Renewing Earth

Renewi plc Annual Report and Accounts 2022

renewi

waste no more

"The climate emergency is leading to unprecedented changes in our markets, which are evolving fast. Renewi is responding with major investment and fast-paced innovations, in collaboration with key partners, to create a cleaner, more circular world."

Otto de Bont, Chief Executive Officer

Our purpose

To protect the world by giving new life to used materials

Our vision

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

Contents

Wateringen, Commercial Waste

Strategy

Value drivers

Circular innovations | ATM recovery | Renewi 2.0

Sustainability themes

Enable the circular economy | Reduce carbon emissions | Care for people

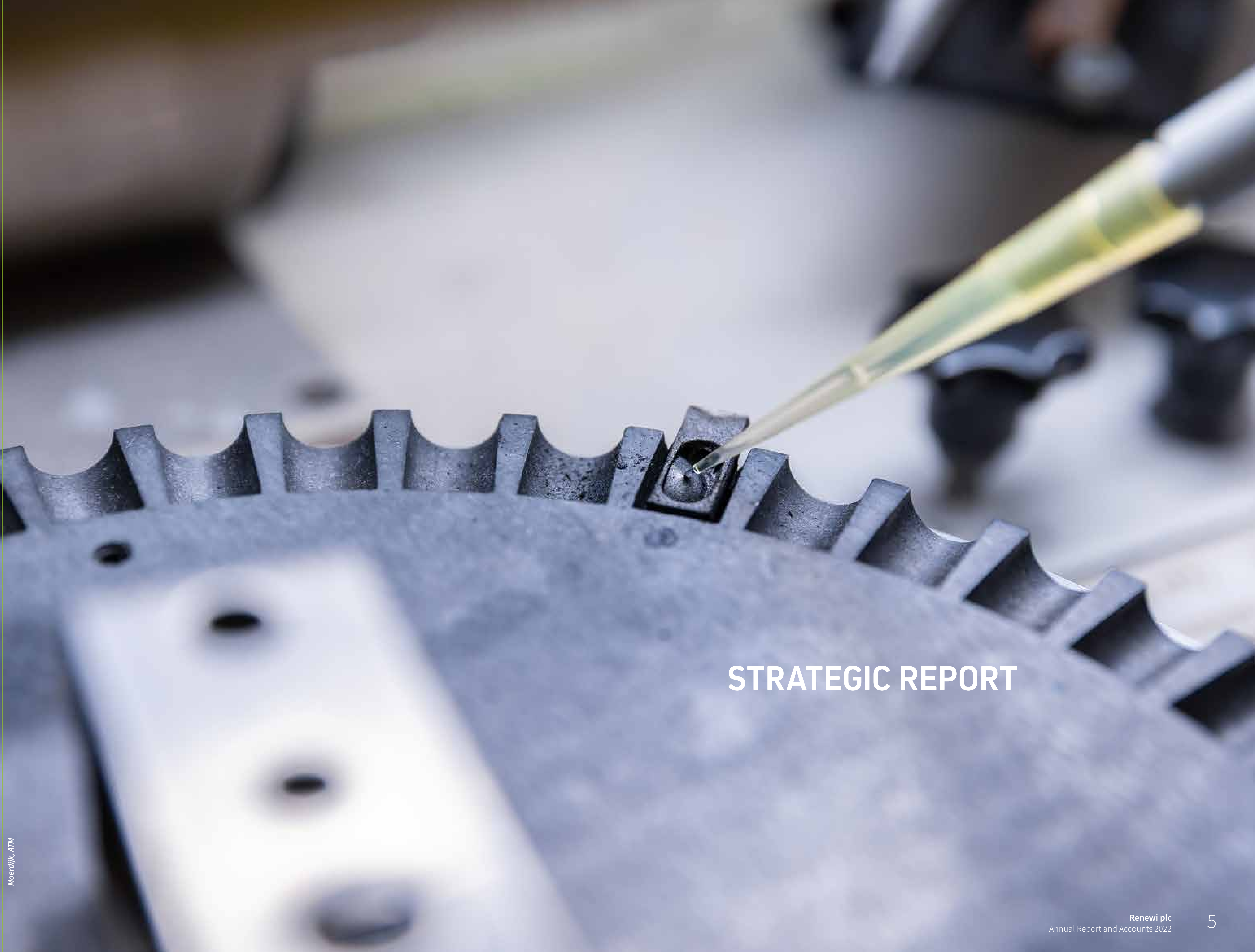
Our values

Innovative | Sustainable | Safe | Accountable | Customer-focused | Together

Key figures

€133.6m	67.2%	€75m	8.88
Underlying EBIT*	Recycling rate	Statutory profit	Lost Time Incident rate
(FY21: €73.0m)	(FY21: 65.8%)	(FY21: €5m)	(FY21: 13.97)

The definition and rationale for the use of non-International Financial Reporting Standards (IFRS) measures are on page 240.



STRATEGIC REPORT

Moerdijk, ATM

Why what we do matters

1

Climate emergency

The world is facing a climate emergency. Without an urgent and concerted effort, this will prove catastrophic for future generations. By the year 2100, temperatures could increase by four degrees. This is more than double the Paris Climate Agreement.

2

Circular economies

Circular economies are a vital solution to the climate emergency. Energy transition alone is not enough to meet the challenges we face. Climate mitigation and resource preservation will help deliver a cleaner, more sustainable world for future generations.

3

Society

What we do matters to society. Our children, grandchildren and generations to come will face the consequences of inaction today. We must act now to secure their future by transforming our planet into one which is sustainable.

4

Stakeholders

Creating a circular economy matters to our many stakeholders: our customers, employees and partners, consumers and governments.

Moerdijk, ATM

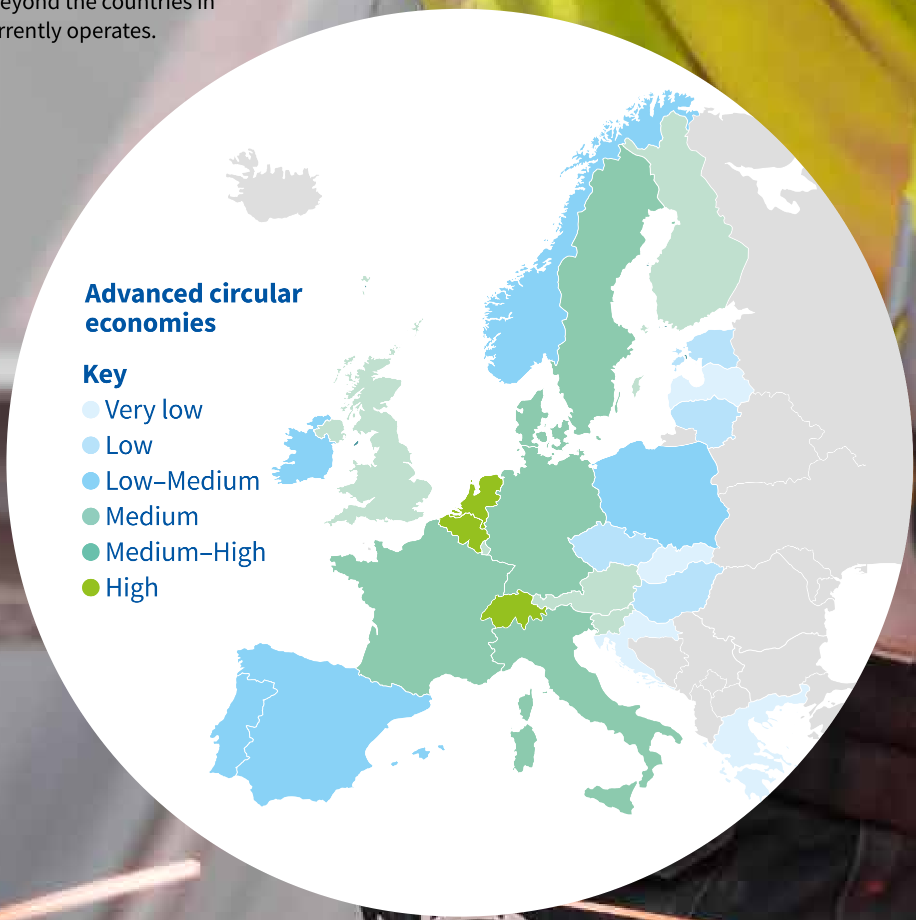
The climate emergency is leading to unprecedented changes in our markets.

The world is evolving in response...

Advanced circular economies

The Netherlands and Belgium are two of the world's most advanced circular economies, currently leading the way in climate change mitigation, carving a path towards a circular economy.

This has growing international relevance as many countries look to adopt the same technologies and solutions against a backdrop of mounting political pressure and increasing consumer demand. This gives Renewi the opportunity to scale solutions beyond the countries in which it currently operates.



Wateringen, Commercial Waste Netherlands

The Netherlands

50%

circular by 2030

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

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How our markets are changing

EU and national government policies
Increasingly, regulation is being introduced to eliminate landfill and reduce incineration. These rules also aim to increase recycling and re-use, demand secondary materials, cleaner cities, foster responsible production and encourage circularity throughout the economy.

Corporates
There is an increased focus on environmental, social and governance (ESG) criteria throughout major economies, and many corporations are implementing more responsible production.

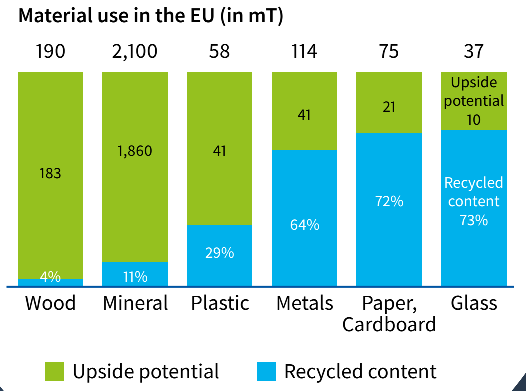
At the same time, they need to weave secondary material feedstocks into their processes to meet these targets.

Global consensus
An increasing shift by governments towards a sustainable future can be seen through various new targets: for example, those agreed at the UN's COP26 gathering in November 2021 and the EU's Fit for 55 plan to reduce greenhouse gas (GHG) emissions by 55% by 2030.

Consumers
Consumers demand a viable future for the generations to come and these attitudes are driving governments and corporations to do what's best for the climate. Consumers increasingly demand responsible production from the businesses they use.

Increasing demand for recyclates
There will be a sustained increase in demand for recyclates, and they will become a scarce and valuable product.

Currently, only 11% of minerals in the construction market are recycled.



Recycling, waste to product and production of secondary materials are experiencing long-term structural support

Moerdijk ATM, Mineralz & Water

Our market position

Renewi holds a strong position within its markets. The broader European landscape is dynamic: there have been significant mergers, acquisitions and disposals in the sector. Against this backdrop, Renewi is evolving through investment and innovation.

WASTE AND THE CIRCULAR ECONOMY

Pure-play waste-to-product recycling company

Operating for over 100 years

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

Renewi was created five years ago, by combining Shanks and Van Gansewinkel

Benelux market leader

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

162 operating sites

6,641 employees at year end

Wateringen, Commercial Waste Netherlands

Moerdijk ATM, Mineralz & Water

Our unique waste-to-product strategy

Mission75

75%

Increase recycling rate from 65% in 2020 to 75% by end of 2025

Capital investment

>€100m

Board-approved capex for innovation investments to deliver €20m of EBIT by 2025

Value drivers

€60m

EBIT in FY26

Operating sites	Volume of materials recycled	Employees
162	8.4mT	6,641

We focus on secondary material production through innovation, technology and partnering.

This focus is leading to increased quality secondary materials, for example, advanced plastics processing from previously non-recycled streams. We also have new processes to recycle mattresses, asbestos-contaminated steel and orange peel, and to deliver higher-value solutions, for example bio-LNG and gas to grid rather than electricity generation.

We don't have installed incineration capacity and therefore benefit from diverting waste to avoid this cost.

At 67.2%, our recycling rates are leading internationally and we aim to further increase this leadership position to 75%.

More recycling means less CO_2

Our activities avoid 3.1mT CO_2 each year by putting 8.4mT of materials back into re-use. We are a leader in recycling and secondary materials, and are selectively growing our market share. Our three-to-five-year focus is on growth drivers: circular innovations investments, Renewi 2.0 and recovery at ATM.

Our market position

We own the waste. We have the number one position in our markets handling: 12.44mT of waste, a fleet of over 2,000 trucks and around 0.5 million bins and containers across 162 sites.

We are specialists in converting waste into secondary materials at our major processing sites for glass, WEEE (Waste from Electrical and Electronic Equipment), wood, construction and demolition, bulky waste, organics, paper, plastics, soil, packed chemical waste and mattresses.

We don't have any incinerators installed, which means we have no disincentives to recycling and secondary material production. We are the partner of choice for large companies to source secondary materials, including global companies and large businesses from most European industrial sectors.

We have a dense collection network across the region.

A long track record as a recycling innovator

For years, Renewi has worked with innovative customers and partners to provide new closed-loop and circular solutions. We work with universities, entrepreneurs and other corporates. We have multiple innovation models: direct investment, co-investment in joint ventures, and logistics support.

We have an established innovation process to continually generate new ideas.

For innovation examples please see pages 26 to 27 and 44 to 45.

Moerdijk ATM, Mineralz & Water

Our Divisions

Renewi operates across three Divisions: Commercial Waste, Mineralz & Water and Specialities

Commercial Waste

Comprises waste collecting, processing and secondary materials production across both the Netherlands and Belgium. Key activities include the processing of wood, aggregates, plastics, paper products and organic waste.

Mineralz & Water (M&W)

Comprises our Mineralz activities, processing and cleaning bottom ash, fly ash and other soils. It also includes our gravel, sand, filler and clean water production process at ATM, which thermally cleans soil and contaminated water and processes packed chemical waste via pyrolysis.

Specialities

Comprises three business elements: UK Municipal public private partnership (PPP) contracts, Maltha glass recycling and Coolrec – our specialist WEEE recycling business.

Processing

12.4mT

of waste handled each year, of which 8.4mT are recycled

Carbon avoidance

3.1mT

of carbon avoided through our various recycling technologies and solutions

What makes us different

1

We are recognised as a waste-to-product leader in sustainability at the heart of the circular economy.

2

As a pure-play recycling company, we exclusively focus on extracting value from waste rather than its disposal through incineration or landfill.

3

Our waste-to-product approach addresses social and regulatory trends, and offers the most efficient solution for recycling used materials.

4

We have been recognised for our strong ESG performance. For example, S&P Global Ratings has scored Renewi 83 out of 100.

Business model: creating value for stakeholders

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

Underpinned by our values

Safe
Safety above all else

Innovative
Do it better every day

Sustainable
Make a daily difference to our planet

Together
Always open and respectful

Accountable
Do what we say we'll do

Customer-focused
Add value for our customers

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Led by

Our purpose

To protect the world by giving new life to used materials

Our vision

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

Taking into account

Why what we do matters

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

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Our divisions

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

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Engaging with our stakeholders

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

Page 20

Driven by

Our strategy

- Leader in recycling
- Leader in secondary material production
- Selectively gain market share
- Leading waste-to-product company

Value drivers

- Circular innovations
- ATM recovery
- Renewi 2.0

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Our sustainability themes

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

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Creating value at the heart of the circular economy

What we do

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

Page 6

For all stakeholders

We regularly engage with our stakeholders, responsive to their feedback so that we can continually address key issues, add value and resolve any problems:

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

Pages 20 to 23

Aligned to the UN SDGs

Nieuwegein, Commercial Waste Netherlands

Engaging with stakeholders

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

Local communities

Why we engage

Our business is better positioned to succeed if we are part of a community that recognises the need for our services and appreciates the value Renewi brings to local and neighbouring communities. We recognise our sites can bring some disruption.

What we are delivering

Proactive management of known issues such as flies, odour, noise, truck movements and fire risks, among others. We are responsive to concerns raised by local communities, and our policy is always to track these through to resolution.

Our waste-producing customers

Why we engage

Close co-operation with our customers is vital if we are to best meet their needs. We focus on finding solutions to manage their waste and encourage source segregation of recyclate waste. Furthermore, we help them achieve their sustainability targets and we collaborate to address emerging market trends. We continually seek their feedback so we can identify ways to enhance the service we provide.

What we are delivering

We provide support and advice for waste segregation and separate collections. We communicate market changes such as recyclate pricing and other general inflation factors, for example those driven by the war in Ukraine.

Our product customers

Why we engage

We work collaboratively with customer design teams to create materials of sufficiently high quality for either re-use or secondary materials production. We align to gain a deeper understanding of product customers' purchasing needs.

What we are delivering

We are investing in further refinement of waste, in order to produce higher-specification recyclates and secondary materials to meet the needs of these customers. We also partner directly with product customers, such as Shell, in relation to bio-LNG.

For more information on how we connect with our stakeholders, see page 119

Waalwijk, Coolrec

Our suppliers

Why we engage

Working with a trusted supplier enables us to optimise our customer service. Our teams translate internal requirements for goods and services and external market circumstances. These can include the impact of Covid-19, supply chain disruptions, rapidly evolving energy prices and other factors. In this way we develop long-term and effective supplier relationships. We focus on safety and on high ethical standards in our supply chain.

What we are delivering

We seek to understand the impacts on supply chains of the ongoing market disruptions caused by Covid-19, supply chain delays and rapidly evolving market prices. This can affect delivery patterns, product availability and pricing and bring about a need to substitute materials.

Our innovation partners

Why we engage

Renewi recognises cooperation is crucial if we are to succeed in the circular economy, so we partner with technology providers and manufacturers to develop circular innovations. We use our collective expertise to create innovations for a broad range of materials and processes to meet our manufacturing customers' needs.

What we are delivering

We are delivering incremental waste processing innovations to enable recycling where this previously wasn't possible. Examples include mattresses, citrus peels, asbestos-contaminated steel, advanced sorting, building materials, electrostatic separation processing, creation of bio-LNG at a commercial scale, gas to grid, separation of thermally treated soil into gravel, sand and filler, plus many others.

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Waalwijk, Coolrec

Government

Why we engage

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

What we are delivering

We deliver on climate change and the circular economy. We support progressive legislation in the creation of a circular economy, reduction of incineration and stimulation of demand for secondary materials.

Regulators

Why we engage

We engage with a wide range of regulators to interpret and understand European Commission regulations and national legislation and to ensure the best possible compliance with existing and prospective regulations.

What we are delivering

We are ensuring operational compliance against permits and quality standards and meeting high environmental standards. We are also applying best practices and are responsive to any investigations or compliance concerns raised.

Our employees

Why we engage

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

What we are delivering

We are fostering a positive connection to our corporate purpose. We are improving our safety culture and fostering diverse and inclusive teams which feel invested in. We strive for ever-stronger employee satisfaction, improved welfare conditions for our operations teams and resolution of detractors to employee engagement.

Global community

Why we engage

Renewi's business model helps address the climate emergency. We recognise that the global community is the beneficiary of the work we do. We are contributing to the ongoing debate around climate change, joining conversations and influencing dialogue, both in the media and on our social networks.

What we are delivering

Encouraging society to recognise its role as a driver for the changes required to achieve true circularity, placing pressure on governments, influencing policies, creating new markets and demanding greater ESG credentials from the products and services they use.

Lenders

Why we engage

We build relationships with debt investors and banks as key providers of capital to the Group, to ensure we optimise the availability and terms of the facilities that support the capital investments – in particular those that relate to our innovation pipeline. This way, we selectively increase market share.

What we are delivering

This approach assures our continued access to the lending markets, including the recent incremental bond issuance. We achieve optimised liquidity and conditions such as the extension of the main banking facility.

Investors

Why we engage

We actively and regularly engage with our investors and analysts to inform them of our business strategy, future growth and recent performance. We maintain a deep and engaged dialogue on our outlook and on their requirements. We use this to refine our strategy and to shape our communications.

What we are delivering

Our recent Capital Markets Day was an opportunity for us to communicate our future plans in more detail. The markets have responded positively and are starting to reflect the higher growth expectations. We are fostering an understanding of the market-wide tailwinds that are supporting our market positioning and strategy.

A message from the Chairman

I am pleased to report that Renewi has performed very well in the past year, in terms of both a robust financial performance and a step change in its safety record, alongside the further development of its long-term strategy for accelerated growth.

Renewi is a purpose-led organisation, with each of us deeply inspired by our goal to protect the planet by giving new life to used materials. This purpose is supported by our six values, which define what we are and how we act. These values are used in a practical way daily, and in this report I would like to illustrate how we turn them into real core drivers of our success.

Success built on living our values

Safety. Safety is the first of our six values and, as I outlined last year, the Company's Board and Executive leadership wanted to see a step-change improvement in our safety culture and performance. During the past year we have appointed a new Safety, Health, Environmental and Quality (SHEQ) Director, Jeanine Peppink-Van der Sterren, who is part of the Excom. We have also started to implement the International Sustainability Rating System (ISRS) to provide structure and better data for all our safety and compliance activities. We continued to embed our Lifesaving Rules (LSR) and promote better incident reporting. While we can never be complacent or satisfied with safety, we are pleased to report a 36% reduction in lost time accidents in the year, with no fatalities or near-fatal incidents. Despite this improvement, we remain vigilant to risks and continually focused on improvements.

Sustainability. Sustainability is fundamental to everything we do and is considered by the Board in every major decision we make. I am pleased to report a further increase in our recycling rate during the year to 67.2%, another step towards our Mission75. This year we report according to the requirements of the Taskforce for Climate-Related Financial Disclosures (TCFD) for the first time. During 2022 we will lay out further ambitious plans to reduce our own carbon footprint alongside our ongoing success in avoiding 3mT of carbon annually for our customers.

Innovation. Innovation underpins our ability to deliver our purpose. We continually seek to invest in new technologies to increase our recycling rates and in new processes to digitise our activities. This year, our Board has committed over €100m to projects, such as advanced sorting installations in Flanders, to deliver €20m additional EBIT by FY26. Our Innovations Team continues to build our innovation pipeline, originate prospects, and validate their potential for further investment.

Our people have again worked with passion and dedication through another year of lockdowns and change

Customer focus. Our customers are responding to changes driven by Covid-19, Ukraine and climate change, to name a few. We have supported them throughout as an essential service. We have enhanced our customer offering to improve customer experience. Under the Renewi 2.0 programme, we have observed a strong uptick in usage of our new My Renewi digital customer portal and a fall in customer complaints.

Accountability. Accountability is about meeting our commitments and doing so with complete integrity. This year we have delivered a very strong increase in profitability, margins and returns, and we have reduced leverage ratio below our long-term target of 2x. We continue to focus on excellent governance, and we were pleased to note this contributed to our increased score of 83 in our ESG rating by S&P.

Together. We can only achieve our purpose and our values if we work together as a team, in a respectful and diverse environment. This year we have created a Diversity & Inclusion board to foster greater diversity in our organisation, with an initial goal of increasing the number of women in our business.

Refining our strategy for the long term

During the year we have worked extensively with the executive management team to review and deepen the strategy and the 2030 vision for Renewi. While the core strategy remains unchanged, we are building plans to achieve our ambitious objectives. Our markets are evolving rapidly, and we are attuned to the associated opportunities and challenges. We are now increasingly focused on inorganic opportunities in addition to our existing organic growth.

EPS and dividend

FY22 was marked by a modest recovery of volumes and an ongoing and sustained increase in most recyclate prices. We are pleased to report a 118% increase in underlying earnings per share to 98 cents (FY21: 45 cents). Exceptional items remained modest, meaning Renewi reported a statutory net profit of €75.4m (FY21: €5.5m).

Recognising the Group's significant growth investment programme and the resultant cash flow profile in the short term, the Board is not recommending a dividend for FY22; however, it will keep the Group's dividend policy under review for FY23.

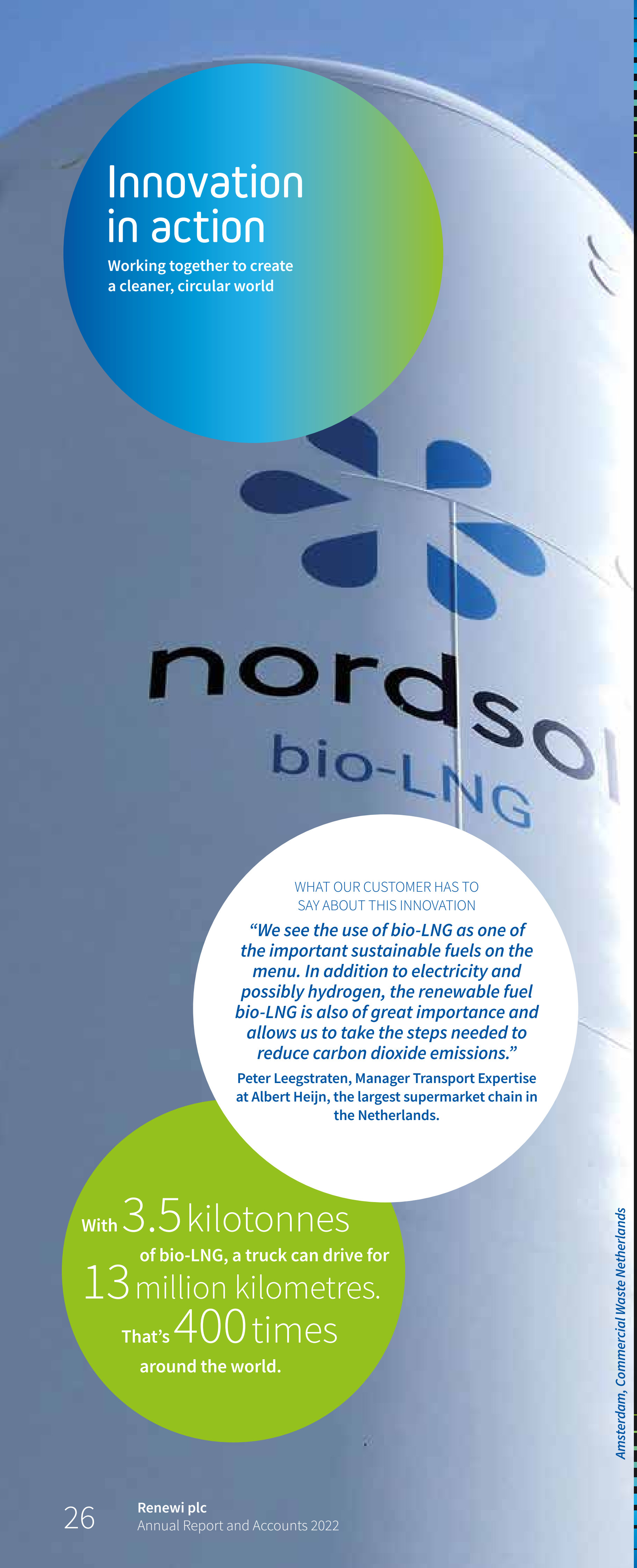
Corporate governance

The Board continues to aim for the highest standards of corporate governance. Details of our policies and procedures, including those relating to the role and effectiveness of the Board and compliance with the UK Corporate Governance Code, are set out in the Governance section on pages 102 to 159.

Passion and dedication

Our people have again worked with passion and dedication through another year of lockdowns and change. We have met our objectives, served our customers and worked tirelessly to keep each other safe. I would like to thank them all for their energy, skill, determination and togetherness. I would also like to thank our customers, suppliers, investors and other key stakeholders who together make Renewi the leading waste-to-product company that it is.

Ben Verwaayen
Chairman



Innovation in action

Working together to create a cleaner, circular world

WHAT OUR CUSTOMER HAS TO SAY ABOUT THIS INNOVATION

"We see the use of bio-LNG as one of the important sustainable fuels on the menu. In addition to electricity and possibly hydrogen, the renewable fuel bio-LNG is also of great importance and allows us to take the steps needed to reduce carbon dioxide emissions."

Peter Leegstraten, Manager Transport Expertise at Albert Heijn, the largest supermarket chain in the Netherlands.

With 3.5 kilotonnes of bio-LNG, a truck can drive for 13 million kilometres. That's 400 times around the world.

Amsterdam, Commercial Waste Netherlands

BIO-LNG

With fossil fuels depleting fast, the world needs to decarbonise. Transport is one of the world's most polluting sectors and clean fuel alternatives for long-haul trucks are not yet available at the scale they should be.

Ever focused on solutions, we have accelerated our decarbonisation journey. Alongside our technology partner Nordsol and our end customer Shell, we have built the first commercial bio-LNG plant in Europe.

Renewi has yet again demonstrated it's a front-runner in organic waste valorisation. At our pre-treatment facility in Amsterdam, we take out-of-date food waste from supermarkets, such as Albert Heijn, and turn it into biogas. Part of the biogas is converted into green gas and supplied to the grid. The rest is used to produce bio-LNG at our processing installation in Amsterdam.

Bio-LNG is a low-emission fuel that replaces fossil fuels. Therefore, it is the perfect solution to decarbonise the heavy-duty transport sector in the short term. Our renewable fuel is developed and delivered to consumers. We currently produce 3.5 kilotonnes of bio-LNG per year, and it's our mission to upscale it in the next two years.

Our Renewi bio-LNG truck is frequently seen at our site in Amsterdam, bringing organic food waste to our pre-treatment facility. It is a vehicle powered by climate-friendly energy, which is derived from the very same waste it carries. The truck is a superb example of our contribution to the circular economy.

SUSTAINABILITY THEMES: **VALUE DRIVERS:**

WHAT OUR CUSTOMER HAS TO SAY ABOUT THIS INNOVATION

"We use Renewi's regrinds to produce custom-made granules. The demand for post-consumer plastics is increasing. Previously, we only used post-production material to create granules. We're delighted to work with Renewi to achieve our sustainability targets. Several years ago, our customers were only interested in granules based on the price difference compared to virgin materials. Today, there is a big change. Our customers prefer granules made with post-consumer plastics. It is crucial that the product can be recycled and that it's made with recycled material."

Caroline van der Perre, Managing Director at RAFF Plastics, a Flemish specialist in compounding, extruding, and recycling plastic.

At our planned hard plastic sorting line in Acht, we will produce 14,000 tonnes of recycled plastics per year. We will avoid 6,200 tonnes of CO_2 emissions.

Our recycling rate of these plastics will rise from 50% to 75%.

Waalwijk, Coolrec

PLASTICS SORTING

The world changed when plastics were introduced into society. Living standards were enhanced, and hygiene improved. Plastics like PE, PP and PET became widely used. At Renewi, we understand the benefits of this durable and functional material. However, the myriad of plastic types and composites used creates challenges when separating these streams for re-use.

Plastic production from inexpensive virgin materials continues to grow and, with it, a corresponding increase in plastic waste. Around 85% of the plastics produced in Europe are incinerated, added to landfills or lost to the environment. There is growing societal awareness that this is damaging the environment and is unsustainable. Consumers, committed brand owners and legislators are demanding cleaner alternatives. This is encouraging and drives our ambitions and appetite to collaborate to meet this demand.

We make plastic waste available for recycling and close the loop with circular plastics. As a leader in recycling technology, we have invested in new and innovative sorting lines and techniques to increase purity.

An example is the processes we employ at our facility in Waalwijk. We use density, electrostatic and optical separators to segregate different polymers. This means our sustainable raw material has a quality equal to virgin plastics, and we can offer clean and pure plastic granulates. The granules are so clean that they are suitable to be manufactured into children's toys.

From our new sorting line in the port of Ghent, hard plastic regrinds are supplied to the packaging and automotive industries. To meet increasing customer specification requirements, we have invested in analytical capabilities at our laboratory, where we extensively test composition and quality. We also produce customised recycled materials by including the required additives.

SUSTAINABILITY THEMES: **VALUE DRIVERS:**

A message from the CEO

Overview

Renewi delivered a record performance in FY22, with revenues, profits and returns all increasing significantly ahead of the previous year. Our end markets continue to grow, with legislation and corporate strategies supporting increased recycling and demand for high-quality secondary materials. This contributed to the increase in recyclate prices over the past 18 months. We have also managed the aftershocks of the Covid crisis with ongoing tight control of costs and an ability to cover inflationary pressures from recyclate prices and customer pricing. We made good progress on our key strategic initiatives to deliver sustained growth for Renewi, notably with the commitment of over €100m of capital to build a new state-of-the-art recycling capacity. Underlying EBIT increased by 83% to €133.6m. Statutory profit increased by €69.9m to €75.4m. Core net debt reduced by €41m to €303m, and our leverage ratio reduced below the Board's target to 1.4x (FY21: 2.2x).

Sustainability is at the heart of our business model. Our purpose of giving new life to used materials enables us to deliver secondary materials to our end customers with a lower carbon footprint than the primary materials they replace. This helps our customers get to their net-zero ambitions and supports the development of a circular economy, which is essential if society is to meet its carbon reduction goals. We have therefore maintained our focus on the longer-term strategic drivers for Renewi: increasing our recycling rate; increasing the quantity and quality of the secondary materials we supply; expanding our market share and improving both efficiency and customer service through our Renewi 2.0 programme. We have continued to advance this strategy and we remain well positioned to benefit from the adoption of circularity by European economies, which ensures resources such as products, materials and energy are reused for as long as possible at the highest value.

Revenue was up 10% to €1,869m, and underlying EBIT was up 83% to €133.6m. Underlying profit before tax increased by €57.8m to €105.2m. Underlying earnings per share increased by 118% to 98 cents (FY21: 45 cents).

The Commercial Waste Division, which represents over 70% of Group revenues, increased revenues by 10% and underlying EBIT by 77%. EBIT margin increased 380bps to 10.0%, driven by a year-on-year benefit of €35m from the increased quality and pricing of recyclates and ongoing cost control. EBIT was 73% higher than the pre-Covid FY20 reference period.

The Mineralz & Water (M&W) Division saw revenues increase by 6%, and underlying earnings increase by €5.5m to €5.8m. The Specialities Division increased revenues by 16%, and underlying EBIT increased by €1.7m to €4.1m.

Group central services costs have increased in the year as a result of investment in a number of areas and higher costs for long-term incentive plans.

The business delivered adjusted free cash flow of €90.6m (FY21: €113.5m), partly reflecting an underlying reduction in payables. Free cash at €60.5m was lower than last year which included the €55m benefit of deferred payroll and other taxes in the Netherlands. Core net debt at 31 March 2022 was €303m (2021: €344m). Leverage fell to 1.4x (FY21: 2.2x), comfortably below the Board's long-term target of 2.0x. Liquidity headroom including cash and undrawn facilities was also strong at €428m (FY21: €364m).

Recognising the Group's significant growth investment programme and the resultant cash flow profile in the short term, the Board is not recommending a dividend for FY22; however, it will keep the Group's dividend policy under review for FY23.

Group summary

	REVENUE			UNDERLYING EBIT		
	FY22 €m	FY21 €m	Variance %	FY22 €m	FY21 €m	Variance %
Commercial Waste	**1,360.5**	1,240.6	10%	**135.7**	76.8	77%
Mineralz & Water	**193.9**	182.8	6%	**5.8**	0.3	N/A
Specialities	**350.1**	300.8	16%	**4.1**	2.4	71%
Group central services	**–**	–	–	**(12.0)**	(6.5)	-85%
Inter-segment revenue	**(35.3)**	(30.6)	–	**–**	–	–
Total	**1,869.2**	1,693.6	10%	**133.6**	73.0	83%

The underlying figures above are reconciled to statutory measures in note 2 of the consolidated financial statements.

Sustainability means a need for circularity

Our purpose is to protect our planet by giving new life to used materials, and our vision is to be the leading waste-to-product company in Europe's most advanced circular economies. This differentiates Renewi as a company that focuses on re-use: supplying high-quality secondary materials, which we believe is the best way to extract value from waste. We are a key player in the rapidly emerging circular economy and a pioneer in deploying innovative technologies that turn waste that would have been incinerated or sent to landfill into high-quality secondary materials.

In the past year we have seen the world's governments, companies and investors continue to advance the agenda to reduce carbon emissions very significantly, with the EU playing a leading role. In November 2021, COP26 set out the necessary steps to avoid catastrophic increases in global temperatures by the end of the century. Production of more secondary materials to reduce virgin material use and the associated carbon emissions is a key requirement to meet these goals. Becoming more circular and cutting virgin materials use by 28% within nine years could lead to a reduction in global GHG emissions by 39% according to *The Circularity Gap Report*.

Recycling plays a key role in enabling a circular economy by converting waste back into secondary materials and is therefore increasingly supported by fiscal and regulatory governmental policy. Recycling, like most markets, needs balanced supply and demand.

Supply is stimulated by disincentivising landfill and incineration through taxations and prohibitions to create an environment in which sorting and processing to produce recyclates is economically competitive. This is already in place in the Netherlands and Belgium and has been further strengthened in Flanders by the government's announcement to double the incineration tax to €25 per tonne. Fundamental new legislation in Flanders, which comes into effect in January 2023, will provide further stimulation of recyling. The most recent amendment to Vlarema 8 effectively introduces the mandatory pre-sorting of waste to remove recyclates before residues are incinerated, and this legislation is the key driver of our decision to invest in three large state-of-the-art sorting lines in Flanders.

Demand is stimulated by setting targets for minimum recycled content for government tenders, or indeed simply mandating certain levels of recycled content in all materials. For example, the Netherlands has a longstanding policy commitment to be 50% circular by 2030, and Belgium has similar circularity ambitions in both Flanders and Wallonia. This is further backed by trends in consumer demand, where a sustainable solution appeals to a growing segment of customers.

Looking forward, legislators in Renewi's end markets and beyond are considering further action, including carbon taxes on incineration, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will accelerate the transition to increased recycling rates and, crucially, increase demand for secondary materials.

Putting sustainability at the centre of our strategy

Sustainability is at the heart of what we do. Our purpose, our vision and our business strategy are all about sustainability. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. Starting from the UN Sustainable Development Goals, we focus on three key objectives: Enable the circular economy; Reduce carbon emissions; and Care for people.

Our purpose of giving new life to used materials enables the circular economy, which is essential if society is to meet its carbon reduction goals

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

Enable the circular economy

- Increased recycling rate from 65.8% in March 2021 to 67.2% (+1.4% points), with positive progress across all divisions
- Total recyclate output amounted to 8.4mT, 5% higher than prior year
- Carbon avoidance of 3.1mT, similar to last year

Reduce carbon emissions

- Reduced our carbon intensity from processing 23% per tonne, driven for example by our Commercial Waste Netherlands Division having switched to 100% green electricity
- Reduced total scope 1 and scope 2 emissions by 7% to 0.5mT of CO_2 equivalent.

Care for people

- Significantly improved safety results: Lost time injuries (LTIs) are down 36% and major fires are down 25%
- Established a Diversity & Inclusion Board, aimed at making Renewi an even more rewarding and inclusive place to work

This year we report specifically about climate change risk according to the guidelines of the TCFD. Within our climate roadmap we intend to strengthen our sustainability strategy and will start building a net-zero carbon emissions roadmap this year.

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

Increased value for the high-quality recyclate products that we make

A prominent feature of our strong performance since Covid has been the recovery of recyclate prices from 10 year lows to their current high levels, which have now been sustained for nearly 18 months.

Different recyclate streams are subject to specific supply and demand factors. However, at a more fundamental level we believe that environmental policies to stimulate the use of secondary materials mean that recyclates will over time become scarce materials. Furthermore, we believe prices may ultimately increase to a sustainable premium, or a reduced discount, to virgin materials. In addition to the supply and demand factors, we are increasing the quality of our recyclates. This allows our end customers to replace virgin materials with our recyclates and allows us to demand higher prices.

Other factors that support the increased pricing for recyclates include:

- demand for paper and cardboard in Europe being driven by the growth in e-commerce as well as the transition to cardboard as the preferred packaging material including for example replacing plastic inside delivery boxes. At the same time, reduced office working as a result of Covid has resulted in lower volumes of source segregated commercial paper for recycling;
- high energy prices making the use of recycled metals, glass and plastic cheaper compared to production from virgin materials;
- a strong increase in demand for waste wood for a range of applications including conversion to wood products, methanol and bio-fuels in addition to biomass; and
- consumer demand for recycled plastics leading to major plastics manufacturers looking for long-term supply agreements to meet their growing need.

In the short-term recyclate prices may still fluctuate and, whilst we expect that recyclate prices will moderate in FY23, we expect prices to stabilise above pre-Covid levels for the medium term, reflecting the structural growth of the circular economy.

Our strategy for long-term profitable growth

We have a clear and consistent business strategy to deliver long-term growth in both margins and volumes. This strategy has initially focused on margin expansion through increased recycling rates and the production of higher-quality materials. We are now focusing increasingly on how to expand our market share both domestically and internationally. Our strategy is based on three pillars:

1. **Leader in recycling: increase our recycling rate.** Our ambitious goal, launched as Mission75, is to increase our recycling rate within five years to 75% from the current 67.2%, which we believe is already the highest in the industry.
2. **Leader in secondary material production: Enhance the quality and value of the products we produce.** To build a circular economy, the usage of secondary raw materials must increase. For production companies currently using primary raw materials, the easiest way to convert is by using high quality secondary raw materials that they can 'drop-in'. Accordingly, we are investing in advanced processing facilities.
3. **Selectively gain market share.** Our primary focus in the Netherlands and Belgium is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, there are consolidation opportunities in our sector, and we intend to participate both in complementary acquisitions in our core markets and, in due course, to enter into new territories with strong growth potential for our waste-to-product model.

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

Waalwijk Coolrec

Our innovation portfolio: investing for higher returns

We are investing in innovative solutions to increase recycling rates and product quality, the first two pillars of our growth strategy, with a view to delivering an additional EBIT of €20m by FY26. In FY22 we committed to invest over €100m over the next three years in order to achieve our target and exceed our threshold for return on assets of 16%. More details on the timing of investment and returns are given in the Finance Review.

For more information on our innovation portfolio, go to: renewi.com

Innovation portfolio

PROJECT	PARTNER	OPPORTUNITY	STATUS
Advanced residual waste sorting Flanders	Stand-alone	€€€€€	Three lines approved. Programme progressing in line with expectations.
Organics: expanded depackaging capacity	Stand-alone	€	Construction complete and plant operational.
Organics: bio-gas to bio-LNG	Shell & Nordsol	€€	New plant commissioned and operational.
Mattress recycling	IKEA Group	€€€	New facilities: fourth facility completed and fifth in planning. Chemical recycling plant to be commissioned mid-2022. Exploring opportunities to expand activities outside NL.
Plastic recycling	Stand-alone	€€	Ghent and Waalwijk investments complete. Acht to be commissioned in 2023.
Polyurethane recycling	Chemical recycler	€ – €€€	Technical and commercial feasibility studies ongoing.
ATM recovery	Stand-alone	€€€	Filler storage capacity installed, and product certifications expected. Project to increase capacity at waterside commenced.
Wood flake for low-carbon steel	Arcelor-Mittal	€€ – €€€€	Partner is preparing for industrial performance testing early next year and subsequent commercial contracting discussions.

We continue to have a dialogue with a number of plastics recyclers concerning the provision of plastics streams for chemical recycling. Other new innovation ideas have been identified during the past year and are passing through our disciplined investment process.

Renewi 2.0 programme

FY22 was the second year of our Renewi 2.0 programme: a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, based around two key themes:

- **Digitisation of the business.** We have developed and launched a new front-end interface for customers that allows them to place and amend orders, have full visibility of services and related costs and the circular benefits their waste is creating. This digitisation is already delivering a better 24/7 customer experience, while reducing our cost to serve.
- **Simplification and harmonisation of processes.** Our core business processes are being simplified and standardised across our Divisions to save costs, reduce errors, and improve customer, supplier and employee experiences. We are implementing global process owners for our core processes and centres of excellence to simplify our service offering, improve our master data and eliminate non-value add activity.

As previously indicated, the programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three-year programme for a total cash cost of €40m. €5.0m of net benefit was reported in FY22, in line with our plan. We remain confident that we will achieve the targeted savings on schedule.

More than 65,000 customers are logging into MyRenewi, our customer platform, and we see adoption rates increase every month. Our "*scaled agile*" framework approach has allowed for faster time to market for new developments and features for MyRenewi, delivery of our broader commercial offering and in driving efficiency in sales and back-office operations. A dedicated team is working on a project called 'Help Customer' to further improve our service delivery when customers have queries. During the year we have seen call and complaint volumes drop by 20% in some parts of our business through these frictionless interactions.

The procurement application Coupa has been fully implemented in our Commercial Waste Division as well as for central functions, and use is increasing on a daily basis.

Mineralz & Water recovery

Profits at ATM, our major site that cleans contaminated soil and water, are recovering well but slower than initially planned. Ongoing uncertainty by regulators on the adequacy of the current environmental regime has reduced intake of contaminated soil and continues to hamper obtaining necessary permits to dispose of TGG. This situation is expected to be resolved when proposed amendments to current legislation are brought forward and should bring much needed clarity to this important part of our business.

Despite these challenges, good underlying progress was made during FY22, with the production of secondary building materials like gravel, sand and filler replacing TGG. There is a growing interest in these secondary building materials from cement and asphalt producers as the construction industry is converting to circularity. ATM's profit improvement is also supported by growth in water treatment, where we plan to expand our treatment capacity. We therefore anticipate that, as the regulatory environment for soil becomes clearer, as our building materials achieve their certification and as we expand our water treatment, ATM will be able to restore EBITDA margins.

Potential for market share growth

Following the formation of Renewi in 2017, our focus was on integration and successfully delivering the merger synergies while maintaining market share. This has been achieved in full.

With leverage now reduced to comfortably below the Board's target of 2.0x, we have increased our pursuit of long-term top line growth opportunities, both organic and through acquisition. Accordingly, we have revisited our merger and aquisition (M&A) pipeline activities, cultivating potential targets and reinvigorating internal evaluation processes. We note that M&A activity within the Netherlands and Belgium is picking up and Renewi intends to participate in sector consolidation opportunities, providing there are good strategic and sustainability synergies that offer appropriate financial returns.

Within the Netherlands and Belgium we will continue to expand our share organically, with an unmatched combination of breadth of services and proven sustainable treatment of waste. Renewi 2.0 will further improve our customer service and offer customers convenient digital interaction.

Renewi also has a two-stage strategy for further international expansion. In the immediate term there are opportunities to expand in niche waste segments where collection is not a required part of the business model: glass, white goods and mattresses are good examples. Longer term, we believe our model can be replicated in other advanced circular economies. We have created the "Renewi Advanced Circular Economy" (RACE) index of all European countries, assessing their suitability for our services based on factors such as material recycling rate, use of secondary materials, regulation, and taxonomy related to material usage. The RACE index confirms the Netherlands and Belgium as two of the most advanced circular economies. It further allows us to focus on a number of countries, including Denmark, Sweden, Germany, and the UK, where we see scope for successful and profitable expansion in the long term.

Resilience in an uncertain world

The end of Covid has triggered significant inflation, supply chain disruptions and a tightness in European labour markets, exacerbated by geopolitical uncertainty arising from the war in Ukraine and the potential for macroeconomic impact. In response we have created teams to monitor and address emerging issues. We are monitoring the situation closely and while a significant and widespread economic slowdown could eventually impact Renewi, we have experienced no material adverse impact to our business since the war in Ukraine.

More broadly, Renewi has a resilient business model in that it:

- provides an essential service across all sectors of the Dutch and Belgian economies, with no material exposure to any one sector;
- has demonstrated an ability to pass inflationary costs through to customers: price increases implemented on 1 January 2022 are expected to cover 2022 inflation;
- hedged the majority of its energy and diesel requirements for 2022; and
- has guidance for FY23 that anticipates a reduction in recyclate prices from their current highs.

Group outlook

Recyclates strength has so far continued into FY23. Although a reduction from the high prices is expected, a sustained benefit from structural changes to recyclate quality and price is also anticipated. Looking ahead, the Board now anticipates the Group's performance in FY23 to be ahead of its previous expectations given the Group's strong results in FY22 and continuing recyclate price strength.

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

Strategic report
Governance report
Financial statements
Other information

Business strategy

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

Renewi launched its enhanced strategy two years ago, supporting its vision to be the leading waste-to-product company. This further differentiates Renewi as a pure-play recycler, extracting value from waste and contributing to a solution to the world's climate problem.

The strategy is based on three market facing priorities:

- To build our leadership position in the circular economy
- To selectively gain market share
- To be the leading waste-to-product company

Internal improvement strategies

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

Digitisation of sales and services to improve the customer experience.

