.3 of the Group financial statements, the Company has given guarantees in respect of the Group's subsidiary undertakings' borrowing facilities totalling £366.4m (2018: £344.2m including the borrowing facility of the joint venture which has been sold). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £1.8m (2018: £1.6m).

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 £20.8m (2018: £20.0m), management charges were £5.2m (2018: £6.7m) and dividends received were £231.5m (2018: £0.4m). Total outstanding balances are listed in notes 9 and 14.

SHAREHOLDER INFORMATION

	Holders	%	Shares held	%
Private shareholders	1,716	72.8	9,043,656	1.1
Corporate shareholders	641	27.2	791,097,880	98.9
Total	**2,357**	**100.0**	**800,141,536**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1–5,000	1,489	63.2	2,718,517	0.3
5,001 – 25,000	506	21.5	5,560,786	0.7
25,001 – 50,000	84	3.5	2,878,979	0.4
50,001 – 100,000	54	2.3	3,932,321	0.5
100,001 – 250,000	45	1.9	7,541,304	0.9
250,001 – 500,000	40	1.7	14,866,314	1.9
over 500,000	139	5.9	762,643,315	95.3
Total	**2,357**	**100.0**	**800,141,536**	**100.0**

Registrar services

Administrative enquiries concerning shareholdings in the Company should be made to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Computershare can also be contacted by telephone on 0370 707 1290. Shareholders can also manage their holding online by registering at www.investorcentre.co.uk.

General Data Protection Regulation

The EU General Data Protection Regulation gives individuals more protection and control over their personal data. Shareholders' personal data is maintained in accordance with the Companies Act 2006 and processed by Renewi's Registrars, Computershare Investor Services PLC. The security of shareholders' data is of the utmost importance to Renewi and Computershare, neither of whom will use shareholders' data for marketing purposes. Computershare's Privacy Policy and Terms and Conditions can be found at www.investorcentre.co.uk.

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.

Dividend tax allowance

For the financial year 2019/20 dividends received amounting to less than £2,000 are tax free for UK tax payers. Dividends in excess of this allowance will continue to be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Renewi plc will continue to provide registered shareholders with a confirmation of the dividends paid by the Company. Any dividends received from Renewi plc should be added to all other dividend income received by shareholders for the respective year when calculating and reporting their total dividend income for tax purposes. It is the responsibility of the shareholder to include all dividend income from all shares held in all companies when calculating any tax liability.

FINANCIAL CALENDAR

27 June 2019
Ex-dividend date for final 2019 dividend

28 June 2019
Record date for final 2019 dividend

11 July 2019
Annual General Meeting

26 July 2019
Payment of final 2019 dividend

November 2019
Announcement of interim results and dividend

31 March 2020
2020 financial year end

May 2020
Announcement of 2020 results and dividend recommendation

For updates to the calendar during the year, please visit the Company website: www.renewiplc.com

ShareGift

If shareholders have only a small number of shares, the value of which makes it uneconomic to sell, they may wish to consider donating them to the charity ShareGift (registered charity no. 1052686). Further information may be obtained from their website at www.sharegift.org or by calling 020 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) 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 www.fca.org.uk to see if the person and firm is authorised by the FCA. Call the FCA on 0800 111 6768 (from UK) or 00 44 207 066 1000 (from abroad) if the firm does not have contact details on the register or they are out of date. You can search the list of unauthorised firms to avoid at www.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 www.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 0300 123 2040.

COMPANY INFORMATION

PRINCIPAL OFFICES

Commercial Waste Netherlands
Renewi Nederland B.V. Flight
Forum 240
5657 DH Eindhoven
The Netherlands

Commercial Waste Belgium
Renewi Belgium S.A./N.V.
Gerard Mercatorstraat 8
B-3920
Lommel
Belgium

Monostreams
Renewi Monostreams
Flight Forum 240
5657 DH Eindhoven
The Netherlands

Hazardous Waste
Renewi Hazardous Waste B.V.
Computerweg 12d
3821 AB Amersfoort
The Netherlands

Municipal
Renewi Municipal
Dunedin House
Auckland Park, Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU

Registered Office
Renewi plc
16 Charlotte Square
Edinburgh
EH2 4DF
Registered in Scotland
No.SC077438

Corporate Head Office
Renewi plc
Dunedin House
Auckland Park, Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU
Tel: 00 44 (0)1908 650580

Company Secretary
Philip Griffin-Smith, FCIS

Email:
info@renewi.com

Websites:
For investors:
www.renewiplc.com
For customers:
www.renewi.com

CORPORATE ADVISERS

Independent Auditors
PricewaterhouseCoopers LLP

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

Solicitors
Ashurst LLP
Dickson Minto W.S.

Remuneration Committee Advisers
FIT Remuneration Consultants LLP

PR Advisers
FTI Consulting

GLOSSARY

AD	Anaerobic Digestion
AGM	Annual General Meeting
BDR	Barnsley, Doncaster and Rotherham
BENELUX	The economic union of Belgium, the Netherlands and Luxembourg
C&D	Construction and Demolition
CER	Constant Exchange Rate
CFS	A brand in our Hazardous Waste Division
CI	Continuous Improvement
CORE NET DEBT	Borrowings less cash from core facilities excluding PFI/PPP non-recourse debt
CSR	Corporate Social Responsibility
DAB	Deferred Annual Bonus
D&G	Dumfries & Galloway
EBIT	Earnings before Interest and Tax
EBITDA	Trading profit before Interest, Tax, Depreciation and Amortisation
ELWA	East London Waste Authority
EPS	Earnings Per Share
EU	European Union
EXCOM	Executive Committee
FCA	Financial Conduct Authority
GFF	Green Finance Framework
I&C	Industrial and Commercial
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
M&A	Mergers and Acquisitions
MBT	Mechanical Biological Treatment
NORM	Naturally Occurring Radioactive Materials
PFI	Private Finance Initiative
PPP	Public Private Partnership
RDF	Refuse Derived Fuel
ROCE	Return on capital employed
ROA	Return on operating assets
SHEQ	Safety, Health, Environment and Quality
SPV	Special Purpose Vehicle
SRF	Solid Recovered Fuel
SSC	Shared Service Centre
TAG	Tar and Asphalt Granulate
TSR	Total Shareholder Return
VGG	Van Gansewinkel Groep B.V.

Designed and produced by Wardour www.wardour.co.uk

Printed by Newnorth on FSC® certified paper with 100% vegetable inks.

100% of the inks used are vegetable oil-based, 95% of press chemicals are recycled for further use and, on average, 99% of any waste associated with this production will be recycled.

Newnorth is FSC and PEFC certified. Its Environmental Management System is accredited to ISO14001 and its procedures are accredited to ISO9001.

This document is printed on Satimat green 75, the new generation of premium wood free coated papers produced using a high percentage of recovered fibres, delivering superb environmental credentials without compromising quality. Manufactured with 75% recycled fibre and 25% virgin fibre, FSC® certified.

FSC www.fsc.org MIX Paper from responsible sources FSC® C023802

Please see details on page 207 on how to receive electronic copies of future documentation from Renewi plc.

waste no more

Renewi plc
Dunedin House, Auckland Park, Mount Farm,
Milton Keynes, Buckinghamshire MK1 1BU