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

See page 37 for further details of the Renewi 2.0 improvement programme.

Moerdijk ATM, Mineralz & Water

MEASURING PERFORMANCE

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

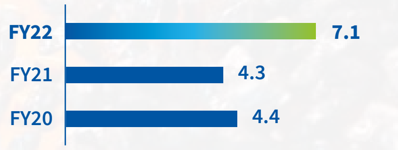
Revenue (€m)

Our performance

Overall revenues were up 10% in the year as outbound revenues increased, reflecting the strength of recyclate prices and increase of recyclate quality.

Value drivers
Sustainability strategy

Underlying EBIT margin (%)



Our performance

Significant year-on-year margin increase driven by increased quality and pricing of recyclates, retention of structural cost savings made in response to Covid-19 and ongoing cost control.

Value drivers
Sustainability strategy

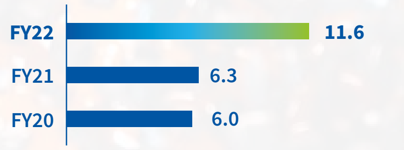
Underlying EBITDA margin (%)

Our performance

Similarly, EBITDA margins increase on prior years due to the strong EBIT performance. The circular innovation pipeline, Renewi 2.0 and ATM recovery will contribute to an improvement in both EBIT and EBITDA margins going forward.

Value drivers
Sustainability strategy

Return on capital employed (%)

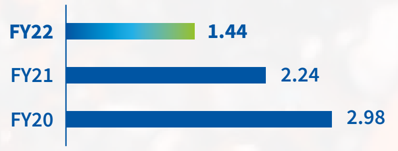


Our performance

ROCE has increased year on year, driven by the strong EBIT performance and continued tight control of capital expenditure in the year. Capital expenditure on both replacement and growth projects will increase in the coming years as the large projects progress through the construction phases.

Value drivers
Sustainability strategy

Leverage ratio



Our performance

Due to strong profits and cash performance, core net debt reduced further in the year, with leverage ending well below the Board's target. Payment of Covid-19 tax deferrals has started in the year and will continue for a further 30 months.

Value drivers
Sustainability strategy

KEY

Link to value drivers

- Renewi 2.0
- ATM recovery
- Circular innovations

Link to sustainability strategy

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

Value drivers

We are making good progress towards the objective of generating an additional €60m of EBIT from our three initiatives of circular innovations investments, the Renewi 2.0 digitisation programme and recovery of earnings within our M&W Division.

The Board has approved over €100m of investments in four key areas: advanced sorting to address Vlarema 8, out-of-date organic food waste valorisation into biogases; construction materials production; and advanced plastics recycling. These projects were explained in detail at our capital markets event in October 2021, and are each featured within the annual report. Collectively these projects deliver incremental profits at attractive levels of return above our 16% pre-tax threshold. They also contribute towards our objective to reach a 75% recycling rate for the Group.

FY22 was also the second of the three-year programme to create frictionless efficient processes and improve customer interactions through increased digital engagement. The programme is expected to complete in FY23 and deliver lower selling, general and administrative expenses (SG&A) through more efficient digital customer engagement and improved accuracy from touchless straight-through processes.

Within M&W the ATM site continues moving towards its previous profitability before the regulatory intervention. It is progressing certifications for the gravel, sand and filler products to increase the range of customers and the achievable price. The ability to scale this production is also impacted by reduced availability of contaminated soils and as a result the path to recover profitability is taking longer than originally expected. Disposal of historic production of TGG has progressed, with 0.7mT sold in FY22 which reduces storage on site and at third-party locations. The on-site storage is then available to support testing of the cleaned materials towards additional certifications. In addition to an ongoing focus on soil processing, the site processes over 1mT of water, and there are potential opportunities to expand this further to support the recovery of profitability.

Our Renewi 2.0 programme is entering its third and final year. The programme is designed to streamline the business so it is more customer focused, more efficient and a better place to work. This comprises multiple projects, based around two key themes:

Digitisation of the business

We have developed and launched MyRenewi, a new front-end interface for customers that allows them to place and amend orders, have full visibility of services, related costs and the circular benefits their waste is creating. This digitisation is already delivering a better 24/7 customer experience, while reducing our cost to serve our customers.

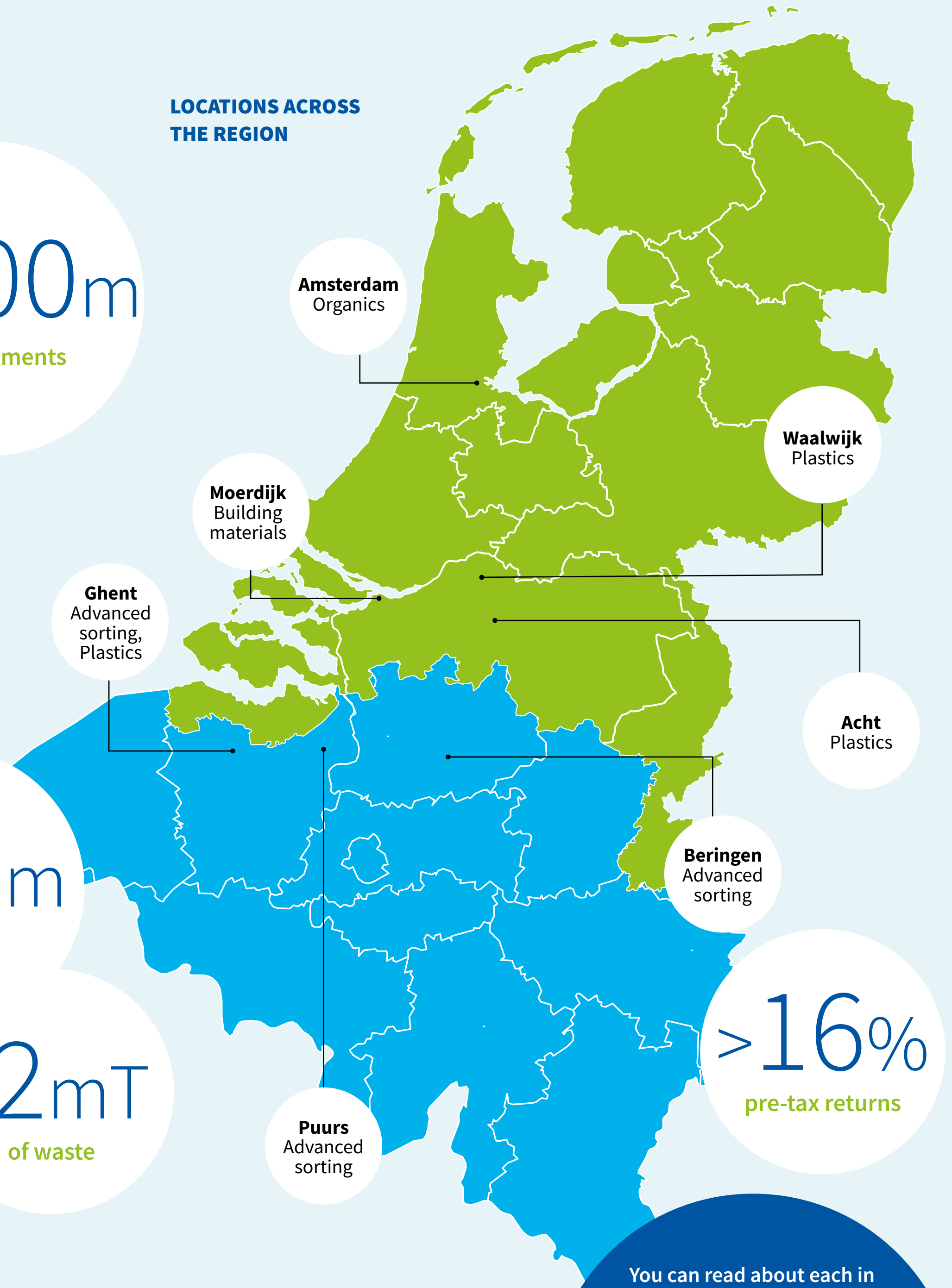
Simplification and harmonisation of processes

Our core business processes are being simplified and standardised across our Divisions to save costs, reduce errors, and improve customer, supplier and employee experiences. This has included the implementation of a Group-wide procurement tool as part of our PEAR project (Procurement made Easy Across Renewi).

We see further digitisation opportunities beyond the scope of Renewi 2.0.

CIRCULAR INNOVATIONS

LOCATIONS ACROSS THE REGION



>€100m
of investments

>€20m
EBIT

>2mT
of waste

>16%
pre-tax returns

During FY22 we committed over €100m of investments into the circular economy from our innovations pipeline. These are advanced sorting, building materials, plastics and organics. Our investments span the Netherlands and Belgium, and in each case are focused on the increased valorisation of waste to generate more valuable outcomes for our customers, for the planet and to increase the Group's profitability.

Individually these projects meet the Group's requirements for 16%+ returns, and collectively they will generate over €20m of additional profits.

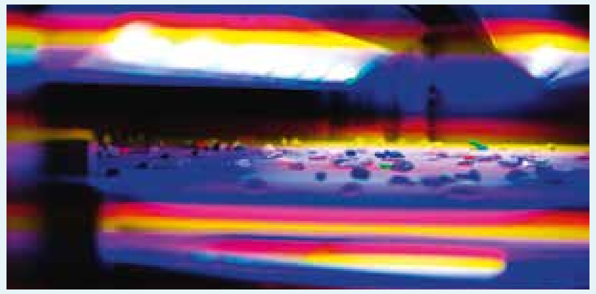
As a result of Mission75, our focus to achieve a 75% recycling rate, we consider innovation as a process and are generating new circular innovation ideas for future investments.

You can read about each in detail on pages 26,27,44 and 45 and we would encourage you to visit our website at renewi.com/investors to play back the virtual capital markets event. This will provide an opportunity to see footage from our sites, hear from our business leaders, and hear testimonials from our customers.

"Let's hear from our leaders. In the videos below, they introduce some of our innovative processes, collaborations and discuss market dynamics."
Otto de Bont, Chief Executive Officer

Organics
Klaas explains the organic waste market, where we process out-of-date food waste and green waste. As you can see, there's a lot happening at our site in Amsterdam, where a new depackaging facility has been built, in addition to our bio-LNG installation opened by His Majesty King Willem-Alexander in October 2021. Work is under way to clean biogases to export to the grid network. You can also see comments from one of our large supermarket customers, Albert Heijn, and hear from our partners Nordsol and Shell about our bio-LNG venture.

Plastics
Marc explains market dynamics. Dieter, Philip and Olaf will take you to our sites at Waalwijk, Ghent and Acht, where we process plastics. You can hear from our customer, Raff Plastics, about how the post-consumer plastics materials are valuable feedstocks to build new products.



Advanced sorting
Mark explains the waste-sorting requirements in Flanders, Belgium and the latest Vlarema 8 legislation, which is driving a fundamental change in the waste market, with less waste going to incineration and more being recycling. This is great news for the environment and Renewi is investing €60m at Ghent, Puurs and Beringen to support this transition.

Building materials
Theo explains the building materials market and its drive towards circularity. He discusses building materials with Heijmans and Martens Beton, and looks to the future of our markets for gravel, sand and filler recovered from contaminated soils.

Innovation as a process
Bas explains how partnering and innovation are essential to meeting the climate commitments in the region, for example the Dutch commitment to be 50% circular by 2030. Renewi is a connector for waste innovation and works with many partners to develop solutions and products to provide secondary materials for re-use.

ATM RECOVERY






ATM Moerdijk covers an area of

180,000m²

Capable of processing over

2mT

of waste a year across water, soil and packed chemical waste

M&W aims to return to

€20m

EBIT

Within our M&W Division, ATM, pictured here, is one of our largest and most complicated sites. It is located in Moerdijk, on the Holland Diep river with great access for international deliveries of soil and water. The site has been in operation for 40 years and offers unique circular solutions to customers, while constantly evolving to meet market demands.

For the past few years, ATM has been reconfiguring the site to separate cleaned soil into gravel, sand and filler, with investments made in the gravel cleaning facility, sieving capacity and filler storage capacity. Work is ongoing to achieve certifications for these materials and to sell historic productions of thermally cleaned soil.

The site also decontaminates 800kT of contaminated water created by industrial cleaning, and from ship-cleaning services we provide at the jetty. There are opportunities to invest and expand in the water segment at ATM.

Progress against our sustainability themes

Sustainability is at our very core. It is part of our purpose and one of our six core company values. Two years ago we fully refreshed our sustainability strategy, which is linked to the six United Nations SDGs which we have a significant positive impact on. This is realised across three themes: Enable the circular economy; Reduce carbon emissions; and Care for people. These themes split into different objectives, each quantified with several performance metrics. We're pleased to report good progress across the three themes, as per the table on the right.

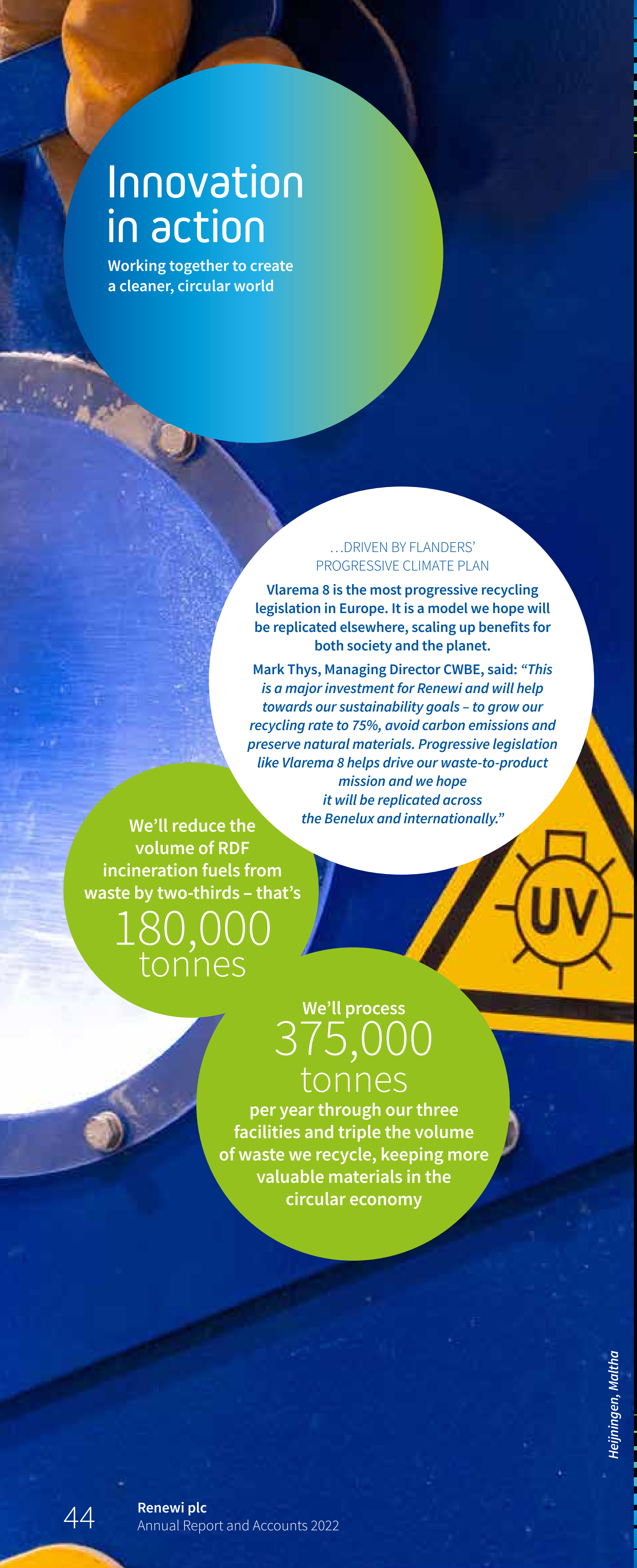
Enable the circular economy. This is the core of our business model, turning waste into high-value secondary materials. We measure progress with our recycling rate and the resulting carbon avoidance achieved. Last year we launched, both internally and externally, our ambitious Mission75 programme to activate our journey to a 75% recycling rate.

Reduce carbon emissions. We realise that while recycling is an inherently sustainable activity, both our logistics and processing operations have a significant carbon footprint. For that reason this second theme aims to reduce the impact of operations. We have made continued progress and are currently working on a longer-term roadmap.

Care for people. We take a holistic approach to sustainability, covering our employees and the communities in which we operate. Our aim is to positively impact these communities, tirelessly working to improve the safety of our operations, and want Renewi to be the most rewarding, diverse and inclusive working environment possible.

THEMES	OBJECTIVES	KEY PERFORMANCE INDICATORS	EXPLANATORY COMMENTS	2025 TARGETS
Enable the circular economy We want to be a driving force in the transition towards a circular economy, one where all waste is converted into new products. **Link to SDGs** 13 Climate action; 12 Responsible consumption and production; 6 Clean water and sanitation	**Turn our customers' waste into new products.**	**Recycling rate (%)** FY20 64.7 FY21 65.8 FY22 67.2	Good progress in the year with an additional 0.2 mT diverted from incineration and 0.1 mT diverted from landfill.	**Recycling rate** (% of total waste handled) 75.0%
		Carbon avoidance (kg CO_2 per tonne of waste handled) FY20 257 FY21 261 FY22 252	An absolute total carbon avoidance of 3.1mT, similar to FY21, and an increase in total waste handled led to a slight decrease.	**Carbon avoidance** (kg CO_2 per tonne of waste handled) 275
Reduce carbon emissions We understand the need not only to reduce our footprint, but also to decrease the negative impact of carbon emissions on wider society. **Link to SDGs** 13 Climate action; 11 Sustainable cities and communities; 7 Affordable and clean energy	**Be a leader in clean and green waste collection.**	**kg CO_2 per tonnes of waste collected** FY20 10.04 FY21 9.84 FY22 NA[1]	The percentage of Euro 6 trucks owned by Renewi rose to 67% during the year. These trucks are more fuel-efficient. In addition, we focused on ongoing route optimisation, and 'white label' truck projects have driven improvements.	**Carbon intensity of collection** (kg CO_2 per tonne of waste collected) <9.00
	Reduce the carbon impact of our operations.	**kg CO_2 per tonne of waste handled** FY20 10.47 FY21 11.10 FY22 8.57	Carbon emissions in scope 1 & 2 went down thanks to continuous effort to reduce our energy consumption and a switch to 100% green electricity by our Commercial Waste Netherlands Divisions. Our FY25 target is now met. As we will be building a plan toward net zero in the coming year, a more ambitious target will be established by next year.	**Carbon intensity of our sites** (kg CO_2 per tonne of waste handled) <9.42 Target achieved
Care for people We have a responsibility to deliver our employees home safe and well, to create a rewarding, equal and inclusive working environment and to have a positive impact on our communities. **Link to SDGs** 3 Good health and well-being	**Deliver people home safe and well every day.**	**Lost time incidents (LTIs)** FY20 11.54 FY21 13.97 FY22 8.88	The number of LTIs decreased by 36% within one year, shifting the LTI frequency (LTIF) rate from 13.97 to 8.88. The goal for FY23 is LTIF of less than 8. In addition to this, the amount of significant events decreased dramatically from 38 to 10 events.	**LTIF** Number of LTIs (lost time incidents) x 1,000,000 <7.00
	Make Renewi a rewarding, diverse and inclusive working environment.	**Employee engagement** FY20 +14 FY21 +21 FY22 +21	It is our goal to position ourselves as a leading company to work for in the circular economy. We expect employee engagement to improve post-Covid-19.	**Employee engagement** (eNPS score in Pulse survey) +30

[1] Metric being restated.



Heijningen, Maltha

Innovation in action

Working together to create a cleaner, circular world

…DRIVEN BY FLANDERS' PROGRESSIVE CLIMATE PLAN

Vlarema 8 is the most progressive recycling legislation in Europe. It is a model we hope will be replicated elsewhere, scaling up benefits for both society and the planet.

Mark Thys, Managing Director CWBE, said: ***"This is a major investment for Renewi and will help towards our sustainability goals – to grow our recycling rate to 75%, avoid carbon emissions and preserve natural materials. Progressive legislation like Vlarema 8 helps drive our waste-to-product mission and we hope it will be replicated across the Benelux and internationally."***

We'll reduce the volume of RDF incineration fuels from waste by two-thirds – that's

180,000 tonnes

We'll process

375,000 tonnes

per year through our three facilities and triple the volume of waste we recycle, keeping more valuable materials in the circular economy

ADVANCED SORTING

The Flanders government in Belgium is progressing its climate plan by introducing further waste-handling regulations. In January 2023, an amendment to the current 'Vlarema' legislation stipulates that 24 commercial waste streams are separated at source. Vlarema 8 is designed to reduce the volume of commercial waste sent for incineration while substantially increasing recycling rates.

This progressive move aligns with Renewi's waste-to-product mission. We are responding by investing €60m in technologically advanced sorting lines at three of our sites. The first will be installed in Ghent this year, with Puurs and Beringen due to follow in 2023. State-of-the-art technology will enable us to produce greater volumes of high-quality, clean raw materials and ensure our customers go beyond Vlarema 8 compliance.

The new, sophisticated sorting lines will ensure greater segregation of materials so more can be brought back into the loop for further recycling, producing quality end streams. These will not only increase the number of recycled monostreams like metal, paper and wood, but will also generate new products for chemical or biogenic recycling.

The new technology is totally unique to the sector and looks set to become the new standard, not just in Belgium but also in the rest of Europe.

SUSTAINABILITY THEMES:

VALUE DRIVERS:

Wateringen, Commercial Waste Netherlands

WHAT OUR CUSTOMER HAS TO SAY ABOUT THIS INNOVATION

"We have been working closely with Renewi for several years to identify opportunities to use circular materials in our constructions to achieve our sustainability goals. For example, we use concrete, asphalt and sand for landscaping and foundations. We have therefore been able to collaborate with Renewi to identify usable materials from their processing and turn these into construction-grade products."

Bas van de Pol, Project Manager Secondary Materials at Heijmans, a leading European construction services business based in the Netherlands

We can produce up to:

250,000 **tonnes of gravel** for concrete and asphalt

100,000 **tonnes of filler** for replacing coal fly ash in cement, and

500,000 **tonnes of sand** for concrete and infrastructure purposes

BUILDING MATERIALS

Highlighted in *The Circularity Gap Report 2022*, the construction sector is one of the five industries with the highest resource use and GHG emissions. Advanced economies continually invest in new infrastructure projects to meet societal needs, and housing alone accounts for almost 40% of global gas emissions.

This huge level of demand, combined with a shortage of raw materials, creates the strongest possible case for a more circular construction industry. The picture is one of rising prices for virgin materials and growing demand for qualitative and sustainable alternatives. There has never been a more pressing need to use existing resources such as coal fly ash or concrete for housing and infrastructure – rather than fast-diminishing raw materials.

Our M&W Division is perfectly placed to meet the growing need for secondary construction materials. We're investing in cutting-edge technology to process, test and clean contaminated soil, enhancing the quality of our circular materials. By decontamination, we prevent pollution and make re-use possible, contributing to the preservation of resources.

At the same time, we are focused on securing product certification. Achieving end-of-waste status is guaranteed to open growing markets further too. We offer sought-after products at attractive prices. The market is becoming more significant and, brick by brick, we are moving towards a more sustainable future.

SUSTAINABILITY THEMES:

VALUE DRIVERS:

Finance Review

For more information on our financial performance, go to: renewi.com

Renewi delivered a strong performance, with revenues and underlying EBIT up 10% and 83% respectively. We have retained some of the structural cost savings made in response to Covid-19 and these, combined with a strong prices benefit, have contributed to a significant increase in margins and profits. Underlying EBIT was €60.6m higher than the prior year, of which €44.6m resulted from the net impact of increased waste producer pricing, recyclate prices, less cost indexation and €9.2m from volume and mix changes, €8.7m from cost savings with balancing €1.9m from others.Underlying EBIT increased by 83% and underlying EBITDA increased by 34% as the level of non-cash items of depreciation, amortisation and impairment charges only increased by 6% year on year.

The level of exceptional and non-trading items in the current year was again significantly reduced to €9.6m, resulting in a statutory operating profit of €124.0m compared to €36.1m last year. This was adjusted for the prior year restatement for the change in cloud computing charges, as referred to below.

Following on from an IFRS clarification on the accounting treatment of costs associated with the configuration and customisation incurred in cloud computing or Software as a Service (SaaS) arrangements, the Group has reviewed its accounting policy. The revised policy, applied retrospectively, aligns with the clarification, whereby configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset. We have determined that €3.9m of costs incurred and capitalised during the current financial year and €7.3m of intangible assets held at 31 March 2021 no longer meet the criteria for recognition under IAS 38 Intangible Assets. The impact relating to the year ended March 2020 and prior was not material, and has therefore been included in the 31 March 2021 comparative adjustment. Accordingly, €3.9m (FY21: €7.3m) has been expensed and disclosed as a non-trading and exceptional administrative expenses item because it arises from the one-off introduction of interpretations to accounting policy guidance and is material in size. The prior year balance sheet has been adjusted with a reduction of €7.3m of intangibles with an increase in deferred tax assets of €1.8m and a reduction in retained earnings of €5.5m.

Non-trading and exceptional items excluded from underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying

Ghent, Commercial Waste

profit before tax due to their size, nature or incidence. Total non-trading and exceptional items excluding tax were reduced by 74% to €9.5m (FY21: €36.5m as adjusted for the change in accounting policy restatement). As previously reported, we have accounted for the cost of the Renewi 2.0 programme as exceptional due to its size and nature. The programme is forecast to deliver cost benefits at an annualised run rate of €20m in FY24. The cost of the programme is still expected to be €40m, split between capital and an exceptional charge. Benefits of €5.0m were secured in the year, with cash spend of €6.6m, which was lower than expected. As a result, we now expect €8m of the programme costs to be incurred later, falling into FY24.
The table below sets out the expected costs and benefits over later periods.

Financial performance

	FY22 €m	FY21 €m	Variance %
Revenue	**1.869.2**	1,693.6	10%
Underlying EBITDA	**262.6**	195.7	34%
Underlying EBIT	**133.6**	73.0	83%
Operating profit	**124.0**	36.1	243%
Underlying profit before tax	**105.2**	47.4	122%
Non-trading and exceptional items	**(9.5)**	(36.5)	
Profit before tax	**95.7**	10.9	
Total tax charge for the year	**(20.3)**	(5.4)	
Profit for the year	**75.4**	5.5	

The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.
FY21 statutory profit and non-trading and exceptional items have been restated to reflect the change in accounting for cloud computing costs as referenced in note 1.
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Renewi 2.0: expected costs and benefits

	FY21 €m	FY22 €m	FY23 €m	FY24 €m
Annual net benefit	2	5	12	20
Exceptional costs	(7)	(7)	(8)	(8)
Capital spend	(5)	(2)	–	–
Net cash flow	(10)	(4)	4	12

The capital spend of €7m includes €5m of items which are now classified as exceptional charge as a result of the change in policy relating to cloud computing related spend.

Our purpose of giving new life to used materials enables the circular economy, which is essential if society is to meet its carbon-reduction goals

In the prior year, in response to Covid-19 and ongoing lower economic activity, we took action to reduce capacity in the Commercial Waste Division. Further details are provided in note 3.3 to the consolidated financial statements.

Operating profit, after taking account of all non-trading and exceptional items, was €124.0m (FY21: €36.1m as adjusted for the change in accounting policy restatement as referred to above).

Net finance costs

Net finance costs, excluding exceptional items, increased by €1.7m to €28.9m (FY21: €27.2m) due to a lower level of finance income. With regard to finance charges, the new Belgian retail bond, launched in July 2021 increased costs by €2.7m offset by lower borrowings on the RCF facility. Further details are provided in note 5.4 to the consolidated financial statements.

Profit before tax

Profit before tax on a statutory basis, including the impact of non-trading and exceptional items, was €95.7m (FY21: €10.9m as adjusted for the change in accounting policy restatement).

Taxation

Total taxation for the year was a charge of €20.3m (FY21: €5.4m as adjusted for the change in accounting policy restatement). The effective tax rate on underlying profits was 25% at €26.4m, unchanged from previous expectations and 24.5% in the prior year. An exceptional tax credit of €6.1m includes €2.4m attributable to the non-trading and exceptional items of €9.5m and €3.7m as a result of tax rate changes in the UK, which were enacted during the first half of the year.

Looking forward, we anticipate the underlying tax rate to remain around 26% given the recent changes in the Netherlands and the UK.

The Group statutory profit after tax, including all non-trading and exceptional items, was €75.4m (FY21: €5.5m as adjusted for the change in accounting policy).

Earnings per share (EPS)

Following the one for ten share consolidation in July 2021, EPS comparatives have been restated to reflect the change in the number of shares. Underlying EPS, excluding non-trading and exceptional items, was 98 cents per share, an increase of 53 cents. Basic EPS was 93 cents per share compared to 7 cents per share in the prior year as adjusted for the restatement of FY21 for the change in accounting policy.

Dividend

Recognising the Group's significant growth investment programme and the resultant cash flow profile in the short term, the Board is not recommending a dividend for FY22; however, it will keep the Group's dividend policy under review for FY23.

Nieuwegein, Commercial Waste Netherlands

Funds flow performance

	FY22 €m	FY21 €m
EBITDA	262.6	195.7
Working capital movement	(38.0)	35.4
Movement in provisions and other	4.5	8.9
Net replacement capital expenditure	(68.2)	(50.7)
Repayments of obligations under lease liabilities	(44.2)	(40.4)
Interest, loan fees and tax	(26.1)	(35.4)
Adjusted free cash flow	**90.6**	113.5
Deferred Covid-19 taxes	(10.6)	54.1
Offtake of ATM soil	(10.3)	(2.6)
UK Municipal contracts	(9.2)	(19.3)
Free cash flow	**60.5**	145.7
Growth capital expenditure	(13.1)	(6.9)
Renewi 2.0 and other exceptional spend	(11.0)	(17.4)
Other	(7.0)	(3.9)
Total cash flow	**29.4**	117.5
Free cash flow conversion	**45%**	200%

Free cash flow conversion is free cash flow as a percentage of underlying EBIT. The non-IFRS measures above are reconciled to statutory measures in note 8.3 in the consolidated financial statements. The 2021 values for net replacement capital expenditure and other exceptional spend have been adjusted by €4.7m to reflect the element of SaaS related capital expenditure now restated as an exceptional item.

Cash flow performance

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

The table above shows the cash flows from an adjusted free cash flow to total cash flow. The adjusted free cash flow measure was introduced in March 2021 and focuses on the cash generation excluding the impact of Covid-19 tax deferrals, settlement of ATM soil liabilities and spend relating to the UK PPP onerous contracts. Adjusted free cash flow includes lease repayments for IFRS 16 leases.

Adjusted free cash flow was lower, at €90.6m, despite the strong EBITDA improvement in the year. As noted with the Group's interim results, there has been an outflow on working capital in the year driven by an underlying reduction in payables along with increased outstanding receivables as a result of higher revenues and delays in billing from recent process changes. Days sales outstanding have remained unimpacted by Covid-19.

Replacement capital spend, at €68.2m, has remained well controlled and ahead of last year due to catch-ups. In addition, €27.1m of new leases have been entered into which are reported as right-of-use assets with a corresponding lease liability. These leases include the continuation of the truck replacement programme, property lease renewals or extensions and other assets. Growth capital spend included spend on the €10m facility to process out-of-date food waste in Amsterdam and some initial spend on the advanced residual waste-sorting projects in Flanders, reflecting a slightly later cash phasing than originally anticipated.

Interest payments were lower than last year given reduced bank borrowings and the first interest payment on the new retail bond being payable in July 2022. Tax payments were also lower as a result of phasing as some payments have moved out to April 2022.

Looking at the three components that are shown below adjusted free cash flow, there has been an initial €10.6m repayment on Covid-19 tax deferrals, as forecast. The total tax deferrals were €60m at the end of March 2021 and the Dutch elements will be settled in 36 monthly instalments as from October 2021. Cash spend for placement of TGG soil stocks placed in the market was €10.3m. The balance of the liability of up to €15m is expected to be placed in the market over the next 12 to 24 months. Cash outflow on UK PPP contracts was €9.2m due to an improved operational performance driven by volumes and continuous improvement initiatives, as well as benefits from higher recyclate prices.

Renewi 2.0 and other exceptional spend includes €4m relating to cloud computing arrangements in both years and €7m relating to Renewi 2.0 (FY21: €8m). Other cash flows include the funding for the closed UK defined benefit scheme and the purchase of short-term investments in the insurance captive net of sundry dividend income from other investments.

Net cash inflow from operating activities decreased from €238.7m in the prior year to €180.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 8.3 in the consolidated financial statements.

Investment projects

Expenditure in FY23

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY23 replacement capital spend is expected to be around €80m which represents a significant increase over recent years. It includes some catch-up from the prior two years and some one-offs for fire safety and office improvements in Commercial, the Green Gas project and jetty works at ATM. In addition, up to €45m of IFRS 16 lease investments principally in replacement trucks are anticipated, although some production delays are now expected given supply chain issues caused by the war in Ukraine.

Expenditure on the circular innovation pipeline will increase as elements of the advanced sorting investments in Belgium for Vlarema 8 and expansion in plastics sorting at Acht in the Netherlands progress through the construction phases. Timing of the investment expenditure is now slightly later than originally expected: €12m lower in FY22, correspondingly increasing expectations for FY23 to €50m and for FY24 to €35m respectively. The returns expected are still more than €20m by FY26. In addition growth capital expenditure of around €14m is expected for other large one-off projects.

Return on assets

The Group return on operating assets, excluding debt, tax and goodwill, increased from 22.6% at 31 March 2021 to 42.6% at 31 March 2022. The Group post-tax return on capital employed was 11.6% (FY21: 6.3%).

Treasury and cash management

Core net debt and leverage ratios

Core net debt excludes IFRS 16 lease liabilities and the net debt relating to the UK PPP contracts, which is non-recourse to the Group and secured over the assets of the special-purpose vehicles (SPVs). Core net debt was better than management expectations at €303.0m (FY21: €343.6m), which resulted in a net debt to EBITDA ratio of 1.4x. Liquidity headroom including cash and undrawn facilities was also strong at €428m (FY21: €364m).

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long term with the exception of the €100m Belgian retail bond maturing in July 2022. All our core borrowings of bonds and loans are green financed. During the year, all term loans and revolving credit facilities denominated in Sterling were repaid and the related cross-currency interest rate swaps were cancelled. We have extended the Group's main banking facility, with most commitments now maturing in May 2025. At the same time, the size of the facility has been reduced to €400m from €495m, removing excess liquidity following the Green Bond issuance completed in 2021.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2022 was €80.5m (FY21: €80.3m).

The introduction of IFRS 16 in 2019 brought additional lease liabilities onto the balance sheet, with an associated increase in assets. Covenants on our main bank facilities remain on a frozen GAAP basis and exclude IFRS 16 leases.

Debt borrowed in the special purpose vehicles (SPVs) for the financing of UK PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates on PPP borrowings were fixed by means of interest rate swaps at contract inception. At 31 March 2022 this net debt amounted to €79.1m (FY21: €87.8m). As set out in note 1 in the consolidated financial statements the presentation of cash held in the UK PPP entities has been restated to show gross in cash and cash equivalents rather than netted off the non-recourse debt balance.

Debt structure

	FY22 €m	FY21 €m	Variance €m
€100m Belgian Green retail bonds	(100.0)	(100.0)	–
€75m Belgian Green retail bonds	(75.0)	(75.0)	–
€125m Belgian Green retail bonds	(125.0)	–	(125.0)
€400m Green RCF	(15.0)	(185.0)	170.0
Green EUPP	(25.0)	(25.0)	–
Gross borrowings before leases	**(340.0)**	(385.0)	45.0
IAS 17 lease liabilities and other	(8.7)	(13.6)	4.9
Loan fees	3.2	3.5	(0.3)
Core cash and money market funds	42.5	51.5	(9.0)
Core net debt (as per covenant definitions)	**(303.0)**	(343.6)	40.6
IFRS 16 lease liabilities	(221.9)	(236.7)	14.8
Net debt excluding UK PPP	**(524.9)**	(580.3)	55.4
UK PPP restricted cash balances	21.1	17.3	3.8
UK PPP non-recourse debt	(100.2)	(105.1)	4.9
Total net debt	**(604.0)**	(668.1)	64.1

Provisions and contingent liabilities

Around 90% of the Group's provisions are long term in nature, with landfill provisions being utilised over more than 20 years.

Onerous contract provisions were increased between 2017 and 2020 to a peak of €109.5m in 2018 and have now reduced to €79.9m. Of the outstanding balance, €9.2m is in current provisions and the remainder will mainly be used for BDR and Wakefield over the remaining 15+ years of these contracts.

The total current element of provisions amounts to €31m, including onerous contracts, €4m for restructuring, €6m for landfill-related spend and €12m for environmental, legal and others. Additional detail of the non-current element of provisions is given in note 4.10 in the consolidated financial statements.

The position on the alleged Belgian State Aid claim remains unchanged since last year, with a gross potential liability of €63m as at 31 March, against which we have provided for €15m. We expect a ruling from the European Commission during FY23, but no monies would likely become payable until early in FY24. Details of contingent liabilities are set out in note 8.4 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Retirement benefits

The Group has a closed UK defined benefit pension scheme and at 31 March 2022, the scheme had an accounting surplus of €8.6m (FY21: €4.0m deficit). The change in the year was due to an increase in the discount rate assumption reduced by a decrease in asset returns. The latest triennial actuarial valuation of the scheme was completed at 5 April 2021 and the future funding plan has been maintained at the current level of €3.6m per annum until December 2024.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium, which had a retirement benefit deficit of €6.3m at 31 March 2022, a €1.1m decrease from 31 March 2021.

Changes to accounting standards

From 1 April 2022, the company will apply the Amendments to IAS 37, 'Onerous contracts - costs of fulfilling a contract.' Consequently, all costs required for the fulfilment of a contract should be included when assessing the onerous contract provision, including an allocation of divisional central overheads. The Group is in the process of finalising the impact which is estimated to increase reported annual underlying EBIT from 1 April 2022 by c.€5m. An increase of approximately €53m will be recorded in the onerous contract provisions, which have up to 18 years still to run. This increase is taken as an adjustment to retained earnings on 1 April. There is no impact on cash and this adjustment reflects no change in the underlying performance of the contracts.

Operating Review

COMMERCIAL WASTE

METAL
GLASS
RENEWING WOOD
PLASTIC
RESIDUAL WASTE
PAPER

Marc den Hartog, MD, Netherlands

Mark Thys, MD, Belgium

Operating sites
108

Volume of materials recycled
4.7mT

Employees
4,965

Revenue
€1,360m (FY21: €1,241m)

Underlying EBIT
€135.7m (FY21: €76.8m)

The Commercial Waste Division, the market leader in the Netherlands and Belgium, provides a wide range of waste-to-product solutions and represents over 70% of Renewi's revenue. The Division collects, sorts and recycles waste materials from a wide range of sources. Over the past year, it has extended its focus on sustainable innovation by investing in improved production capabilities and delivering greater volumes of secondary materials. As a result, Commercial Waste is playing a key role in delivering on Renewi's business strategy – it is a market leader in recycling and secondary materials production, expected to outperform competitors.

While our focus is to provide cost-efficient waste-to-product solutions for our customers, we create added value by offering advisory services tailored to help them manage waste more effectively, for example, optimised source separation. Furthermore, we offer innovative recycling technologies, ensuring waste recovered can be converted into high-quality raw materials. We thereby actively help our customers meet sustainability goals by supporting product recycling, reducing materials getting wasted and minimising the unnecessary use of virgin raw materials such as plastics and wood.

Our market is divided into three segments: Industrial and Commercial (I&C); Domestic; and Construction and Demolition (C&D). In each, our unique business model allows us to focus on the value we can recover from specific waste streams. Our process begins with our collection fleet of predominantly modern, clean Euro 6 trucks which collect inbound waste. Our customers increasingly support re-use by segregating waste at source, buoyed by favourable legislation, corporate sustainability targets and good practice. This is then handled, sorted and processed through one of our 108 sites, where we have dedicated capacity to separate and process specific waste streams, including paper, cardboard, organics, wood, plastics, metals and rubble. This enables us to produce high-quality secondary materials and recyclates.

Where waste collected meets quality standards, we use our technological solutions to optimise re-use. Only waste that cannot be recycled is disposed of. This increases margins and makes a significant environmental contribution by minimising the depletion of virgin materials.

Sustainability

We believe our commercial businesses encapsulate best practice, with an overall recycling rate of 62.6%.

This is clear evidence we are prioritising recycling, successfully growing our business and investing in the latest technology to increase recycling rates. Our current projects, such as the recently opened state-of-the-art bio-LNG plant and our gas-to-grid activities, as well as the key investment to be made in building advanced sorting lines in Belgium (in line with new recycling requirements from the upcoming Flemish Vlarema 8 regulations) and high-quality plastics sorting, will all directly contribute to further growth. Also our RetourMatras venture, where we partner with IKEA, shows continuation of growth and opening of new mattress dismantling facilities and investment in repolyol technology to allow recycling of mattress foam.

Our activities saved 1.5mT of CO_2 emissions that would otherwise be emitted if these materials were produced from virgin sources (FY21: 1.5mT). This comes at a cost of 0.22mT (FY21: 0.24mT) of processing, transportation and energy emissions from our operations. The recycling of 4.74mT (FY21: 4.5mT) of waste preserved a significant amount of finite virgin resources. This equates to a carbon avoidance intensity ratio of 204kg CO_2 per tonne of waste handled.

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

During the past five years we have demonstrated our commitment to reducing carbon emissions by upgrading our fleet to low-emission Euro 6 vehicles, as well as introducing zero-emission vehicles and electric cranes, loaders and shovels that operate on our sites. Our Euro 6 or higher standard fleet now accounts for 67% (FY21: 60%) of the Division's vehicles. On-site energy requirements are increasingly provided by solar roofs and wind turbines, and the procurement of renewable electricity. We are step by step prioritising the procurement of renewable electricity in our Commercial Waste Divisions. Commercial Waste Netherlands took a first step this year, by switching to 100% green electricity (from wind farms). While having a significant impact on the carbon footprint of the Commercial Waste Divisions, this is also showing the way to the other Divisions.

Safety is paramount, with the use of machinery and vehicle movements in close proximity to pedestrians near customer sites and in the public domain. During the year, there has been a strong focus on safety culture including ongoing training and awareness around the HomeSafe agenda and our 10 LSRs. Our safety strategy continues to focus on our sites, safety leadership, driving continuous improvement and raising risk awareness. Our safety procedures – for example driver induction, ongoing assessment and training – has been standardised across the Division.

During the year we completed fire improvement upgrades at many of our sites, focusing on fire prevention, detection and suppression.

An enhanced fire standard has been cemented across the organisation, plus enhanced and ongoing training. Graded assessments have been completed for all applicable sites against this standard, which were reviewed by the central Group SHEQ Team. Resulting action plans have been developed to increase performance. A fire risk register has been created to rate our sites as low, medium or high risk, listing associated risk mitigations, including the levels of fire prevention, detection, suppression and water reserves available.

Markets

The I&C segment meets the needs of specific markets, sectors and businesses covering the broader activities of the local economy, including hospitals, factories, offices, shops and restaurants. Waste streams, such as segregated paper or plastic, food waste or glass, are preferably separated at source to retain quality. However, within this sector there remains a significant flow of mixed waste. The domestic segment provides clean and efficient 'hands and wheels' services in door-to-door municipal collection. Waste is then delivered as instructed by the authority, which retains responsibility for sorting, treatment and disposal.

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

Many recyclate markets have improved during the year, notably ferrous metal and paper prices, the latter driven by increased demand for packaging required for home deliveries and lower supply from segregated collections offices, which were below pre-pandemic occupancy during the year.

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

Wateringen, Commercial Waste Netherlands

Divisional strategy

This Division creates value from its leading position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, density, operational scale and advantaged processing technologies mean it is strongly positioned in its core markets.

The Division's ambitious plans closely align with the Company's wider business strategy – organic growth, M&A, ground-breaking innovation and major investment, technological advancement and a rapidly evolving market, underpinned by favourable legislation.

Organic growth will cement our position as the market leader in recycling and secondary materials production. Investment in new and innovative technologies which divert more waste from incineration and landfill will deliver an accretive return on investment and a growth in our profitable market share.

Rapidly changing and more stringent requirements to separate waste at source and dispose of it in an ecologically friendly way is creating M&A opportunities for market-leading companies like Renewi, with many unwilling to make the necessary investments to cope with the new regulations and circular needs.

Renewi is perfectly placed to adapt and meet the demands of a changing market, offering opportunities to increase the spread of our processing margins by adding value to the products we make, ie increased valorisation. Leaders embrace our internal objective to deliver a 75% recycling rate (Mission75) and are driven to go beyond. The third year of Renewi's internal efficiency programme (Renewi 2.0) is all set to deliver efficiency gains that will result in a more efficient and agile response to market opportunities.

Across all our processes we use the latest technological solutions to optimise re-use, increasing margins while making a significant environmental contribution by minimising the depletion of virgin materials. We collaborate with our partners to reduce the cost and the CO_2 impact of our collection activities, which are necessary to secure the waste as our raw material input. This combines to help us reduce our carbon footprint, driving us towards net zero.

Financial performance

The Commercial Waste Division increased revenues by 10% to €1,360m and underlying EBIT by 77% to €135.7m, representing an EBIT margin of 10.0%. EBIT margin increased 380bps driven by a year-on-year benefit of €35m from increased quality and pricing of recyclates and ongoing cost control. EBIT was 73% higher than the pre-Covid FY20 reference period. Return on operating assets increased from 17.6% to a strongly accretive 31.6%.

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Revenues in the Netherlands grew by 8% to €896.2m and underlying EBIT increased by 73% to €93.1m. Underlying EBIT margins increased by 390bps to 10.4% and return on operating assets increased significantly to 27.6%. Volumes in the Netherlands were less impacted by Covid-19 than in Belgium and the UK. Volumes in FY22 were 5% lower than the prior year and were around 10% below pre-Covid-19 levels. Compared to the prior year, there was a small recovery in commercial volumes offset by the expected contraction in construction and bulky waste. Inbound revenues in the Netherlands increased by 2% and outbound revenues by 64%, reflecting the strength of recyclate prices and increase of recyclate quality. As reported earlier, paper/cardboard and ferrous metal prices have been particularly strong throughout the year. Around €26m or 66% of the uplift in underlying EBIT was attributable to extra margin on recyclates, supported by continuing tight control of costs.

In Belgium, revenue increased by 13% to €466.9m and underlying EBIT by 84% to €42.6m. Underlying EBIT margins increased by 350bps to 9.1% and return on operating assets increased significantly to 46.2%. Core volumes increased by 5% compared to the prior year and recyclates by 1%, although these volumes also remain around 7% below pre-Covid levels. The increase in underlying EBIT was a result of volume recovery, strong recyclate prices, improved price mix and ongoing operational cost savings. Around €9m or 46% of the uplift in underlying EBIT was attributable to extra margin on recyclates.

Operational review

Our Commercial Waste Division had a year of strong delivery despite the impact of Covid-19 and, more recently, the war in Ukraine. We have seen improvements in our commercial effectiveness driven by operational efficiencies and dynamic management of offtake markets. Safety performance has also significantly improved, driven by several leadership and culture initiatives, driver training and further investments in fire detection and suppression systems.

Commercial contracting margins have improved through the streamlining of our product offering. By removing less profitable lines we have sharpened our focus on the remaining core portfolio. This tailored portfolio is now more closely aligned with industry requirements. In C&D, we have responded to weaker volumes by improving our customer offering. This has led to increased market share. Customer service has been further improved via the Renewi 2.0 programme and MyRenewi platform which allows digital engagement with customers in a more flexible, responsive and interactive way. We gained momentum in our specialist hazardous waste business in Belgium and secured more out-of-date food waste offtake agreements with retailers in the Netherlands. Building on our partnership with Greencycl, we have become a leader in the medical sector, with new contracts secured with several hospitals and medical centres. Our commercial teams have also been able to optimise pricing with our customers, reflecting dynamic offtake prices, and create value for our services in tandem. For example, in Belgium where we are preparing for Vlarema 8 legislation, we are offering advanced sorting services that improve recycling rates, and so helping our customers to avoid paying higher taxes for waste that would otherwise go to incineration. This has resulted in new commercial contracts in a competitive market and a higher mass balance margin, while contributing positively to society's sustainability challenges.

We have seen demand shift from the front to the back end of the business, with very high demand for our secondary materials. We have observed an increasing trend of end-users looking for long-term contracts which has enabled us to establish secure partnerships with some of our main offtake customers. We have established multi-year framework agreements for several product categories including combustible waste, paper, plastics and wood offtake. This shift has also enabled us to extend the application of value-based pricing to our commercial customers and partners, who are increasingly looking to transition to longer-term contracts.

Within collections, we have focused on optimising existing trucks, collection routes and site asset utilisation, improving our efficiency and cost base. For our roller bin collections, we continually focus on improving route density, eliminating 'loose stops' (where no bins are available), improving customer performance and reducing miles driven, CO_2 emissions, as well as our cost.

Organic investments

Significant growth investments in plastics recycling, organic waste valorisation and advanced sorting in Flanders were approved by the Board at attractive levels of return. Important milestones were achieved on each of these and other projects during the year:

- good progress has been made preparing our €60m investment in advanced sorting across three sites in Flanders to meet the needs of the Vlarema 8 legislation. The sites will process 375,000 tonnes of waste and triple the volume of waste recycled and at the same time halve the waste incinerated. At our first site in Ghent the building has been prepared for the sorting line installation which will be completed in FY23. Preparations for both Puurs and Beringen are ongoing. These installations will begin during 2023 and are expected to be operational in late FY24;
- supporting the Vlarema 8 pre-sorting and reporting requirement an initial 80 trucks in Belgium have been equipped with cameras using artificial intelligence to allow identification of non-compliant waste at source. A total of 200 trucks will be equipped with these systems during the course of the next year;
- site preparations have begun and contractors have been appointed for a €13m investment in Acht to recycle rigid plastics. The site is expected to be commissioned in 2023;
- construction of the €10.5m out-of-date food waste de-packaging facility was completed in Amsterdam and has been in operation since November 2021, providing feedstock to our anaerobic digester;
- construction of the bio-LNG facility in Amsterdam was completed together with Shell and Nordsol and opened by His Majesty King Willem-Alexander in October 2021. The plant takes bio-gas from our anaerobic digester and converts it to three million litres per year of bio-LNG for zero-carbon transportation, and bio-CO_2 for the agriculture industry;
- our RetourMatras joint venture with the IKEA Group continues to expand rapidly. During the last year the fourth facility was commissioned. The first site outside the Netherlands is expected during FY23 as part of the international expansion. A new closed-loop polyurethane foam recycling processing facility is being constructed. In the second half of 2023 it is expected to deliver the first 'repolyol' material to form new mattress foams;
- at Mont-Saint-Guibert in Belgium we have invested €2.4m to upgrade the sand-washing and water treatment facility to a fully automated technology capable of producing over 160,000 tonnes a year of clean sand using 25% less water;
- the Renewi Rockwool recycling initiative ('Rockcycle'), which creates an opportunity for unlimited recycling of rockwool instead of landfill, has gained traction and is being rolled out nationwide in the Netherlands; and
- the partnership with Greencycl-Van Straten Medical was extended to recycle stainless steel and plastic medical instruments.

Clean and green collection

The efficient collection of waste provides an essential service to customers and provides us with the raw materials from which to create new products. We aim to optimise our capital-intensive logistical activity while preserving our customer relationships and service. Our approach seeks to minimise pollution and traffic impact to become cleaner, greener and more efficient, in support of our primary focus to increase recycling and close the loop in the circular economy.

We continue to reduce pollution by investing in the latest technologies. During the year we placed orders for over 200 Euro 6 trucks with the lowest emissions and took delivery of 49 (FY21: 272). Our investment of €9m (FY21: €39m) was lower than previous years reflecting supply chain delays. These trucks reduce pollutants significantly compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. 67% of our fleet is now Euro 6 and we are on track for 100% by 2025.

Nieuwegein, Commercial Waste Netherlands

Over the next decade, we expect a step-change in the reduction of carbon emissions from waste collection through two approaches. The most significant will be a transition to use of zero-emission vehicles (ZEV) in response to zero-emission zones in major cities. We have Volvo and DAF's first production electric rear-end loaders operating in our fleet and are monitoring operational performance in conjunction with the manufacturers as part of our roadmap to zero emissions. The second is an opportunity for waste companies to co-operate to collect waste in single 'white label' truck fleet in each town, increasing route efficiency and reducing the number of vehicles. Our Green Collective joint venture with PreZero is the first and leading white label commercial waste collection initiative in the Netherlands. It is now operational in 10 municipalities and is expected to grow to over 30 cities in future years.

Commercial Waste financial performance

	REVENUE		UNDERLYING EBITDA		UNDERLYING EBIT	
	FY22	FY21	FY22	FY21	FY22	FY21
Netherlands Commercial	**896.2**	828.4	**148.9**	113.9	**93.1**	53.7
Belgium Commercial	**466.9**	412.9	**77.5**	52.5	**42.6**	23.1
Intra-segment revenue	**(2.6)**	(0.7)	**–**	–	**–**	–
Total (€m)	**1,360.5**	1,240.6	**226.4**	166.4	**135.7**	76.8
Period-on-period variance %						
Netherlands Commercial	***8%***		***31%***		***73%***	
Belgium Commercial	***13%***		***48%***		***84%***	
Total	***10%***		***36%***		***77%***	

	RETURN ON OPERATING ASSETS		UNDERLYING EBITDA MARGIN		UNDERLYING EBIT MARGIN	
	FY22	FY21	FY22	FY21	FY22	FY21
Netherlands Commercial	**27.6%**	15.7%	**16.6%**	13.7%	**10.4%**	6.5%
Belgium Commercial	**46.2%**	24.2%	**16.6%**	12.7%	**9.1%**	5.6%
Total	**31.6%**	17.6%	**16.6%**	13.4%	**10.0%**	6.2%

The return on operating assets for Belgium excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

MINERALZ & WATER

FLY ASH
SOIL
RENEWING WATER
MINERALZ
CHEMICALS

Theo Olijve, MD, Mineralz & Water

Operating sites
11

Volume of materials recycled
1.9mT

Employees
343

Revenue
€194m (FY21: €183m)

Underlying EBIT
€5.8m (FY21: €0.3m)

Strategic report
Governance report
Financial statements
Other information

The Mineralz & Water (M&W) Division includes our soil and water treatment activities at ATM, and the Mineralz business, with a total of 11 sites in the Netherlands and Belgium.

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

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

Sustainability

M&W processed 2.3mT of waste in FY22 (FY21: 2.4mT), well below the peak production capacity of 3mT as a result of the reduced throughput of soil at ATM. The Division has a blended recycling rate of 84% (FY21: 82%) and, within this, ATM has an exceptionally high recycling rate of 95% (FY21: 92%). It is expected to increase with soil processing volumes, as soil recycling rates are very high, at circa 98%.

The principal purpose is the decontamination of materials that would otherwise pollute our world and the re-use of materials, which contributes to the preservation of virgin materials. The Division has comparatively lower carbon avoidance than other Divisions, at 0.71 million (FY21: 0.74 million) due to the lower carbon cost of production for aggregates building materials from virgin sources.

As specialist processing sites, M&W facilities operate to the highest environmental standards, within multiple permits, and are proud to meet leading standards and regulations. Compliance is at the heart of the licence to operate.
The Division has exacting standards for the acceptance of waste, testing of the clean products produced and all emissions arising from operations.

Around 20 people work at ATM's high-tech laboratory carrying out over 35,000 tests per annum to ensure that ATM not only complies every time with technical standards, but can also develop new capabilities for issues arising as a result of our industrialised economies. The team ensures we meet the broader tests of our duty of care as a responsible operator. As Seveso-controlled sites, our ATM and CFS plants are strictly regulated and have high safety standards in compliance with the Seveso guidelines.

Markets

The underlying market drivers for inbound waste to ATM are industrial activity in the region. This includes the oil and gas sectors that predominate in Rotterdam and Antwerp, as well as construction and site remediation activity across Europe which drives demand for inbound and outbound soil materials. The market for inbound contaminated soil, particularly internationally, has changed this year and become more challenging. Project off-site remediation has slowed, associated with shifting priorities due to Covid-19 and permits to import contaminated soil being restricted. This has led to a lack of availability of inbound soil.

In November 2021, the Dutch National Institute for Public Health and the Environment (RIVM) published a report to evaluate the environmental standards for secondary mineral products, including thermally cleaned soil (TGG) and bottom ashes from incinerators, amongst others. It concluded the current legislation is not effective and amendments will be brought forward. We expect this to bring much needed clarity to this important area of secondary materials, facilitating import permits for inbound materials and export permits for clean soil or soil components.

Incineration activity and the Dutch Green Deal requirements ensure responsible treatment of incinerator ashes is undertaken domestically. Following the regulatory shutdown of the TGG market in 2018–19, the market has been slow to recover. Historic productions of TGG during this period continue to be placed into the market.

ATM continues to focus on separation into three building materials: gravel, sand and filler. Certifying each of these new products, ideally to end-of-waste status and then producing at scale to the required standards, is the core focus of market development for M&W. We continue to see strong customer demand for secondary materials as showcased in our capital markets event with Martens Beton and Heijmans. ATM's materials can help these customers meet their own ESG and secondary content targets towards the government policy.

Divisional strategy

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

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

Financial performance

The M&W Division made underlying progress and saw revenues increase by 6% to €193.9m and underlying EBIT increased by €5.5m to €5.8m. Volumes at the waterside increased 6% to 811kT showing recovery post-Covid-19 and accounting for an additional €3m of contribution margin. Other activities in the Division performed well with good volumes and the benefit of higher values for metal recyclates.

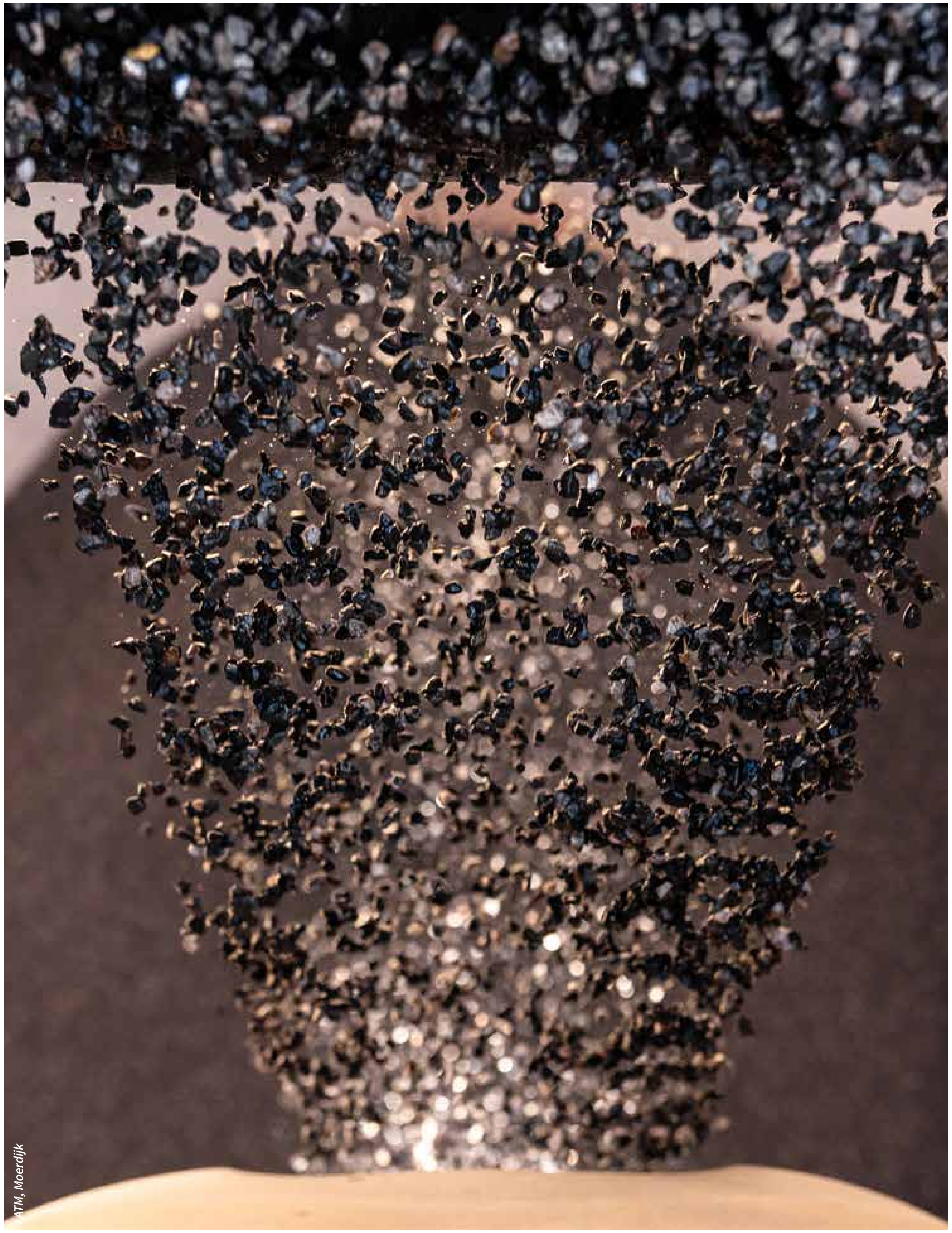
Operational review

As previously indicated, the resumption of full soil treatment production requires progress in three interlinked areas: revitalisation of the inbound soil pipeline, placement of historic cleaned TGG stocks in the market, and establishing sand, gravel and filler as certified products for the construction markets.

Mineralz & Water financial performance

	FY22 €m	FY21 €m	Variance %
Revenue	**193.9**	182.8	6%
Underlying EBITDA	**22.4**	15.0	49%
Underlying EBITDA margin	***11.6%***	***8.2%***	–
Underlying EBIT	**5.8**	0.3	–
Underlying EBIT margin	***3.0%***	*0.2%*	N/A
Return on operating assets	**11.3%**	0.8%	–

The return on operating assets excludes all landfill related provisions.
The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.


ATM, Moerdijk

The revitalisation of the inbound soil pipeline has been delayed. Inbound deliveries of contaminated soil have been lower than expected due to short-term reductions in active projects in the market as well as delays in securing import permits from the authorities. As a result, we did not further increase our throughput. We are working closely with IL&T to unlock the international contaminated soil market.

Good progress was made reducing our TGG inventory by 54%, with the shipment of 0.7mT during the year. We continue to explore outlet opportunities for the remaining stock and have taken an additional disposal cost charge of €2m.

As previously noted, the preferred applications for decontaminated soils are as separated and refined filler, sand and gravel which are each secondary construction materials. We continue to experience strong interest in these secondary building materials as the construction market seeks to become more circular. We are working to obtain full certification and end-of-waste status for the secondary building materials. Testing of the products with customers in the infrastructure and concrete industries is ongoing. Gravel certification and end-of-waste status have been achieved. Certification for sand and filler for concrete applications are expected as early as 2023. Our commercial pipeline for each product is growing and once the regulatory environment becomes clearer our fully certified secondary materials will have long-term outlet markets and customers.

The remainder of the Division performed well. Our metals extraction facilities saw growth on the prior year helped by increases in metal prices. With sustained increased demand we see good growth opportunities in the water treatment market. We saw lower profits in the landfill segment, as expected following the scheduled closure of the Braine landfill from 1 January 2021.

Renewing Glass

SPECIALITIES

METAL
PLASTIC
RENEWING GLASS
RESIDUAL WASTE
PAPER

James Priestley, MD, Specialities

Operating sites
43

Volume of materials recycled
1.7mT

Employees
892

Revenue
€350m (FY21: €301m)

Underlying EBIT
€4.1m (FY21: €2.4m)

The Specialities Division includes the specialist recycling businesses of Maltha for glass and Coolrec for household appliances, in addition to our UK Municipal public private partnership (PPP) operating contracts.

Coolrec has a strong position in the recycling of fridges, freezers and other small domestic appliances. It produces recycled plastics and both ferrous and non-ferrous metals following decontamination. Inbound supply comes from so-called producer schemes on long-term supply contracts, and outbound products provide industry partners with secondary materials to make closed-loop circular products.

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

Our UK Municipal business operates waste treatment facilities for UK councils, typically under long-term PPP contracts and with a significant residual waste component. The PPP contracts are rigid in structure with an inflation-linked inbound fee and market-based offtake cost of the disposal for sorted and treated materials. This resulted in significant contract provisions between FY18 and FY20.

Sustainability

Specialities processes 2.6mT of waste per year (FY21: 2.6 million), 51% within the UK Municipal contracts, 45% in Maltha and 4% in Coolrec. Levels of recycling in the UK from the PPP contracts are lower than those achieved in our Commercial Waste Division, however the Renewi Municipal recycling rate of 39% is significantly above the market average for residual waste. This is due to most of the input being residual waste, which is what is left after other streams have been separated for recycling. At the outset, the contracts were established to facilitate diversion from landfill and to boost the recycling and recovery rate of 94% (FY21: 93%). By contrast, Maltha and Coolrec both have exceptionally high recycling rates, and their purpose is to create secondary products. This results in a divisional recycling rate of 66% (FY21: 63%).

Carbon avoidance contributions come from the recovery of usable materials and the fuels generated by these processes, which collectively produce a positive CO_2 avoidance of 0.87mT (FY21: 0.95mT). Given the majority of waste is delivered to our facilities, transportation emissions are not significant in Specialities. Site processing is important, however, as we operate complex mechanical and biological treatment facilities.

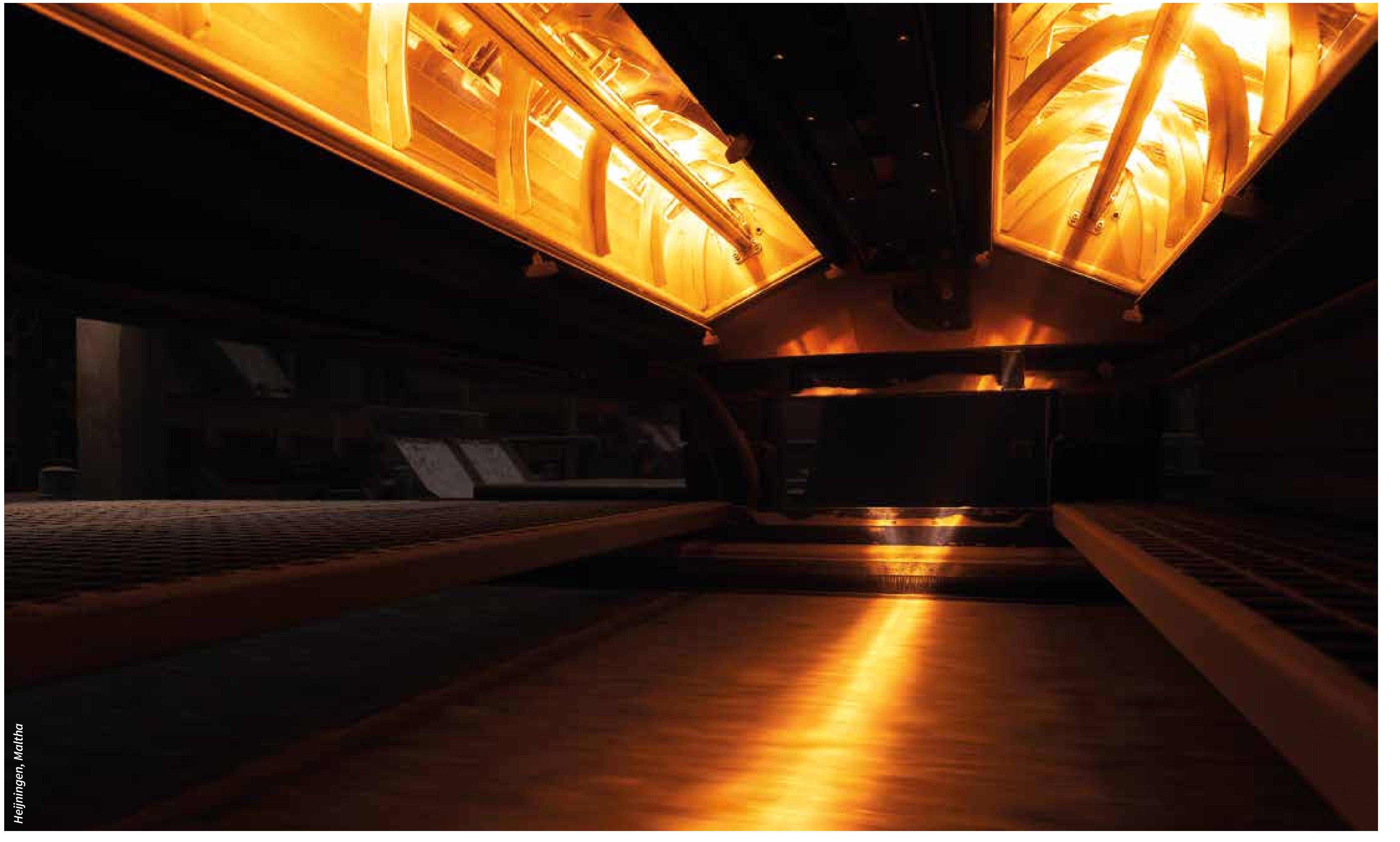
As with all our Divisions, safety is a key area of focus for Specialities. Particular challenges are the complexity of the various technologies and processes deployed across the Division. There has been a focus on HomeSafe and the 10 LSRs. In addition, the Specialities Division has the most mature risk awareness culture, based on it having the largest number of Health and Safety Tracking system entries (HITs) reported each year and the number of people reporting them, leading to progressive closure of the associated risks identified by our teams.

Markets

Coolrec continues to win new business and we see positive developments in the market for our recycled plastics.

The division has won several important tenders on the WEEE waste market. Compliance schemes in the Netherlands, Belgium and France granted us important volumes of incoming electrical and electronic equipment waste. These used materials allow us to produce high quality secondary materials. The Coolrec team have extensive knowledge of high-tech sorting technologies and the Division a recognised supplier of these materials in the European market. In addition to the production of metals (ferrous, non-ferrous, precious metals), Coolrec is increasingly successful in manufacturing high-end plastics (extremely close to virgin quality). We are currently working on partnerships with known A-brands.

Maltha is seeing attractive market growth, with an increase seen across Europe in the demand for recycled cullet, which uses 30% less energy. The division is seeing some pricing changes from the market that influence our operations on various levels directly or indirectly. Maltha is currently preparing a strategy for growth in various destinations with its clients.



Specialities financial performance

	FY22 €m	FY21 €m	Variance %
Revenue	**350.1**	300.8	16%
Underlying EBITDA	**14.5**	12.0	21%
Underlying EBITDA margin	**4.1%**	*4.0%*	–
Underlying EBIT	**4.1**	2.4	71%
Underlying EBIT margin	**1.2%**	*0.8%*	–
Return on operating assets	**28.9%**	5.4%	–

Underlying EBIT includes utilisation of €7.0m (2021: €11.4m) from onerous contract provisions. The return on operating assets excludes the UK Municipal business. The underlying figures above are reconciled to statutory measures in notes 2 and 8.3 in the consolidated financial statements.

Although we have no intention to invest further in PPP contracts, the UK waste market remains an interesting one, adjacent to our core Benelux-based operations. The market is expected to transition towards more mature and higher environmental standards for the treatment of waste, with an inadequate supply of incineration capacity being addressed and active migration away from comparatively high landfill rates. To reach the same standards as the most advanced European countries, such as Germany, the Netherlands and Belgium, increased focus on recycling, circularity and secondary materials production is required.

The UK Waste Strategy aims to halve the amount of waste going to landfill and incineration in England by 2035 and increase the level of waste going to recycling to 65%. Clearly the UK recycling industry is destined to grow significantly as these ambitious targets are delivered. As the industry grows in line with demand, it will require significant investment, matched to attractive returns that are underpinned by government legislation.

We also note with interest significant waste M&A activity and further consolidation of the fragmented landscape.

Divisional strategy

The focus for Coolrec is to concentrate on product quality and improving recycling through investment and innovation as a basis to grow the business. For Maltha, the focus is the operational performance of the sites, working in close co-operation with our customers as the market grows. The core focus for Municipal is on continuing to improve the operating performance of the remaining assets to reduce cash losses and create a platform for future growth. We watch with interest the evolution of the UK waste market more broadly and hope to find opportunities to participate in the transition to a circular economy in due course.

Financial performance

The Specialities Division grew revenues by 16% to €350m and underlying EBIT was up 71% to €4.1m. The recovery at Coolrec has continued, benefiting from operational improvements, investments and strong recyclate prices. Maltha volumes recovered during the year to pre-Covid-19 levels and up on prior year, including good volumes in both France and Portugal. UK Municipal saw the benefits of high recyclate prices offset by higher council volumes, an accounting adjustment in one contract as referenced with the interim results and €2m costs relating to a fire at one of our facilities in Cumbria with insurance recovery possible in FY23.

Operational review

Coolrec performed very well in the year and is the national leader in recycling fridges in the Netherlands and Belgium as a key partner to the national white goods collection schemes. Volumes increased 4% benefiting from Belgium contracts and achieving double digit underlying EBIT margin. A further investment was completed at Waalwijk where electrostatic separators now increase the purity of our PS and ABS post-consumer plastic materials to >95% to achieve a significantly better offtake price.

Maltha volumes recovered during the year to pre-Covid-19 levels, up 15% on prior year. The business benefited from higher metal prices and is assessing exit options for the small unprofitable operation in Hungary.

In UK Municipal we continue to operate the loss-making contracts within the aggregate provisions taken in previous years. Continuous improvement initiatives delivered a further €1.4m of annualised savings across the various contracts. Underlying improvements have continued at the ELWA contract. The ongoing activity at Derby to manage the council's waste remains in place through the second half of 2022 under short-term contracts pending their long-term plans.

Climate-related Financial Disclosures (TCFD)

This is our first disclosure, and we will continue developing our internal climate-related processes and associated disclosures in the coming years. We are in the process of developing a TCFD roadmap, which will lay out our plan for expanding each of the strands set out here, and the processes that sit behind them.

Renewi recognises the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Areas in which we continue to develop our climate-related disclosures are described throughout this section, such that we explain where we do not meet TCFD expectations. We are not yet able to fully disclose Scope 3 greenhouse gas emissions and as noted later we are currently embarking on a project to improve and externally validate our greenhouse gas emissions data including Scope 3.

Governance

As a waste-to-product company, Renewi is in the business of sustainability. Waste management is an essential component of climate change mitigation through the creation of circular economies, with significant opportunities as well as risks associated with climate change itself. Climate-related matters are therefore considered at every level of the organisation whenever key decisions are made, with the ultimate responsibility residing with the Board.

Historically, we have considered and assessed the Group to be in a 'net positive' carbon-avoidance position with regards to the drivers and impacts of climate-related issues. From a transition perspective, this is due to our position as a leading waste-to-product company. We have not yet been significantly impacted by physical climate change. Therefore, until recently we have not considered climate-related risks and opportunities in a systematic, comprehensive and consistent way. However, with the continuing integration of the TCFD framework into our processes, this has begun to change and will continue to evolve over time to meet the increasing needs of these risks themselves as well as the disclosure needs of all stakeholders related to them.

Board oversight

The Board and Executive Committee review investment decisions in light of climate-related risks and opportunities. Also, they have approved the shortlist of risks and opportunities that

The climate transition and our pure-play recycling go hand in hand and reinforce each other

Nieuwegein, Commercial Waste Netherlands

Transition risks

Category	Key risk/opportunity	Risk/ opportunity	Commentary	Time horizon	Potential financial impact area	Scenario trend significance	Planned mitigation approaches
Products & Services	Increasing pricing of GHG emissions	Opportunity	If the Group can monetise the realised carbon avoidance its services provide this could provide a growing revenue stream.	To 2025	Revenues	Higher opportunity	We aim to get broader recognition for the carbon avoidance we generate by recycling as an offset for our customers' emissions among legislators and standard setting bodies.
Products & Services	Development of waste stream recycling activities that support the low carbon transition	Opportunity	Producing valuable and highly sought-after transition materials from waste benefits the Group by increasing demand for their services and products.	2025 to 2030	Revenues	Higher opportunity	We monitor the market for opportunities to recycle additional waste streams and advancements in processing technologies to create the highest possible product quality.
Products & Services	Enhanced climate change regulation & reporting	Opportunity	Continuing development of climate change regulation could increase competitiveness because the Group is well prepared and lobbying for positive change.	2025 to 2030	Revenues	Moderate opportunity	We aim to be a leader in sustainability, and push what is necessary in order to be recognised as such by the (international) rating agencies.
Markets	Increasing cost of materials	Opportunity	Higher revenue, due to prices of recycled materials becoming more competitive as cost of raw materials rise.	2025 to 2030	Revenues	Moderate opportunity	In order to replace virgin materials as much as possible, we invest in recycling technologies that come as close as possible to the virgin alternative in terms of specification and price.
Markets	Circular economy principles	Opportunity	Being a circular economy specialist allows for expansion of our offerings.	To 2025	Revenues	Lower opportunity	We aim to maintain a leadership position by continuously investing in advanced recycling technologies and acquiring new technologies and capabilities.
Products & Services	Increasing importance of scope 3 emissions	Opportunity	Increase in customers who may need to reduce emissions, leads to higher revenue and product/service opportunities.	To 2025	Revenues	Lower opportunity	Investment in MyRenewi portal will create advanced customer dashboards that provide insight for customers to show recycling outcomes and associated emissions.
Policy & Legal	Increasing pricing of GHG emissions	Risk	Rising cost of carbon is a risk, due to the expansion of EU/UK ETS scope to include Renewi.	To 2025	Operating costs	Higher risk	While assessing how to consider and apply carbon prices in our decisions, we are building a carbon emission reduction plan as well as considering advanced technologies for carbon capture.
Policy & Legal	Supply chain transparency	Risk	Lack of transparency could lead to key stakeholders being disappointed and unsupportive.	2025 to 2030	Revenues	Lower risk	We will continue to improve as techniques develop further.
Policy & Legal	Lack of developing climate policies	Risk	Slowing climate action could have a negative effect on growth.	2025 to 2030	Revenues	Lower risk	We support and lobby for progressive climate-related policies of governments in our markets.
Markets	Changes in waste volume and composition due to reduce and reuse principles	Risk	Revenues impacted to the downside due to reduce and reuse principles. Less materials or less high-value materials in inbound stream.	2025 to 2030	Revenues	Lower risk	We encourage re-use and will continue to actively monitor composition of inbound streams for changes in customer behaviours.

Our key climate-related transition risks and opportunities, including planned or existing responses, which have been assessed using climate change scenarios. Scenario trend significance of risk/opportunity accounts for the time horizons in which the issue is likely to occur.

were identified and assessed as potentially material by the TCFD Steering Committee for the purpose of climate-related financial disclosures.

In recognition of the importance of climate-related risk disclosure to a broad range of stakeholders, the Board will implement a TCFD roadmap of activities to review, assess, model and report on these risks with increasing detail.

Management's role

Within the Executive Committee, the CEO has responsibility for communicating climate-related issues to the Board. The Chief Financial Officer (CFO) is responsible for guiding climate risk management, and the Strategy and Business Development Director is accountable for driving climate-related strategies. The Executive Committee review investment decisions including climate-related risks and opportunities on an ongoing basis.

In 2021, we formed an internal TCFD Steering Committee to establish our TCFD reporting strategy and to begin embedding climate-related risk management into our existing enterprise risk management framework. The Committee includes experts from all Divisions, Central Finance, Procurement, Risk and Sustainability functions.

Our Sustainability function is responsible for climate-related matters at the management level and for reporting progress against our broad range of climate, ESG and sustainability targets. The Sustainability Manager collects climate-related information from the Divisions and updates the Executive Committee on progress.

To view our corporate governance framework, see page 112.

Strategy

Our process for identifying and assessing climate-related risks and opportunities

We have worked alongside a leading global sustainability consultancy to identify relevant climate-related risks and opportunities and assess the materiality of these issues. To better understand the potential timing and future materiality of key climate-related risks and opportunities, we have also completed an initial, qualitative scenario analysis assessment. We have employed globally recognised datasets which give insight into the possible risk and/or opportunity trends associated with low-and high-carbon futures. This supports better planning and preparation for alternative outcomes. The following time-frames and scenarios were used in the assessment:

- **Time-frame.** Short term: to 2025
  Medium term: 2025 to 2030
  Long term: 2030 to 2050
- **Transition risks and opportunities.** Using a higher carbon scenario aligned with the Stated Policies Scenario (STEPS) and a lower carbon scenario aligned with the Net Zero Emissions by 2050 Scenario (NZE) provided by the International Energy Agency (IEA). The NZE is consistent with a 1.5°C temperature outcome. Where required, for example for trends specific to market or technology factors not provided in IEA data, data from other equivalent sources was taken.
- **Physical risks.** Using the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) 4.5 (low emissions) and 8.5 (high emissions).

As part of the TCFD roadmap, after this initial qualitative scenario analysis assessment, we will continue to develop our scenario analysis capabilities to an extent that our next disclosures will seek to quantify the business impacts of material climate-related risks and opportunities. We also intend to stress-test existing mitigation efforts against the future materiality and time-frame of risk and opportunity trends. This is to further enhance strategic resilience and position the business to capture opportunity upsides.

The impact of climate-related risks and opportunities on our strategy

Our business and strategy are centred on goals and ambitions relating to climate change and sustainability. These goals and ambitions range from carbon emissions avoidance by recycling and supporting the circular economy, to investing in the commercialisation of innovative recycling techniques to reduce waste and increase the quantity and quality of secondary materials produced. We are also investing in decarbonising our operations, to help us better align with the global effort to limit global warming to 1.5°C. In addition, Renewi is entirely green-financed for its core debt. These instruments are issued under the Renewi Green Finance Framework aligned with the Green Bond and Loan taxonomy and principles.

We have identified three sustainability themes in our sustainability strategy of which two are directly linked to climate change and the opportunities and risks assessed in our scenario


Wateringen, Commercial Waste Netherlands

analysis: Enable the circular economy and Reduce carbon emissions and waste. These are outlined in detail on pages 42 and 43.

At its core, Renewi is focused on creating products from waste by recycling to help avoid unnecessary raw material manufacture and associated resource depletion where possible, reducing millions of tonnes GHG emissions in value chains every year through the reuse of materials. This trend reflects the growing demand for recycled products and the rising importance of scope 3 emissions, which increases demand for our services from companies looking to reduce supply chain emissions. Our role in the circular economy allows us to avoid more GHG emissions than we generate in our scope 1 & 2, as well as preserving scarce natural resources by recirculating materials.

However, some recycling activities, and particularly the increased valorisation of those materials to high-quality secondary materials, require energy to sort and treat through successive processes. Increasingly these more sophisticated techniques increase energy consumption and hence our own GHG emissions for a greater benefit in the full value chain. Despite this increasing intensity, we continue to decarbonise our operations. In addition to the renewable energy produced at our anaerobic digestion and compost plant sites, we are investing in renewable energy such as solar and wind production at sites and increasing the procurement of green electricity.

As well as our site-based emissions, our collection activities are also energy-intensive. The associated GHG emissions intensity has been reduced over the past few years by route optimisation, increased route density, shared collections, transition to Euro 6 trucks, and first steps towards migration towards a zero-emission vehicle fleet.

In response to increased temperatures and in anticipation of further increases, we are continually investing to avoid and mitigate the impact of fires as one of the greatest operational risks in the waste industry. These investments are in processes and systems of fire prevention, detection, and suppression. Smart technology such as cameras supported by artificial intelligence plays an important role and is being deployed on sites.

With this information in mind, and following the findings from the scenario analysis exercise, we consider our current business model and strategy to be resilient to the transition to a lower carbon economy. This is because, on balance, this transition presents more opportunities for Renewi than risks. Physical climate change poses risks to our operations and supply chain. However, mitigation measures are either already in place, or are in the process of being further developed.

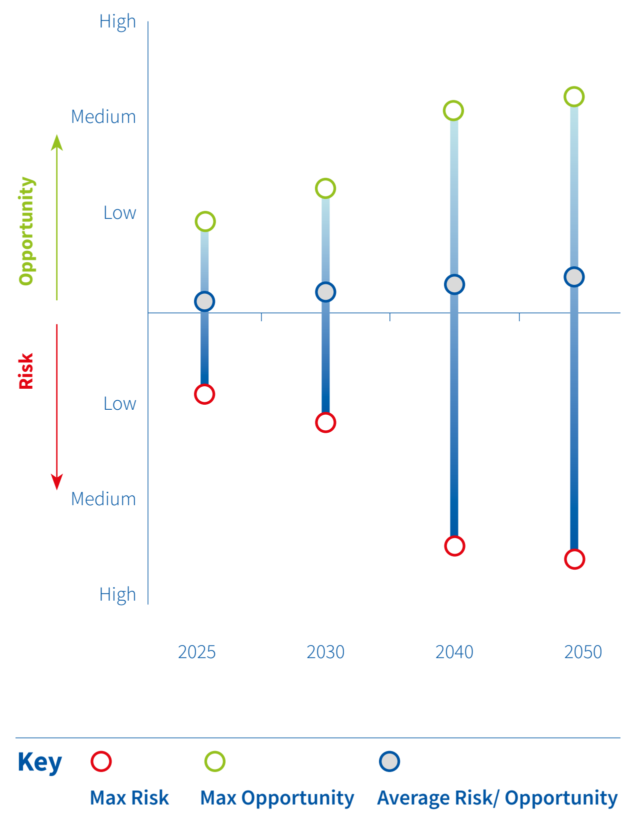
The two tables on pages 68 and 72 provide details on the key risks and opportunities that were included in the scenario analysis assessment. For transition risks and opportunities, we are in the early stages of assessing current mitigation measures, in light of the scenario analysis findings, to understand whether they are sufficient or not. Therefore, only planned mitigation approaches are listed. For physical climate risks, our risk management process already considers some mitigation measures in relation to those identified and assessed. These are therefore listed as current mitigation approaches.

Risk management
Our process for identifying and assessing climate-related risks

In assessing climate-related risks and opportunities, we have followed the categories outlined by the TCFD. We conducted a high-level assessment of climate-related risks. In a first step, we identified a long list of physical and transition risks and opportunities that the business is potentially exposed to. The TCFD Steering Committee guided the development of this long list. This exercise prioritised the risk analysis on our top 40 sites. It did not include an initial assessment with regard to the impact on all open and closed landfill sites which will be developed further in the coming period.

Risks are evaluated along three dimensions: time-frame, likelihood, and impact. The time-frame dimension considers the time horizon along which a risk may materialise in the short, medium, or long term. For now, time-frame is separated from likelihood due to the long-term nature of some climate issues, which goes beyond the typical timeframe for enterprise risk management. The likelihood score is based on a qualitative assessment on whether a risk trend is already in occurrence, or whether it is made increasingly likely by the low-carbon transition (for transition risks) or physical climate hazards (for physical risks). Impact is assessed qualitatively, based on relative financial significance to Renewi of a risk materialising. Likelihood has been scored on a scale of 1–5,

Transition risk and opportunities



Physical risks

Category	Key risk	Key impacted geographies	Commentary – business disruption caused by:	Time horizon	Potential financial impact area	Scenario trend significance	Current mitigation approach
Acute & Chronic	Extreme heat	Across all	**Main foreseen occurrences** • Increased likelihood of fires at sites due to spontaneous combustion of waste interruption **Minor foreseen occurrences** • Heat-related illnesses, such as heat stroke • Lower efficiency, intermittent operation or failure, of equipment used for sorting and recycling processes. Biological processes could be disrupted or halted • Additional energy to cool equipment processes, and sites	To 2025	• Operating costs • Capital expenditure • Revenues	Higher risk	• Emergency response and contingency plans to ensure business continuity • Procedures for controlling temperatures at some sites • Fire detection and extinguishing systems
Chronic	Water stress & drought	Netherlands	• Lower river levels disrupt barge shipments of products to destination sites • Reduced water supplies may halt processing. Water supplies may become more expensive to procure • Lower river levels during water stressed periods may impact water discharge rates for waste processing sites, resulting in reduced operational capacity • Investment in additional water storage facilities	2025 to 2030	• Operating costs • Revenues • Capital expenditure	Moderate – higher risk	• Some sites are already used to managing flow of raw materials (woods for example) even when low river levels • A map of priority sites will be drafted in the coming year to assess where new mitigation plans need to be created
Acute	Flooding	Netherlands, Belgium, UK	• Damages to site equipment and infrastructure • Contamination of water due to mixing with waste materials • Impact water discharge rates • Investment in additional wastewater storage facilities • Coastal flooding could disrupt supply chains	2025 to 2050	• Operating costs • Capital expenditure • Revenues	Moderate – higher risk	• Emergency response and contingency plans to ensure business continuity • Flood barriers at some sites located near water courses (eg, Jenkins Lane, UK) • Investment in extra water storage capacity at some processing sites • Drainage systems at some sites designed to manage storm water flows, with reference to forward-looking scenarios
Acute	Storms & wind	UK	• Storms and extreme winds may carry debris and result in road blockages disrupting supply chains • Could lead to increased repairs of infrastructure	2025 to 2030	• Operating costs • Capital expenditure • Revenues	Moderate risk	• Emergency response and contingency plans to ensure business continuity • Drainage systems at some sites designed to manage storm water flows, with reference to forward-looking scenarios

Our key climate-related physical risks, including planned or existing responses, which have been assessed using climate change scenarios. Scenario trend significance of risk accounts for the time horizons in which the issue is likely to occur. For physical risks, overall risk levels represent projected climate trends under a high-emissions scenario (RCP8.5) and include a consideration of the proportion of our sites that may be exposed.

from highly unlikely to almost certain. Where possible, this assessment has been aligned with our current enterprise risk management framework.

Based on the assessment impact and likelihood of risks, an inherent risk profile has been assigned to each item on the long list. Based on this profile, the most significant risks and opportunities were then assessed using scenario analysis. Risks were assessed on an inherent risk basis to understand the baseline risk Renewi may be exposed to. This means any mitigation efforts already in place have not yet been fully considered, which would result in a current risk profile. As a next step, we will take stock of existing mitigation efforts for key risks and assess whether these efforts are appropriate for the level of risk now and in the future, informed by our scenario analysis exercise.

The outcomes of the scenario analysis were reviewed by the TCFD Steering Committee. Findings were presented to the Executive Committee and subsequently the Board to validate the most significant risks and opportunities for our business.

Integration of climate-related risk factors into risk management

In the assessment process, climate-related risks have been considered up to 2050. This differs from our enterprise risk management framework that we use to conduct risk assessments for the wider business, where timeframes are aligned to our five-year strategic planning. It is a future priority item to integrate our climate-related risk management into our existing risk management processes and to align materiality assessments such that climate-related risk can be compared to business risks. With time, climate-related risks could be fully integrated – where appropriate – into other risks we currently identify, to understand the additional risk climate change presents. It is expected that this process will take time, but our direction of travel is to aim for integration where possible.

For our enterprise risk management framework, please see pages 90 to 99.

Metrics and targets

Our climate-related metrics and targets

Renewi has an existing set of metrics to manage and assess climate-related risks and opportunities. The metrics consider a time-frame of five years, which aligns with our strategic planning. The base year a gainst which progress is measured is FY20. These metrics are also aligned with our three sustainability themes as shown on page 42.

When setting climate-related targets, we analysed government targets and pledges in countries where our sites are located. We have also looked at our past performance and drivers of performance improvements. Based on projected volumes of waste streams and secondary materials we have set targets. These were approved by the Executive Committee and the Board.

Our commitment to achieve our climate-related targets is also reflected in the way we evaluate performance. To motivate senior executives and managers to increase climate-related performance, we have an annual bonus plan and long-term incentive plan (LTIP) in place. The measures used in both the annual bonus and LTIP are selected annually to reflect the Group's main business and strategic priorities for the year and capture both financial and non-financial objectives. Within the non-financial objectives, we use a climate-related ESG metric of the Group's recycling rate in our LTIP awards. Together with the financial metrics, 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.

We consider the legislation of carbon pricing in operating countries but currently we do not have an internal carbon price in place. Due to the nature of our business, some climate-related opportunity metrics are already reported, for example recycling rate, carbon emissions avoided, and secondary materials produced. We also engage in lobbying for regulation around avoided emissions.

In addition to the existing metrics and targets we intend to develop and monitor signpost indicators for material climate-related risk and opportunity issues, which will help us monitor our business environment and determine when risk or strategic management measures should be taken.

GHG emissions

We recalculated our baseline data in FY20 and therefore do not provide comparative data prior to FY20. In future annual reports, we will include data from 2020 onwards, which will allow for trend analysis. We are currently embarking on a project to improve and externally validate our GHG data, develop a scope 3 footprint and set emissions targets aligned with the Science-Based Targets initiative (SBTi). The outcomes from this project will be included in our subsequent disclosures.

Sustainability strategy focus

1

Enable the circular economy

Today's waste is the raw material for tomorrow. Renewi contributes to a circular economy and protects the world by giving new life to used materials

Objectives

- Turn our customers' waste into new products

SDG links

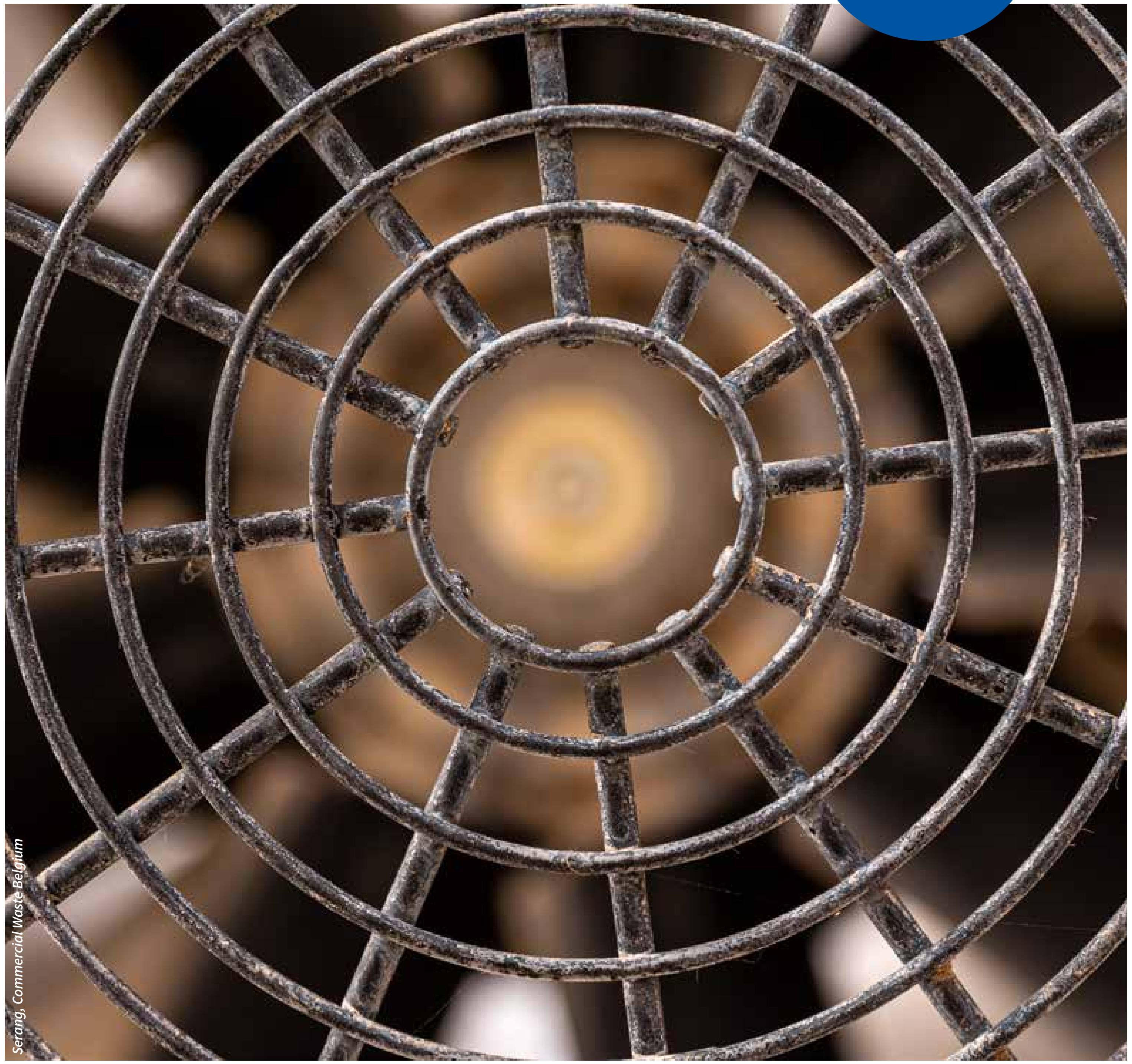
Circularity is our business, vision and mission. We produce secondary raw materials from our clients' waste streams for all kinds of applications. In this way, we prevent the extraction of new materials and associated emissions that contribute to global warming.

Climate change and weather-related hazards have life-changing and devastating impacts on communities on every single continent. Floods, droughts, intense heat waves and wildfires are increasing, with a devastating impact on, among other things, agricultural production, health, the economy and biodiversity. Europe itself faced heavy floods in July 2021, resulting in damage to villages, infrastructure and agricultural lands.

Correlation between material use and global warming

Globally, 2021 was one of the hottest years on record. The cause is increased concentrations of GHGs in the atmosphere, mainly due to human activities like burning fossil fuels and the extraction and processing of materials. According to *The Circularity Gap Report 2022*, published by Circle Economy, 70% of all global GHG emissions are related to material handling and use.

The world population is increasing and with it, growing levels of consumption. but natural resources are being depleted. Over the past six years, since the United Nations Climate Change Conference in Paris, we have consumed more than half a trillion tonnes of raw materials, the equivalent weight of 14 elephants for every person in the world. This is too much. We are consuming an average of 1.6 planets each year: well beyond what our planet can naturally replenish. This is unsustainable.



Serang, Commercial Waste Belgium

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

It's urgent that we act now. There are solutions which will limit further climate change, a key one being circularity. The amount of virgin materials extracted can be minimised by driving the circular economy, which results in fewer GHGs and less residual waste. In this way, we harness sufficient resources for future generations and bequeath them a safe a healthy world to inhabit.

A circular economy explained

The circular economy is an economic system geared towards eliminating all waste by finding continual uses for recycled materials, creating a more sustainable society. A linear economy stands for taking, making and wasting.

A circular economy represents a closed-loop system where new resources are not needed. Instead, all products and materials are reused, shared, repaired, refurbished, remanufactured, or recycled.

Becoming circular: Europe's role

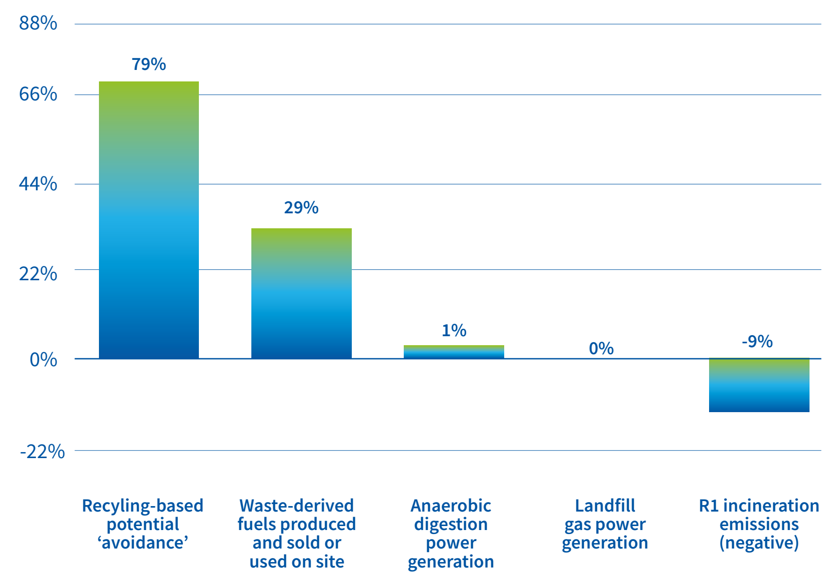
Europe is taking essential steps to stimulate the circular economy and reduce global warming, by introducing new legislation and supportive initiatives. Both countries and individual cities are taking important steps towards becoming carbon neutral and more circular, paving the way for others to follow.

Legislative tailwinds

A new version of existing legislation is Vlarema 8, which demands increased commercial waste recycling in Flanders (Belgium). Regulations require 24 waste streams are sorted at source, with an onus on waste collectors to ensure this is carried out correctly.

Vlarema 8 complements and reinforces Renewi's position as the market leader in collecting and processing commercial waste in Flanders. Read more on this legislative tailwind on page 44.

Breakdown of our 3.1mT of carbon avoidance by major category



The European Union wants to be net-zero by 2050. The Netherlands, Belgium and the UK have also committed to this goal. According to the Paris Agreement, we need to limit the global temperature rise to 1.5°C in this century. By reducing GHG emissions, we contribute to reducing climate change.

Only 8.6% of the global economy is now circular and unfortunately, this figure is decreasing. *The Circularity Gap Report 2022* states that with their roadmap of 21 circular solutions, businesses, cities and nations can reduce resource extraction and use by 28%, therefore cutting greenhouse gas emissions by 39%. So by closing the worldwide circularity gap, we would be on a 1.5-degree pathway.

Our waste sector plays a central role in these aspirations because we provide secondary raw materials derived from public and commercial waste. The growth potential of the circular economy lies in the ability to recycle products. By recycling, we're playing our part to close the gap. A significant amount is already recycled in Western Europe, but there are still some challenging material flows, which are difficult to recycle and therefore need innovation.

Potential of the European waste industry

A durable transition to circularity is reachable with a combination of multiple actions: reducing the use of primary raw material, eco-design, product lifespan extension, repairability, recycling, the recovery of secondary raw materials from waste streams and the use of recyclates in products.

Recycling is not the final destination for a product. The demand for products made of recyclates and those that can be recycled is on the increase. Therefore, people and businesses should consider recycling as a starting point and naturally integrate recycling in the design, production, distribution, and consumption of all goods and services.

There is potential to reach higher recycling rates and simultaneously avoid more carbon emissions. For example, Europe aims to recycle at least 65% of household waste by 2035 and dispose of a maximum of 10% in landfills. If the UK and the European member states achieve this target, annual CO_2 emissions would be reduced by 150mT, shown in a study from the European Waste Management Association FEAD and market research agencies CE Delft and Prognos. This amount equals the total emissions of a country like the Netherlands.

These CO_2 savings result from more extensive recycling and reuse of the recovered raw materials.

By recycling and recovering secondary raw materials, we avoid the carbon emissions from extracting, transporting and processing virgin raw materials. In addition, carbon emissions are saved by recovering energy from non-recyclable materials in waste-to-energy plants and by producing fuels from waste.

Considering all this, the European waste sector would make a very significant

Our goals and targets

OBJECTIVE	METRIC	FY21	FY22	FY25 TARGET
Turn our customers' waste into new products	**Recycling rate** (% of total waste handled)	65.8%	67.2%	**75.0%** (+10% point)
	Carbon avoidance (kg CO_2 per tonne of waste handled)	261	252	**275** (+15%)
	Innovative secondary materials produced (tonnes)	353,500	282,400	**1M**

Our role at the heart of the circular economy

As a leading waste-to-product company, we play a vital role in enabling the circular economy.

Circularity is essential to meet climate targets

Globally, we consume 100 billion tonnes of raw materials per year, and we reuse only 8.6%.

Our overuse of new 'virgin' materials creates emission levels incompatible with the Paris Agreement. We need to act now to overcome the current circularity gap and become more circular.

At Renewi, we keep valuable materials in the product value cycle by diverting waste from landfills and incineration. In this way, we prevent the extraction of new materials and associated emissions that cause global warming. Today's waste materials are the resources for tomorrow – and for the future. Keeping materials in the loop by linking product chains at the end and beginning is the answer to worldwide climate questions.

Giving life to used materials

Our current take–make–waste economy wastes over 90%. This huge circularity gap offers remarkable opportunities to reduce CO_2 in the short term by recycling and giving new life to used materials. This is precisely what we do at Renewi.

From our key position, we can make a genuine impact by recycling more and better. We face many challenges, including the difficulty in achieving the purity of virgin materials due to mixed inputs, and competing with their lower cost.

due to non-homogeneous inputs. However, we are proud of our innovations which enable us to create high-quality secondary materials that can be used repeatedly.

RENEWIng Earth

Earth Overshoot Day marks the date when humanity's demand for ecological resources and services in a given year exceeds what Earth can regenerate in that year. In 2021, Earth Overshoot Day fell on 29 July. By recycling more and using fewer natural resources, we try to postpone this date.

Renewi protects the environment and resources by taking waste and creating something new. Recycling and recovering help retain the world's natural resources and preserve the planet for future generations.

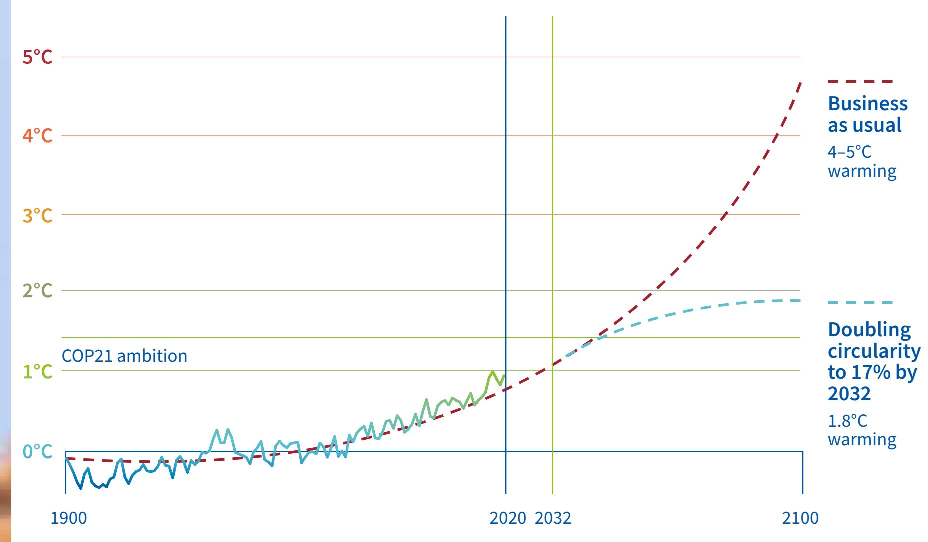
3.1M
avoided carbon emissions

1.3mT
more recycling over five years, equivalent to 10% points increase

Temperature impact of doubling global circularity

The current policies and national climate pledges of governments are only 15% of the path to a world where climate change remains well below 2°C. The other 85% could be delivered by the circular economy.

Over the next 11 years, if we doubled the level of circularity globally from 8.6% to 17%, we would return to a below 2°C world. By doing so, we would partially close the circularity gap and also limit global warming.



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

Nieuwegein, Commercial Waste Netherlands

contribution to Europe's climate ambitions. This is without the carbon reduction from these companies through, for example, multimodal transport, greener mobility in the sector, transition to renewable energy sources and less carbon-intensive operations.

Our goals and metrics for 2025

Our objective is to turn our customers' waste into new products by focusing on three metrics: recycling rate, carbon avoidance and innovative secondary materials produced. We have set very clear and ambitious – and attainable – goals to stay focused.

Transforming waste into new products

We contribute to more circularity and a smaller circularity gap by transforming our customers' waste into new materials and products. This year Renewi has a recycling rate of 67.2%. By 2025, we intend to divert 75% of all the waste we receive towards recycling, saving more than 10mT of materials from incineration and landfill. For our entire organisation to work towards this goal, we launched the 'Mission75' programme, allowing every employee to contribute.

Accomplishing a recycling rate of 75% is based on our belief that our customers' waste is an excellent resource for secondary material use. To achieve this uplift, we must continue doing what we do best and introduce and develop innovative solutions to extract as much value as possible from waste and recycled materials.

Together with our partners, we made notable progress in optimised sorting, exploring new destinations for our secondary materials and producing high-quality circular materials and products. Last year we produced 353,500 tonnes of innovative secondary materials, and this year 282,400 tonnes. This is a small reduction linked to the discontinuation of one of the two innovative secondary materials produced by our Mineralz & Water (M&W) Division. Our internal innovation pipeline still gives us confidence in reaching our FY25 target of 1mT per year.

To successfully close the circularity gap means we and our customers are responsible for a higher recycling rate. That is why we guide and advise our customers about circularity, from inspiration on circular purchases to eco-design and from developing their circular business models to more possibilities to sort waste better at the source.

Carbon avoidance from recycling and recovery

Our goal for 2025 is to enable a total of 4.2mT of CO_2 avoidance in the supply chain annually. More circularity and a higher recycling rate are commensurate with avoided carbon emissions. When secondary raw materials are used instead of primary raw materials, it leads to substantial carbon savings from avoiding energy for extraction, handling, use and disposal. This accounts for 2.5mT of avoided CO_2 emissions per year.

Our target for 2025 is to avoid 275 kg CO_2 per tonne of waste handled. This year we avoided 252 kg CO_2 per tonne of waste handled.

Renewi avoids carbon emissions through its activities. In order to do so, our activities consume energy and generate CO_2 emissions.

Of course, our energy use also increases with our increasing effort to recycle more and produce more secondary materials. We are working on reducing our own carbon emissions, eg by switching to green alternatives if possible and by creating our own energy via solar and wind. Read more at Reduce carbon emissions on page 80.

Looking at our impact at a different scale, Renewi contributes to a great 'carbon benefit' for the planet. The amount of carbon avoidance in the supply chain is six times higher than our own (scope 1 & 2) footprint.

Performance

Renewi is positioned in the middle of our society and is subject to external influences. Covid-19 also had its effects in FY22. We noted high raw material prices due to high demand during the pandemic. Therefore, we experienced more need for recyclates, which led to higher yields and worked out as a boost for circularity.

Due to the lockdowns, we collected less waste. Despite this, levels of waste recycled remained stable, following a higher recycling rate. The recycling rate rose 1.4 percentage points to 67.2%. This outcome is driven by significant investments in post-sorting techniques, and we know that regulation like Vlarema 8 in Belgium, will also contribute in the coming year to give a boost to our recycling rate in the Commercial Waste Divisions.Our total carbon avoidance this year remains almost equal to last year. This can be explained with the fact that, on one side, our recycling volumes and our recycling rate did increase. However, on the other side, the three other contributors to our total carbon avoidance did not increase and more actual carbon emissions were emitted from the emissions from incinerators with energy recovery, with a negative effect on our total carbon avoidance.


Seraing, Commercial Waste Belgium

Taking care in health care

Hospitals generate a lot of medical waste, resulting in a tremendous impact on the environment. To Renewi, medical waste means recycling opportunities. Together with GreenCycl in the Netherlands and a pilot project with partners in Belgium, VinylPlus® Med, we started to make medical plastics more circular.

Outlook

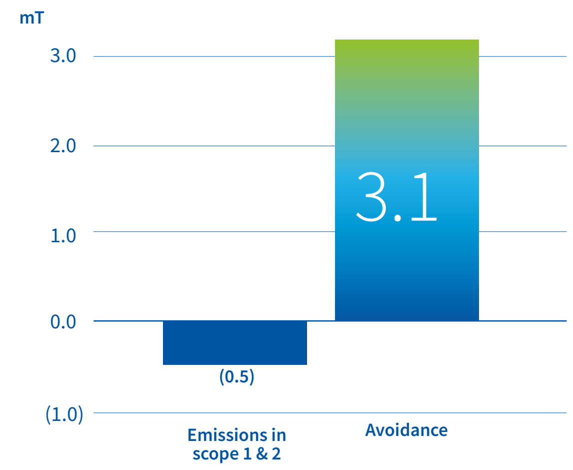
The numbers show a positive trend and slight increases. We are still on track to meet our 2025 targets.

We are optimistic about the progress of a circular economy, especially when regulations that require better sorting at source, like Vlarema 8, become more uniform. In addition, achieving the CO_2 reduction potential will require efforts across Europe to further boost recycling capacity, including public support for more systems allowing separate collection of more waste streams.

Companies should also focus more on the ecological design and recyclability of the products they put on the market. The government can do its part by introducing new regulations that, for example, impose a minimum use of recycled materials in new products.

Delivering a carbon avoidance six times greater than our scope 1 & 2 carbon footprint

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



Recycling performance

Volumes (mT)	FY21	FY22
Total waste handled at sites	12.05	12.44
Materials recycled[1,2]	7.94	8.36
Materials recovered for energy production from waste[1,2]	3.16	3.19
Total materials recycled and recovered for energy production	11.11	11.54
Recycling rate (% of total waste handled)	65.8%	67.2%

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

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

Volumes ('000 tonnes)	FY21	FY22
Materials separated for re-use/recycling	2,425	2,476
Waste-derived fuels produced and sold	865	712
Landfill gas/anaerobic digestion electricity production	44	41
Waste-derived fuel used at ATM	206	200
Total avoided emissions	3,148	3,134
Carbon avoidance (kg CO_2 per tonne of waste handled)	261	252

2

Reduce carbon emissions

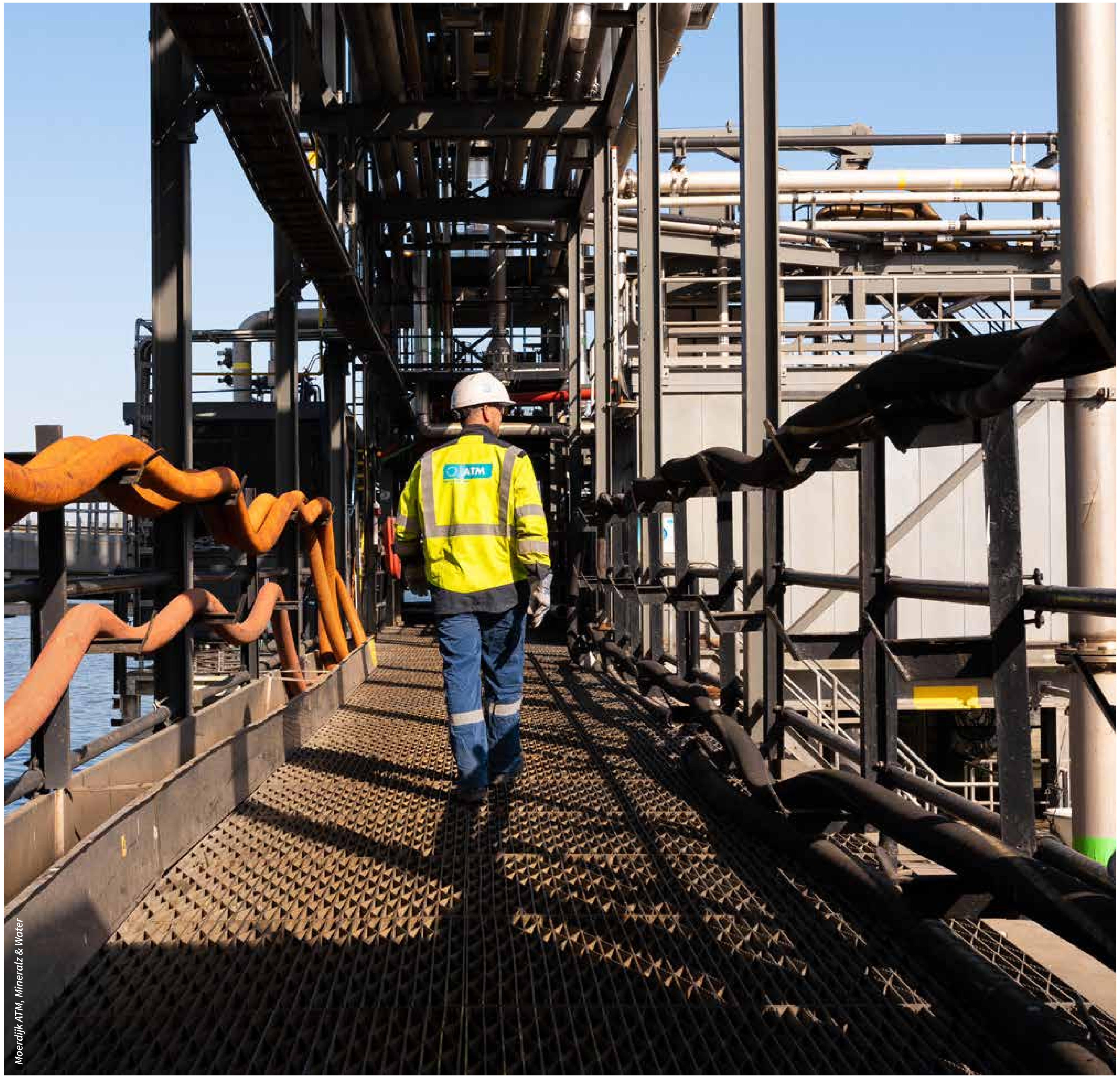
Waste collection, recycling and producing secondary materials all use energy, which generates carbon emissions. Renewi is focused on increased valorisation of waste to produce products, and often these additional processing steps add to energy consumption. Notwithstanding this backdrop, which has a net benefit, we also actively seek ways to reduce our carbon footprint for each of these processes

Objectives

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

SDG links

13 Climate action
11 Sustainable cities and communities
7 Affordable and clean energy



Moerdijk ATM, Mineralz & Water

Renewi's purpose is to protect the world by giving new life to used materials. Each year we recycle and reuse millions of tonnes of valuable resources. However, directly or indirectly, our activities generate CO_2 emissions and we continually search for solutions and innovations to reduce our carbon footprint.

Heat records are broken yearly, and climate-related incidents are on the increase across the world. According to the IPCC, human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels. Furthermore, the IPCC states global warming is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate.

High-carbon economy

Fossil fuels are generally inexpensive, convenient and widely available. Their widescale mining and exploitation are key features of the developed world, resulting in high-carbon economies.

The current levels of GHGs pumped into the atmosphere are unsustainable. Fossil fuels are depleting fast. If we don't act now, the impact of climate change on future generations and global ecosystems will be irreversible and catastrophic.

Besides being more circular, energy reduction and cleaner alternatives to fossil fuels are the solution to reducing carbon emissions. Generating energy via green or renewable sources, such as solar cells and wind, is what is needed to turn the tide.

Responsibility of governments and businesses

COP26 sent a clear reminder that each government and every company should comply and participate in order to meet the Paris Climate Agreement by the end of the century. The pressure is increasing, as we are yet to see enough effort being made to start reversing the trend. Furthermore, disruptive solutions are still too few to produce a game-changer impact. We need to act NOW.

By the nature of our activities, we at Renewi contribute to fight climate change. By recycling waste, we avoid carbon emissions and we enable the circulation of recycled raw materials. We do, and will continue doing, our part to enable a lower-carbon economy.

While continuing to do what we do well, we support governments and institutions where we operate in building a regulatory frame that should foster the ecological transition.

Responsibility of Renewi

Renewi is evolving fast across all parts of the business – not least by improving support to our customers to help them achieve the required sustainability goals by 2023. We play a crucial role in lowering carbon emissions, within both our own and our customers' value chain. Consequently, we work hard to expand our waste-to-product activities, reduce CO_2 emissions and find innovative solutions that accelerate this journey.

Our goals and metrics for 2025

Our objectives are to be a leader in clean and green waste collection and reduce the carbon impact of our operations. We aim to reduce our carbon intensity within our scopes 1 & 2.

We work with a number of metrics for our logistics, fleet, and direct site operations.

Clean and green waste collection: what we do

Within our two Commercial Divisions, our efforts were mainly focused on: optimised route plan, collaborations like Green Collective (see below), less polluting fuels and more clean-emission Euro 6 vehicles. Zero-emission vehicle usage will play an increasing role over time as we start to electrify our fleet.

We optimised our collection routes to reduce the number of kilometres driven, urban traffic and emissions. A part of this optimisation is 'Green Collective', a joint venture between Renewi and other large waste collection companies. As a result, we now jointly collect waste within 25 municipal regions in the Netherlands. By driving with one collection vehicle via one combined route, we reduced collection traffic by up to 50%. Every reduction in 100 kilometres driven leads to a saving of 160kg of CO_2. By 2025, we aim to reach 30 regions within this project.

This year, we are on track to complete 67% of our transition to Euro 6 trucks. Also, we put our first bio-LNG truck into use.

Reduce carbon impact of our operations: what we do

To reduce our carbon footprint in our operations, several levers and solutions are available and rolled out within our operations:

Reducing our energy consumption, eliminating unnecessary energy needs and driving continuous improvement initiatives. As a result, our total energy consumption (gas, electricity and fuel) decreased by 11% versus FY21.

Greening-up our energy mix. Our on-site energy requirements are increasingly provided by solar roofs and wind turbines, and the procurement of renewable electricity.

In Ghent, we will be installing panels and the largest wind turbine on the Belgian mainland in 2022. This turbine should cover 75% of the electricity use at our Ghent site and around 10% of total electricity use within our Commercial Waste Division in Belgium.

Step by step, we are prioritising the procurement of renewable electricity. Commercial Waste Netherlands took a first step this year by switching to 100% green electricity.

By doing so, the total share of renewable energy used on site climbed up 32.7%, which is already beyond our FY25 target (25%). Furthermore, this had a significant impact on the carbon intensity in our operations: Renewi has also already met the target of 'well below 9kg CO_2 emitted per tonne of waste collected', with a carbon intensity of 8.57 this year.

Participating in carbon-capture innovation projects. M&W has engaged with multiple parties in the Moerdijk region to investigate options for carbon-capture. Specifically, the goal for M&W of the exploration is to investigate the options for capturing all of the emissions of the ATM site in Moerdijk.

Reducing our carbon footprint in our operations is aided by the awareness of our employees. For those who have a company car, we are working with our fleet leasing partners to encourage hybrid or electric cars. This year the percentage of hybrid or electric cars out of our total employee mobility fleet increased from 23.7% to 32%.

Outlook

We will continue our efforts to remain at the forefront of clean and green waste collection and reducing our operations' carbon impact. As mentioned earlier in this report, we are currently embarking on a project to improve and externally validate our GHG data, develop a scope 3 footprint and set emissions targets aligned with SBTi. The outcomes from this project will be included in our subsequent disclosures.

Amsterdam, Commercial Waste Netherlands

Carbon footprint[1]

Volumes (CO_2 equivalent '000 tonnes)[2]	FY21 ex UK	FY21 UK	FY21 Total	FY22 ex UK	FY22 UK	FY22 Total
Process-based emissions (scope 1)	255	42	**297**	244	53	**297**
Transport-based emissions (scope 1)	105	4	**109**	101	2	**103**
Site fuel use emissions (scope 1)	31	3	**34**	31	2	**33**
Site gas use emissions (scope 1)	18	1	**19**	18	1	**19**
Site electricity use emissions (scope 2)	73	12	**85**	45	9	**54**
Total emissions from significant sources	482	62	**544**	439	67	**506**
Carbon intensity (kg CO_2 equivalents per tonne of waste handled)			**11.10**			**8.57**

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

Energy use[1]

Megawatt hours	FY21 ex UK	FY21 UK	FY21 Total	FY22 ex UK	FY22 UK	FY22 Total
Fuel use transport (scope 1)	356,740	3,662	**360,402**	316,237	3,892	**320,128**
Fuel use sites (scope 1)	101,217	10,709	**111,926**	89,069	8,469	**97,539**
Gas use sites (scope 1)	95,156	5,534	**100,690**	89,430	5,592	**95,022**
Electricity use (scope 2)	163,353	34,927	**198,280**	162,820	40,661	**203,481**
Total energy use from significant sources	716,466	61,427	**777,893**	657,556	58,614	**716,170**

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

Our goals and targets

OBJECTIVE	METRIC	FY21	FY22	FY25 TARGET
Be a leader in clean and green waste collection	**Carbon intensity of collection** (kg CO_2 per tonne of waste collected)	9.84	NA[1]	**<9.00** (−10%)
	Share of clean-emission trucks (% Euro 6 trucks of total fleet)	60.9%	67%	**100%**
	Zero-emission trucks (number)	2	2	**65**
Reduce the carbon impact of our operations	**Carbon intensity of our sites** (kg CO_2 per tonne of waste handled)	11.10	8.57	**<9.42** (−10%)
	Share of renewable energy used on site (% renewable electricity out of total electricity use)	15.8%	32.7%	**25.0%** (+10% points)
	Hybrid or electric lease cars (% (PH)EV vehicles out of total fleet)	23.7%	32%	**40.0%** (+27.5% points)

1. Metric being restated

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3 Care for people

Our people are the key to the successful delivery of our business objectives. We strive for an engaged and inclusive workforce. Valued and well-supported staff can fulfil their potential and ambitions, inspired by our compelling purpose. Their safety, health and wellbeing are paramount

Objectives

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

SDG links

Renewi colleague, Commercial Waste Netherlands

Engaging our people

Our employees are Renewi ambassadors. We strive to ensure they have a clear understanding of our business purpose and objectives. The culture of our workforce will enable the company's long-term success and its pivotal role in society.

Our ambition is to be a responsive employer with an open, collaborative and inclusive management structure, which includes regular engagement with all staff. This year, we implemented a range of human resources and internal communications initiatives to boost employee engagement. We launched an internal social media platform called RenewiGO – this will transform the way we communicate with our more than 6,500 staff across our 162 sites, 68% of whom are operations-based.

The platform was chosen to encourage bottom–up communication and improve the way we interact with our frontline staff. It facilitates tailored communication to increase accessibility and encourages feedback. This operates in addition to text messages, screens and on-site notice boards. Important communications are also delivered via daily stand-up meetings and team briefings.

Pulse

We listen to and respond to our people. This year, we conducted three Pulse surveys, with a response rate of 70%. When employees were asked to rate how they feel about working at Renewi, a large proportion of staff responded positively, returning a score of 7.3 out of 10. We intend to further improve both this score and the overall Pulse response rate.

Small changes can have a big impact on people's day-to-day working lives. Pulse surveys are just one way we can identify and resolve issues to benefit our employees and improve their day-to-day working experience. Recent 'you said, we did' examples include improved PPE for adverse weather conditions, a café for our drivers in Belgium, and improved signage at one of our sites.

Health and wellbeing

This year, we launched a range of initiatives to enhance wellbeing. Mental health continues to be a priority. We increased support through Covid-19 restrictions and lockdowns and provided tailored guidance for all our staff. The Mental Health Committee, now in its third year, held a Mental Health Awareness Week and supported World Mental Health Day.

A cross-section of staff, including leaders, shared their personal mental health journeys via video. This resulted in a series of powerful testimonies, which generated much discussion and engagement. In November, we focused on men's health, supported Movember and published a series of blogs on various aspects of men's health awareness. Blogs were also published in support of World Menopause Day, Global Diversity Day and International Women's Day.

We have embedded a working from home policy, allowing people to preserve a new work–life balance. This includes introducing a package of support to help homeworkers to remain fit and well.

Health and safety performance

Indicator	FY21	FY22
Number fatal accidents (Number)	2	–
>3-day accident rate (Number of >3-day accidents/FTE x 100,000)	1,495	1,096
Lost time injuries/rate[1] Number/((number LTI)/total number working hours) x 1,000,000	85/13.97	137/8.88
Severity rate (Total number days lost as result of accidents/total number LTIs)	20.1	17.4
Concerns/close-out rate[2] (Number/number concerns closed out/number concerns raised as a %)	49,208/ 73%	46,298/ 96%

1. LTI: accident which results in a person being off work for a day or more.
2. Concern: an accident which nearly, but did not, happen. Also called risk reports, close calls, near-misses etc

Our Maltha business has launched an improvement project called 'Factory of the Future'. This will look at everything from safety and wellbeing of staff to quality of inputs, process control, organisational set-up and innovation. This will enable the business to perform at the highest levels in the industry.

Fit for the future

We aspire to be an inclusive and respectful employer with the ambition to create a progressive and collaborative culture with a professional leadership style. Our focus is on our value, Together, acting with integrity and authenticity to build long-term relationships.

Nurturing talent and developing our future leaders

Renewi is a leader in the markets it operates in. To maintain this position, we must develop and adapt to a rapidly changing world. People are energised when allowed the opportunity to flourish and progress their careers, and we work to nurture the best talent in order to have the right people in the right place at the right time, doing the right things for Renewi.

LEAD is the Renewi leadership development programme launched in 2019. It has been expanded to offer training, development and support for managers, with uniformity across Divisions. In the leadership team itself, 4.5% of staff had previous non-leadership roles within the company.

Our learning platform RenewiYou is now available in all our Divisions across each country we operate in. Our Learning and Development Team has supported our SHEQ, Legal and IT developments with the rollout of mandatory e-learnings on this platform, including the Renewi Code of Conduct, 10 Lifesaving Rules and cyber security.

RUNewi

One of our popular initiatives focusing on health and wellbeing is the RUNewi challenge. We launched this in 2021 to encourage staff to make exercise a part of their everyday lives and to get out and about in the darkest winter days. They are supported to run or walk in virtual teams during February, helping boost physical and mental health, while fostering togetherness and raising funds for our chosen mental health charities.

Q&A with our new SHEQ Director, Jeanine Peppink-Van der Sterren

Renewi has seen more than a 30% drop in LTIs in the last 12 months. What do you attribute this to?
I'm very glad our efforts have resulted in such a significant drop in LTIs and zero fatalities. We invested in creating a safer working environment with a range of tactics, which included the introduction of the 10 Lifesaving Rules by e-learning, laying the foundations for our SHEQ Excellence Campus, and carrying out audits to improve good housekeeping and compliance with fire standards.

What were the most impactful findings identified by the Homesafe and Fire Safety Audits from the past 12 months?
The main findings relate to how we manage our assets safely, our awareness of risk, how we can minimise it and how well we help our people cope with change. That is the reason we are implementing the International Sustainability Rating System (ISRS).

What is the target outcome of SHEQ and how will ISRS help to achieve this?
Our ambition is zero incidents, zero non-compliances with law, regulations, standards and reduction of costs of non-quality. Implementation of ISRS enables us to measure, therefore making the outcomes more visible and transparent across all safety, environment and quality areas. Through more structure and alignment our performance will improve further.

In an organisation with different Divisions and businesses, why is one way of working important?
One way of working is equally important for safety, environmental compliance and quality. With its implementation, benchmarking and sharing best practices, we continuously improve our performance in an effective and efficient way.

How do you create an engaging safety culture?
Good safety performance is about winning employees' 'hearts and minds', by getting everyone to work safely because they want to work in this way. Improving the safety culture of the organisation is about making safety a fully integrated part of working behaviour. Hearts and Minds is a toolkit to improve safety culture. It is designed to facilitate cultural change within organisations. World-class safety performance involves more than mechanically applying a safety management system. It requires the involvement of everyone in the organisation, from top to bottom, using knowledge at all levels and fully integrating this into everyday behaviour.

Renewi pledged €15,000 for these charities every time teams covered a distance equivalent to circling the globe. RUNewi has proved so popular, this year 830 people took part in 186 teams, a big increase on last year. The teams clocked up 127,832 kilometres – enough to circumnavigate the world three times. Their efforts raised a much-needed donation of €45,000 for our charities.

RUNewi is now a yearly initiative and our aim in 2023 is to encourage more of our operations-based staff to participate.

Health and welfare

Our aim is to keep staff healthy and fit for future employment. We have modernised equipment to ease the physical burden of many of our frontline roles. We have purchased trucks with lower access points and replaced heavy and difficult-to-manipulate containers with lighter alternatives. Our fire, environmental and safety investments have grown to promote a healthier and safer working environment. Many of our staff canteens on sites across the Netherlands are currently being upgraded and re-styled to give them a better look and feel for staff to enjoy.

A journey of transformation and digitisation

Renewi is on a journey of transformation. As part of the Renewi 2.0 programme and ongoing investment in people, we are investing in WorkDay, an upgraded HR system. This is a cloud-based human resource management software system that unifies a wide range of HR functionality into a single dashboard.

The current labour market

The current labour market is challenging. The economy is growing at a faster pace than the available workforce. Despite this, we are pleased with our recruitment performance – our Talent Team filled 501 vacancies, hired 165 new female colleagues and we launched a variety of marketing campaigns this year to strengthen our employer brand.

The average staff turnover rate for 2021 is 11.8%, which we are satisfied with given the current labour market. National statistics for the Netherlands show an average turnover rate of 18%.

The Benelux has been unaffected by the acute truck driver shortages.

Ethics, compliance and people

Delivering our circular economy ambitions can only be achieved if we work together – this is one of our core values. Working as one in a diverse and inclusive environment is our ambition and our commitment is to become an ever more diverse organisation.

For many of our operations-based staff, roles include manual labour and shift patterns outside of office hours. We are focused on diversity in operational roles, building on this through awareness, branding and targeting campaigns internally and on social media. We would particularly like to increase female truck driver numbers and are running a targeted campaign to encourage applicants.

We continue to adjust employee benefits, such as parental leave, study leave, enhanced maternity and paternity leave, to facilitate a more diverse and inclusive working environment.

As an equal opportunities employer, Renewi is committed to nurturing a culture of equality and fair treatment throughout our processes, including recruitment, training and development.

The gender pay gap is another priority that we take very seriously. We are using our UK disclosures, where disclosure is mandatory, as a benchmark to build our data in our other operating territories.

One reward

Following the merger between Shanks and Van Gansewinkel Groep in 2017, we had multiple reward systems and schemes across our countries and Divisions. We have created a single, common, clear and fair reward structure across the entire business. During 2021 we completed the harmonisation and implementation.

Our goals and metrics for 2025

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

A zero-tolerance approach to modern slavery

Modern slavery is the illegal exploitation of people for personal or commercial gain, and is often hidden in plain sight. Renewi has a zero-tolerance approach to this heinous crime, which has no place in our society.

We have a responsibility to raise awareness across our workforce and supply chains and we are committed to ensuring our everyday procurement practices are robust and cannot be infiltrated by traffickers and exploitative recruiters.

This year, Renewi has made significant progress with anti-slavery prevention and awareness-raising in the UK and Benelux. This will continue next year, unifying the work across the Group with the ambition to have a single company-wide approach.

COMMUNITIES

Being a positive force in communities is a fundamental part of our Care for People pillar within the Sustainability Strategy. We actively take part in community engagement projects to educate and inform people on the circular economy and the importance of keeping materials in use. We encourage our communities to consider ways to 'waste no more'. We also work tirelessly to minimise the impact of our operations on local communities.

Engaging with communities

Over many years, Renewi's UK operation has partnered with local councils to educate children on what happens to household waste thrown away, and how they can play their part in giving new life to used materials through recycling. Over the past 12 months our educators have visited primary schools with an interactive workshop in which they playfully but powerfully unite waste and science. The students have learned about the need to recycle, Renewi's local waste processing and our technology to convert waste into secondary materials. We encourage these children to make small changes, like passing on toys instead of throwing them away or being responsible for separating rubbish and recycling at home.

Over and above engaging children in person, Renewi communicators have also informed parents by publishing articles in local newspapers and posting stories on social media channels about home composting, food waste action, the re-use revolution, upcycling and the re-use of toys.

Our goals and targets

OBJECTIVE	METRIC	FY21	FY22	FY25 TARGET
Deliver people home safe and well every day	**LTIF > 1 day** (number >1-day accidents/FTE x 1,000,000 hours)	1,495	1,096	**600** (–60%)
	Safety training (% employees trained annually)	~25.0%	78%	**100.0%**
	Employee mood ('mood' score in Pulse)	7.3	7.3	**7.5** (+5%)
	Healthy at work rate (% healthy employees)	95.1%	93.9%	**96.0%**
Make Renewi a rewarding, diverse and inclusive working environment	**Employee engagement** (eNPS score in Pulse survey)	+21	18%	**+30** (doubled)
	Females in higher management (% of all employees)	21%	22%	**30%** (+7% points)

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Simon Lee from Renewi ELWA with his daughter, learning about recycling through play

Renewi in the Netherlands and Belgium has also undertaken a programme to educate children, but in these countries – among Europe's most advanced circular economies – this has also been extended to university students.

Through this proactive approach, Renewi is playing a part in helping community members to solve a real-world problem: to shift from today's throw-away culture towards one of re-use. According to *The Circularity Gap Report 2022*, only 8.6% of products manufactured and purchased around the world are recycled. By bringing understanding of the importance of keeping materials in use for as long as possible, Renewi is playing an active part in enabling the circular economy.

Listening and acting

It goes without saying that processing discarded items can have a significant impact on neighbouring local communities. Issues with odour, dust, noise pollution and flies are real challenges. Therefore, it is important that site managers across our 162 sites in the Netherlands, Belgium, the UK, France, Portugal and Hungary have an open dialogue with the local community to identify and understand issues, and be able to take action where required to mitigate the impact.

We also remain committed to managing and reducing emissions to air, land and water, and pollution of any kind.

Keeping communities safe

Fires are a major issue in our industry. It is impossible to entirely control the composition of waste received on our sites. Due to inappropriately discarded combustible waste, notably lithium batteries and gas cannisters, fires can inevitably happen. For this reason, Renewi has carried out measures to manage these risks carefully. They include improved waste storage protocols, new thermal sensors to detect heat, sophisticated intelligent camera technology to identify dangerous items and state of the art deluge systems to fight fires quickly. We also collaborate with innovators to constantly redefine and maintain 'best in class' practices.

Renewi and the wider industry work with regulators to improve dangerous waste handling legislation and enforcement. We also seek to engage and educate the public around waste separation, to minimise the risk of fires from waste arriving on site.

Performance

Throughout the pandemic, which impacted customers and communities across all countries in which Renewi operates, our teams maintained the continuity of service.

We were, however, unable to connect with our communities as much as we would have liked. That said, we did our best to educate, inform and train community members on the importance of prioritising re-use, where possible, and recycling.

Over the year under review we saw a 25% drop in the number of major fires that occurred on site, down from 24 in FY21 to 18 in FY22. We also saw a reduced number of substantiated complaints from our communities as compared with FY21 – down 56.4%.

Conclusion and outlook

We look forward to increasing our community engagement now that the economies are re-opened following Covid-19. We will continue to take active steps to keep the number of fires on site at the lowest possible level, and further reduce the number of complaints coming from communities.

Safety

Our priority is the health and safety of our employees, contractors, customers and visitors

Safety is a core value at Renewi, sitting at the heart of our organisation. This commitment has been translated to all levels of the business, demonstrated by the implementation of our 10 LSRs, internal audits and multiple safety campaigns. Performance in FY22 has shown the benefit of several years of intensive focus. We have seen an important reduction in LTIs, fires and environmental concerns. After several difficult years, we are pleased to report zero fatalities among our employees.

Though our safety results have improved significantly over the past year, we are still focused on further improvements and keeping our people safe through continuous improvement. Our most important responsibility is to create the safest possible working environment. Our ultimate goal is to achieve an accident rate of zero. This is a serious ambition that cannot be achieved without investment.

Evolution of Safety, Health, Environment and Quality (SHEQ)

Renewi has made important steps towards the evolution of the SHEQ organisation, starting with the appointment of a Group SHEQ Director, Jeanine Peppink-Van der Sterren. We have also increased the prominence of SHEQ by promoting Jeanine to be part of the Executive Committee. This ensures the closest co-operation between SHEQ and our Divisions, helping to promote one way of working company-wide. This standardisation means we can learn and perform better.

Implementation of the International Sustainability Rating System (ISRS)

We are committed to the implementation of the ISRS. This implementation is resulting in more structure and alignment throughout the entire organisation. The ISRS is an internationally recognised system for measuring, improving and making safety, environmental and corporate performance visible and transparent. So far, assessments have been conducted in each Division and training has commenced for key members of staff. The goal is to roll the system out across the organisation during FY23. This system also results in improved environmental performance.

Renewi Safety Academy

The 10 LSRs continued as an area of critical focus, reinforcing the training present in prior years. We launched an engaging and interactive LSR e-learning requirement, which is the first component for our SHEQ Excellence Campus.

In the past year, the expertise of Renewi's SHEQ professionals has been collected to create a learning programme for the Excellence Campus. This is the umbrella name for tailored training where employees learn interactively about safety leadership, driver safety, plant and machinery safety, incident and reporting, working at height, environmental compliance, process safety, fire safety and HomeSafe. The training will be rolled out during FY23 and onwards, at entry, learner and expert levels.

The summer and winter season each have their own safety challenges, and we have campaigns linked to these risks to target awareness.

Heijningen, Maltha

SHEQ Awards

SHEQ Awards have been implemented to recognise positive behaviour in relation to safety. There has been a significant increase in these awards throughout the business. This also applies to site and driver tours, which more employees, including management, are asked to undertake. This helps to create a safety dialogue.

Audits

Audits are carried out to monitor and improve our SHEQ performance. The past year saw a continuation of the execution and reporting of the HomeSafe and Fire Safety audits, with excellent co-operation and support across the sites. Our top management participated in some of these, which was a positive demonstration of their commitment to improving our safety performance. In addition, there was an increase in the HomeSafe audit scores compared with last year, meaning HomeSafe is becoming embedded across our organisation. Next year all internal audits will be integrated according to the ISRS methodology.

Our safety culture is evolving

Evidence shows Renewi's safety culture is evolving. We are fostering a culture of continuous improvement around safety awareness, and we are confident that we are moving in the right direction, with evidence of good safety leadership and the use of Hearts and Minds tools.

This is undoubtedly leading to a positive shift in attitude across the organisation.

Risk management

The successful execution of our strategy is supported by our risk management and internal audit frameworks. The overall responsibility for risk management resides with our Board. However, the Executive Committee, our operating divisions and all our employees have an important role to play in the daily management of risk

Integrated risk management

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

As an organisation, we operate in a rapidly changing environment and we face specific industry, commercial, regulatory and other risks, some of which are beyond our control.

Our risk management strategy, risk and internal audit frameworks are crucial to the delivery of our strategy and objectives, and to the achievement of sustainable shareholder value, the protection of our reputation, good corporate governance and ethical conduct.

Over the past year, we have completed recurring risk assessments across the Group. Our most significant risks are the compliance and regulatory environment as well as the increased risks on the labour market and the continued risks of disruptive events such as the Covid-19 pandemic and the war in Ukraine.

Offtake market-related risks, such as recyclate pricing, incinerator costs and capacity show a reduced risk profile. Cyber threats are increasing in likelihood of occurrence, yet our mitigations are improved and have reduced the potential impact of a cyber attack.

Risk appetite

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

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

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

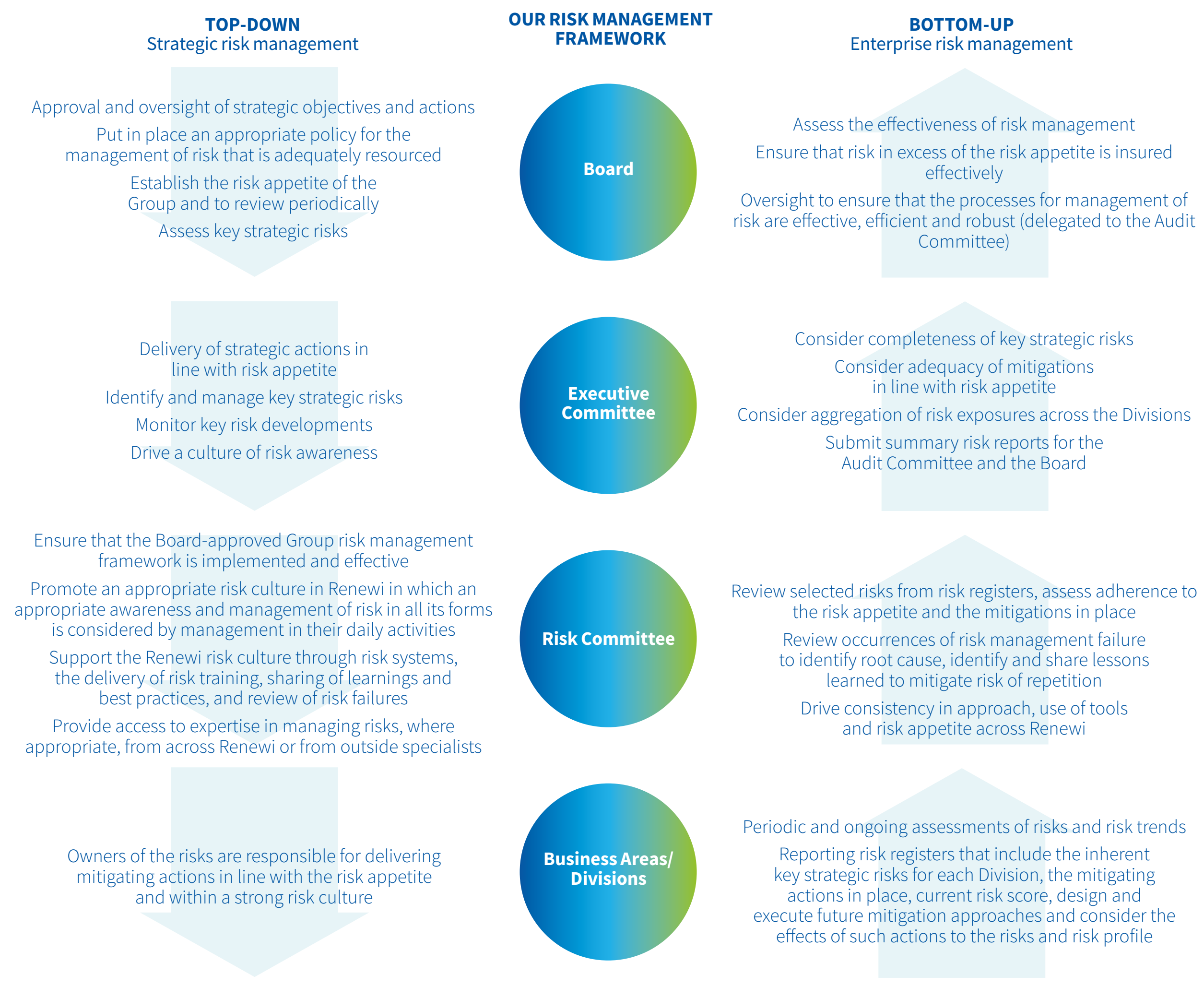
Other dimensions and risks are reviewed on an ongoing basis. For each risk, controls and mitigations are applied with a view to Renewi's risk appetite.

Our risk framework

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

- our schedule of matters reserved for the Board and our strict adherence to it. This ensures that all significant issues affecting strategy, structure, viability and financing are appropriately managed by the Directors;
- our risk management framework. This ensures that each business adopts the appropriate risk culture, identifies risks, recognises the importance of them, designs and implements effective mitigations to control those that are key and monitors effectiveness. The output of this process is a summary of all significant strategic, operational, financial and compliance risks, our current mitigating controls and the action plans necessary to reduce risks to a level aligned with our risk appetite;
- formal responsibility for risk management resides with divisional management teams and is co-ordinated by divisional Finance Directors. Risk registers, mitigations and alignment with risk appetite are reviewed by divisional management, the Risk Committee, Audit Committee and the Board to ensure the appropriateness of the risks identified and that controls and actions are reported effectively;
- the management of change through project management and approval processes, with embedded risk management in project management activities;
- risk management systems embedded in our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems. These include divisional registers that ensure all risks are considered and ranked appropriately and that mitigations are effective and practical;
- enhanced risk assessment for all major capital requests. These follow a dedicated Investment Committee review and approval procedure. This ensures we allocate funds in a risk-aware manner to maximise the value of our investments and minimise the risk of under-performance; and
- key risk review undertaken at each divisional review meeting, ensuring that key risks are monitored and mitigations taken at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

Our risk management framework



Review of the risk environment during FY22

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

Safety

Fire continues to be one of the greatest operational risks in our industry. Certain waste streams can spontaneously combust and flammable lithium-ion batteries in ordinary waste streams pose a risk. We have one of the best reputations on fire risk in the industry among insurers and we continue to invest in new fire detection, fire prevention and fire suppression technology, training our employees and educating the public on the risks of fires within the recycling industry.

Our strong safety performance in FY22 shows the benefits of several years of intensive focus on safety. We have seen an important reduction in LTIs, fires and environmental concerns. We continue to focus on further improvements. We decided not to reduce our health and safety risk rating based on one year of strong safety performance.

Disruptive events – Ukraine

We maintain a generic key risk of disruptive events – the event itself of course often being very specific or novel. The war in Ukraine is rapidly changing and initial consequences like increased energy prices and general inflation are already reality. These risks are offset by our diesel hedge, targeted price increases and dynamic pricing, limiting our price risk.

Availability of energy (both fuels and electricity) and supply chain could become a concern. Potential escalation scenarios are being considered and mitigations are being designed and implemented.

Covid-19

Covid-19 continued to impact worldwide, including the communities we operate in. Our established crisis protocols and Virus Response Team worked well to address the risk and co-ordinate our group-wide responses. The health and wellbeing of our people remains our key priority, followed by ensuring we continue to operate and securing the financial stability of the company. We implemented with agility a full range of measures to mitigate the impact of Covid-19 on our people, customers and operations.

Further Covid-19 lockdowns during FY22 meant reduced waste volumes and rising inflation as well as increased secondary material prices and pressure on sourcing in the supply chain. Our effective mitigations ensured we passed on inflation to customers and had no major issues with key investments, although our truck plan projects in Acht and Vlarema are currently experiencing delays in the supply chain.

Although the Covid-19 pandemic currently appears to be under control, we continue to monitor developments closely and are positioned to respond to potential changes in infections, new variants and preventive governmental measures to ensure we continue to keep our people safe, our operations running and our fleets on the road.

Climate risks

In our current enterprise risk management process, we have incorporated into our risk assessments and risk scores the effects of climate-related physical and transitional risks, specifically with regard to fire risk, volumes and pricing. The Financial Stability Board established the TCFD to promote more effective climate related disclosures. The TCFD section on page 66 gives more details about our emerging risks relating to climate change.

Cyber

Increased numbers and activity of malicious actors in the cyber domain results in a higher probability of becoming a victim of a cyber attack. We encountered such attempts during FY22 and expect this trend to continue. We have significantly strengthened our systems and processes during the year. We have also carried out online training for our employees about risks in the digital environment.

Objectives of our risk management framework

1. **KNOW WHAT RISKS WE FACE**
Identify and evaluate our universe of potential risks to allow the creation and management of registers of risks faced by the Group.

2. **KNOW WHAT RISK WE WANT TO ACCEPT**
Manage a risk strategy in which the tolerance and appetite of the Group for differing levels and types of risk is clearly understood.

3. **MANAGE OR MITIGATE OUR RISKS**
Ensure that all identified key risks are effectively mitigated or, where appropriate, transfer risks through insurance.

4. **TRAIN OUR PEOPLE IN RISK MANAGEMENT**
Ensure that management is trained in the effective identification, assessment and management of risk.

5. **CONTROL SYSTEMIC RISK**
Maintain and improve a system of internal controls to manage risks in decision-making, contract management and financial transactions.

Risk Committee

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

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

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

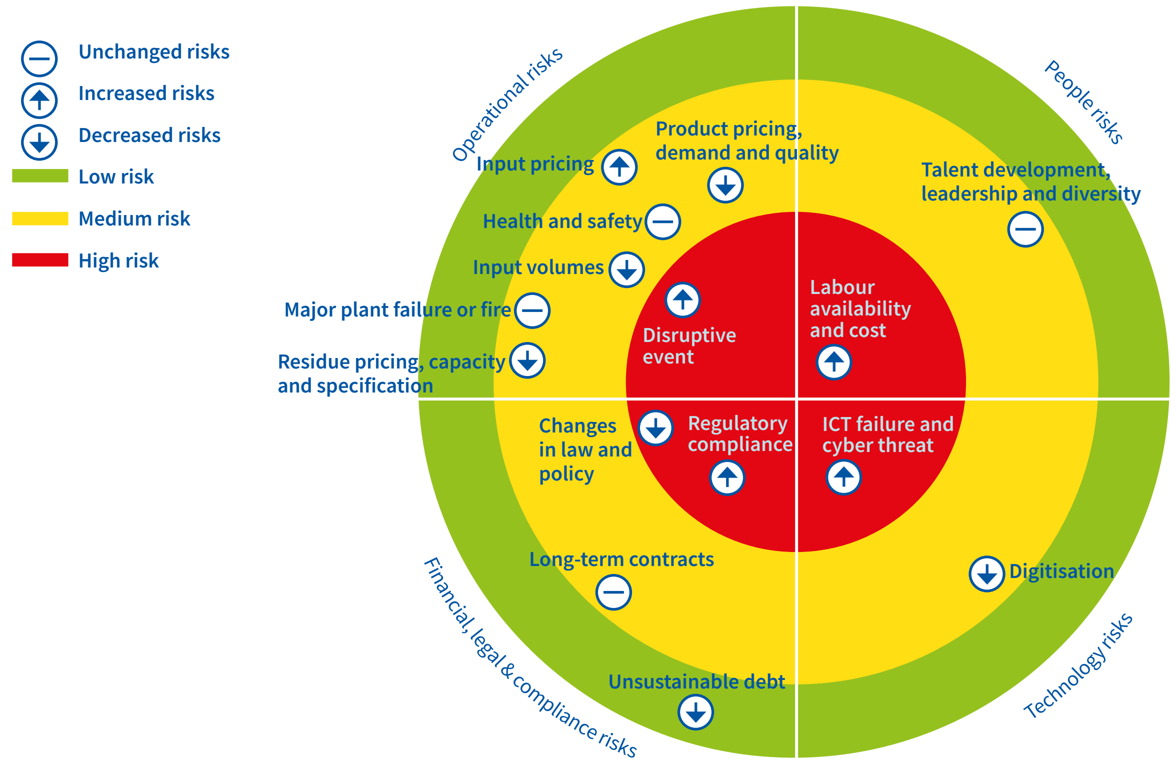
Our risk responsibilities and architecture

Our operating divisions and business unit management have responsibility for the assessment and management of risk. Our Risk Committee, working with the Group Risk Director, 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.

Baukje Dreimuller
Risk Committee Chair

Risk universe



Summary of key risks

PRINCIPAL RISKS	Risk trend	Inherent risk profile	Current risk profile	Current risk impact scores: Likelihood	Current risk impact scores: Impact	Previous year scores: Likelihood	Previous year scores: Impact
1 Product pricing, demand and quality	↓	🔴	🟡	4	3	4	4
2 Residue pricing, capacity and specification	↓	🔴	🟡	3	3	4	4
3 Input volumes	↓	🔴	🟡	4	3	4	4
4 Changes in law and policy	↓	🔴	🔴	5	3	5	4
5 Disruptive event	↑	🔴	🔴	5	3	3	5
6 Health and safety	–	🔴	🟡	3	4	3	4
7 Digitisation	↓	🟡	🟡	3	3	4	3
8 Labour availability and cost	↑	🔴	🔴	5	4	4	3
9 Major plant failure or fire	–	🔴	🟡	3	3	3	3
10 Unsustainable debt	↓	🟡	🟢	2	3	2	4
11 Regulatory compliance	↑	🔴	🔴	4	4	2	4
12 Talent development, leadership and diversity	–	🔴	🟡	3	3	3	3
13 Long-term contracts	–	🔴	🟡	3	3	3	3
14 Input pricing	↑	🔴	🟡	3	3	2	3
15 ICT failure and cyber threat	↑	🔴	🔴	4	4	5	3

Key – Unchanged risks ↑ Increased risks ↓ Decreased risks 🟢 Low risk 🟡 Medium risk 🔴 High risk

Summary of key risks

Reference numbers are consistent with those used in the heat diagram.

KEY RISK	KEY MITIGATION	COMMENTARY
1. Product pricing, demand and quality		
That the value we receive for recycled product falls, that markets contract, reducing demand for our product, or we become unable to produce to the required quality. **Risk direction** Decrease **Strategic objectives** 1 2 4	• By focusing on improving product quality, we optimise the value we receive for our products • Partnerships, innovation and investments in cutting-edge technology that fit with market needs for products • Sustainable technologies that are used to align with market needs and international and national policy • We apply dynamic pricing that links input and output prices. This leads to more stable margins • Renegotiation of long-term and fixed-price offtake contracts where appropriate • We thoroughly understand and closely monitor the capacity-driven markets to mitigate risk and leverage opportunities that are presented • We use multiple product offtakers to spread the risk where appropriate	The risk of product pricing has fallen, reflecting higher recyclate prices, but remains high due to the volatility (especially in paper and metals) and its importance to our margins.
2. Residue pricing, capacity and specification		
Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price or limitations of disposal of burnable waste and other residues. **Risk direction** Decrease **Strategic objectives** 1 5	• We have experienced employees dedicated to burnable and residual waste offtake markets • A range of residue offtakers contracted to spread the risk. Contract end dates are carefully managed to avoid having to renew contracts simultaneously, further reducing the risks • Quality control systems are in place to ensure specification of residues is at the required level • Offtake strategy designed, implemented and continuously improved	Taxation on importing waste reduces the input volumes (also see risk 14). The continuing pressure on recycling and our investments in cutting-edge recycling technologies lead to reduced residue volumes and overcapacity at outlets. Improved output streams at ATM further reduces this risk. The calorific value of residues remains a focus for incinerators. Input volume drops due to Covid-19 and/or the geopolitical situation in Ukraine may raise the risk of a failure to meet or pay contract commitments at certain incinerators.
3. Input volumes		
That incoming waste volumes in the market may fall. **Risk direction** Decrease **Strategic objectives** 1 3 4 5	• Effective reporting of incoming waste volumes across the Group for rapid response to market changes • Rapid response to cut costs if input volumes fall • Continued investment to secure new waste streams and volumes • Market-facing, customer-focused organisation • Major capital deployed only if backed by long-term contracts and appropriate margins	The likelihood of a lack of input volumes remains stable but high, due to Covid-19 and the geopolitical situation in Ukraine. The reduced input volumes prove less impactful for Renewi and are offset by higher recyclate prices. Public opinion continues to shift towards increased recycling rather than incineration, which is favourable for Renewi given our assets and partnerships.

KEY RISK	KEY MITIGATION	COMMENTARY
4. Changes in law and policy		
Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes, including changes in regulatory attitude and behaviours as a result of shifts in public opinion. **Risk direction** Decrease **Strategic objectives** 1 6	• Horizon-scanning by competent internal specialists to ensure changes are planned for and managed, and potential opportunities captured • Alignment of business model with national and international policy and law towards more sustainable waste management practices • Engagement with regulators and legislators to discuss what is possible in treating waste and to support tough but achievable sorting and product quality targets	Our business model is in line with society's needs for sustainable waste management. Changes in law and policy occur frequently and this is expected to continue. The impact from the changes is increasingly favourable as and when enforced. Most changes in law and policy provide opportunities for Renewi. We see sustained pressure on law and policymakers for new laws and policies, and on regulatory bodies to enforce existing laws and policies. Maintaining good dialogue with governing bodies remains crucially important. Potentially adverse changes are planned for and managed.
5. Disruptive event		
That a disruptive event such as a pandemic or war has severe consequences for our incoming waste streams, market prices, access to energy and workforce, causing business interruption or loss. **Risk direction** Increase **Strategic objectives** 1	• Crisis protocols in place with principles that can be applied to any crisis, whatever the nature • Business continuity plans in place • Monitor changes in government and health adviser advice within our operating countries • Escalation and impact scenarios for the geopolitical situation in Ukraine being designed and implemented	We identified the potential threats of Covid-19 at an early stage and have a structured approach to address the evolving situation: effective swift actions to protect our people, ensure customer service and cut cost. Should current trends reverse, we are prepared and able to manage effectively. The war in Ukraine is rapidly changing and initial consequences, like increased energy and diesel prices and general inflation, are a reality. These risks are offset by our diesel hedge, targeted price increases and dynamic pricing, limiting our price risk. Availability of energy (both fuels and electricity) and supply chain is a concern. Potential escalation scenarios are being considered and mitigations are being designed and implemented.
6. Health and safety		
Injury or loss of life. That we incur reputational loss, or civil and criminal costs. **Risk direction** Stable **Strategic objectives** 6	• Corporate health and safety managers and competent internal specialists in place • Safety is the top agenda item at all management meetings • Defined and tracked health and safety priorities plan under way and delivering • We actively and openly engage with regulators • Safety leadership programme in place • Coherent targets in place for accident, near-miss and other key safety performance parameters • HomeSafe audits are performed by our internal SHEQ audit team	Safety is a core value at Renewi. This commitment has been translated to all levels of the business, demonstrated by the implementation of our 10 LSRs, internal audits and multiple safety campaigns. The health and safety risk is kept stable until we see the improved safety performance in FY22 repeated next year. We have seen an important reduction in LTIs, fires and environmental concerns. After several difficult years, we are pleased to report zero fatalities among our employees. Please refer to the Safety section on page 89.

Strategic objectives

1 Leader in recycling
2 Leader in secondary material production
3 Selectively gain market share
4 Enable the circular economy
5 Reduce carbon emissions and waste
6 Care for people

Risk direction key:

Increase Stable Decrease

Strategic report
Governance report
Financial statements
Other information

Summary of key risks

Reference numbers are consistent with those used in the heat diagram.

KEY RISK	KEY MITIGATION	COMMENTARY
7. Digitisation		
That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete. **Risk direction** Decrease **Strategic objectives** 1 2 4 5 6	• The CIO, a member of the Executive Committee, has a remit to identify future opportunities and risks • Active monitoring across the Divisions and Group of new digital entrants, technology or services from competitors • Renewi takes a fast-follow approach to emerging threats to keep expenditure proportionate to threat • Diversification of business, core operational services and products limits threat and impact from disruptive business models and technology • Renewi's innovation programme identifies opportunities ahead of competitive threats and generates competitive advantage proactively • Renewi has several digital developments under investigation to retain a competitive leading position and mitigate threats (AI, big data, robotics, online/digital services, platform services) • Increased integration across the Group to align data and increased efficiency through digital automation • Partnerships in place, which continue to increase, and allow for collaboration on industry innovations with key existing, as well as new, players in the industry • Renewi 2.0 transformation programme	This year we have reversed this risk trend and see a declined risk in digitisation due to our investments in our own digital customer solutions. Renewi 2.0 continues to optimise and digitise as planned. We continue to monitor competitor threats and apply a fast-follower principle. We run numerous digitisation pilots within Renewi to establish their viability, value and disruptive capability. We remain alert and proactive to changes seen in the markets around us and those emerging in the global waste-to-product markets.
8. Labour availability and cost		
That there are shortages of certain labour types, leading to unavailability or severe wage inflation. **Risk direction** Increase **Strategic objectives** 3 6	• We measure employee engagement and satisfaction through surveys • We offer competitive wages • Successful recruitment programmes for drivers have continued • Strengthened learning and development and diversity and inclusion leadership • Leadership development programmes under way	The risks around labour availability and cost have increased due to general economic conditions and macro-economics, combined with a relative unwillingness of the younger generation to undertake certain forms of physical labour, a lack of some core skills and an ageing workforce.

KEY RISK	KEY MITIGATION	COMMENTARY
9. Major plant failure or fire		
Operational failure and/or fire at a key facility leading to business interruption and other costs. **Risk direction** Stable **Strategic objectives** 3 4 5 6	• Improvements in fire control through stricter fire control standards • Fire risk survey process in place including engagement with insurers and with competent external advisers • Business continuity planning in place at all major sites • Mechanical breakdown insurance in place for at-risk facilities and reviewed on a regular basis for adequacy • Highly experienced operational teams with in-depth knowledge of processes • Regular annual and other shutdowns at key facilities to ensure they remain well invested and maintained • Business continuity planning includes breakdown risk and mitigation measures • Effective insurance programmes supported by experienced brokers	Our fire safety programme and audits as well as on-site improvements in fire control processes and investments have driven the number of fires down this year. In line with the health and safety risk, we will reduce the risk rating once this stronger performance is confirmed next year. High-quality maintenance and life cycle programmes are in place in order to ensure resilience at major unique facilities. Across our general recycling and recovery plants, our larger company provides flexibility to divert waste and retain value internally in the event of a breakdown.
10. Unsustainable debt		
That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding. **Risk direction** Decrease **Strategic objectives** 3 6	• Our financing structures reduce our financing cost, continuously optimising liquidity and headroom • Capital investment to meet strict return requirements • Strong budget control on capital projects • Good balance of leased and owned assets • We have a diverse range of financing sources and maturities • Supportive and flexible finance partners • Investment Committee in place to support Divisions with mergers, acquisitions, partnerships and investments from an early stage	The risk of unsustainable debt continues to fall along with our leverage. We currently have significant covenant and liquidity headroom on our main Group facility. We have a balanced maturity profile supported by the recent bond issuance and extension of the banking facility maturity.

Strategic objectives

1 Leader in recycling
2 Leader in secondary material production
3 Selectively gain market share
4 Enable the circular economy
5 Reduce carbon emissions and waste
6 Care for people

Risk direction key:

Increase Stable Decrease

Summary of key risks

Reference numbers are consistent with those used in the heat diagram.

KEY RISK	KEY MITIGATION	COMMENTARY
11. Regulatory compliance		
That we fail to comply with environmental permits and/or environmental laws and regulations. **Risk direction:** Increase **Strategic objectives:** 1 5 6	• Effective management of all environmental and regulatory matters arising through environment management systems and regular inspections and audits • Monthly environmental issues reporting across all levels of organisation with prompt follow-up • Experienced and competent environmental specialist employees in place • Community environmental engagement performance in place as a key business objective • Increasingly more difficult to comply as the nature of compliance rules is often based upon best available (measurement) capabilities. When a compliance rule does not change, but the ability to measure certain substances improves, the threshold is lowered accordingly. Our operational grip and continuous improvements processes ensure we can adapt rapidly	Despite Renewi's expertise in the field, remaining compliant is becoming increasingly more difficult. Regulations are tightening, analytical equipment can detect the smallest real-time issues, and there is a less tolerant attitude from regulators. As industry leader, Renewi's approach to regulatory compliance is to be transparent, forward-looking and proactive in collaboration with the regulators, not just complying with the bare minimum requirements when performing our business activities. Effective mitigations are in place with our environment and regulatory management systems, reporting, inspections and audits. Internal management of compliance through competent specialists is recognised as key.
12. Talent development, leadership and diversity		
That we fail to develop the required management capabilities for future needs. **Risk direction:** Stable **Strategic objectives:** 1 6	• Key objectives set for employee development • Performance appraisal and talent management processes are in place • Engagement surveys are conducted and followed up • Leadership development programmes in place • Our software solutions bring increased structure and capabilities to learning and development • We continue to invest significantly in our HR teams and the supporting software solutions	The economy, as well as impacts of Covid-19, means that talent remains in short supply, which is offset by further driving retention and optimisation of internal talent through leadership development programmes and improved external talent recruitment capabilities.
13. Long-term contracts		
That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts. **Risk direction:** Stable **Strategic objectives:** 1	• Selective bidding on contracts, combined with strict Board controls on entering any new major contracts, are in place • Detailed risk assessments and due diligence on contracts are conducted	The Board's caution regarding complex long-term contracts remains. The risks mainly reside in municipal contracts and renewal risks in Maltha and Coolrec, where we are reliant on a small number of large contracts. Ongoing operational improvements for remaining contracts continue.

Strategic objectives

1 Leader in recycling
2 Leader in secondary material production
3 Selectively gain market share
4 Enable the circular economy
5 Reduce carbon emissions and waste
6 Care for people

KEY RISK	KEY MITIGATION	COMMENTARY
14. Input pricing		
That market pricing may put pressure on our margins. **Risk direction:** Increase **Strategic objectives:** 1 3	• Prices are constantly monitored and reported on via operational systems • To deliver cost leadership in core markets we effectively manage our costs, both structurally and operationally • Where appropriate, we use longer-term contracts to limit exposure • Targeted price increases and dynamic pricing are used to optimise margins	High inflation and output price levels increases our risk of margin erosion. We are pricing new business for margin over volume and with clear minimum returns targets.
15. ICT failure and cyber threat		
That ICT failure and/or cyber crime causes business interruption or loss. **Risk direction:** Increase **Strategic objectives:** 1 6	• Business continuity planning and testing in place for ICT • Continued investment in upgraded systems and infrastructure • Regular external security tests and improvements throughout the year • Security planned at design stage in all projects and programmes • Cyber resilience software in place • Systems hardened with improved detection and other mitigations • Awareness among employees raised through ongoing cyber security awareness campaigns	The inherent risk cyber threat has increased, reflecting the rising number of cyber attacks globally. We encountered such attempts during FY22 and expect this trend to continue. We have significantly strengthened our systems and processes during the year. We have also carried out online training for our employees about risks in the digital environment to ensure consequences of successful attempts are reduced. The internal risk for ICT failure is limited due to effective mitigations and general IT controls in place.

Risk direction key:
Increase Stable Decrease

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 and fixed-rate finance leases. At the end of March 2022, circa 97% of core borrowings were fixed. Additionally, the PPP non-recourse floating rate borrowings are hedged for the duration of the contracts using interest rate swaps entered into as part of financial close of the project.

Foreign exchange risk

Renewi operates in the UK and is exposed to translation risk into Euros on the value of assets denominated in Sterling. The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe.

Commodity price risk

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

Credit risk

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

Fraud risk

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

VIABILITY STATEMENT

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

The key assumptions made in Renewi's long-term financial model are: economic growth following the Covid-19 pandemic; continuing growth opportunities leading to further margin improvements in the Commercial Waste Division; long-term recovery at ATM; and the delivery of the Renewi 2.0 programme. The ATM recovery includes returning to higher soil production levels along with the completion of certification and ramp-up of production of higher-value secondary raw materials. The Renewi 2.0 programme is forecast to deliver a minimum of €20m of annual cost benefits in FY24. It has been assumed for viability modelling that the €75m Retail Bonds which mature in July 2024 will be replaced and the existing €400m RCF facility will be replaced with a facility of equivalent value in FY25.

The Board assessed the principal risks to the business as set out in the preceding pages and concluded that eight severe but plausible risk scenarios should be tested separately. We have also tested appropriate combinations of scenarios. The risks selected for modelling are considered to be those with the most significant, quantifiable potential impact in the three-year period. The scenarios modelled included up to 60% lower recyclate product pricing due to challenges in the offtake markets, a 2% decline in input volumes due to an economic downturn, a further 12-month delay in the operational ramp-up at ATM combined with increased plant downtime, a 25% reduction in long-term cost efficiencies from the Renewi 2.0 programme, an extended increase to diesel and energy prices, a cyber attack which severely impacts our ability to operate for a period of up to one month and a settlement of the potential maximum claim of €63m in FY24 arising from the European Commission investigation into alleged state aid in Belgium. For each scenario, the Group has also identified the mitigation steps it would take to reduce the risk and performed the scenario testing on that basis. These mitigations include the deferral of capital expenditure, working capital controls, pricing increases commensurate with cost inflationary changes and other discretionary cash flows.

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

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

SECTION 172(1) STATEMENT

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

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

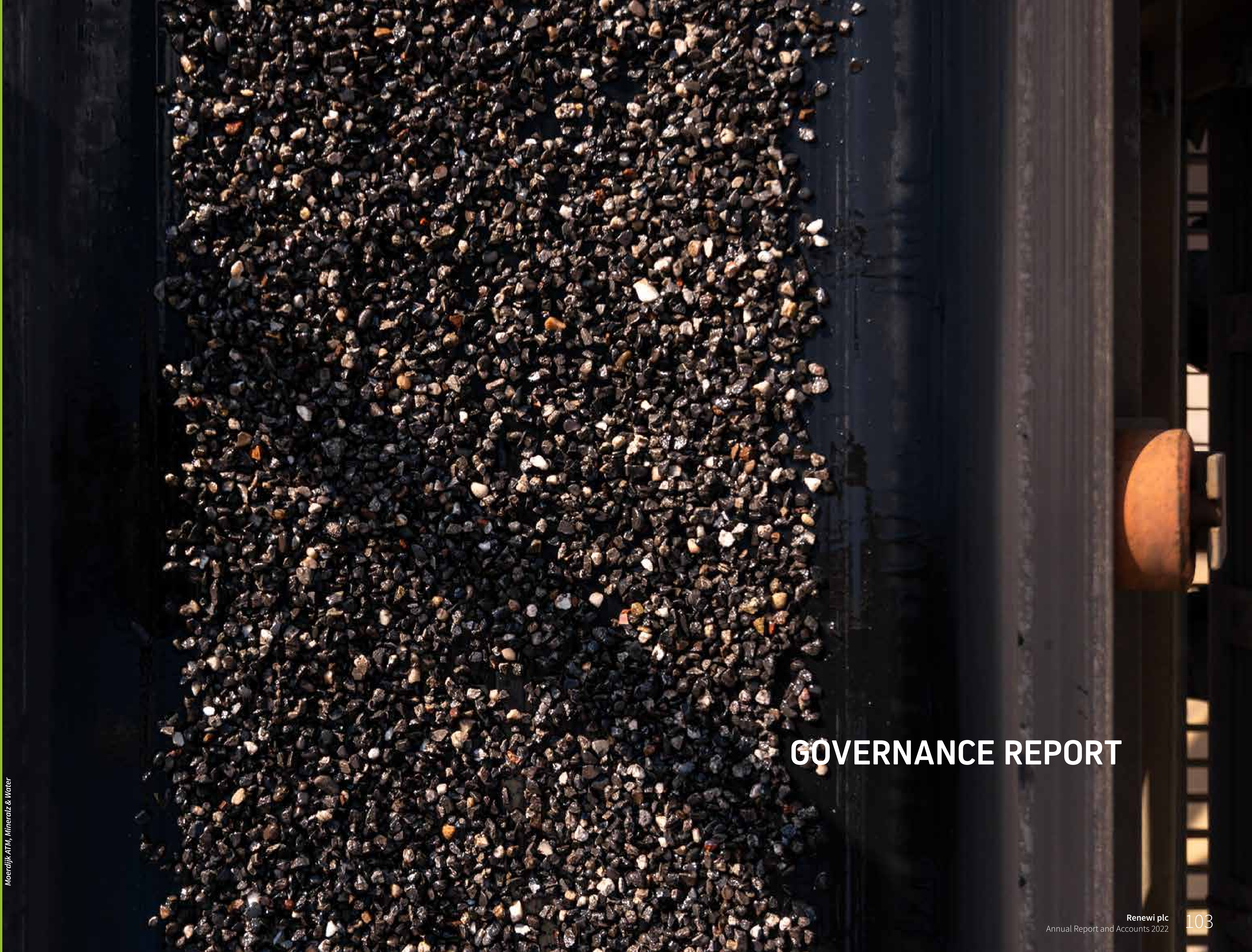
Directors have had regard to those specific factors as listed below, as well as others that are relevant to the particular decisions being made. The Board, however, acknowledges that not every decision may result in a positive outcome for all stakeholders. By considering our purpose and values, together with our strategic priorities, the Board aims to ensure that decisions are consistent and intended to promote the Company's long-term success.

The Company continued its engagement with key stakeholders throughout the year to deepen understanding of the issues and factors that are significant for them. Our key stakeholders are set out in the Connecting with our Stakeholders section on pages 119 to 124 of the Corporate Governance Report. Here we identify the relevance of each stakeholder to our business model, describe how we engage and the key issues of discussion, list metrics to measure stakeholder relationships and summarise the outcomes of engagement. Further details of how the Board discharged their Section 172(1) duties when making principal decisions during FY22 are also set out on page 125 of the Corporate Governance Report. Here we report the considerations made for each stakeholder and describe the strategic actions taken by the Board, along with the outcomes of those principal decisions.

Renewi is a waste-to-product company and, as such, environmental and sustainability matters are at the heart of what we do. The consideration and impact of the Group's operations on the environment and our wider contribution to the circular economy are evidenced throughout the Strategic Report section of this Annual Report and also in our FY22 Sustainability Review, which will be available on our website in late June 2022.

Our Directors recognise the importance of increasing engagement with the widest range of stakeholders, taking decisions that will support the circular economy and at the same time operating in a way that helps secure the long-term success of the business.

S.172 factor	Relevant disclosure
a. Likely consequences of any decisions in the long term	A message from the Chairman (page 24) A message from the CEO (page 28) Finance Review (page 46) Our key stakeholders (page 120 to 124) Principal decisions in FY22 (page 125)
b. Interests of the Company's employees	Employee engagement (page 84) Diversity (page 87) Care for people (page 84)
c. Need to foster the Company's business relationships with suppliers, customers and others	Connecting with our stakeholders (page 119) Modern slavery statement (renewi.com/en/our-policies)
d. Impact of the Company's operations on the community and environment	Sustainability Review (to be released late June) TCFD (climate) disclosures (page 66) Communities (page 87)
e. Desirability of the Company maintaining a reputation for high standards of business conduct	Care for people (page 84) Values (page 36) Risk management (page 90) Audit Committee Report (page 129) Code of Conduct (renewi.com/en/our-policies)
f. Need to act fairly between the members of the company	Principal rights and obligations attaching to shares (page 157) Annual General Meeting (page 158) Shareholder engagement (page 115)



Moerdijk ATM, Mineralz & Water

GOVERNANCE REPORT

Governance at a glance

A snapshot guide to corporate governance at Renewi – committee reporting to the Board of Directors, and Board membership, attendance and meetings calendar during FY22.

1

Principal decisions

Information about the decisions and discussions that were material or strategic to the Group and significant to our stakeholder groups can be found on page 125. These include investment in innovation, safety and ISRS (International Sustainability Rating System) framework, and investment in cyber security.

2

Introducing our new CFO

We have appointed Anniemieke den Otter as our new Chief Financial Officer. Anniemieke joins us on 1 June 2022, succeeding Toby Woolrych. To find out more about Anniemieke see our questions and answers on page 116, where you can find out about what attracted Anniemieke to Renewi, the attributes she will bring, and her leadership style.

Our Board

As at 31 March 2022

75% **Board independance** (FY21: 75%)	25% **Female representation** (FY21: 25%)
11 **Number of Board meetings** (FY21: 13)	100% **Board meeting attendance** (FY21: 100%)

Seraing, Commercial Waste Belgium

3

Connecting with our stakeholders

Our approach to workforce engagement, how we engaged with our stakeholders over the course of the year, and the outcomes of our engagement can be found from page 119 onwards, where we look in detail at our key stakeholder groups: waste-producing customers, product customers, Innovation Partners, Suppliers, Employees, Local communities, Government, Regulators, Investors, Lenders and the Global Community.

4

Engaging with our workforce

Find out about our approach to workforce engagement, and how our Board-designated Non-Executive Director, Jolande Sap, assisted the Board with workforce engagement, on page 126.

Director tenure

As at 31 March 2022

3	2	1	2
2–4 years	4–5 years	5–9 years	9+ years*

*Toby Woolrych left the Company on 31 March 2022 and Marina Wyatt steps down from the Board at the conclusion of the AGM in July 2022

Board nationality

As at 31 March 2022

4	3	1
Dutch	British	Belgian

The Board of Directors

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

Ben Verwaayen, MSC
Chairman

N

Appointed April 2020.

Skills and experience

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

Allard Castelein, MD
Senior Independent Director

N R S

Appointed January 2017.

Skills and experience

Allard is currently President and Chief Executive Officer of the Port of Rotterdam, having been appointed in 2014. He qualified as a medical doctor before pursuing an international career in the energy sector, holding a number of senior positions at Shell in various countries, culminating in the post of Vice President Environment of Royal Dutch Shell in 2009. 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.

Marina Wyatt, MA, FCA
Non-Executive Director

A N

Appointed April 2013.

Skills and experience

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

Jolande Sap, MSC
Non-Executive Director

A N

Appointed April 2018.

Skills and experience

Between 2008 and 2012, Jolande represented the Dutch Green Party, GroenLinks, in the lower house of the Dutch parliament, leading the party from 2010. Prior to that she worked as an economist, and between 1996 and 2003 at the Dutch Ministry of Social Affairs and Employment, where she headed the Incomes Policy Department, before being appointed a director of LEEFtijd, a consultancy for sustainable employment issues. Jolande is currently on the Board of the Dutch Emission Authority (NEA), a member of the Supervisory Boards of KPMG (Netherlands) and Royal KPN N.V. and chairs Fairfood International. Jolande graduated from the Tilburg University in economics.

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

Luc Sterckx, MSc, PhD
Non-Executive Director

A N R S

Appointed September 2017.

Skills and experience

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

Neil Hartley, MA, MBA
Non-Executive Director

A N R S

Appointed January 2019.

Skills and experience

Neil is a Partner at Buckthorn Partners, a private equity firm that invests in businesses that support the integration of renewable energy, lowering emissions, increasing energy efficiency, decarbonisation of industrial processes and other improvements to existing energy infrastructure. He has an MBA from Harvard Business School and is also a graduate of Oxford University in engineering, economics and management. Neil has a total of 16 years in private equity, and prior to that, spent six years in investment banking with Simmons & Company International, specialising in corporate finance, M&A and capital raising in the energy sector. Neil has also been a management consultant at McKinsey & Company Inc and spent seven years in technical and line management roles with Schlumberger as a field service manager and field engineer.

Otto de Bont, MSc
Chief Executive Officer

Appointed April 2019.

Skills and experience

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

Annemieke den Otter, MA, RC
Chief Financial Officer (designate)

Appointed June 2022.

Skills and experience

Annemieke joins the Board on 1 June. Previously she held the position of CFO of ERIKS, a €1.7 billion revenue global engineering components and service provider (privately owned and part of SHV group). From 2016, she served for five years as the CFO of Ordina, a Dutch software company listed on the Amsterdam Stock Exchange. Earlier in her career she worked for three years at VolkerWessels, one of the large construction companies in the Netherlands. Prior to this she worked for ING and Macquarie Bank and lived in London for five years. Since 2020, she has been a Supervisory Board member of ForFarmers N.V., an international organisation offering feed solutions for livestock farming. Annemieke holds a master's degree in English and Literary Science from the Vrije Universiteit, Amsterdam and has a post-masters degree in finance and control from Erasmus University, Rotterdam (Register Controller in Dutch).

The Executive Committee

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

Our CEO and CFO are also members of the Executive Committee. See their biographies on page 107

Marc den Hartog

Managing Director, Commercial Waste Netherlands

Skills and experience

Marc joined Renewi in 2021 as Managing Director, Commercial Waste Netherlands. He previously worked for Corbion N.V., a multinational company where he held a number of senior management positions. Prior to this, he held senior positions at Croklaan and at Unilever. Marc holds a master's degree in Chemistry from the University of Leiden.

Theo Olijve

Managing Director, Mineralz & Water

Skills and experience

Theo joined Renewi in 2019. He worked in senior management positions in the petrochemical industry and liquid bulk terminals for more than 25 years. Theo was divisional vice president for LyondellBasell, where he was responsible for global manufacturing. He was also managing director of the Odfjell Terminal Rotterdam, where he was responsible for restoring the operation and compliance after a safety shutdown in 2012. Theo holds a master's degree in Chemical Engineering from the University of Groningen.

Mark Thys

Managing Director, Commercial Waste Belgium

Skills and experience

Mark joined Renewi in 2021 as Managing Director, Commercial Waste Belgium. He previously worked for Eurofins Scientific, where, since 2019, he held the position of global chief transformation officer. Prior to that, he built his career at Goodyear Dunlop, completing various international assignments and holding a number of senior positions. Mark holds a master's degree in Commercial Engineering and an Executive MBA in Business Management.

James Priestley

Managing Director, Specialities

Skills and experience

James was appointed as Managing Director of the Municipal Division in 2016. He has a wide range of experience running and improving businesses in Europe and America. Prior to joining he was 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.

Helen Richardson

Human Resources Director

Skills and experience

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

Maarten Buikhuisen

Chief Information Officer

Skills and experience

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

Daniël Post

Transformation Director

Skills and experience

Daniël joined Renewi in 2020 as Transformation Director. Before joining Renewi, Daniël spent more than 23 years in the energy and oil and gas industries, first working for Schlumberger, where he started his international career, and then at GE Oil & Gas in operational and commercial line management roles. Daniël holds an MSc in Mining & Petroleum Engineering from Delft University of Technology and an MBA from IMD.

Patrick Deprez

Product Sales Director

Skills and experience

Patrick has been a member of the Group since 1998. He has held various roles including Belgium Regional Director, Group SHEQ, and has been a member of the Executive Committee since 2012.Before joining the Group, 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

Skills and experience

Baukje has extensive experience from leading legal firms Simmons & Simmons, Ashurst and Houthoff. She joined Renewi in 2017 from Houthoff, where she held the position of senior lawyer within the corporate transaction (M&A) department. In this capacity, Baukje was very closely involved with the VGG-Shanks merger having led much of the deal-related legal activity. Baukje holds master's degrees in both Dutch Law and International and European Law from Radboud University in Nijmegen.

Jeanine Peppink-Van der Sterren

SHEQ

Skills and experience

Jeanine joined Renewi on 1 October 2021 as Group SHEQ Director. Previously, she was Group SHEQ-CSR Director for Royal IHC and lead assessor and environmental verifier for Lloyd's Register. Other senior positions involved overall responsibility for quality assurance and control, environment, health and safety, security and sustainability. Jeanine holds a master's degree from the University of Technology of Eindhoven in Industrial Engineering & Management Science and an MBA from the Vlerick University.

Bas Van Ginkel

Strategy and Business Development Director

Skills and experience

Bas joined Renewi in 2018 as Strategy Director and was promoted to join Renewi's Executive Committee on 1 February 2019. Prior to joining Renewi, Bas held senior positions at Philips Lighting and Bain & Co. He holds an MBA from Harvard Business School in the US, plus an MSc in Business Administration and a BSc in Economics from the University of Groningen.

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

Key: Divisional Manager Functional leader

Corporate Governance Report

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

On behalf of the Board, I am pleased to present our Corporate Governance Report and confirm our compliance with the UK Corporate Governance Code published in July 2018, for the year ended 31 March 2022.

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.

As in FY21, the Covid-19 pandemic once again proved to be a test for Renewi's solid governance foundations. Although some Directors were able to meet in person, due to international travel restrictions the full Board was again unable to physically meet during FY22. Despite these challenges, by making the best use of technology, the Board and its Committees continued to meet regularly, collaborate and maintain control of its governance processes and activities in what has been a successful year, with results ahead of expectations.

The Board recognises that over the duration of the pandemic, its ability to engage with all stakeholders has been impacted to varying degrees but is now looking forward to resuming a more normal level of engagement over the coming year.

Over the course of the year, the Board has continued to demonstrate compliance with the Companies (Miscellaneous Reporting) Regulations 2018 and the revisions to the Corporate Governance Code. The Report includes a statement disclosing its compliance with the UK Corporate Governance Code 2018, which can be found on pages 114 to 118, and a disclosure of how the Company engages with its stakeholders, which can be found on pages 119 to 124.

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

Structure of the Governance section

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 129 to 134.

We began FY22 with the consolidation of our share capital on the basis of one new ordinary share with nominal value of £1.00 for every 10 existing ordinary shares of 10 pence. I am pleased to report a steady increase in share price since the completion of the consolidation.

This year, the Board has paid particular attention to Renewi's investments and innovation pipeline, which you can read more about on page 125.

The Safety, Health and Environmental Committee has continued the implementation of International Sustainability Rating System (ISRS), a structured framework for managing safety and sustainability processes.

The Nomination Committee has had a particularly busy year, continuing to work on succession planning, with CFO, Toby Woolrych, leaving the Board on 31 March 2022, and Non-Executive Director, Marina Wyatt, stepping down from the Board at the conclusion of the 2022 AGM. We are pleased to welcome to the Board, CFO designate, Annemieke den Otter, who will be appointed on 1 June 2022. There has also been the creation of a new role within the Executive Committee, Group SHEQ Director, leading to the appointment of Jeanine Peppink-Van der Sterren on 1 October 2021.

The Remuneration Committee was similarly focused on considering Board composition and succession. The full committee reports can be found on pages 127 to 155.

Ben Verwaayen
Chairman
24 May 2022

The Board fully supports the principles of good corporate governance. The Corporate Governance Report, together with the Directors' Remuneration Report on pages 138 to 155, explains how the Group has applied and complied with the provisions of the UK Corporate Governance Code 2018 for the year to 31 March 2022.

There was one item with which the Group did not comply during the year, in relation to the legacy pension arrangement for the CFO which remained at an above average workforce level up until the date of his leaving the Group on 31 March 2022.

The Board

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

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

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

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

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

The Senior Independent Director is available to shareholders in instances where the Chairman, Chief Executive Officer or Chief Financial Officer have failed to resolve the concern, or where such contact is inappropriate.

Board governance

There is a formal schedule of matters reserved specifically for the Board's decision. These include approval of financial statements, strategic policy, acquisitions and disposals, capital projects over defined limits, annual budgets and new borrowing facilities. The Board meets regularly, having met 11 times during the year.

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

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

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

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

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

Board induction and development

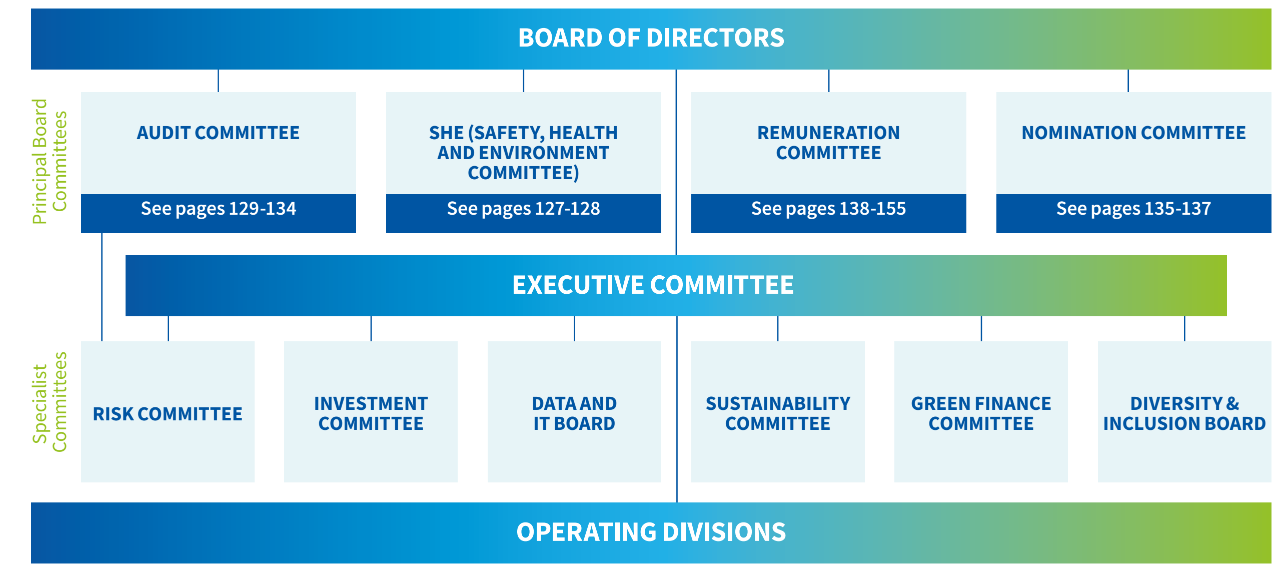
On appointment, Directors are given an introduction to the Group's operations, including visits to principal sites and meetings with operational management. Specific training requirements of Directors are met either directly or by the Company through legal/regulatory updates. Unfortunately, due to the Covid-19 pandemic, the Board has only just been able to resume its usual programme of site visits to review operations and safety.

Diversity

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

The Board recognises both the Lord Davies and Hampton-Alexander Reviews on female representation, including the recommendation that 33% of FTSE 350 board positions should be held by women by 2020. In response to these reports, Renewi, which sits outside the FTSE 350 currently, has set a target of 25% female representation within the Company and senior leadership team by 2025. The Board also acknowledges that the Parker Review recommends that each FTSE 250 board has at least one director from an ethnic minority background by 2024. The Board comprises individuals from diverse professional backgrounds and a number of European nationalities, reflecting the range of countries in which Renewi operates. You can read more about our approach to Board diversity in the Nomination Committee Report on page 135.

Renewi's Governance Framework



Gender diversity

	Female		Male		
	Number	%	Number	%	Total
Board	2	25	6	75	8
Executive Committee	3	23	10	77	13
Senior managers	80	22	281	78	361
Group	1,328	20	5,310	80	6,638

Data as at 31 March 2022. Female representation on the Board will increase to 37.5% in June 2022 upon Annemieke den Otter joining as Chief Financial Officer.

Board balance

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

The Nomination Committee and the Board continue to closely monitor all aspects of diversity in recruitment and promotions across the workforce. To assist in the process, a Diversity and Inclusion Board has been appointed to help advise the Board on how to embed diversity and inclusivity within the organisation.

Statistical employment data for the Group can be found in the Sustainability Review, which is available on the Renewi website. Further summary details, in addition to those shown below including those on gender pay gap reporting, can also be found in the Care for People section from page 84.

Audit Committee

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

As required under the UK Corporate Governance Code, Marina Wyatt has current and relevant financial experience. She is a Chartered Accountant and currently holds the position of Chief Financial Officer of the Associated British Ports Group. The Nomination Committee is in the process of finding a new Non-Executive Director to replace the chair, Marina Wyatt, as she will not be seeking re-election at the AGM.

The Board considers that the Audit Committee as a whole has competence relevant to the waste-to-product sector.

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

The Audit Committee Report on pages 129 to 134 sets out the role of the Committee and its main activities during the year.

Remuneration Committee

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

The Committee recommends the remuneration of the Non-Executive Directors for determination by the Board. In exercising its responsibilities, the Committee has access to professional advice, both internally and externally, and may consult the Chief Executive Officer about its proposals. The Directors' Remuneration Report on pages 138 to 155 contains particulars of Directors' remuneration and their interests in the Company's shares.

Board meetings and attendance in FY22

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Safety, Health and Environment Committee
Number of meetings held	**11**	**3**	**4**	**4**	**4**
Ben Verwaayen	11/11			4/4	
Allard Castelein	11/11		4/4	4/4	4/4
Marina Wyatt	11/11	3/3		4/4	
Jolande Sap	11/11	3/3		4/4	
Luc Sterckx	11/11	3/3	4/4	4/4	4/4
Neil Hartley	11/11	3/3	4/4	4/4	4/4
Otto de Bont	11/11				
Toby Woolrych	11/11				

Nomination Committee

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

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

The Nomination Committee Report on pages 135 to 137 sets out the role of the Committee in further detail and its main activities during the year.

Safety, Health and Environment Committee

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

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

The Safety, Health and Environment Committee Report on page 127 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 156 to 158.

HOW RENEWI HAS COMPLIED WITH THE UK CORPORATE GOVERNANCE CODE

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

BOARD LEADERSHIP AND COMPANY PURPOSE

A The Board's role

The Board comprises Directors from a diverse range of skills, nationalities and professional backgrounds, as set out in their biographies on pages 106 to 107 and on pages 135 to 137 of the Nomination Committee Report. It is this diversity of experience and ability to exercise independent and objective judgement that helps the Board to operate effectively and establish a governance framework to assist the Group in the delivery of its strategy.

The Board discharges its responsibilities, as set out in the Corporate Governance Report on pages 110 to 126, through a programme of Board and Committee meetings that includes reviews of financial performance, critical business issues, and short and long-term planning and strategies.

B Renewi's purpose, values and culture

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

The Board has designated Non-Executive Director Jolande Sap with responsibility for monitoring workforce culture and employee engagement. Together with the Group HR Director, Jolande also has responsibility for making regular reports to the Board. For more information, see the Engaging with our Workforce section on page 126.

The Audit Committee received regular updates on a range of risk and compliance matters including reports and presentations on whistle-blowing and integrity issues as well as the results of internal audits, which provided insight into the risk and control environment both within the Group and within individual areas of the business. The Committee reviewed the steps taken by senior management to address weaknesses identified. Where concerns remained, the Committee ensured further action was taken, including requesting further information monitoring and, if required, follow-up audits. For more information, see pages 129 to 134.

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

C Resources and controls

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

The system of internal control is based on a continuous process of identifying, evaluating, and managing risks, including the risk management framework outlined on page 91. The Risk Committee is a critical component of our risk management and controls architecture. It provides direct assurance to the Audit Committee on a number of matters, including the preparation and review of risk registers and the promotion of risk awareness. Complementing this, our internal key controls framework ensures monthly execution and review of our (financial) key controls. Our internal audit function aims to improve Renewi's overall control framework and evaluate and improve the design and effectiveness of control processes, reporting the results of its activities to the Audit Committee. The Risk Committee works with the operating Divisions of our organisation to share outcomes and to co-ordinate reporting on compliance matters. The Board has a formal system in place for Directors to declare any conflicts, or potential conflicts, of interest.

D Shareholder engagement

The Board aims to engage with shareholders and understand their issues and concerns. Whether from large institutional or smaller private shareholders, the Board endeavours to respond to all queries and questions, although responses may be facilitated through management. Renewi aims to present a balanced and understandable assessment of our strategy, financial position and prospects when reporting to shareholders and other interested parties. The investors pages of renewi.com contain a wide range of information of interest to institutional and private investors. Board members are kept informed of any issues and receive regular reports and presentations from executive management and our advisers to assist them in developing an understanding of our major shareholders' views about Renewi.

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

All resolutions were approved by shareholders at the Company's 2021 AGM. The Company's 2022 AGM will be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Thursday, 14 July 2022 at 11.00 a.m. A Notice of AGM, setting out detailed arrangements, will be sent in advance to all registered holders of ordinary shares and, where requested, to the beneficial holders of shares, and will also be available on our website at renewi.com.

Wider stakeholder engagement

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

A summary of our approach to stakeholder engagement and its consideration in decision-making is set out on pages 119 to 124. Our Section 172(1) statement is set out on page 101.

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

Director roles and responsibilities

Chairman
Ben Verwaayen

Responsibility
Responsible for leading the Board, ensuring its effectiveness in all aspects of its role and developing the Group's culture with the Group Chief Executive. Promotes high standards of integrity and governance across the Group and ensures effective communication and understanding between the Board, management, shareholders, and wider stakeholders.

Senior Independent Non-Executive Director (SID)
Allard Castelein

Responsibility
Provides a sounding board for the Group Chairman and discusses concerns that can't be resolved through the normal channels or where such contact would be inappropriate with shareholders and other stakeholders. Is available to shareholders if they have concerns that cannot be resolved through the normal channels of Chairman, CEO or CFO, or where such contact is inappropriate. Can be contacted via the Company Secretary at the UK corporate head office.

Non-Executive Directors
Neil Hartley
Jolande Sap
Marina Wyatt
Luc Sterckx

Responsibility
Responsible for bringing an external perspective, sound judgement and objectivity to Board discussion and decision-making, and to support and constructively challenge the Executive Directors using their broad range of experience and expertise.

Chief Executive Officer (CEO)
Otto de Bont

Responsibility
Responsible for the management of all aspects of Renewi's businesses, developing the strategy in conjunction with the Chairman and the Board and leading its implementation. The CEO chairs the Executive Committee, which is the vehicle through which the CEO's authority is exercised. The Executive Committee meets monthly and comprises the CEO, CFO, Divisional Managing Directors and Corporate Function Directors.

Chief Financial Officer (CFO)
Annemieke den Otter with effect from 1 June 2022

Responsibility
Responsible for the management of Renewi's Finance, Corporate Treasury, Strategy, Corporate Development and Investor Relations.

Company Secretary
Philip Griffin-Smith

Responsibility
Responsible to the Chairman for ensuring that all Board and Board Committee meetings are conducted properly, that Directors receive appropriate information prior to meetings to enable them to make an effective contribution, and that governance requirements are considered and implemented. All Directors have access to the advice of the Company Secretary. Both the appointment and removal of the Company Secretary is a matter for the whole Board.

The roles of the Board, Board Committees, Chairman and CEO, are documented in more detail on our website, as are those matters reserved to the Board. They can be found at renewi.com/en/investors/corporate-governance.

Introducing our new CFO

Annemieke den Otter joins as Chief Financial Officer on 1 June 2022, succeeding Toby Woolrych.

What attracted you to Renewi?
Renewi's vision and purpose really inspired me. Its position at the heart of sustainability means Renewi is on a very exciting journey, one I want to be a part of. There are huge opportunities for growth, and I believe we are perfectly placed to take advantage of them, supported by government, regulation and the drive for lower carbon emissions.

How would you describe the organisation and team based on your interactions so far?
They're a highly professional, down-to-earth bunch! All my interactions have shown me the workforce is passionate about Renewi's purpose and waste-to-product mission. The staff have strong values and these shine through. They are clearly committed to the Company and passionate about what it stands for.

What are the key attributes you bring to executive management?
It's really important to be alive and attentive to all strategic possibilities and to give close attention to their execution. It's crucial to partner closely with finance leadership, while keeping a strong focus on customers and people. I plan to help the Company maximise the opportunities brought about by digitisation, mergers and acquisitions – and to exploit the opportunities for growth beyond the Benelux.

How would you describe your leadership style?
I'm a people person and that has obvious benefits when you seek to create strong and positive relationships. I like to think I'm down to earth, open and curious. As Renewi's CFO, I will strive for growth and development in both the Company and its people.

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

Workforce engagement

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

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

E

Our workforce policies

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

DIVISION OF RESPONSIBILITIES

F

The role of the Chairman

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

G

Composition of the Board

The Board comprises six Non-Executive Directors, including the Chairman, and two Executive Directors. The Board's responsibilities are set out on page 111 of the Corporate Governance Report and an overview of the Board roles can be found on page 115 of the Corporate Governance Report.

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

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

The membership of the Board as at 31 March 2022 and biographical information about individual Directors can be found on pages 106 to 107.

H

Role of the Non-Executive Directors

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

Time commitment

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

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

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

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

Senior Independent Director

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

I

The Company Secretary

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

COMPOSITION, SUCCESSION AND EVALUATION

J

Appointments to the Board and succession planning

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

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

During the year, the Nomination Committee has been working with independent search consultants to fill two Board vacancies. Toby Woolrych, Chief Financial Officer, retired from the Board on 31 March 2022 and will be succeeded by Annemieke den Otter, on 1 June 2022. Marina Wyatt, Non-Executive Director and Chair of the Audit Committee will be stepping down from the Board at the conclusion of the AGM, and a search for her successor is under way.

For more information, please see the Nomination Committee Report from page 135.

Re-election of Directors

In accordance with Article 94 of the Articles, all Directors retire at each AGM and may offer themselves for re-election by shareholders. Accordingly, all the Directors will retire at the AGM in July 2022. The Notice of AGM will contain details of all Directors seeking re-election.

For more information, see the 'Other disclosures' from page 156.

K

Skills, experience and knowledge of the Board

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

L

Board evaluation

In FY22 the Board evaluation was carried out through an externally facilitated structured online survey. The findings are set out in the Nomination Committee Report on page 136.

AUDIT, RISK AND INTERNAL CONTROL

M

Internal and external audit

The Audit Committee reviews the Company's relationship with its external auditors, BDO LLP, including the independence of the external auditors. BDO LLP was first appointed to conduct the audit of the Company's and Group's consolidated financial statements for the f inancial year ending 31 March 2021 and will be put forward for re-appointment at the 2022 AGM.

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

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

For more information, see the Audit Committee Report on pages 129 to 134.

N Fair, balanced and understandable assessment

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

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

O Risk management and internal controls

The Board has overall responsibility for our system of internal controls and risk management policies and has an ongoing responsibility for reviewing their effectiveness. During FY22, the Directors continued to review the effectiveness of our system of controls, risk management (including a robust assessment of the emerging and principal risks, including those that would affect the business model, future performance, solvency or liquidity) and high-level internal control processes. These reviews included an assessment of internal, financial, operational and compliance controls, risk management and their effectiveness. These were supported by management assurance of the maintenance of controls reports from internal audit, as well as the external auditor on matters identified in the course of its statutory audit work.

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

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

For more information about the ways in which Renewi manages business risks, procedures for identifying emerging risks, descriptions of principal risks and uncertainties, and the Viability Statement, see the Risks Management section from page 90.

REMUNERATION

P Policies and practices

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

For more information on the Remuneration Committee's work during FY22, see the Directors' Remuneration Report from page 138.

Q Procedure for developing remuneration policy

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

The Directors' Remuneration Policy can be found in the Directors' Remuneration Report from page 138.

R Exercising independent judgement

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

For more information on FY22 performance, decisions and reward outcomes, see the Directors' Remuneration Report from page 138.

Connecting with our stakeholders

Renewi's approach to stakeholder engagement

Considering the interests of our stakeholders is fundamental to the way we operate. Our values and Code of Conduct empower employees to make the best decisions in the interests of the Group and our stakeholders, helping to ensure these considerations are made not only at Board level, but throughout our organisation. The diagram below illustrates our approach to stakeholder engagement:

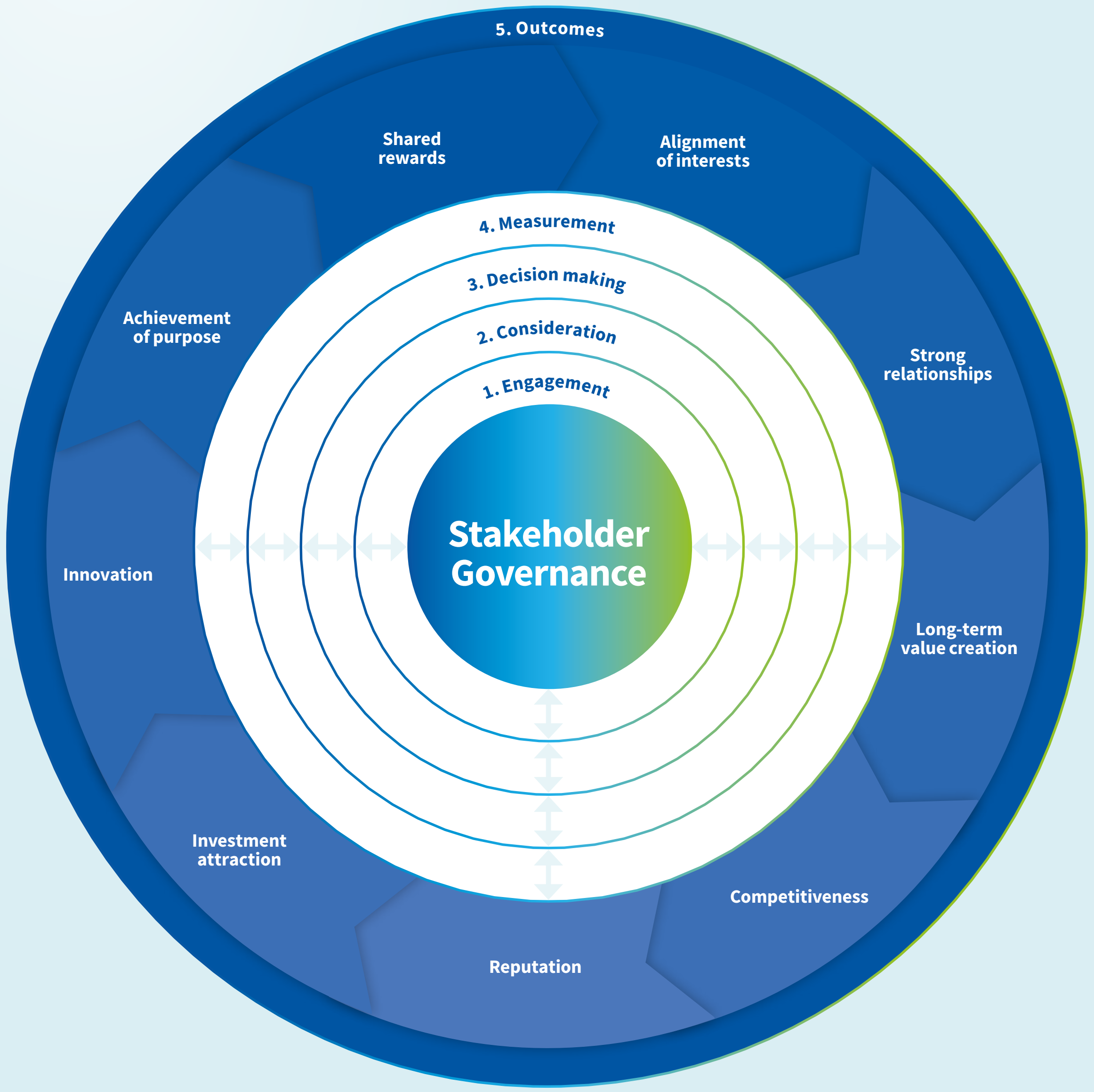
1. Engagement
Understanding stakeholder objectives, needs, interests and concerns.

2. Consideration
Considering alignment of stakeholder needs, interests, concerns and objectives with Renewi's purpose, values, business model, and strategic objectives. Understanding risks and opportunities.

3. Decision-making
Balancing the needs of different stakeholders.

4. Measurement
Measuring performance of stakeholder relationships.

5. Outcomes
A virtuous circle of shared outcomes: shared rewards, alignment of interests, strong relationships, long-term value creation, competitiveness, reputation, investment attraction, innovation, and achievement of purpose.



How our Board understands the interests of our stakeholders

Over FY22, the Board received updates on various engagement initiatives designed to promote waste and recycling and an understanding of sustainability goals among stakeholders. This gave Directors a grasp of the various initiatives that the Group leads, and the relationship between it and its stakeholders.

Over the course of the year, Directors engaged with various stakeholders, to understand the issues that concern and impact them most. The CEO and CFO met with investors throughout the year to gauge their views on a range of issues.

The Board recognises the engagement process has been more difficult due to the Covid-19 pandemic and is looking forward to resuming a more normal level of engagement with all stakeholders in FY23. Over the coming year we will be reviewing our engagement processes to ensure we best understand how the Company's interests align with those of our shareholders.

How our Board considers stakeholders' interests in decision-making

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

The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our purpose and values, together with our strategic priorities, the Board aims to ensure the decisions made are consistent and intended to promote the Company's long-term success.

OUR KEY STAKEHOLDERS

Our waste-producing customers

Relevance to business model

By understanding the needs and concerns of our waste-producing customers we can innovate and find better solutions to manage their waste, improve the valorisation of waste, and increase qualities and quantities of the secondary materials produced. This in turn leads to greater revenues and healthier margins and enables us to adapt to and invest in changing market trends, so we can be a leader in recycling. We deliver value to our customers by collaborating and addressing the key issues.

How we engage

- CEO reports to the Board
- Meetings with members of the Executive Committee
- My Renewi digital portal and customer call centres
- Regular engagement through daily interactions, knowledge-sharing sessions and reports on sustainability performance
- Being part of coalitions that contribute to sustainability and circularity
- Sustainability and separation advice, education and training programmes
- Customer events

Key issues discussed

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

Measurement

- Customer questionnaires and surveys
- Net promoter scores
- Churn rates, win rates
- Customer complaints
- Adoption rates of My Renewi

Outcomes of engagement

- Customer service that retains our customers and meets their needs
- Support and advice for customers over waste segregation and separate collections, enabling greater valorisation of waste
- Communication of market changes such as recyclate pricing and other general inflation factors driven, for example, by the invasion of Ukraine
- Mission75 target to increase the recycling rate from 65% to 75% by the end of 2025
- Renewi 2.0, an improvement programme launched in FY21 to harmonise business processes and improve customer and employee experiences

Wateringen, Commercial Waste Netherlands

Our product customers

Relevance to business model

By understanding the needs and concerns of our product customers we can innovate and improve the valorisation of waste, producing superior quality secondary products, demanding higher prices, and in turn increasing revenues and margins. It also allows us to adapt to changing market trends, so we can be a leader in recycling. We deliver value to our customers by collaborating and addressing the key issues.

How we engage

- CEO reports to the Board
- Meetings with members of the Executive Committee
- Regular strategic and operational engagements
- Customer meetings with the engineering team to collaborate/conceptualise new solutions
- Marketing collateral, including factsheets
- Industry and customer events
- Questionnaires and satisfaction surveys

Key issues discussed

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

Measurement

- Recycling rate and secondary materials production
- Innovation funnel and investments spend
- Partnerships and collaborations agreed
- Questionnaires and surveys
- Net promoter scores

Outcomes of engagement

- Customer service that retains our customers and meets their needs
- We are investing in further refinement of waste in order to produce higher specification recyclates and secondary materials
- Participation in setting industry standards
- Example: Renewi has collaborated alongside innovation partner Nordsol and end customer Shell, to build the first commercial bio-LNG plant in Europe. To find out more see page 26

Our innovation partners

Relevance to business model

It is strategically important for Renewi to innovate and improve the valorisation of waste, increasing the volume and quality of the secondary materials we produce. By extracting more value from waste, Renewi will increase revenues and margins, as well as market share, so we can be a leader in recycling.

How we engage

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

Key issues discussed

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

Measurement

- Capital investment in innovation
- The number of projects within our innovation pipeline

Outcomes of engagement

- Renewi has a comprehensive innovation pipeline delivering incremental waste processing and enabling recycling where this previously wasn't possible
- In FY22 the Board committed €110m+ in capital to bring new innovations to the market
- To see some examples of our latest innovations, such as bio-LNG and plastics sorting, see the Innovation in action segment on page 26 of the Strategic section

Our suppliers

Relevance to business model

Working with a trusted group of suppliers is key to creating a reliable and effective supply chain. Managing the inflation pressures from the supply chain and therefore the cost base of the Group is essential to financial outcomes. Reliability and ethics are key to upholding our reputation and helps us win market share. Increasing efficiency of interactions with suppliers through Renewi 2.0 and the implementation of procurement system supports long-term relationships and administrative savings.

How we engage

- With our procurement team to ensure transparency and engagement
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Initial formal market tender
- Definition of processes to support suppliers to become embedded in our Source-to-pay system and procurement digital platform
- Listening sessions to identify and address supplier concerns
- Annual audit to ensure compliance

Key issues discussed

- Adding value by introducing new sustainable technical innovations
- Responsible sourcing
- Enhanced safety of our products
- Improvements on operational processes eg our Source-to-pay system
- Mitigating risks on quality and take advantage of market developments

Measurement

- Real-time supplier data
- Divisional payment practices data
- Supplier reporting and audit reviews

Outcomes of engagement

- Long-term relationships with trusted suppliers to enable efficient and sustainable purchase decisions
- Focus on safety and high ethical standards
- Collaboration over mutual concerns. Example: To understand market disruptions caused by Covid, and war in Ukraine
- Collaboration over technical innovations. To find out more about our investment in innovation see page 26
- Investment in digital platforms, more efficient processing and development of preferred suppliers

Nieuwegein, Commercial Waste Netherlands

To find out more about employee outcomes see the Care for People section on page 84

Our employees

Relevance to business model
Our employees are a significant source of value that drives our performance and productivity and enables us to be a leader in recycling. We retain and attract the best employees by creating a great working experience. Innovation is one of our value drivers and helps us utilise the latest methods of secondary material production and satisfy the evolving needs of our customers. To foster innovation, we are co-creating with our employees a culture that is diverse and inclusive.

How we engage
- The Board's workforce engagement representative, Non-Executive Director, Jolande Sap
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Group-wide employee surveys (Pulse survey) and leader-led feedback
- Performance and development reviews
- Monthly Group-wide leadership and management team meetings
- Employee relations through Works Councils in Belgium and the Netherlands
- Toolbox training, safety stand-downs for non-desk workers
- Lifesaving Rules and safety reporting for all employees
- Group, divisional and business newsletters, and news on screens, noticeboards and intranet
- Opening growth pathways through training – leaders (LEAD) and employees (online)

Key issues discussed
- We constantly discuss an exhaustive range of topics with our employees on a daily basis covering every aspect of working at Renewi and the Renewi operations
- Identification of key risk areas locally, divisionally and at business level through HIT reporting and listening

Measurement
- Pulse surveys
- Safety data and HIT reporting
- Diversity data
- Performance and Development Review (PDR) assessment of performance and Company values
- Employee turnover and applications received
- Talent reviews

Outcomes of engagement
- A motivated and aligned workforce
- Retain and attract the best employees. See employee engagement KPI on page 43
- A positive safety culture. See Lost Time Incidents (LTI) KPI on page 43
- Creating diverse and inclusive teams that foster innovation. To find out more about our investment in innovation see page 26
- Talent development. For example, during our talent reviews we identified 45 young high potentials across our divisions who have the potential to fulfil a leadership role (one or two levels up)
- Renewi continued to maintain productivity rates throughout the duration of the Covid-19 pandemic
- Improved employee experiences through digitisation of the business, including through Renewi 2.0
- To find out more about employee outcomes see the Care for People section on page 84

Local communities

Relevance to business model
We maintain long-term relationships with our local communities that uphold our reputation. This is essential as we grow our operations and become a leader in recycling. The processing of waste is critical for communities to continue to operate. However, our purpose adds greater value, increasing the production of secondary material from waste, avoiding the disposal of waste through incineration or landfill, and enabling local and global communities to meet their sustainability ambitions.

How we engage
- Continuous dialogue with our neighbours and local legislators
- Community events, open days and education events
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Meetings with special interest groups
- Leafleting and newsletters

Key issues discussed
- How we manage the environmental impact of our activities
- The benefits of recycling and secondary material production
- How we reduce the impact of climate change through recycling
- Ways to deliver essential services with minimal impact to the local environment

Measurement
- Community engagement projects data
- Carbon emissions and recycling data
- Complaints data

Outcomes of engagement
- Renewi's contribution to community projects
- The Local Community contribution to our overall carbon emissions and recycling rates. See carbon emissions and recycling KPIs on page 43 and the Sustainability Review (to be released late June)
- Where there is an adverse event, we actively engage with community stakeholders.
- Renewi works with communities and local authorities on different initiatives throughout the year, eg disposal of batteries. We also visit primary schools to discuss recycling and what happens to waste.

Nieuwegein, Commercial Waste Netherlands

Government

Relevance to business model
There has been an increasing shift by governments towards a sustainable future, with new targets agreed such as at the UN's COP26 summit and the EU's Fit for 55 plans to reduce greenhouse gas emissions. The impact of the climate emergency has further led to unprecedented changes within markets, presenting an opportunity for Renewi to meet growing and new demands for secondary materials, whilst also helping governments meet their sustainability targets.

How we engage
- Board and Executive Committee level engagement over political and regulatory matters
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Face-to-face engagement with the state secretary, politicians and other local, regional and national government officials
- Lobbying on recycling, secondary materials usage and climate transition
- Engaging directly or through trade and industry associations and lobby groups
- Media coverage

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

Measurement
- General contact with government representatives

Outcomes of engagement
- Understanding of the risks and opportunities within the waste-to-product sector
- An ongoing dialogue with governments enables us to work together to deliver on climate change and the circular economy. We support progressive legislation in the creation of a circular economy, reduction in incineration and stimulation of demand for secondary materials
- Renewi's contribution to overall carbon emissions and recycling rates. See carbon emissions and recycling KPIs on page 43 and the Sustainability Review (to be released late June)

Regulators

Relevance to business model
Increasingly, regulation is being introduced to encourage recycling and re-use, demand secondary materials use, develop low emissions cities, foster responsible production and encourage circularity throughout the economy. As a waste-to-product company this presents a great opportunity for Renewi, but also means we need to ensure our operations remain compliant in a continuously changing regulatory landscape.

How we engage
- Board and Executive Committee level engagement over political and regulatory matters
- CEO reports to the Board
- Virtual meetings, site inspections, testing and data submissions
- Participate in investigations
- Through trade and industry associations
- Join community advisory panels

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

Measurement
- Operational permit management data
- Safety data and HIT reporting
- ISRS framework

Outcomes of engagement
- Operational compliance with permits, quality standards and meeting high environmental standards
- Application of best practices and responsiveness to any investigations or compliance concerns raised
- Continuous improvements generated from introduction of the ISRS framework
- A positive safety culture. Lost Time Incident Rate on page 43

Strategic report
Governance report
Financial statements
Other information

Investors

Relevance to business model
We use the capital from equity investors to execute our business model. Surging demand for sustainable and green investments has made Renewi's purpose and business model more appealing for investors, presenting an opportunity for Renewi to attract further investment. Increasingly, the way companies approach Environmental, Social and Governance (ESG) is a key topic for investor stewardship and a major influence in investment decisions.

How we engage
- Meetings with the CEO, CFO, Chair and Investor Relations
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Capital Markets events and analyst site visits
- Roadshows, telephone calls and other meetings
- Regular trading updates on regulatory platforms
- Annual and interim results and Annual Report
- Annual General Meetings
- Sustainability reports

Key issues discussed
- Responses to Covid-19
- Progress of the three strategic value drivers: ATM, Renewi 2.0 and Innovations
- Progression of the circular economy and the market in which we operate
- Our strategy to increase the performance of the Group
- Our approach to ESG

Measurement
- Financial performance
- ESG performance
- Changes in investor shareholdings
- Share price

Outcomes of engagement
- Our recent Capital Markets Event was an opportunity for us to communicate our future plans in more detail. The markets have responded positively and are starting to appreciate the higher growth expectations. We are fostering an understanding of the market wide tailwinds that are supporting our market positioning and strategy

Lenders

Relevance to business model
We use the capital from debt investors and banks to execute our business model. Increasingly, lenders want to understand our approach to ESG so they can satisfy their own compliance obligations.

How we engage
- CEO reports to the Board
- Meetings with members of the Executive Committee
- Meetings with CEO, CFO and Group Treasury
- Regular financial reporting and covenant compliance reporting documents
- Close contact regarding the ongoing performance of the Group
- Discussions regarding the ongoing facilities and utilisation
- Consultation regarding alternative financial products available
- Regularly sharing insights

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

Measurement
- Financial performance data. See Financial KPIs on page 35
- ESG performance data. See carbon emissions and recycling KPIs on page 43 and the Sustainability Review (to be released late June)

Outcomes of engagement
- Lenders understand our capital requirements
- Continued access to the lending markets, including the recent incremental bond issuance. We achieve optimised liquidity and conditions such as the extension of the main banking facility

Global community

Relevance to business model
The climate emergency is a major concern throughout the world. Our children, grandchildren and generations to come will face the consequences of inaction today. Renewi's business model helps address the climate emergency.

Society is a driver for the changes required to achieve true circularity, placing pressure on governments, influencing policies, creating new markets, and demanding greater ESG credentials from the products and services they purchase.

How we engage
- Contribution to ongoing debate around climate change
- Influencing communication channels such as press and social media

Key issues discussed
- How we can address the climate emergency
- Ways to deliver essential services with minimal impact to the environment

Measurement
- Carbon emissions and recycling data. See carbon emissions and recycling KPIs on page 43
- TCFD reporting on pages 66 to 73

Outcomes of engagement
- Greater expectations of society have placed pressure on governments and regulators to introduce legislation that supports our business model
- Greater expectations of society have placed pressure on companies to produce products that can be recycled, leading to greater valorisation of waste
- A culture of recycling has led to a change in behaviour of society, such as greater discipline to sort waste for collection, leading to greater valorisation of waste

PRINCIPAL DECISIONS IN FY22
Renewi defines principal decisions as decisions and discussions that are material or strategic to the Group, and also those that are significant to any of our stakeholder groups. The following items are considered to be examples of principal decisions made by the Board during FY22.

Investment in innovation
Context
Renewi's business model is to create valuable secondary products from waste, avoiding the disposal of waste through incineration or landfill. It is strategically important for Renewi to innovate and increase the volume and quality of the secondary materials that it produces from waste. By creating that added value, Renewi will increase revenues and margins, as well as market share.

Stakeholder considerations
- **Product customers.** Increased valorisation of waste can lead to superior secondary products for customers, creating new markets and providing secondary alternatives to virgin inputs
- **Government/regulators.** Increasing the recycling rate is essential to meet policy ambitions to address climate change via the realisation of a circular economy
- **Innovation partners.** Renewi embraces collaboration with its innovation partners, universities, and commercial operators to bring new ideas to life. It is important that Renewi finds new ways of creating new products to satisfy the growing demand for secondary materials
- **Global community.** To protect the planet we must reduce carbon emissions and preserve natural resources, both of which are supported by increased recycling rates
- **Investors.** Creating more value from the waste we process will increase shareholder value
- **Waste-producing customers.** Renewi can better meet the needs of its customers by finding new methods of recycling that enable customers to deliver on their own sustainability ambitions

Strategic actions supported by the Board
The Board has set an ambitious Mission75 target, to increase the recycling rate from 65% to 75% by the end of 2025. Investing in innovation is one of the Board's priorities as the Company works to deliver the first two pillars of the growth strategy with a target of achieving an additional EBIT of €20m by FY26. The Board has decided to approach its investment in innovation by maximising the number of initiatives in Renewi's innovation pipeline. The Board does not expect all of its innovation initiatives to reach commercialisation but sees the importance of having a wide variety of initiatives to provide more positive outcomes in the long term.

Outcomes
- In FY22, the Renewi Board has committed more than €100m in growth capital to bring new innovations to market over the next few years.

Investments	Capital commitment
Organics	€21m
Building materials	€17m
Plastics	€10m
Advanced sorting	€60m
Other innovations	€2m
Total investments	€110m+

- Renewi has collaborated with innovation partner Nordsol and end customer Shell, to build the first commercial bio-LNG plant in Europe. bio-LNG is a low-emission fuel that replaces fossil fuels. Therefore, it is the perfect solution to decarbonise the heavy-duty transport sector in the short term. To find out more see page 26
- The Mineralz & Water Division has invested in processing equipment to process test and clean contaminated soil. The investment has improved the quality and quantity of output of secondary building materials that can be used as a replacement for fast diminishing raw building materials. To find out more see page 45
- Within the Commercial Waste Division we have committed €60m to address the legislation in Flanders, Vlarema 8. Our advanced sorting investments at three sites in Belgium will increase the recycling and reduce waste going to incineration. To find out more see page 44
- The Board has committed a further investment of €7m in plastics recycling for a new facility in Acht, Netherlands. To find out more see page 27

Safety and ISRS (international sustainability rating system) framework
Context
In FY21, following a number of tragic accidents, a new Board Committee was created, the Safety, Health and Environment (SHE) Committee. The objective of the Committee was to make a sustained improvement in safety and environmental performance.

Stakeholder considerations
- **Employees.** Safety is Renewi's primary value, and we want our staff to arrive home safely from their work. There is a strong emphasis on training employees in good safety practices such as the 10 Lifesaving Rules and reporting safety concerns
- **Regulators.** All of the necessary environmental permits need to be in place and regulations complied with. Renewi operates within the limits set out in these regulations
- **Local communities.** Our teams and vehicles are in close contact with the members of the public, particularly in urban collections. We take very seriously the safety of the public and ensure that operatives are fully trained in carrying out their duties safely. Also, residents who live in the locality of our sites want assurance that Renewi is operating without causing nuisance
- **Investors.** Safety and sustainability are key factors of Environmental, Social and Governance (ESG), which is a major influence in investment decisions

Strategic actions supported by the Board
In the past year, the SHE Committee has initiated the implementation of ISRS, a structured framework for managing safety and sustainability processes. By implementing a tried and tested framework the Board believes the necessary internal controls and oversight will be in place to bring a sustained improvement in safety and environmental performance for the long term.

To facilitate the work of the SHE Committee, a new role was created within the Executive Committee, Group SHEQ Director. The Nomination Committee initiated a search for suitable candidates.

Outcomes
- In October 2021, Jeanine Peppink-Van der Sterren was appointed Group SHEQ Director. Jeanine has significant experience of SHEQ, including ISRS, that will be key in facilitating the implementation of ISRS. To read more about Jeanine see pages 86 and 109
- To find out more about safety outcomes during FY22 see the SHE Committee Report on page 127 and Care for People section on page 84

Investment in cyber security
Context
Cyber attacks could cause breaches of our IT systems environment. Increasingly, cyber aggressors are targeting commercial organisations and there is heightened awareness and risk of an attack. Breaches could result in computer networks being paralysed, data leakages, regulatory fines and parts of our operations being incapacitated. For that reason, Renewi takes cyber security very seriously.

Stakeholder considerations
If Renewi fell victim to a serious cyber attack the Company may be unable to operate for a period of time. It is in the interests of Renewi and all of our stakeholders that the Company has robust processes and procedures in place to mitigate the risk of a cyber attack.

Strategic actions supported by the Board
To give the Board the necessary oversight the Audit Committee received regular cyber security updates, detailing the cyber risks and mitigating actions. Over the course of the year the Board has received refresher training to assist in the formulation of a revised Cyber Strategy. This has led to a review of the cyber risks affecting the business and a revised plan of investment in the IT infrastructure.

Outcomes:
- Improved robustness of Business Continuity Management and Disaster Recovery plans
- Increased investments in cyber security up to €2.4m
- Ongoing programme of activity to upgrade and replace old IT systems, particularly where support has been withdrawn. This results in investment in new IT systems and processes
- Better protection of our accounts with the use of two-factor authentication across key access points and systems
- Over 2,000 staff received data security training. Ongoing awareness campaigns educating staff about cyber threats
- A Renewi-wide security monitoring and detection solution providing us with capabilities to detect and respond to cyber attacks 24/7
- Implementation of an advanced next-generation protection system on all Renewi endpoints to help prevent, detect, investigate and respond to advanced threats

To find out more about Renewi's key risks, see the Risk Management section on page 90.

Engaging with our workforce
Renewi is committed to being a great place to work. Engagement with employees is an important element in fostering a positive environment in which all employees are respected, openness is valued, diversity celebrated, and every voice heard. The Company recognises and values people as an important asset in achieving goals, upholding values and delivering strategic priorities.

In 2019, in response to the provision in the 2018 UK Corporate Governance Code prescribing certain methods that the Board could use to engage with the workforce, the Board designated Non-Executive Director Jolande Sap to assist the Board with workforce engagement. Jolande, a former leader of the Dutch Green Party, GroenLinks, is experienced in understanding social-economic issues and is believed by the Board to have the relevant skills required. Despite the challenges of Covid-19, over the course of the year Jolande has been involved in a number of workforce engagement activities:
- Participated in the Article 24 meeting, a general consultation meeting between management and the Dutch Works Council to discuss Renewi's operations
- Participated in a general meeting held between Belgian Works Council and Dutch Works Council
- Held three meetings with the Chair of the Dutch Works Council

In addition to direct engagement with the workforce, the Board is able to receive updates from the Diversity and Inclusion Board and Group HR Director to understand the workforce's views on a wide variety of topics. The Board also receives a number of company-wide reports providing insight into the views of the entire workforce, regardless of location and role, allowing for a breadth of views to be understood when making key decisions.

CASE STUDY:
The Works Councils expressed an interest in discussing the implementation of Renewi 2.0, an improvement programme launched in FY21 to harmonise business processes and improve customer and employee experiences. The matter was included as an item on the agenda for a consultation meeting held between the Dutch and Belgian Works Councils, attended by the HR team, including participation from Non-Executive Director Jolande Sap. The meeting identified a number of improvements to digitised processes that were subsequently fed back to management for implementation.

Investing in and rewarding our workforce
Although the Remuneration Committee does not consult directly with employees, the Committee considers general basic salary increases for our workforce, aiming to ensure the global total reward offering is competitive, compelling and aligned to our business performance; while supporting a culture where everyone feels valued and included. For more information see the Remuneration Report on page 138.

Employee Pulse surveys
Renewi conducts regular Pulse surveys to understand the mood of employees and their attitude towards Renewi as an employer. The data analysis includes the calculation of a net promoter score estimating the likelihood of staff to recommend Renewi as an employer. The results and analysis of Pulse surveys are reported to the Board to allow it to monitor any changes in attitudes. For more information about Pulse surveys, see the Care for People section on pages 84 to 89.

Safety, Health and Environment Committee Report

Luc Sterckx
Chair of the Safety, Health and Environment Committee

On behalf of the Board, I am pleased to present the Safety, Health and Environment Committee Report for the year ended 31 March 2022.

The Committee met four times during the year with all meetings held virtually owing to the local and national restrictions imposed as a result of Covid-19. By invitation, there were a number of other regular attendees, including the Chief Executive Officer, the Group SHEQ Director and Divisional Managing Directors.

This is the first full year of the Committee's work, following the Board's decision to create it in December 2020. The main objective of the Committee has been to assist the Board in driving and implementing a structural and sustained improvement in safety, health and environmental performance. In FY22, we have continued to implement the International Sustainability Rating System (ISRS) and improve the Committee's oversight of safety, health and environmental risks.

In October 2021, Jeanine Peppink-Van der Sterren was appointed Group SHEQ Director, a new position created within the Executive Committee that will be key in facilitating the work of the Safety, Health and Environment Committee. Jeanine has significant experience of SHEQ, including ISRS, which will be a great benefit as Renewi continues its implementation of ISRS. To find out more about Jeanine go to pages 86 and 109.

"Always lock-off before you clear blockages, clean, or do maintenance." One of our 10 Lifesaving Rules

Committee membership:
Luc Sterckx (Chair)
Allard Castelein
Neil Hartley

FY22 Committee meeting attendance

Luc Sterckx	4 (4)
Allard Castelein	4 (4)
Neil Hartley	4 (4)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee
- **Review and recommend appropriate policies related to the protection of the environment, together with the safety of employees, contractors, customers and the public, and oversee the monitoring and enforcement of these policies and related practices and procedures**
- **Review significant risks or exposures and assess the steps management has taken to minimise those risks**
- **Assist in keeping Directors informed of their safety, health and environmental responsibilities and duties as necessary and relevant**
- **Monitor regulatory changes in relation to safety, health and environmental matters and the impact such changes may have on the business of Renewi**
- **Receive reports as to divisional safety and health and environmental policies and arrangements, compliance with and any proposed changes to those policies and arrangements**
- **Receive reports as to safety and health and environmental performance and any major incidents to ensure that management identifies and implements any corrective action considered appropriate to achieve compliance and raise performance where required**

For terms of reference go to renewi.com/sheco

SHE corporate governance framework
Renewi plc Board
↓
SHE Committee
↓
Executive Committee - - - Safety and Compliance Taskforce*
↓
SHEQ Leads**

*The Safety and Compliance Taskforce meet monthly to review performance and progress against the SHEQ Strategy Plan. Membership includes Divisional MDs, the CEO and the Group SHEQ Director, and divisional SHEQ Directors. The S&C Taskforce is focused on accountability and ensuring the execution of the SHEQ Strategy Plan.
**The team of SHEQ Leads comprises the Group SHEQ Director, divisional SHEQ Directors, and the Group SHEQ team.

Safety, Health and Environment performance

Over the course of FY22, the Committee monitored performance in mitigating safety, health and environmental risks, reviewing the root cause of significant events. The Committee is pleased to report solid improvements in performance over FY22.

Type of incident	FY2020/21	FY2021/22	% change
Medical Treatment Cases	125	109	-12.8%
Restricted Work Cases[3]	68	69	+1.5%
Lost Time Incidents	208	137	-33.2%
Fatalities	2	0	-100%
Total Recordable Incidents	403	318	-21.1%
Lost Time Injury Frequency Rate (LTIF)[1]	13.97	9	-35.6%
Total Recordable Incident Rate (TRIR)[2]	27.07	20.6	-23.9%

1. Lost Time Injury Frequency Rate (LTIF) is the number of lost time injuries occurring per 1 million man hours worked.
2. Total Recordable Incident Rate (TRIR) is the total recordable incidents per 1 million man hours worked.
3. Restricted Work Cases is number of cases when a person is so injured that they cannot perform their normal duties.

Introduction of ISRS

In FY21, the Committee advised the Board to implement the International Sustainability Rating System (ISRS), which has a long-proven international record in adequately monitoring and improving safety, health and environmental performance. Independent assurance and risk management experts DNV were appointed to advise on the start of the implementation. The ISRS model of continuous performance improvement is set out below.

The Committee is pleased to report further progress on the implementation of ISRS over FY22, having supported the initial elements and loss categories to be included within the ISRS implementation plan. ISRS core teams have been installed and trained, ready for continued application of the ISRS implementation and for the conducting of ISRS assessments. The Committee estimates that the ISRS framework will be fully functional for the selected elements and scope by the end of FY23.

Environmental permit controls

The Committee has been working closely with the Executive Team to design reporting dashboards and improve oversight of compliance information around environmental permits and of any non-conformities. Enhanced reporting systems will be implemented in FY23 and will align with the application of ISRS. The intention is to be able to take additional preventive measures where necessary in order to comply with actual and future regulations.

Staff safety awareness

The Committee is pleased to confirm the successful rollout of our Lifesaving Rules campaign, a staff training programme designed to improve safety performance. The design of the programme was bespoke for each individual, focusing on a level of learning specific to roles and Divisions. Following the introduction of the programme we are pleased to see there has been a notable improvement in safety performance and HIT reporting, indicating a greater awareness of safety across the Group.

Luc Sterckx
Chair of the Safety, Health and Environment Committee
24 May 2022

Audit Committee Report

Marina Wyatt
Chair of the Audit Committee

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2022. The Audit Committee assists the Board in fulfilling its responsibilities relating to the Group's corporate reporting, risk management and financial controls and the internal and external audit functions.

The report is intended to provide shareholders with an insight into key areas considered, together with how the Committee has discharged its responsibilities. This includes details of the significant accounting matters and issues in relation to the Group's financial statements that the Committee has assessed during the year and how these were addressed, and our process for concluding that this Annual Report is fair, balanced and understandable. The other primary responsibilities of the Committee, including ensuring that the external auditor is independent and effective, ensuring that the Group has an effective internal control framework and reviewing the effectiveness of the Group's internal audit function, are also detailed over the following pages.

The Committee met three times during the year with all meetings held virtually owing to the local and national Covid-19 restrictions. The timing of meetings coincides with key intervals in the Group's reporting and audit cycle. Regular attendees at Audit Committee meetings include the Chief Financial Officer, the Group Financial Controller, the Group Tax Manager, the Director of Risk and Audit and the external auditors. Other attendees who attend as required include the Chief Executive Officer, the Chief Information Officer, other members of the senior divisional finance teams, other senior personnel and other advisers to the Company.

Marina Wyatt
Chair of the Audit Committee
24 May 2022

Committee membership:

Marina Wyatt (Chair)
Neil Hartley
Luc Sterckx
Jolande Sap

FY22 Committee meeting attendance

Marina Wyatt (Chair)	3 (3)
Neil Hartley	3 (3)
Luc Sterckx	3 (3)
Jolande Sap	3 (3)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

The primary objective of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to the Group's corporate reporting, risk management systems, internal controls and any other matters referred to it by the Board.

This covers:

- **monitoring the integrity of the financial statements including annual and half-yearly reports;**
- **reviewing and challenging the consistency and appropriateness of and changes to significant accounting policies, the methods used to account for significant or unusual transactions, and appropriate estimates and judgements;**
- **keeping under review the adequacy and effectiveness of internal financial controls and internal control and risk management systems;**
- **reviewing the adequacy of procedures for detecting fraud and ensuring that appropriate arrangements are in place to allow for Company employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;**
- **monitoring and review of the effectiveness of the internal audit function in the context of the overall risk management system;**
- **the appointment, terms of engagement, effectiveness, objectivity and independence of the external auditors and the nature and scope of the audit; and**
- **the development and implementation of policy on the engagement of the external auditor to supply non-audit services.**

For terms of reference go to renewi.com/audit

Committee activities during FY22

At its meeting in May 2021, the Committee considered corporate governance compliance, taxation and the FY21 financial statements. At this meeting there was continued focus on the financial effects of the Covid-19 pandemic and the challenges it posed to the preparation of the FY21 financial statements with regard to additional disclosures and the forecast modelling for going concern and viability statements. The November 2021 meeting was concerned primarily with the interim results, strength of the finance organisation including a presentation from one of the divisional Finance Directors, Group risk management and internal control compliance, and internal audit performance. The February 2022 meeting considered preparation of the FY22 financial statements and all other year-end accounting matters and treatments, review of the external auditor's plan and strategy, review of the non-trading and exceptional items policy, year-end risk management planning, scenarios for viability statement modelling and the internal audit plan for the new financial year. A review of the strength of the finance organisation continued in the year with two further divisional Finance Directors presenting at the May and November meetings. Advisers selected to work with us as part of our first year of compliance with TCFD (Task Force for Climate Related Financial Disclosures) gave an update on their findings and recommendations to the February meeting.

Financial Statements and significant accounting matters

During the year and prior to the publication of the Group's results for the half year and full year, the Committee assessed whether suitable accounting policies had been adopted, that management had made appropriate estimates and judgements and disclosures were appropriate. The Committee reviewed the main issues as noted below, challenging management at various stages during the year.

After reviewing the reports from management, challenging the key judgements and estimates and assessing the risks identified, the Committee is satisfied that the Financial Statements address these areas, both in respect of the amounts reported and the disclosures made. The Committee has also reviewed the significant assumptions used for determining the value of assets and liabilities and provided appropriate challenge to ensure these are sufficiently robust. The Committee has discussed these issues with the external auditors during the audit planning process and at the finalisation of the year-end audit.

The table is not a complete list of all the Group's accounting issues, judgements, estimates and policies but highlights the most significant ones in the period. The accounting treatment of all significant issues and judgements was subject to audit by the external auditor as set out in their Independent Auditor's Report.

Issue	Review
Onerous contracts in UK Municipal These provisions are judgemental and based on management's best estimates including long-term forecasts along with a number of assumptions given the long-term nature of the contracts. As referenced in the FY21 financial statements, the amendment to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract is effective from 1 April 2022. This clarifies that the costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	Given the significant provisions reflected in earlier years, reviews of expected future cash flows and assumptions on a contract-by-contract basis are discussed with management with appropriate challenge as part of the interim and year-end procedures. Following these discussions, the Committee concluded that the total level of provisions and the associated disclosures included in the financial statements were appropriate at 31 March 2022, noting that some provisions have been released and others were increased. With regard to the impact of the amendment to IAS 37, the Committee has reviewed the work and assessment by management as to which additional costs should be included in the costs to deliver the contracts which will lead to an increase to the onerous contract provisions at 1 April 2022. The Committee also considered the disclosure given to this matter in Section 1 Basis of preparation in the financial statements.
Presentation of underlying performance and other alternative performance measures Management considered the latest FRC guidelines and thematic review on alternative performance measures to ensure that the Annual Report and Accounts have been prepared in line with best practice.	The Group's performance measures continue to include some metrics which are not defined or specified under IFRS reporting and the Group discloses non-trading and exceptional items separately due to their size or incidence to enable a better understanding of performance. Based on a review of the supporting papers from management, the Committee considers that these items have been appropriately classified and are in line with the non-trading and exceptional items policy which is reviewed annually by the Committee. The Committee also considered disclosure of the Group's alternative performance measures and noted that these are set out in detail in note 8.3 in the financial statements together with reconciliations of adjusted performance measures to statutory results.
PPP non-recourse net debt presentation Given that cash held in the UK PPP entities is not freely available to the Group it has historically been determined that is was appropriate to present these cash balances together with the gross non-recourse debt as PPP non-recourse net debt.	In preparing the 2022 financial statements, management revisited this presentation and concluded that the cash balances should be shown gross in line with the requirements of IAS 32. This has resulted in a prior year adjustment and the presentation of gross PPP non-recourse debt and PPP cash being presently separately within borrowings and current assets respectively. The Committee reviewed the adequacy of the disclosure included in the financial statements.

Issue	Review
Impairment considerations The Group has goodwill and other intangible assets. As part of the normal impairment testing the Group has sufficient headroom on the carrying values of its goodwill and therefore did not recognise any impairments.	Impairment testing is inherently subjective as it includes assumptions in calculating the recoverable amount of the cash generating unit being tested. Cash flow projections include discount rates that reflect the appropriate risk, long-term growth rates and future profitability. The annual impairment review is submitted to the February meeting. For the current period, the Committee has reviewed the papers prepared by management which also include downside modelling and sensitivity analysis and concluded that there is sufficient headroom across all cash-generating units. An impairment charge was reflected in FY21 relating to the Maltha cash generating unit and no further charge is required this year. The goodwill note in the financial statements includes appropriate disclosures for any reasonable possible changes in assumptions including in the case of Maltha where the headroom is limited. In addition, it was noted that there were a number of impairment charges reflected in the current year relating to property, plant and equipment and other intangibles driven by a number of factors. The Committee challenged management on the appropriateness and completeness of these charges.
Landfill related provisioning Landfill provisions, due to their nature, are judgemental as they are subject to a number of factors including changes in legislation and uncertainty over timing of payments	The annual review of provisions in discussions with management has considered the assumptions used including discount rates and the period of liability and has confirmed these are reasonable and appropriate. The Committee has also considered the adequacy of disclosures of the key sensitivities as included in note 4.10 in the financial statements.
Other provisions The Group has a number of open legal and environmental matters.	The Committee regularly monitors disputes and claims with a summary of all open litigations and disputes a standing agenda item at all meetings. In addition, independent legal advice has been received as appropriate and reviewed in respect of the larger claims, such as the Belgian State Aid matter. The Committee concurred with management's assessment that appropriate provisions are held and ensured that there was adequate disclosure of this judgement in the contingent liability note in the Annual Report and Accounts.
Accounting for various tax-related matters The most significant judgements for tax relate to deferred tax asset recognition and uncertain tax positions.	The Committee received verbal and written reports from senior management that there have been no significant changes during the year and the level of balances recognised at March 2022 remains appropriate. The Committee reviewed the Group's considerations on future profitability to evaluate the judgement that it is appropriate to reflect deferred tax assets with regard to the Dutch and UK businesses.
Adoption of new accounting standards in the year In March 2021 the IFRS Interpretations Committee (IFRIC) published its agenda decision that clarifies how configuration and customisation costs in Cloud Computing Arrangements (Software as a Service (SaaS)) should be accounted for. This agenda decision is relevant to the Group's historical, ongoing and future technology investments which include a number of SaaS related items. The decision clarifies that implementation costs that previously have been capitalised as intangibles are now likely to be expensed immediately for SaaS arrangements unless they meet the definition of separate intangible assets.	As a result of this clarification, the Group has revised its accounting policy, assessed the impact of this change on the current and prior year and accounted for this as a prior year adjustment as disclosed in Section 1 of the financial statements. The Committee has reviewed the position and considered the prior year adjustment and the disclosures as set out in the financial statements.

Going concern and viability

The Committee is required to make an assessment of the going concern assumptions for the Group and the basis of the Viability Statement before making a recommendation to the Board. A comprehensive assessment has been presented to the Committee which included a review of medium-term cash flow modelling over an 18-month period to 30 September 2023. As well as a base case scenario setting out current expectations of future trading, a downside scenario has been prepared. In addition, a reverse stress test calculation has been undertaken to consider the point at which covenants may be breached. The Committee has reviewed the detailed paper and cash flow analysis and challenged management on the assumptions and judgements of the continued cash generation of the Group and the compliance with covenants. After careful consideration, the Committee has confirmed to the Board that sufficient headroom exists and that the adoption of the going concern principle remains appropriate.

The Committee also considered a paper and financial model prepared by management in respect of the longer-term Viability Statement to be included in the Annual Report and Accounts. The Committee discussed with management the risks, sensitivities and mitigations for the modelled scenarios and concluded that the longer-term viability statement was appropriate and approved by the Committee for recommendation to the Board.

Fair, balanced and understandable

As part of its review of the FY22 Annual Report and Accounts, the Committee considered whether the report, taken as a whole, was fair, balanced and understandable and that it provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy. To assist with this assessment, the Committee reviews questions completed by management to illustrate the fair, balanced and understandable aspects of the Annual Report and Accounts and a summary of the review and approval processes involved. Following consideration of these items at the May 2022 meeting, together with the Annual Report and Accounts, the Committee is satisfied that the key events and issues, both positive and negative, have been adequately reflected and referenced in the Annual Report and Accounts.

Interaction with the Financial Reporting Council (FRC)

As noted last year, a letter was received from the FRC in December 2020 which gave advance notice of the selection of our 2021 Annual Report and Accounts for the thematic review into IAS 37 Provisions, Contingent Liabilities and Contingent Assets. In September 2021, we received confirmation that the review had been completed and that some extracts from our March 2021 financial statements would be included as examples of best practice in the thematic review. The Committee is pleased to report that the FRC raised no questions or queries and that there was no exchange of substantive correspondence between the FRC and the Group. There are some improvements that have been incorporated into the FY22 Annual Report and Accounts based on the FRC's observations.

External auditors

Following the competitive tender carried out in 2019 and the shareholder approval at the 2020 AGM, BDO LLP was appointed as the Company's statutory external auditor for FY21. The Committee holds private meetings with the auditors in the absence of management and the Audit Committee Chair also maintained regular contact with the audit partner throughout the year. Given the ongoing regulations with regard to the pandemic, a proportion of the audit work has again been carried out remotely, albeit less so than for the FY21 year end.

Waalwijk, Coolrec

In order to ensure the effectiveness of the external audit process, BDO LLP conducts an audit risk identification process at the start of the audit cycle. This plan is presented to the Audit Committee for its review and approval and for the FY22 audit, the key risks and audit matters identified included revenue recognition, impairment of goodwill and other assets, going concern and covenant compliance, presentation of non-trading and exceptional items, onerous contract provisions, landfill provisions, compliance with laws and regulations, and tax.

The Committee reviews the performance and effectiveness of the external auditors in performing the audit. Taking into account feedback from the business and the Committee's own experiences of working with BDO during the year, the Committee is satisfied that the external auditors are providing an effective service.

For the Committee and the Board the objectivity of the Group's external auditors is key. The Committee reviews the independence of the auditors on an annual basis. BDO LLP's rotation rules require the lead audit partner and key partners involved in the audit to rotate every five years. BDO LLP is required to confirm to the Committee that it has the appropriate independence and no matters of concern were identified by the Committee. The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a non-audit services policy. Specified services may be provided by the external auditor subject to a competitive bid process, other than in situations where it is determined by the Committee that the work is closely related to the audit or when a significant benefit can be obtained from work previously conducted by the external auditor. The approval process of any new engagement remains in place, with the CFO able to approve any new engagement up to the value of €25,000, with anything in excess of that limit requiring Committee approval. During the year €0.2m of non-audit services were provided by BDO, which is comparable to the prior year. The total audit fees, as disclosed in note 3.2 of the financial statements, amounted to €1.7m (2021: €1.6m).

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

Internal audit

The internal audit function is an independent and objective function which aims to improve Renewi's overall control framework and evaluate and improve the design and effectiveness of control processes. Reviews of financial processes and cycles are carried out and investigation activities are performed on control failures to identify root cause and provide recommendations for resolution and prevention. The Committee monitors and reviews the effectiveness of its work and approves its annual plan.

As a result of the Covid-19 pandemic, the internal audit programme has again been impacted by restrictions on site access and the reduced ability to travel, resulting in a number of reviews being delivered remotely. The original plan for the year was completed despite these challenges. During the year, the key control framework was enhanced further across all Divisions, shared services and central finance functions, with compliance reporting consistently above 95%. Consistent with previous years, internal audit services from suitably qualified external providers were also engaged during the year.

The detailed findings from all reviews were presented to and considered by the Committee. Any necessary actions, including improvements, are acted upon by local divisional teams with revisits from internal audit as required and regular follow-up at monthly business review meetings. The Committee is provided with updates on the implementation of agreed management actions and overall control environment progress at each meeting.

Accountability and audit

The responsibilities of the Directors and the auditors in relation to the financial statements are set out on page 159.

Risk management

The Group Risk Management framework, major risks and the steps taken to manage these risks are outlined on pages 90 to 99.

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 90 to 93. 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.

Effectiveness of the risk management and internal control systems

In addition to the Board's ongoing internal control monitoring process, it has also conducted an annual effectiveness review of the Group's risk management and internal control systems in compliance with Provision 29 of the UK Corporate Governance Code. This covered risk management systems and all significant material controls including financial, operational and compliance controls.

Specifically, the Board's review included consideration of changes in the risk universe and the Group's ability to respond to these through its review of business risk register controls and improvement action plans. It also reviewed the six-monthly certification by divisional management to ensure that appropriate internal controls are in place as well as reports by internal audit and external auditors.

The main elements of the internal control and risk management frameworks, which contribute towards continuous monitoring, are as follows:

- A defined schedule of matters for decision by the Board
- Group manuals and guidance setting out financial and accounting policies, minimum internal financial control standards and the delegation of authority over items such as capital expenditure, pricing strategy and contract authorisation
- A comprehensive planning and budgeting exercise
- Performance is measured monthly against plan, prior year and latest forecast results with explanations sought for significant variances. Key performance indicators are also used to help management of the business and to provide early warning of potential additional risk factors
- Monthly meetings with the divisional management teams to discuss performance and plans
- Appointment and retention of appropriately experienced and qualified staff to help achieve business objectives
- An annual risk-based internal audit plan approved by the Committee. Summaries of audit findings and the status of action plans to remedy significant failings are discussed at Group Board and Committee meetings on a regular basis
- A monthly key control framework is in operation in all Divisions and a summary of compliance is reported to the Group Board on a monthly basis
- A range of quality assurance, safety and environmental management systems are in use across the Group. Where appropriate, these are independently certified to internationally recognised standards and subject to regular independent auditing
- A minimum of three scheduled Risk Committee meetings each year, to consider all key aspects of the risk management and internal control systems
- Prompt review by the Committee of any fraudulent activity or whistle-blowing reports with appropriate action and follow up

Where weaknesses in the internal control system have been identified through the monitoring processes outlined above, plans for strengthening them are put in place and action plans regularly monitored until complete. The Board confirms that no material weaknesses were identified during the year and therefore no remedial action is required in relation to them.

Financial reporting

In addition to the general risk management and internal control processes described above, the Group has implemented internal controls specific to the financial reporting process and the preparation of the annual consolidated financial statements. The main control aspects are as follows:

- Formal written financial policies and procedures applicable to all business units
- A detailed reporting calendar including the submission of detailed monthly accounts for each business unit, in addition to the year-end and interim reporting process
- Detailed management review to Board level of both monthly management accounts and year-end and interim accounts
- Consideration by the Board of whether the Annual Report is fair, balanced and understandable
- Biannual certification by divisional Managing and Finance Directors and Executive Directors on compliance with appropriate policies and accuracy of financial information
- The Committee receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance

Anti-bribery and corruption

The Renewi Code of Conduct and Reporting and Investigation Protocol has operated throughout the year and integrity reporting is a standing item at all committee meetings.

Nomination Committee Report

Ben Verwaayen
Chair of the Nomination Committee

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2022.

The Committee met four times during the year and details of members' attendance are shown opposite. The Committee was particularly focused on the recruitment of a new Chief Financial Officer and of the new Executive Committee position of Group SHEQ Director as well as senior management succession planning.

Diversity and inclusion

Renewi is committed to offering a rewarding, diverse and inclusive working environment. With regard to gender diversity, the target set last year was to increase the percentage of women across Renewi, including in the senior leadership team, to 25% by 2025.

With the appointment of Annemeike den Otter to the position of Chief Financial Officer this target at Board level will already have been surpassed (37.5%) when she joins on 1 June this year.

Renewi now has a Diversity and Inclusion (D&I) Board which was formed in November 2021. It is chaired by the Chief Executive Officer and comprises a diverse group of Renewi colleagues who meet regularly to discuss D&I initiatives and plans, and monitor progress against targets and objectives. Employee representatives are invited to join the D&I Board to enable the contribution of opinions and ideas from across the whole workforce.

The main aims of the D&I Board are:

- Communication: ensuring everyone understands what D&I is, what Renewi stands for and what Renewi is doing to become a diverse and inclusive employer
- Inclusion: making sure everyone feels included and heard
- Achieving our target of 25% women working at Renewi by 2025
- Tackling our unconscious biases
- Celebrate diversity and inclusivity within Renewi

Talent development

During talent reviews across the Group, 45 young people were identified as having the potential to fulfil a leadership role.

Committee membership:

Ben Verwaayen (Chair)
Allard Castelein
Marina Wyatt
Jolande Sap
Luc Sterckx
Neil Hartley

FY22 Committee meeting attendance

Ben Verwaayen	4 (4)
Allard Castelein	4 (4)
Marina Wyatt	4 (4)
Jolande Sap	4 (4)
Luc Sterckx	4 (4)
Neil Hartley	4 (4)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

- Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes
- Give full consideration to succession planning for Directors and other senior executives and, in particular, for the key roles of Chairman and Chief Executive Officer
- Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- Identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Recommend the re-election by shareholders of Directors under the annual re-election provisions, having due regard to their performance and contribution in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board
- Review the results of the annual Board performance evaluation process

For terms of reference go to renewi.com/nomco

A programme has been designed to help them develop the skills and qualities to position themselves as future leaders of Renewi. In addition, the Renewi leadership programme, LEAD, continued to offer training, development and support for managers across all Divisions.

In FY22, Renewi hired 746 colleagues, of which 22% were internal hires and 34% were female. This included a successful recruitment campaign for drivers in both the Netherlands and Belgium.

Many vacancies were filled despite tight labour markets, in part due to the investment in employer branding, social media campaigns, improved HR processes and insourcing of most recruitment activities.

Further details are set out in the Care for People section on pages 84 to 89.

Succession planning

No Board changes were made in the actual financial year with the current Directors having been in post for the full financial year. The departure of Toby Woolrych as Chief Financial Officer was announced in January 2022, and he remained in post until 31 March 2022. Committee members worked closely with search consultants, Heidrick and Struggles, with whom the Company had no other connection, to recruit a successor. A comprehensive and efficient process involved shortlisting of candidates followed by interviews by Committee members, the Chief Executive Officer and Group HR Director. Together with input from the Remuneration Committee, a final recommendation was made by the Committee to the Board resulting in the announcement on 28 March that Annemieke den Otter would join the Board as Chief Financial Officer on 1 June 2022. A short introductory question and answer interview with Annemieke is set out on page 116.

Non-Executive Director and Chair of the Audit Committee, Marina Wyatt, will be stepping down from the Board at the conclusion of the forthcoming AGM. A search for a new Chair of the Audit Committee is under way.

An important new addition was made at the Executive Committee level, with the appointment of Jeanine Peppink-Van der Sterren to the new position of Group SHEQ Director. She has extensive safety audit experience and is skilled in implementing and working with ISRS, the new safety and sustainability framework being implemented across Renewi.

Biographical details of Annemieke den Otter and Jeanine Peppink-Van der Sterren and the other members of the Board and Executive Committee can be found on pages 106 to 109 and are also available on the Company website.

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

Succession plans were reviewed in the year and action plans prioritised to ensure a potential pipeline of internal candidates for senior positions within the Group.

Board evaluation

The FY21 review of Board and Committee effectiveness as reported last year was undertaken with the use of an externally facilitated structured questionnaire facilitated by the Company Secretary. Key findings from the FY22 review and subsequent actions are detailed below.

Finding	Action
Leverage a renewed focus through the new SHE Committee to drive and improve safety performance across the Group.	Appointment of a new Executive Committee level, Group SHEQ Director to support the SHE Committee with the implementation of the International Sustainability Rating System (ISRS) across the Group. See the Report of the SHE Committee on pages 127 to 128.
Broader communication on implementation and realisation of long-term, ambitious strategic goals.	Successful Circular Innovations Capital Market Event in October 2021 (video still available at renewi.com/en/investors/capital-markets-event). Renewi's increased social media presence and wider contribution to the circularity debate. Launch of Mission75 to generate ideas and co-innovate.
Review of ongoing process of Board evaluation and monitoring of Directors' performance throughout the year.	Selection of similar Board evaluation process, facilitated by same external provider to monitor development of Board views and alignment on Group strategy and outlook for Company's prospects as well as internal governance arrangements and performance of Audit, Remuneration, Nomination and SHE Committees.

Board tenure

	Male	Female	Total
2–4 years	3	0	3
4–5 years	1	1	2
5–9 years	1	0	1
>9 years*	1	1	2

*Toby Woolrych left the Company on 31 March 2022 and Marina Wyatt steps down from the Board at the conclusion of the AGM in July 2022

Background/experience of Non-Executive Directors

	Male	Female	Total
Energy/chemicals	1	0	1
Politics/socio-economics	0	1	1
Telecoms	1	0	1
Transport	1	1	2
Private equity/investment	1	0	1

As at 31 March 2022

Amsterdam, Commercial Waste Netherlands

FY22 evaluation

It was determined that the FY22 evaluation would again be carried out via a structured questionnaire survey of the Directors and the Company Secretary. After a shortlisting process undertaken by the Chairman and Company Secretary it was agreed that this be facilitated for a second year by Gould Consulting, with whom the Group has no other commercial relationship.

Gould Consulting is fully compliant with the Chartered Governance Institute's Code of Practice for Independent Board Reviewers, published in January 2021.

Having considered the results and themes which had emerged from the evaluation, the Board agreed specific FY22 action plans across three main areas:

- Clearer communications around primary strategic ESG focus and purpose of the business
- Development of closer engagement with all stakeholders to drive the circular economy
- Ongoing promotion of diversity and inclusion objectives throughout the Group

Following the review, which was supplemented by individual discussions with the Directors by the Chairman, the Board concluded that, along with its committees, it had continued to operate effectively during the year and that each Director had continued to demonstrate commitment to their role and performed capably. The Senior Independent Director led the review of the Chairman's performance with the other Directors. The Board was therefore able to recommend the re-election of all those Directors standing at the forthcoming AGM.

Ben Verwaayen

Ben Verwaayen
Chair of the Nomination Committee
24 May 2022

Nationalities

Nationality	Number	Board member
Dutch	4	Ben Verwaayen, Allard Castelein, Jolande Sap, Otto de Bont
UK	3	Marina Wyatt, Neil Hartley, Toby Woolrych
Belgian	1	Luc Sterckx

As at 31 March 2022

Directors' Remuneration Report

Neil Hartley
Chair of the Remuneration Committee

Committee membership:

Neil Hartley (Chair)
Allard Castelein
Luc Sterckx

FY22 Committee meeting attendance

Neil Hartley (Chair)	4 (4)
Allard Castelein	4 (4)
Luc Sterckx	4 (4)

Bracketed figures indicate maximum potential attendance of each Director.

Role of the Committee

- Determines the Group's policy on remuneration and monitors its implementation
- Reviews and sets performance targets for incentive plans
- Sets the remuneration of the Group's senior management
- Approves the specific remuneration package for the Chairman, each of the Executive Directors and below Board members of the Executive Team
- Determines the terms on which LTIP, Deferred Annual Bonus and Sharesave awards are made to employees
- Determines the policy for and scope of pension arrangements for the Executive Directors and below Board members of the Executive Team

For terms of reference go to renewi.com/Remco

Waalwijk, Coolrec

This report, prepared by the Remuneration Committee on behalf of the Board, takes full account of the UK Corporate Governance Code and the latest Investment Association (IA) Principles of Remuneration and Institutional Shareholder Services (ISS) UK and Ireland Proxy Voting Guidelines, and has been prepared in accordance with the provisions of the Companies Act 2006 (the Act), the Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. The Act requires the Auditor to report to the Group's shareholders on the audited information within this Report and to state whether in their opinion those parts of the report have been prepared in accordance with the Act. The Auditor's opinion in this regard is set out on page 162 and those aspects of the Report that have been subject to audit are clearly marked.

Summary

The key elements of the Directors' Remuneration Report are outlined below.

- **Annual Statement.** Summarises performance and reward in the year ended 31 March 2022 and how the Remuneration Policy will be operated for the year ending 31 March 2023.
- **Remuneration Policy.** Sets out a summary of the Remuneration Policy which was approved by shareholders at the 2020 AGM.
- **Annual Report on Remuneration.** Details how the Remuneration Policy was implemented during the year ended 31 March 2022 and how the Committee intends the Policy to apply for the year ending 31 March 2023.

Work of the Committee during the year

The Committee met four times during FY22 and details of members' attendance at meetings are shown on the previous page. 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 FY21 annual bonus awards;
- setting the performance targets for the FY22 annual bonus;
- agreeing the vesting levels for the 2018 LTIP awards which vested in 2021;
- agreeing the award levels and performance targets for the 2021 LTIP awards;
- agreeing Executive Director base salary increases and the Chairman's fee from 1 April 2022;
- considering regulatory/disclosure developments and shareholder views during FY22;
- reviewing the ongoing operation of the Remuneration Policy;
- reviewing the ongoing impact of Covid-19; and
- close liaison with the SHE Committee to ensure alignment on ESG (safety) targets.

In addition, the Committee has considered how the Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity**. Our policy is well understood by our senior team and employees more generally and has been clearly articulated.
- **Simplicity**. The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. As such, our executive remuneration policies and practices are as simple to communicate and operate as possible, while ensuring that they are aligned to our strategy.
- **Risk**. Our Remuneration Policy is based on: (i) a combination of both short- and long-term incentive plans based on financial, non-financial and share price-linked targets; (ii) a combination of cash and equity (in terms of both deferred bonus and LTIP awards); and (iii) a number of shareholder protections (ie bonus deferral, shareholding guidelines, malus/clawback provisions) which have been designed to mitigate the impact of inappropriate risk-taking.
- **Predictability.** Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The scenario charts in the Remuneration Policy illustrate how the rewards potentially receivable by our Executive Directors vary based on performance and share price growth.
- **Proportionality**. There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the structure of our short- and long-term incentives, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture**. Renewi's focus on making valuable products from waste, meeting the growing need to deal with waste sustainably and cost-effectively, is fully supported through the metrics in both the annual bonus and long-term incentive which measure how we perform against main KPIs that underpin the delivery of our strategy.

BDR, Municipal UK

ANNUAL STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2022. I have summarised below the key decisions the Committee has taken during the year and provided an explanation of the context in which they were made.

FY22 performance, decisions and reward outcomes

FY22 annual bonus

Profit and net debt/leverage targets were exceeded, contributing to the financial target element of the bonus measures.

Personal targets were also largely met. This resulted in bonus awards of 150% and 138% of the base salaries of the Chief Executive Officer and Chief Financial Officer respectively.

Further details are set out on pages 148 and 149.

2019 LTIP vesting in 2022

The Long-Term Incentive Plan (LTIP) granted in 2019 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 2022. All three targets were exceeded, resulting in 100% vesting. Further details are set out on page 150.

Use of Remuneration Committee discretion

As per the announcement issued on 5 January 2022, Toby Woolrych stood down as Chief Financial Officer and from the Board at the end of the financial year. As announced on 28 March 2022, his successor, Annemieke den Otter will be appointed and join the Board on 1 June 2022. The Committee used its discretion to determine the elements of Toby Woolrych's Settlement Agreement and composition of Annemieke's remuneration and benefits package, details of which are set out on page 151.

Implementing the Policy for FY22

In respect of the implementation of the Remuneration Policy for FY22:

- The Chief Executive Officer's basic salary was increased by 4.1% with effect from 1 April 2022, in line with the general workforce rate of increase
- The new Chief Financial Officer was appointed on a broadly similar remuneration package as their predecessor
- The Executive Directors both now receive a cash supplement in lieu of pension of 12.5% of salary
- LTIP grants for Executive Directors will be set at levels no greater than the equivalent value of 150% and 120% of the base salaries of the Chief Executive Officer and Chief Financial Officer respectively. Performance metrics will continue to be based on EPS, ROCE, relative TSR and a key ESG measure (the Group's recycling rate)

Looking forward

At the 2021 AGM, the Annual Statement and Annual Report on Remuneration received the support of more than 92.1% of votes cast. The Committee would like to thank shareholders for their continued support and asks that they similarly support the 2022 Directors' Remuneration Report resolution.

Neil Hartley
Chair of the Remuneration Committee
24 May 2022

DIRECTORS' REMUNERATION POLICY

The following section of this report sets out a summary of the Directors' Remuneration Policy which was approved by shareholders at the 2020 AGM. The full Policy as approved by shareholders is set out in the Annual Report and Accounts 2020.

Policy scope

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

Policy duration

Following shareholder approval at the 2020 AGM, the Policy will apply from that date for a maximum of three years.

Policy table

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
BASE SALARY: To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses		
Base salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Salary levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The Committee also has regard to individual and Group performance and changes to pay levels across the Group.	For Executive Directors, it is anticipated that salary increases will normally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity or a material market misalignment), the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market-competitive.	None.
PENSION: To provide an opportunity for executives to build up a provision for income on retirement		
Executive Directors may receive a pension contribution or cash allowance in lieu of pension.	**New Executive Directors:** In line with the local workforce contribution rate (as a % of basic salary). **Current Executive Directors:** CEO: 12.5% of basic salary CFO designate: 12.5% of basic salary from appointment	None.
BENEFITS: To provide market-competitive benefits		
Benefits include life assurance, medical insurance, income protection and car/travel allowances.	Benefits may vary by role. However, the total cost of taxable benefits will not normally exceed 10% of salary. The Committee retains discretion to approve a higher cost in exceptional circumstances (eg relocation or expatriation) or in circumstances where factors outside the Group's control have changed (eg increases in market insurance premia).	None.
ALL-EMPLOYEE SHARE SCHEMES: To encourage Group-wide share ownership		
Executive Directors may participate in all-employee share arrangements on the same terms offered to employees.	The maximum opportunity will not exceed the relevant HMRC limits, where applicable.	None.

Strategic report
Governance report
Financial statements
Other information

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
ANNUAL BONUS: To motivate senior executives to maximise short-term performance and help drive initiatives that support long-term value creation		
Performance measures, targets and weightings are set at the start of the year. The maximum bonus is payable only if all performance targets are met in full. 50% of any bonus is awarded in shares, with half vesting immediately and the other half deferred into an award over Renewi plc ordinary shares which vests after three years. Dividend equivalents may accrue over the relevant vesting period of deferred share awards to the extent awards vest. **Malus & clawback:** The Committee may at its discretion not pay bonuses/reduce deferred share awards and/or recover bonuses which have been paid or shares which have vested under deferred share awards in the following circumstances: misstatement of the Company's financial results, an error in calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance (eg 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, eg in the event of unforeseen circumstances outside management control.
LONG-TERM INCENTIVE PLAN (LTIP): To motivate and retain senior executives and managers to deliver the Group's strategy and long-term goals and to help align executive and shareholder interests		
Executive Directors and senior employees may be granted awards annually, as determined by the Committee. The vesting of these awards is subject to the attainment of performance conditions. Awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the vesting period to the extent that awards vest. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, then the awards will lapse. A two-year post-vesting holding period applies to LTIP awards granted to Executive Directors since the 2017 AGM. **Malus & clawback:** The Committee may at its discretion decide that LTIP awards are reduced and/or clawback vested LTIP awards in the following circumstances: misstatement of the Company's financial results, an error in calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Vesting of LTIP awards will be subject to continued employment and financial, strategic environmental and/or share price-related performance targets measured over a period of at least three years. In addition to the Group achieving the financial/share price targets, the Committee must satisfy itself that the recorded outcome is a fair reflection of the underlying performance of the Group. Threshold performance will result in vesting of no more than 25% of maximum under each element. The Committee has discretion (within the limits of the scheme) to adjust the formulaic performance outcomes to ensure that payments fairly reflect underlying performance over the period. Adjustments may be upwards or downwards.
SHAREHOLDING GUIDELINES: To align executive and shareholder interests		
The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Executive Directors are required to retain 100% (net of tax) of any LTIP, annual bonus awarded in shares which vest immediately and deferred bonus shares acquired on vesting (net of tax) until they reach the ownership guideline.	**In employment:** 200% of salary. **Post employment:** 200% of salary up until the second anniversary of cessation. Own shares purchased, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from the post-cessation guideline.	None.

Notes to the policy table

Use of discretion

The Committee may apply discretion as detailed below. Under each element of remuneration, a full description of how discretion can be applied is set out in line with UK reporting requirements.

To ensure fairness and align executive remuneration with individual and underlying Company performance the Committee may adjust up or down (including to zero) the outcome of the annual bonus and LTIP or the performance measures of inflight awards under either plan. Any adjustments in light of 'non-regular events' (including, but not limited to, corporate events (including Rights Issues), changes in the Group's accounting policies, minor or administrative matters, internal promotions, external recruitment and terminations of employment) are expected to be made on a 'neutral' basis – ie adjustments will be designed so that the event is not expected to be to the benefit or the detriment of participants. Adjustments to incentives to ensure that outcomes reflect underlying performance may be made in exceptional circumstances to help ensure outcomes are fair to shareholders and participants.

Performance measurement selection

The measures used in the annual bonus are selected annually to reflect the Group's main business and strategic priorities for the year and capture both financial and non-financial objectives. Group financial performance targets relating to the annual bonus plan are based around the Group's annual budget, which is reviewed and approved by the Board prior to the start of each financial year. Underlying profit before tax and cash-related targets are typically used as the key financial performance measures in the annual bonus plan because they are clear and well understood measures of Group performance.

Performance targets are reviewed annually and set to be stretching and achievable, taking into account the Group's resources, strategic priorities and the economic environment in which the Group operates. Targets are set taking into account a range of internal and external reference points, including the Group's strategic plan and broker forecasts for both the Group and sector peers. The Committee believes that the performance targets are stretching, and that to achieve maximum outcomes requires truly outstanding performance.

The Committee considers the combination of three-year EPS growth, ROCE improvement, share price growth and ESG (recycling rate) target to be key indicators of success for the Group. These measures are transparent, visible and motivational to participants, balance growth and returns, and provide good line-of-sight for executives and alignment with shareholders.

Remuneration policy for our senior leaders

The Group's approach to annual salary reviews is broadly consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels for comparable roles in comparable companies. The broader Remuneration Policy across the Group is also consistent with that set out in this report for the Executive Directors. For example, remuneration is linked to Group and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value. Senior employees generally participate in an annual bonus scheme with a similar structure to that described for the Executive Directors.

Opportunities and specific performance conditions vary by organisational level, with business area specific metrics incorporated where appropriate. Members of the Executive Committee and other senior managers may participate in the LTIP on a similar basis to, but at lower levels than Executive Directors. Such awards may be on the same terms as those granted to Executive Directors or they may differ in respect of vesting periods, holding periods and performance targets (ie 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.

Approach to recruitment remuneration

External appointments

In the cases of hiring or appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as described in the Policy Table. The maximum limits for variable pay (excluding buyouts) will be as for existing Executive Directors.

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including the overall quantum and nature of remuneration, and the jurisdiction from which the candidate is being recruited) to ensure that all such arrangements are in the best interests of Renewi and its shareholders.

The Committee may also make an award in respect of a new appointment to buy out incentive arrangements forgone on leaving a previous employer on a like-for-like basis, in addition to providing the normal remuneration elements. In constructing a 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 buyout awards will typically be made under the existing annual bonus and LTIP schemes, although the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2 R to make awards using a different structure. Any 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 described in the Policy Table. A base fee in line with the prevailing rate for Board membership would be payable, with additional fees payable for acting as Senior Independent Director or Chair of a Committee, as appropriate.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. The Committee has agreed that the policy with regard to the

Seraing Commercial Waste Belgium

notice period for Executive Directors is one year's written notice from the Group (or less if required by local employment law) and one year's notice from the individual (or less if required by local employment law). The contracts provide for an obligation to pay salary plus contractual benefits for any portion of the notice period waived by the Group where permitted by local employment law. The Group has the ability to pay such sums in instalments, requiring the Director to mitigate loss (for example, by gaining new employment) over the relevant period.

Executive Director	Effective date of service contract	Notice period (Company)	Notice period (individual)
Otto de Bont	1 April 2019	12 months	6 months*
Annemieke den Otter	1 June 2022	12 months	6 months*

*Both Executive Directors are Dutch residents and Dutch law limits the maximum notice they can be required to provide.

If employment is terminated by the Group, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Group wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Group and its shareholders to do so.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table on the following page summarises how the awards under the annual bonus and LTIP are typically treated in different circumstances, with the final treatment remaining subject to the Committee's discretion.

Treatment of awards on exit

SCENARIO	TIMING OF VESTING	TREATMENT OF AWARDS
Annual Cash Bonus		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Cash bonuses will only be paid to the extent that Group and personal objectives set at the beginning of the year have been achieved. Any resulting bonus will generally be pro-rated for time served during the year.
Change of control.	Immediately.	Performance against targets will be assessed at the point of change of control and any resulting bonus will generally be pro-rated for time served.
Any other reason.	Not applicable.	No bonus is paid.
Deferred Annual Bonus (DAB)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Any outstanding DAB awards will generally be pro-rated for time served.
Change of control.	Immediately.	Any outstanding DAB awards will generally be pro-rated for time served. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.
Long-Term Incentive Plan (LTIP)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion.
Change of control.	Immediately.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.

Non-Executive Directors

The Non-Executive Directors do not have service contracts as their terms of engagement are governed by letters of appointment. These letters and the Company's Articles of Association make provision for annual renewal at each AGM. Details of the Non-Executive Directors' terms of appointment are shown in the table opposite. The appointment and re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

The Non-Executive Directors are not eligible to participate in the Group's performance-related incentive plans and do not receive any pension contributions.

Non-Executive Director	Initial agreement date	Renewal date
Ben Verwaayen (Chairman)	8 March 2020	1 August 2022
Allard Castelein	10 November 2016	1 August 2022
Jolande Sap	13 March 2018	1 August 2022
Luc Sterckx	3 August 2017	1 August 2022
Neil Hartley	17 January 2019	1 August 2022
Marina Wyatt[1]	2 April 2013	–

[1] Marina Wyatt steps down from the Board at the conclusion of the 2022 AGM.
Non-Executive Directors' fees are capped in the Company's Articles of Association at an aggregate of £750,000.

Details of policy on fees paid to Non-Executive Directors are set out in the table below:

OBJECTIVE	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Group.	Fee levels are reviewed annually, with any adjustments effective 1 April each year. The fee paid to the Chairman is determined by the Committee and fees to Non-Executive Directors are determined by the Board. Additional fees are payable for additional responsibilities – eg acting as Senior Independent Director and as Chair 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 join Supervisory Boards or 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. The new Chief Financial Officer, Annemieke den Otter will continue to hold one such position as disclosed in her biographical details on page 107.

Consideration of conditions elsewhere in the Group
Although the Committee does not consult directly with employees on Executive Remuneration Policy, the Committee does consider general basic salary increases across the Group, remuneration arrangements and employment conditions for the broader employee population when determining Remuneration Policy for the Executive Directors. In compliance with the 2018 UK Corporate Governance Code, Jolande Sap is the designated Non-Executive Director with the responsibility of assisting the Board with workforce engagement and reporting.

Consideration of shareholder views
When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee seeks feedback from shareholders on Remuneration Policy and arrangements and commits to undergoing shareholder consultation in advance of any significant Remuneration Policy changes. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the executive remuneration remains appropriate. Further details of the votes received in relation to last year's remuneration-related resolutions (not adjusted for the subsequent July 2021, 1 for 10 share consolidation) are provided below:

	ANNUAL REPORT ON REMUNERATION 2021 AGM		REMUNERATION POLICY 2020 AGM	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	403,491,196	92.09%	435,428,674	95.12%
Against	34,639,310	7.91%	22,337,973	4.88%
Total votes cast (excluding withheld votes)	**438,130,506**	**100%**	**457,766,647**	**100%**
Votes withheld	108,082	–	245,442	–

ANNUAL REPORT ON REMUNERATION

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2023 and how it was implemented during the financial year ended 31 March 2022.

Implementation of Remuneration Policy for FY23

Basic salary

The Chief Executive Officer's basic salary was increased in line with the general workforce rate of increase from 1 April 2022.

	1 April 2021	1 April 2022	% increase
Otto de Bont	€479,192	€498,839	4.1%
Annemieke den Otter[1]	–	–	–

1. Annemieke den Otter joins the Company as Chief Financial Officer on 1 June 2022 at a starting base salary of €440,000. The former Chief Financial Officer, Toby Woolrych, left the Company prior to the 1 April 2022 salary review date. His base annual salary at time of leaving was £368,988.

Pension
The Chief Executive Officer will continue to receive a cash supplement in lieu of pension of 12.5% of salary, as will the new Chief Financial Officer.

Annual bonus
The maximum annual bonus for Executive Directors for FY23 will remain unchanged at 150% of salary with 50% payable in shares, with half of those vesting immediately and the other half after three years. The majority of the bonus will be based by reference to Group financial performance and the remainder on the achievement of personal or strategic objectives including ESG-related targets. The specific targets are deemed to be commercially sensitive but will be disclosed retrospectively in the FY23 Annual Report.

LTIP
LTIP awards for 2022 will be considered at the time of grant over shares equal in value to no more than 150% of salary for the Chief Executive Officer and 120% of salary for the new Chief Financial Officer. The performance conditions will continue to be based on EPS, ROCE, relative TSR and the Group's recycling rate as follows:

Performance metric	Weighting	Performance targets
EPS	25%	25% of this part of an award vests for EPS growth of 5% p.a. increasing pro-rata to 100% vesting for EPS growth of 15% p.a. or more
ROCE	25%	25% of this part of an award vests for an improvement in ROCE of 0.5% increasing pro-rata to 100% vesting for an improvement in ROCE of 2% or more
Relative TSR	25%	25% of this part of an award vests for TSR equal to median increasing pro-rata to 100% vesting for TSR equal to upper quartile or above against the FTSE 250 (excluding investment trusts)
Recycling Rate	25%	25% of this part of an award vests for a Recycling Rate of 70% increasing pro-rata to 100% vesting for a Recycling Rate of 73% or more

For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Group over the period. Awards will vest on the third anniversary of grant and will be subject to a further two-year holding period.

Chairman and Non-Executive Director fees
Non-Executive Director fees were also increased in line with the general workforce rate of increase from 1 April 2022. No increase was applied to the Chairman's fee.

Base fees	Fee from 1 April 2021	Fee from 1 April 2022	% Increase
Chairman	£160,429	£160,429	–
Non-Executive Director	£51,337	£53,442	4.1%
Chair fee for Audit/ Remuneration/SHE Committees	£9,090	£9,463	4.1%
Senior Independent Director additional fee	£6,417	£6,680	4.1%

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 2022 and the prior year.

	OTTO DE BONT		TOBY WOOLRYCH	
	FY21 €000	FY22 €000	FY21 €000	FY22 €000
Basic salary[1]	446	479	389	443
Taxable benefits[2]	27	20	25	27
Pension[3]	59	60	81	87
Other[4]	12	12	8	7
Total fixed remuneration	**544**	**571**	**503**	**564**
Single-year variable[5]	458	719	399	300
Multiple-year variable[6,7]	15	959	50	323
Total variable remuneration	**473**	**1,678**	**449**	**623**
Total	**1,017**	**2,249**	**952**	**1,187**

1. Executive Directors took a 20% reduction in salaries for three months from 1 April 2020.
2. Taxable benefits comprise car allowance/lease and medical insurance.
3. Otto de Bont and Toby Woolrych received cash supplements in lieu of pension contribution of 12.5% and 20% of salary respectively.
4. Includes life assurance, accident insurance and income protection.
5. Payment for performance during the year under the annual bonus including any deferred annual bonus. (50% cash element only awarded to Toby Woolrych with no deferred shares. See following sections for further details.)
6. Based on the estimated value of LTIPs granted in 2019 to Otto de Bont and to Toby Woolrych assuming 100% vesting, dividend equivalent shares and a three-month share price to 31 March 2022 of £6.77. The value of LTIP awards for FY21 was based on 22.5% vesting and a three-month share price to 31 March 2022 of £6.77 and included dividend equivalents. The actual value of the awards at vesting for Otto de Bont and Toby Woolrych were £56,450 and £16,962 respectively.
7. The impact of share price movements on the vesting of the LTIP awards, based on the average three-month share price to 31 March 2022 (£6.77) and the £3.45 (adjusted for the 1 for 10 share consolidation) share price at grant and ignoring dividend equivalents, is as follows:

Otto de Bont	
Shares granted	116,710
Value of awards expected to vest (116,710 shares granted x £6.77 x 100% vesting)	£790,126
Face value at grant of proportion of awards expected to vest (116,710 shares granted x £3.45 x 100% vesting)	£402,650
Impact of share price movement on vesting value	£387,476

Toby Woolrych	
Shares granted	41,601
Value of awards expected to vest (41,601 shares granted x £6.77 x 100% vesting)	£281,639
Face value at grant of proportion of awards expected to vest (41,601 shares granted x £3.45 x 100% vesting)	£143,523
Impact of share price movement on vesting value	£138,116

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 2022 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL FIXED REMUNERATION[1]	
	FY21 €000	FY22 £000	FY21 £000	FY22 £000	FY21 €000	FY22 £000
Ben Verwaayen (Chairman)	**168**	188	**–**	-	**168**	188
Allard Castelein[2]	**54**	61	**7**	7	**61**	68
Luc Sterckx[3]	**54**	60	**1**	11	**55**	71
Marina Wyatt[4]	**54**	60	**9**	11	**63**	71
Jolande Sap	**54**	60	**–**	-	**54**	60
Neil Hartley[5]	**54**	60	**9**	11	**63**	71

1. Non-Executive Directors receive fixed remuneration only (ie no variable remuneration is payable or has been paid).
2 Allard Castelein's additional fee is in respect of his role as Senior Independent Director.
3. Luc Sterckx's additional fee is in respect of his role as Chair of the SHE Committee.
4. Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
5. Neil Hartley's additional fee is in respect of his role as the Chair of the Remuneration Committee.
6. At an exchange rate of €1:£0.885 for FY21 and €1:£0.849 for FY22.

Incentive outcomes for the year ended 31 March 2022

Performance-related annual bonus in respect of FY22 performance

The annual bonus was measured against underlying profit before tax (40% weighting), net debt/EBITDA leverage ratio (20% weighting), ESG (Safety) performance (15%) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown on the following page.

Financial element outcomes

The financial targets and corresponding potential outcomes for the Executive Directors' FY22 annual bonus are shown below.

Measure	Weighting	FY22 final outcome	Threshold	Maximum	Potential bonus payout (% of max)
Underlying profit before tax	40%	€104.7m	€48.2 m	€53.0m	100%
Leverage ratio	20%	1.44x	2.95x	<2.5x	100%

Underlying profit before tax is set based on the Group's expected budget outcome for the year as adjusted for disposals and acquisitions in the year. All non-Euro denominated entity values are converted to Euros at the budgeted rate of exchange and actual performance is also measured at this constant exchange rate. The leverage ratio is based on the net debt to EBITDA covenant level as determined in the main banking facilities.

ESG element outcomes

The safety performance targets and corresponding outcomes for the Executive Directors' FY22 annual bonus are detailed below.

As safety is the Group's first value and first priority, the Committee introduced a collective safety target. The goal is to reduce incidents to 0, but for bonus purposes a maximum LTIF (Lost Time Incidents Frequency rate) target was set which was 15% lower than last year for Renewi as a whole. For FY22 this meant that each percentage point improvement over the baseline, led to a percentage point bonus realisation (with a maximum of 15%). The Group level LTIF target was 12 and the actual rate achieved was 9, resulting in a maximum 15% award.

Personal element outcomes

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

Executive Director	Target	Weighting	Score	Committee assessment of performance
Otto de Bont	1. Group safety	8.3%	8.3%	Significant improvement
	2. Strategy development	8.3%	8.3%	Strong progress
	3. Talent management	8.3%	8.3%	New appointments and succession
		25%	**25%**	**100% of max**
Toby Woolrych	1. Simplify financial reporting	5%	2%	Partially achieved
	2. Develop financial tools for recyclates	5%	3.5%	Progressed
	3. Support Renewi 2.0	5%	4%	Good implementation
	4. Strategy development	5%	3.5%	Good progress
	5. Engagement/talent development	5%	4%	Partially achieved
		25%	**17%**	**68% of max**

FY22 annual bonus

Financial targets were met with Group profit before tax achieving a maximum payout for a 100% performance. The leverage ratio at 1.44x resulted in a maximum payout. The ESG target was also exceeded. The personal targets were partially met, resulting in a bonus award of 100% and 92% of the maximum for the Chief Executive Officer and Chief Financial Officer respectively.

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of total)	Safety element bonus outcome (% of total)	Personal element bonus outcome (% of total)	Overall bonus outcome (% of salary/€)
Otto de Bont	60%	15%	25%	150%/€718,788
Toby Woolrych	60%	15%	17%	138%/€599,769

Notwithstanding the bonus award as measured against the performance targets, the Remuneration Committee determined that the 50% of the award ordinarily payable to Toby Woolrych in deferred shares, be forfeited as a result of his departure from the Company on 31 March 2022. His resulting bonus, payable in cash was therefore €299,885.

2019 LTIP vesting in 2022

Otto de Bont and Toby Woolrych hold LTIP awards over 116,710 and 41,601 shares respectively on 3 June 2019 which would vest in 2022 based on three-year performance to 31 March 2022. Vesting for both awards was dependent on three-year adjusted underlying EPS, share price performance and ROCE. The vesting schedules, targets and the performance against targets are set out below.

Measure	Weighting	Targets	Actual % performance	Of this part of award (% of maximum)
EPS CAGR	50%	0% vesting below 5% p.a.	>15%	100%
		25% vesting for 5% p.a.		(50%)
		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%	100%
		25% vesting for 9% p.a.		(25%)
		50% vesting for 13% p.a.		
		100% vesting for 25% p.a.		
		Straight-line vesting between these points		
Improvement in ROCE	25%	0% vesting below +0.5%	>2%	100%
		25% vesting for +0.5%		(25%)
		100% vesting for +2.0%		
		Straight-line vesting between these points		
Total vesting				**100%**

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 2019 LTIP in June 2022 for Otto de Bont and Toby Woolrych will be:

Executive Director	Awards granted[1]	Shares vesting based on performance	Dividend equivalent shares (estimated)	Total shares expected to vest	Estimated value at vesting (€'000)[3]
Otto de Bont	116,710	116,710	3,525	120,235	959
Toby Woolrych	41,601	39,290[2]	1,186	40,476	323

1. As adjusted for the 1:10 share capital consolidation following shareholder approval in July 2021.
2. Time pro-rating reduction by two months as determined by the Remuneration Committee.
3. Based on the average three-month share price to 31 March 2022 of £6.77 and at an exchange rate of €1:£0.849.

Share awards granted in FY21 (audited)

Long-Term Incentive Plan

The Executive Directors were granted LTIP awards on 23 July 2021 as follows:

Executive Director	Date of grant	Basis of award	Share price[1]	Face value[2]	Number of shares
Otto de Bont	23 July 2021	150% of salary	£5.24	€729,101	118,131
Toby Woolrych	23 July 2021	120% of salary	£5.24	€521,408	84,480

1. Based on the three-day average dealing price prior to the grant date.
2. At an exchange rate of €1:£0.849.

Performance targets are as follows:

Performance metric	Weighting	Performance targets
EPS	25%	25% of this part of an award vests for EPS growth of 5% p.a. increasing pro-rata to 100% vesting for EPS growth of 15% p.a. or more
ROCE	25%	25% of this part of an award vests for an improvement in ROCE of 0.5% increasing pro-rata to 100% vesting for an improvement in ROCE of 2% or more
Relative TSR	25%	25% of this part of an award vests for TSR equal to median increasing pro-rata to 100% vesting for TSR equal to upper quartile or above against the FTSE 250 (excluding investment trusts)
Recycling Rate	25%	25% of this part of an award vests for a Recycling Rate of 70% increasing pro-rata to 100% vesting for a Recycling Rate of 73% or more

For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Group over the period. Awards will vest on the third anniversary of grant and will be subject to a further two-year holding period.

Deferred annual bonus (DAB)

Otto de Bont and Toby Woolrych were granted awards under the Renewi plc Deferred Annual Bonus Plan on 23 July 2021 as follows:

Executive Director	Date of grant	2020/21 annual bonus	Basis of award[1]	Share price[2]	Face value[3]	Number of shares
Otto de Bont	23 July 2021	€458k	25%	£5.39	€115,735	18,230 shares vesting immediately
			25%	£5.39	€115,729	18,229 shares vesting after three years
Toby Woolrych	23 July 2021	€399k	25%	£5.39	€103,800	16,350 shares vesting immediately
			25%	£5.39	€103,800	16,350 shares vesting after three years[4]

1. 50% of the bonus is awarded in shares, with half vesting immediately and the other half deferred into an award over Renewi plc shares which vest after three years.
2. Based on the three-day average dealing price prior to the grant date (adjusted for the 1 for 10 share consolidation).
3. At an exchange rate of €1:£0.849.
4. Subject to time pro-rating reduction as determined by the Remuneration Committee.

Board changes

As per the announcement issued on 5 January 2022, Toby Woolrych stood down as Chief Financial Officer and from the Board on 31 March 2022. In respect of his remuneration arrangements:

- salary and contractual benefits were paid up to 1 April 2022;
- untaken holiday entitlement, equating to £7,096, was paid in lieu;
- annual bonus for the year ended 31 March 2022 of £254,602 to be paid on the normal payment date. No bonus was paid or is payable in respect of the deferred share element which was forfeited;
- outstanding Deferred Annual Bonus Plan awards will vest on the normal vesting dates, subject to time pro-rating;
- outstanding/unvested LTIP awards granted in 2019, 2020 and 2021 will vest on the normal vesting dates, subject to performance targets and time pro-rating;
- all outstanding/unvested awards under the Company's Sharesave Scheme lapsed on 1 April 2022; and
- post cessation shareholding requirements will continue to apply in accordance with the prevailing Remuneration Policy, last approved by shareholders at the 2020 AGM.

As per the announcement issued on 28 March 2022, Annemieke den Otter will be appointed as Chief Financial Officer and join the Board with effect from 1 June 2022. In respect of her remuneration arrangements:

- joining salary of €440,000;
- maximum annual bonus potential of 150% of salary, with 50% delivered as Deferred Annual Bonus shares;
- maximum LTIP opportunity of equivalent value of up to 120% of salary;
- payment in lieu of pension of equivalent of 12.5% of basic salary; and
- commensurate car allowance and life assurance benefits as per the CEO.

Payments made to past Directors made in the year (audited)

No termination payments were made to past Directors during the year.

Relative importance of spend on pay

The table shows the percentage change in total employee pay expenditure and shareholder distributions (ie dividends) from the financial year ended 31 March 2022 to the financial year ended 31 March 2021.

	FY21 €m	FY22 €m	% change
Distribution to shareholders	-	-	0%
Employee remuneration	395.6	402.5	1.7%

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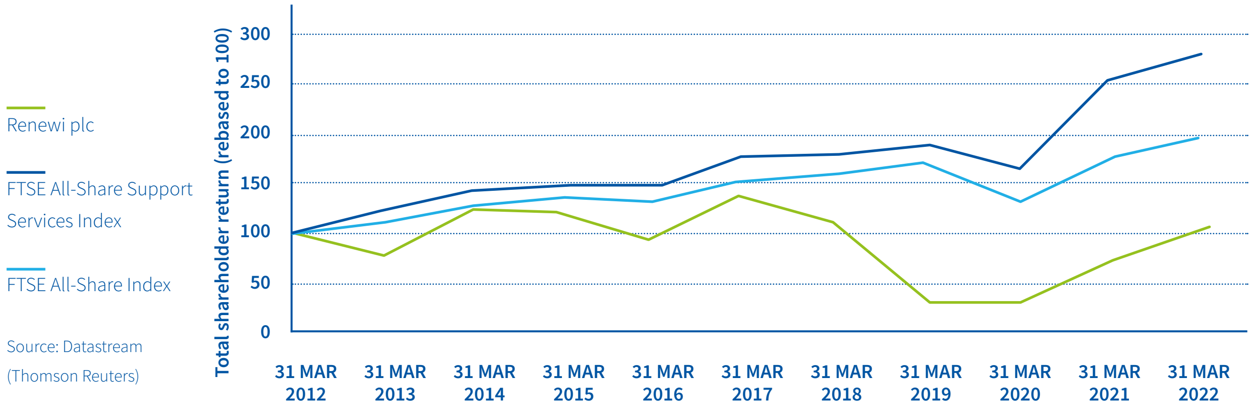
Pay for performance

The graph shows the TSR of Renewi plc over the 10-year period to 31 March 2022. 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 2012.



CEO single figure remuneration over the ten years to 31 March 2022

	PETER DILNOT[1]							OTTO DE BONT[3]		
Executive Director	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**
Chief Executive Officer single figure of remuneration (€000)	808	1,015	1,155	1,456	1,100	1,685	753	1,244	1,017	2,249
Annual bonus outcome (% of maximum)	19%	66%	47%	69%	48%	88%	0%	88%	65%	100%
LTIP vesting outcome (% of maximum)	0%	0%	0%	0%	0%	21.5%	0%[2]	43.3%	22.5%	100%

1. Peter Dilnot was appointed as Chief Executive Officer on 1 February 2012 and resigned on 31 March 2019.
2. Although 23% of the 2016 LTIP awards vested in 2019, Peter Dilnot's LTIP awards lapsed upon his resignation.
3. Otto de Bont was appointed as Chief Executive Officer on 1 April 2019.

Percentage change in Chief Executive Officer's remuneration

The table below shows the percentage change in Director remuneration (excluding pension and long-term incentives) from the prior year compared to the average percentage change in remuneration for all UK-based employees. This group was selected because the Committee believes it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases that are based on similar incentive structures, while on the other hand reducing any distortion arising from including all of the geographies in which the Group operates, with their different economic conditions.

	FY20–21			FY21–22		
	Base salary	**Benefits**	**Annual bonus**	**Base salary**	**Benefits**	**Annual bonus**
Executive Directors						
Otto de Bont	-3%	23%	-24%	7%	-18%	57%
Toby Woolrych	-4%	4%	-24%	7%	3%	-25%
Non-Executive Directors						
Ben Verwaayen	-5%	n/a	n/a	7%	n/a	n/a
Allard Castelein	2%	n/a	n/a	7%	n/a	n/a
Neil Hartley	-4%	n/a	n/a	7%	n/a	n/a
Jolande Sap	-2%	n/a	n/a	6%	n/a	n/a
Luc Sterckx	-5%	n/a	n/a	22%	n/a	n/a
Marina Wyatt	3%	n/a	n/a	7%	n/a	n/a
UK employees	-3%	n/a	-8%	4%	n/a	5%

CEO pay ratio

The CEO pay ratio data for FY22 is presented below (with prior year data). The data shows how the CEO's single figure remuneration for FY22 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY22	Option B	63 : 1	41 : 1	45 : 1
FY21	Option B	33 : 1	31 : 1	19 : 1
FY20	Option B	41 : 1	38 : 1	23 : 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B (UK gender pay gap data) was selected, given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data. The respective quartile salary and total pay and benefits numbers are as follows:

	SALARY			TOTAL PAY AND BENEFITS		
Year	**25th percentile**	**Median**	**75th percentile**	**25th percentile**	**Median**	**75th percentile**
FY22	€33,869	€53,642	€47,200	€35,945	€55,083	€55,473
FY21	€27,762	€30,147	€47,918	€30,557	€33,086	€53,052
FY20	€28,175	€30,596	€48,632	€31,013	€33,579	€53,843

Directors' interests (audited)

The interests of the Directors and persons closely associated in the ordinary shares of the Group during the year and as at 23 May 2022 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 2021[1]	Ordinary shares at 31 March 2022 and 23 May 2022
Otto de Bont	101,321	102,874
Allard Castelein	–	–
Neil Hartley	–	–
Jolande Sap	–	–
Luc Sterckx	28,500	28,500
Ben Verwaayen	–	–
Toby Woolrych	124,815	139,280
Marina Wyatt	1,160	1,160

1. Restated to reflect the 1:10 share consolidation in July 2021.

Directors' shareholdings (audited)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2022:

	Owned outright or vested	Unvested but subject to holding period	Unvested and subject to performance conditions	Vested but not exercised	Exercised during the year	Unvested and subject to continuous employment	Shareholding requirement (% of salary)	Current shareholding[1] (% of salary)	Requirement met?
Otto de Bont	102,874	83,314	415,163	–	–	–	200%	160%	In progress
Toby Woolrych	139,280	83,301	252,310	–	–	8,100	200%	249%	Achieved

1. Shareholdings were calculated using the number of outright shares, at £6.61, as percentage of salary as at 31 March 2022.

Directors' interests in share awards

The Executive Directors have been made the following conditional awards under the Renewi Deferred Annual Bonus Plan:

	Outstanding awards at 31 March 2021[1]	Awards made during the year[2,3]	Awards lapsed during the year	Awards vested during the year[4]	Outstanding awards at 31 March 2022[5]	Date of award	Share price on date of award[5] (£)	Restricted period end
Otto de Bont	650,868	–	–	–	65,085	22.06.20	2.78	22.06.25[6]
	–	18,230	–	18,230	–	23.07.21	5.24	23.07.21[3]
	–	18,229	–	–	18,229	23.07.21	5.24	23.07.04[3]
Toby Woolrych	36,046	–	–	36,046	–	23.11.16	9.35	23.11.21[6]
	37,318	–	–	18,659	1,865	01.06.17	9.32	01.06.22[6]
	201,661	–	–	100,830	10,082	01.06.18	7.81	01.06.23[6]
	550,041	–	–	–	55,004	22.06.20	2.78	22.06.25[6]
	–	16,350	–	16,350	–	23.07.21	5.24	23.07.21[3]
	–	16,350	–	–	16,350	23.07.21	5.24	23.07.24[3]

1. Prior to the 1:10 share capital consolidation in July 2021.
2. Post the share consolidation.
3. 50% of awards vesting immediately and 50% vest after three years.
4. In addition to Toby Woolrych's 36,046 awards which vested during the year, an additional 4,971 shares were awarded in respect of dividend equivalents, totalling 41,017 shares. In addition to Toby Woolrych's 18,659 awards which vested during the year, an additional 2,363 shares were awarded in respect of dividend equivalents, totalling 21,022 shares. In addition to Toby Woolrych's 100,830 awards which vested during the year, an additional 9,231 shares were awarded in respect of dividend equivalents, totalling 110,061 shares.
5. As adjusted for the 1:10 share capital consolidation.
6. 50% of awards are released three years after the date of award, 25% after four years and the remaining 25% after five years.

The Executive Directors have been made the following conditional awards of shares under the Renewi Long-Term Incentive Plan:

	Outstanding awards at 31 March 2021[1]	Awards made during the year[2]	Awards lapsed during the year[3]	Awards vested during the year[4]	Outstanding awards at 31 March 2022[5,6]	Date of award	Share price on date of award[5] (£)	Performance period end	Restricted period end[7]
Otto de Bont	125,000	–	96,875	28,125	–	01.06.18	7.81	31.03.21	01.06.23
	1,167,104	–	–	–	116,710	03.06.19	3.45	31.03.22	03.06.22
	1,803,227	–	–	–	180,322	27.07.20	2.58	31.03.23	27.07.23
	–	118,131	–	–	118,131	23.07.21	5.24	31.03.24	23.07.24
Toby Woolrych	416,012	–	322,410	93,602	–	01.06.18	7.81	31.03.21	01.06.23
	416,012	–	–	–	41,601	03.06.19	3.45	31.03.22	03.06.22
	1,262,294	–	–	–	126,229	27.07.20	2.58	31.03.23	27.07.23
	–	84,480	–	–	84,480	23.07.21	5.24	31.03.24	23.07.24

1. Prior to the 1:10 share capital consolidation in July 2021.
2. Post the share consolidation.
3. Awards lapse to the extent the performance conditions are not met.
4. 22.5% of the 2018 LTIP award vested in 2021. In addition to the awards which vested, awards held by Otto de Bont and Toby Woolrych were increased by an additional 2,575 shares and 8,570 shares respectively in respect of dividend equivalents.
5. As adjusted for the share consolidation.
6. The performance conditions relating to the vesting of outstanding awards are shown on page 150.
7. For LTIP awards granted to Directors since the 2017 AGM, a two-year post-vesting holding period applies.

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

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (£)[1,2]	Number at 31 March 2021[3]	Granted in year	Lapsed in year	Exercised in year	Number at 31 March 2022[4,5]
	13.09.17	01.11.20	30.04.21	0.76	11,842	–	11,842	–	–
Toby Woolrych	12.09.19	01.11.22	30.04.23	2.50	36,000	–	–	–	3,600
	10.09.20	01.11.23	30.04.24	2.00	45,000	–	–	–	4,500

1. 2019 and 2020 prices adjusted for the 1:10 share capital consolidation in July 2021.
2. 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.
3. Prior to the 1:10 share capital consolidation in July 2021.
4. As adjusted for the share capital consolidation.
5. Outstanding options lapsed on 1 April 2022.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was £8.40 and the lowest closing mid-market price during the year was £4.82. The mid-market price at the close of business on 31 March 2022 was £6.61.

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) were appointed by the Remuneration Committee during 2016 to provide independent advice on Committee matters. During FY22, FIT provided independent advice on executive remuneration. FIT reports directly to the Chair of the Committee. Its total fees for the provision of remuneration services to the Committee in FY22 were €21,767 (£18,480) 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 remunerationconsultantsgroup.com.

The Committee periodically undertakes due diligence to ensure that the Remuneration Committee advisers remain independent of the Group and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided is independent.

By order of the Board

Neil Hartley
Chair of the Remuneration Committee
24 May 2022

Other disclosures

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

Strategic Report
The Strategic Report set out on pages 5 to 101 provides a fair review of the Group's business for the year ended 31 March 2022. 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 2022 and signed on its behalf by the Company Secretary.

Directors' Report
The Directors' Report comprises pages 103 to 159. The Directors' Report was approved by a duly authorised committee of the Board on 23 May 2022 and signed on its behalf by the Company Secretary.

Other information
Apart from the details of the Company's Long-Term Incentive Plan, as set out in the Directors' Remuneration Report on pages 138 to 155, 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 can be found on pages 106 to 107. Directors' biographical details are shown on pages 106 to 107. All Directors served on the Board throughout the financial year under review.

Toby Woolrych, Chief Financial Officer, stepped down from the Board on 31 March 2022. Annemieke den Otter, Chief Financial Officer (designate), is to be appointed on 1 June 2022 and will be seeking election by shareholders at the AGM. After nine years' service, Non-Executive Director Marina Wyatt will be stepping down from the Board at the conclusion of the AGM. All other Directors will be seeking re-election at the AGM.

Appointment and replacement of Directors
The Company's minimum requirement is to appoint at least two Directors. The appointment and replacement of Directors may be made as follows:

- The Company's members may, by ordinary resolution, appoint any person who is willing to act to be a Director
- The Board may appoint any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for election
- Each Director shall retire from office at every AGM but may be re-appointed by ordinary resolution if eligible and willing
- The Company may, by special resolution, remove any Director before the expiry of his or her period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with
- A Director must vacate their office if any of the circumstances in Article 100 of the Articles of the Company arise

Powers of Directors
The business of the Company is managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Articles and by any directions given by special resolution of the members of the Company. Specific provisions relevant to the exercise of powers by the Directors include the following:

- **Pre-emptive rights and new issues of shares.** Under the Companies Act 2006 (the Act), the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles or given by its shareholders in a general meeting. In addition, under the Act, the Company may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the Company's shareholders. The Company received authority at the last AGM to allot shares for cash on a non-pre-emptive basis up to a maximum nominal amount of £4,001,183. This authority lasts until the earlier of the AGM in 2022 or 30 September 2022.
- **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 8,002,367 ordinary shares. This authority lasts until the earlier of the AGM in 2022 or 30 September 2022.
- **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 110 to 155.

Sustainability
Renewi plc is a leading international waste-to-product company. Information on sustainability matters, including those on environment, social, community and employment policies, and health and safety, are set out in the Sustainability Strategy Focus section from page 74 of the Strategic Report.

Further information about the Company's approach to carbon avoidance and the benefits of sustainable waste management, including disclosures on Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-related Financial Disclosures (TCFD), can also be found in the Sustainability Review, which is available on the Company's website.

Task Force on Climate-related Financial Disclosures (TCFD)
The Group's TCFD disclosure is provided in a readily identifiable and accessible format for all interested stakeholders and can be found on pages 66 to 73 of the Strategic Report.

Results and dividends
The Group's Consolidated Income Statement, which appears on page 170 and note 2 to the financial statements, shows the contribution to revenue and profits made by the different segments of the Group's business. The Group's profit for the year was €75.4m (2021: profit of €5.5m).

The Directors are not recommending a final dividend (2021: 0 pence) be paid. Having determined not to pay an interim dividend (2021: 0 pence), the total dividend for the year is nil pence per share (2021: 0 pence).

Going concern and viability
After making enquiries, including the impact of the proposed Paro acquisition (see note 8.5) the Directors have formed the view, at the time of approving the financial statements, that the Company and Group have adequate resources to continue to operate and that the Group's business is a going concern. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Taking account also of the Company's current position and principal risks, the Board sets out on page 100 how it has assessed the prospects of the Company. In compliance with the provisions of the UK Corporate Governance Code, the Board also confirms that it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the three-year period ending 31 March 2025.

Share capital
The Company's share capital comprises ordinary shares of £1.00 each par value.

Renewi plc's ordinary shares were admitted to trading on Euronext Amsterdam on 30 January 2020. No new shares were placed in connection with the application for that secondary listing and the Company continues to remain listed on the premium segment of the Official List in London.

Following shareholder approval at the 2021 AGM, on 19 July 2021 Renewi undertook a consolidation of its share capital on the basis of 1 new ordinary share with nominal value of £1.00 for every 10 existing ordinary shares of 10 pence.

As at 31 March 2022 and as at the date of this report, there were 80,059,937 ordinary £1.00 shares in issue.

Principal rights and obligations attaching to shares
- **Dividend rights.** The Company may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Payment or satisfaction of a dividend may be made wholly or in part by distribution of assets, including fully paid shares or debentures of any other company. The Directors may deduct from any dividend payable to a member all sums of money (if any) payable by such member to the Company in respect of their ordinary shares.
- **Voting rights.** On a poll, every shareholder who is present in person or by proxy or represented by a corporate representative has one vote for every share held by that shareholder. In the case of joint holders of an ordinary share, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding. The deadline for appointing proxies to exercise voting rights at any general meeting is set out in the notice convening the relevant meeting. The Company is not aware of any agreements between holders of its shares that may result in restrictions on voting rights.
- **Return of capital.** In the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the sanction of a special resolution of the shareholders and any other sanction required by law, divide among the shareholders in kind the whole or any part of the Company's assets or vest the Company's assets, but no shareholder may be compelled to accept any assets upon which there is any liability.

Share restrictions
There are no limitations under the Company's Articles of Association that restrict the rights of members to hold the Company's shares. Certain restrictions may, from time to time, be imposed on the transfer of the Company's shares by laws and regulations such as insider trading laws. In limited situations, as permitted by the Articles, the Board may also decline to register a transfer. The Company is not aware of any agreements between holders of its shares that may result in restrictions on the transfer of securities.

Employee share schemes – control rights

The Company operates a number of employee share schemes. Under some, ordinary shares may be held by trustees on behalf of employees. Employees are not entitled to exercise directly any voting or other control rights in respect of any shares held by such trustees. Trustees have full discretion to vote or abstain from voting at general meetings of the Company in respect of such shares.

Retail bonds

As at 31 March 2022, the Company had in issue three retail bonds: the first, comprising €100m 3.65% guaranteed notes due 16 June 2022; the second, comprising €75m 3.00% guaranteed notes due 19 July 2024; and the third, comprising €125m 3.00% guaranteed notes due 23 July 2027. 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 2022 is a €425m banking facility, consisting of a €400m multi-currency revolving credit facility with seven 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 2022, would have required the repayment of €15.0m (FY21: €185.4m) in principal and interest relating to the revolving credit facility, along with a make-whole payment amounting to €0.7m (FY21: €1.6m), which is not provided for in these financial statements, payable to EUPP investors based on market yields at 31 March 2022.

The Group's retail bonds issued in June 2015, July 2019 and July 2021 require notice to be given to bondholders within seven business days of a change of control following which the holders have an option to seek repayment at a 1% premium, within 60 days of that notice. Such repayment must be made within 10 business days of the expiry of the option period. If exercised at 31 March 2022, repayment of €307.0m (FY21: €179.5m) in principal and interest would have been required.

The rules of the Company's employee share plans provide that awards and options may vest and become exercisable on a change of control of the Company.

Research and development

The Group spent €203k (FY21: €204k) on research and development in the year. This related to a number of projects including research into using end-of-life goods for new products, developing new sources of secondary materials for the circular economy and innovative technologies for recycling as yet unutilised waste streams.

Political donations

No donations were made by the Group for political purposes during the financial year (FY21: £nil).

Notifiable interests

The Company has been notified of direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Company as set out in the table below.

	NOTIFICATIONS RECEIVED UP TO 24 MAY 2022	
	Number of shares	% issued capital
Avenue Europe International Management LP	6,615,426	8.26
SPICE ONE Investment Cooperatief U.A.	4,001,259	5.00
Coast Capital Management	3,695,990	4.61
Paradice Investment Management LLC	2,658,064	3.32
Pettelaar Effectenbewaarbedrijf N.V. in its capacity as the legal owner of ASN Aandelenpool, ASN Milieupool and ASN Small & Midcappool	2,433,723	3.04

Investor relations

Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other stakeholders.

The Company uses a number of channels to do this including its AGM, face-to-face meetings, roadshows, analyst workshops, videos, presentations, reports and its corporate website.

Annual General Meeting

Notice of the AGM of the Company to be held at the offices of Ashurst LLP, The London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Thursday, 14 July 2022 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 renewi.com.

Further to the recent lifting of Covid-19 restrictions, the Directors are keen to reopen all channels of shareholder engagement and welcome shareholders to attend the AGM.

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 in respect of their own shareholdings.

By order of the Board

Philip Griffin-Smith
Company Secretary
24 May 2022
Renewi plc, Registered in Scotland no. SC077438

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4 of the UK Listing Rules

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face

Directors' statement as to the disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

Philip Griffin-Smith
Company Secretary
24 May 2022
Renewi plc, Registered in Scotland no. SC077438

bio-LNG, Netherlands

FINANCIAL STATEMENTS

Independent auditor's report to the members of Renewi plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renewi plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Directors on 22 October 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is two years covering the years ending 31 March 2021 and 31 March 2022. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of the Director's going concern assessment, forecasts and covenant compliance for the Group and the Parent Company for a period of at least 12 months from the date of approval of the financial statements
- Our review included the following:
  - comparing the profit and cash flow outturn per the forecasts against historically achieved levels and challenging the basis behind significant variances through meetings with divisional finance to qualitatively explain key variances;
  - detailed enquiries with the Board of Directors and management on assumptions made in the preparation of the forecasts. In particular, we have focused on how key judgements from other areas of our audit, such as the Belgium State Aid claim against the Group, expected performance of the ATM plant, and the sustainability of recyclate pricing are modelled both in terms of future profitability and expected cash inflows and outflows;
  - we have also challenged the completeness of management's downside and reverse stress test modelling, based on our own knowledge of the sector and macro-economic forecasts, including considering the Group's resilience to the ongoing Russia-Ukraine war, potential economic slow-down and the impact on energy costs and diesel pricing;
  - recalculation and consideration of management's ability to meet facility and covenant headroom under both the base case and downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	90% of Group profit before tax (2021: 94%) 98% of Group revenue (2021: 84%) 94% of Group total assets (2021: 91%)

Key audit matters

	2022	2021
Going concern and covenant compliance[1]		●
Revenue recognition	●	●
Presentation of non-trading and exceptional items[2]		●
Impairment of goodwill, intangible and tangible assets[3]		●
Valuation of onerous contract provisions	●	●
Valuation of landfill provisions	●	●
Provision for ongoing legal matters	●	●
Accounting for taxation[4]		●

1 This item is no longer considered a key audit matter given strong trading performance in 2022 and the resilience displayed by the Group to Covid-19 related events and the resulting headroom against covenants.
2 This item is no longer considered a key audit matter following the reduction in quantum of non-trading and exceptional items.
3 Following the strong trading performance in 2022, impairment risk has diminished and, as such, this item was not considered a key audit matter.
4 Certain key tax judgements have either been resolved during the year or reduced in judgement due to improved trading performance and are no longer deemed a key audit matter.

Materiality	**Group financial statements as a whole** £6.51m based on 5% of earnings before interest and tax adjusted for non-recurring items (2021: €6.77m based on 0.4% of revenue)

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our involvement with component auditors

We designed an audit strategy to ensure that we obtained the required audit assurance for each component for the purposes of our Group audit opinion (in accordance with ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of group balances on which to base our audit opinion.

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Our approach to scoping, along with our involvement with component auditors is detailed in the table below:

THE SCOPE OF OUR AUDIT	
Significant components	We focused our Group audit scope primarily on six significant components, which were subject to full scope audit procedures. These significant components contribute 90% of the Group profit before tax (on an absolute basis), 98% of Group revenue and 94% of Group total assets. The six significant components were the Commercial Waste Netherlands and Commercial Waste Belgium operating segments, UK Municipal (part of Specialities), ATM (part of Mineralz & Water), Group Central Services – Eindhoven (part of GCS) and Group Central Services – Milton Keynes (also part of GCS). For the Commercial Waste Netherlands, Commercial Waste Belgium, ATM and GCS Eindhoven components, following involvement at the planning stage in risk assessment and setting the overall audit approach and strategy with the component auditor (BDO member firms), we conducted a detailed review of the testing performed and attended both physical and remote meetings with local management and the component auditor to evaluate conclusions reached. The audit of the UK Municipal and Group Central Services – Milton Keynes components were performed by BDO LLP.
Specified procedures and audits of balances on non-significant components	We instructed BDO member firms to perform specified procedures, designed by the Group audit team to address the risk of material misstatement arising from key balances in non-significant components, with testing performed on certain material balances within these components. This specific scope testing was performed on components that contribute less than 1% of the Group profit before tax and 10% of the Group revenue. These components included: • Coolrec Nederland B.V. • Maltha Glasrecycling Nederland B.V. • Renewi Tisselt N.V. • Mineralz B.V. • Mineralz Zweekhorst B.V. • Verwerking Bedrijfsafvalstoffen Maasvlakte (VBM) C.V. • Mineralz ES Treatment N.V.
Remaining non-significant components	For all other components, analytical review procedures were performed by the Group audit team to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.
Parent Company and consolidation	The Parent Company is located in the UK and is audited by the Group audit team. The Group audit team performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition – Section 3.1 We considered the following factors in our risk assessment in regard to revenue recognition: • as a listed business, there may be pressure on management to achieve results to meet market and shareholders' expectation. This may lead to a risk of inappropriate entries to revenue being recorded, in particular via manual journal entries; and • contracts in certain operating entities with customers contain performance obligations, which are performed after billing has occurred, giving rise to deferred revenue (for example, at ATM). This may give rise to a risk material misstatement arising from the cut-off of revenue either through misidentification of these terms and/ or through incorrect measurement of the quantum of unprocessed performance obligations. Due to the potential pressure on management to misstate revenue and given the judgemental nature of measuring the amount of unprocessed waste at the balance sheet date, we consider revenue recognition to be a key audit matter.	In addressing the risk that erroneous manual journal entries may have been posted to revenue, our audit procedures have included: • identification and testing of material, manual journal entries posted to revenue in the period including agreeing to supporting documentation; and • tracing a sample of revenue transactions recorded in the period to supporting documentation. In addressing the risk of incorrect measurement of deferred revenue balances arising on unprocessed waste, our audit procedures have included: • attending waste counts at material waste collection and processing sites, which were performed by management's experts in certain key locations. We evaluated the experts' capabilities, competence and objectivity in providing their service; • verified the quantum of processed and non-processed waste had been accurately applied from physical waste counts and were then appropriately reflected in revenue and deferred revenue calculations; • reviewing the conversion rates for various waste types from volume to weight through assessment of the density assumptions; • agreeing the cost price per type of waste to underlying supporting documents; and • performing analytical audit procedures comparing actual deferred revenue to an estimate informed by application of the gross profit margin achieved in the prior period to the costs incurred in March 2022. **Key observations:** Based on this testing, we are satisfied that revenue recognition was appropriate for the year ended 31 March 2022.
Valuation of onerous contract provisions – Section 4.10 The Group holds €79.9m (2021: €80.9m) of onerous contract provisions on its balance sheet at year end – the significant majority of which is in connection with the UK Municipal business within the Specialities reporting segment. The measurement of these provisions at the year-end involves a high degree of estimation and judgement, in particular as the provisions relate to cash outflows that arise over a long-term horizon and are influenced by market conditions in the offtake and recyclate markets that are difficult to forecast. Given the level of estimation uncertainty and judgement involved, we consider the valuation of onerous contracts and the associated disclosure in the financial statements to be a key audit matter.	In auditing the valuation of onerous contract provisions, our audit procedures have included: • obtaining the onerous contract models that are used to determine the carrying value of provisions and our modelling team have interrogated the accuracy and integrity of the models; • discussing with divisional management the process used to update onerous contract models, to understand the process, rigour and expertise involved in building up the cash flow forecasts; • assessing the appropriateness of discount rates used by comparison with government bond yields over a consistent timeframe; • considering management's forecasting ability in light of actual outturn versus historical forecasting; • considering the consistency of onerous contract modelling with the forecasts used in other areas; • corroborating assumptions used in the models, including input tonnage and recyclate pricing on variable revenue streams to recently achieved levels; • performing sensitivity analysis on key inputs (notably recyclate pricing, discount rates and volumes of waste processed), in order to understand how sensitive the model is to these inputs; and • considering the appropriateness of the sensitivity disclosures included in the notes to the financial statements in connection with the onerous contracts. **Key observations:** Based on the testing performed, we believe that the Group's estimate of the onerous contract provision falls within a reasonably acceptable range as at 31 March 2022.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of landfill provisions – Section 4.10 The required restoration and aftercare of landfill sites results in provisions being recognised within the financial statements of the Group. The Group holds €156.9m (2021: €157.6m) in respect of these site restoration and aftercare ('landfill') provisions on its balance sheet at year end. The long-term horizons involved in estimating the provisions give rise to increased levels of judgement and high levels of estimation uncertainty. There are a number of significant assumptions involved in estimation of future cash flows, including: the period of aftercare; the level of expected future costs; and the discount rate applied. Changes in government legislation or policy may impact the expected level of aftercare required by the Group. Given the level of estimation and judgement involved in determining the required provision, we consider valuation of landfill provisions and the associated disclosure in the financial statements to be a key audit matter.	In auditing the valuation of landfill provisions, our procedures have included but were not limited to: • discussing with divisional management the process used to update the models, to understand the process, rigour and expertise involved in building up the cash flow forecasts; • reviewing the underlying assumptions (notably discount rates and expected future costs) in the model prepared by Renewi's external environmental specialists (where applicable) against key changes year-on-year and challenging whether movements are appropriate in the context of our expectations (informed by legislative changes, economic drivers of cost and other factors) and assessment of their expectations; • review of the output of management's experts (where applicable), to assess volume assumptions via drone and other techniques. We evaluated all experts' capabilities, competence and independence in providing their service; • assessment of the historical outturn of aftercare and restoration spend in FY22 compared with prior year budgets to assess management's accuracy in forecasting; • reassessed the discount rates used by comparison against government bond yields over equivalent time periods; and • considered the appropriateness of the sensitivity disclosures included in the notes to the financial statements in connection with landfill provisions, compared with the requirements of IAS 37. **Key observations:** Based on the procedures performed, we believe that the Group's estimate of the landfill provisions falls within a reasonably acceptable range as at 31 March 2022.

Provision for ongoing legal matters – Section 4.10
The Group has significant exposure to complex environmental regulations. The Group is also currently subject to a number of ongoing legal matters as outlined in Sections 4.10 and 8.4 of the financial statements.
The most significant case currently facing the Group is the legal case announced by the European Commission on 6 February 2020 into State Aid provided to the Group by the Walloon Region of Belgium, where management has estimated a maximum exposure of €63m (including interest).
The outcome of such matters is uncertain and involves significant judgement and estimation regarding both the determination of the most likely outcome of any claim and the associated quantum. We therefore consider this to represent a key audit matter.
	Our procedures included:
	• review of Board minutes, internal audit reports, internal integrity reports and internal health and safety monitoring (SHEQ reports) for indications of further legal matters and therefore the completeness of amounts provided for legal claims;
	• enquiry of the Group's legal counsel regarding the completeness of identified key ongoing legal matters, along with their assessment of the likely outcome of key matters and the basis for this assessment;
	• in respect of the ongoing State Aid case:
	  • made enquiries of external lawyers to understand their estimate of the outcome;
	  • review of external legal advice and specific case matter confirmations for any contradictory or supporting information;
	  • review of written correspondence from the Group's external counsel for any contradictory or supporting information;
	  • corroboration of the claim amount through review of aid previously received;
	  • assessment of evidence that the €15.1m provision represents the Group's best estimate of the likely economic outflow based on the most likely outcome of this matter;
	• in respect of certain other legal claims or environmental tax exposures, we have had direct discussion with external lawyers and/or obtained written case matter confirmations;
	• review of correspondence with other lawyers during the year, including their reported quantification of likely economic outflow; and
	• review of professional fees expense accounts for large unexplained legal costs, which could indicate the presence of further ongoing cases requiring provision.
	Key observations:
	Based on our procedures performed, we believe that provisions and contingent liability disclosures in respect of both the State Aid case and other cases are reasonable and appropriate. We note that scenarios do exist (although not considered the 'most likely' scenarios) where these claims could be settled for amounts that are materially more or less than the provision made at 31 March 2022.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	€6.51m (FY21: €6.77m).	£13m (FY21: £6.37m).
Basis for determining materiality	5% of EBIT adjusted for non-recurring items (FY21: 0.4% of Group revenue).	2% of net assets (FY21: 1% of net assets).
Rationale for the benchmark applied	As the principle intent of the Group is to generate stakeholder return, a profit-based measure is considered most appropriate. Revenue was selected in the prior year as earnings based measures were not considered to have sufficient stability, as a result of a combination of integration activity following the merger of the legacy VGG and Shanks businesses. Given the trading performance in the year, we consider that transitioning to an earnings based measure is appropriate.	Net assets is considered the primary measure of shareholders in assessing the performance of the Parent Company, as performance will be measured on the performance of its investments through dividend receipts and impairment charges. The increase to 2% represents alignment with our internal methodology.
Performance materiality	€4.56m (FY21: €4.40m).	£9.1m (FY21: £4.14m).
Basis for determining performance materiality	Performance materiality has been set at 70% (FY21: 65%). Our performance materiality percentage has increased, given this is our second year of appointment, having developed relevant business and risk understanding during our first-year audit. The percentage selected ensures our audit adjustment aggregation risk is at an appropriate level.	Performance materiality has been set at 70% (FY21: 65%). Our performance materiality percentage has increased for the reasons set out opposite.

Component materiality

We set materiality for each component of the Group based on a percentage of between 18% and 86% of Group materiality, dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €1,200,000 to €5,600,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing, to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €130,000 (2021: €133,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 157; and • the Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 157.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 118; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 118; • the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 118; and • the section describing the work of the Audit Committee set out on page 129.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters, as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Strategic report
Governance report
Financial statements
Other information

European Single Electronic Format (ESEF)

The Annual Report and Accounts of Renewi plc, has been prepared in single electronic reporting format (ESEF), pursuant to the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018, supplementing Directive 2004/109/EC of the European Parliament and the Council. The requirements to be met are set out in the aforementioned delegated regulation (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the Annual Report and Accounts, made up in XHTML format, including the partly tagged consolidated financial statements as included in the reporting package by Renewi plc, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the Annual Report and Accounts, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Our responsibility is to obtain reasonable assurance for our conclusion on whether the Annual Report and Accounts in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43.

Our procedures included:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the inline XBRL instance document and XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether they are in accordance with the RTS on ESEF.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We have gained an understanding of the legal and regulatory framework in which the Group operates through our core team members' knowledge of the industry and countries in which the Group operates, in addition to enquiries of Group legal counsel. Based on this understanding, we identified that the principal risks of non-compliance with laws and regulations relates to environmental and health and safety regulations. We have considered the extent to which non-compliance might have a material impact on the financial statements. We have reviewed Board minutes and other key correspondence (including with external counsel) to identify any undisclosed instances of non-compliance with such regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, including Companies Act 2006, the listing rules and local tax laws. We have reviewed the financial statements against Companies Act 2006 and Listing Rules disclosure checklists to confirm that disclosures are compliant with the requirements. In respect of local tax laws, we have focused our testing on the recognition of deferred tax assets and the quantification of uncertain tax positions, in accordance with our understanding of the associated local tax legislation supported by in-country tax experts.

We have considered the incentives and opportunities of management to carry out fraudulent financial reporting (including override of controls) and determined that the principal risks relate to management bias in determining accounting estimates and judgements (the most significant of which are outlined in our key audit matters above) and through the recording of inappropriate journal entries.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed, which are capable of detecting irregularities, including fraud, include:

- critical challenge and exercise of professional scepticism in the assessment of significant accounting estimates, judgements and policies for any indications of management bias;
- identification and testing of unusual journal entries focusing on journals with parameters indicative of fraud; and
- detailed verification of consolidation level journal entries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Cardiff
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London, UK
24 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the year ended 31 March 2022

		2022			2021		
	Note	Underlying €m	Non trading & exceptional items €m	Total €m	Underlying €m	Restated* Non trading & exceptional items €m	Restated* Total €m
Revenue	2,3.1	**1,869.2**	**–**	**1,869.2**	1,693.6	–	1,693.6
Cost of sales	3.3	**(1,512.5)**	**0.1**	**(1,512.4)**	(1,408.5)	(15.7)	(1,424.2)
Gross profit (loss)		**356.7**	**0.1**	**356.8**	285.1	(15.7)	269.4
Administrative expenses	3.3	**(223.1)**	**(9.7)**	**(232.8)**	(212.1)	(21.2)	(233.3)
Operating profit (loss)	2,3.3	**133.6**	**(9.6)**	**124.0**	73.0	(36.9)	36.1
Finance income	5.4	**9.3**	**0.2**	**9.5**	10.9	0.4	11.3
Finance charges	5.4	**(38.2)**	**(0.1)**	**(38.3)**	(38.1)	–	(38.1)
Share of results from associates and joint ventures	4.4	**0.5**	**–**	**0.5**	1.6	–	1.6
Profit (loss) before taxation		**105.2**	**(9.5)**	**95.7**	47.4	(36.5)	10.9
Taxation	3.4	**(26.4)**	**6.1**	**(20.3)**	(11.6)	6.2	(5.4)
Profit (loss) for the year		**78.8**	**(3.4)**	**75.4**	35.8	(30.3)	5.5
Attributable to:							
Owners of the parent		**77.9**	**(3.4)**	**74.5**	35.9	(30.3)	5.6
Non-controlling interests	5.9	**0.9**	**–**	**0.9**	(0.1)	–	(0.1)
		78.8	**(3.4)**	**75.4**	35.8	(30.3)	5.5

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

Earnings per share	Note	2022 cents	Restated* 2021 cents
Basic	3.5	**93**	7
Diluted	3.5	**93**	7
Underlying basic	3.5	**98**	45
Underlying diluted	3.5	**98**	45

* The comparatives have been restated in accordance with the requirements of IAS 33 Earnings per share following the share consolidation and also due to prior period adjustments as explained in section 1 Basis of preparation.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 €m	Restated* 2021 €m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**(0.2)**	(3.1)
Fair value movement on cash flow hedges	5.5	**16.5**	14.3
Deferred tax on fair value movement on cash flow hedges	3.4	**(1.9)**	(2.4)
Share of other comprehensive income of investments accounted for using the equity method	4.4	**0.5**	0.3
		14.9	9.1
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit pension schemes	7.2	**10.5**	(23.3)
Deferred tax on actuarial gain (loss) on defined benefit pension schemes	3.4	**(2.4)**	4.4
		8.1	(18.9)
Other comprehensive income (loss) for the year, net of tax		**23.0**	(9.8)
Profit for the year		**75.4**	5.5
Total comprehensive income (loss) for the year		**98.4**	(4.3)
Attributable to:			
Owners of the parent		**97.5**	(4.2)
Non-controlling interests		**0.9**	(0.1)
Total comprehensive income (loss) for the year		**98.4**	(4.3)

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2022

	Note	31 March 2022 €m	Restated* 31 March 2021 €m
Assets			
Non-current assets			
Goodwill and intangible assets	4.1	**592.8**	594.9
Property, plant and equipment	4.2	**553.6**	560.7
Right-of-use assets	4.3	**213.8**	233.8
Investments	4.4	**14.3**	17.2
Financial assets relating to PPP contracts	4.5	**135.7**	142.4
Derivative financial instruments	5.5	**0.4**	7.9
Defined benefit pension scheme surplus	7.2	**8.6**	–
Other receivables	4.8	**5.1**	4.1
Deferred tax assets	3.4	**41.6**	51.3
		1,565.9	1,612.3
Current assets			
Inventories	4.7	**22.5**	20.6
Investments	4.4	**11.1**	9.3
Loans to associates and joint ventures	4.4	**0.9**	0.9
Financial assets relating to PPP contracts	4.5	**7.7**	6.7
Trade and other receivables	4.8	**269.3**	247.7
Derivative financial instruments	5.5	**6.6**	1.2
Current tax receivable		**0.9**	0.5
Cash and cash equivalents – including restricted cash	5.2	**63.6**	68.8
		382.6	355.7
Assets classified as held for sale	6.3	**3.3**	–
		385.9	355.7
Total assets		**1,951.8**	1,968.0
Liabilities			
Non-current liabilities			
Borrowings	5.3	**(518.7)**	(689.1)
Derivative financial instruments	5.5	**(14.6)**	(25.3)
Other non-current liabilities	4.9	**(36.2)**	(54.4)
Defined benefit pension schemes deficit	7.2	**(6.3)**	(11.4)
Provisions	4.10	**(258.1)**	(252.6)
Deferred tax liabilities	3.4	**(47.0)**	(50.9)
		(880.9)	(1,083.7)
Current liabilities			
Borrowings	5.3	**(148.9)**	(47.8)
Derivative financial instruments	5.5	**(0.1)**	(0.2)
Trade and other payables	4.9	**(528.4)**	(546.2)
Current tax payable		**(24.2)**	(13.8)
Provisions	4.10	**(31.1)**	(38.7)
		(732.7)	(646.7)
Total liabilities		**(1,613.6)**	(1,730.4)
Net assets		**338.2**	237.6
Issued capital and reserves attributable to the owners of the parent			
Share capital	5.9	**99.5**	99.5
Share premium	5.9	**473.8**	473.6
Exchange reserve	5.9	**(15.0)**	(14.8)
Retained earnings	5.9	**(227.1)**	(326.8)
		331.2	231.5
Non-controlling interests	5.9	**7.0**	6.1
Total equity		**338.2**	237.6

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

The Financial Statements on pages 170 to 257 were approved by the Board of Directors and authorised for issue on 24 May 2022. They were signed on its behalf by:

Ben Verwaayen
Chairman

Otto de Bont
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Share capital €m	Share premium €m	Exchange reserve €m	Restated* Retained earnings €m	Non-controlling interests €m	Restated* Total equity €m
Balance at 1 April 2021 – restated*		**99.5**	**473.6**	**(14.8)**	**(326.8)**	**6.1**	**237.6**
Profit for the year		**–**	**–**	**–**	**74.5**	**0.9**	**75.4**
Other comprehensive (loss) income:							
Exchange loss on translation of foreign subsidiaries		**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Fair value movement on cash flow hedges	5.5	**–**	**–**	**–**	**16.5**	**–**	**16.5**
Actuarial gain on defined benefit pension schemes	7.2	**–**	**–**	**–**	**10.5**	**–**	**10.5**
Tax in respect of other comprehensive income items	3.4	**–**	**–**	**–**	**(4.3)**	**–**	**(4.3)**
Share of other comprehensive income of investments accounted for using the equity method	4.4	**–**	**–**	**–**	**0.5**	**–**	**0.5**
Total comprehensive (loss) income for the year		**–**	**–**	**(0.2)**	**97.7**	**0.9**	**98.4**
Share-based compensation	7.3	**–**	**–**	**–**	**2.5**	**–**	**2.5**
Movement on tax arising on share-based compensation		**–**	**–**	**–**	**1.3**	**–**	**1.3**
Proceeds from exercise of employee options	5.9	**–**	**0.2**	**–**	**–**	**–**	**0.2**
Own shares purchased by the Employee Share Trust	5.9	**–**	**–**	**–**	**(1.8)**	**–**	**(1.8)**
Balance as at 31 March 2022		**99.5**	**473.8**	**(15.0)**	**(227.1)**	**7.0**	**338.2**
Balance at 1 April 2020		99.5	473.6	(11.6)	(327.6)	1.4	235.3
Profit (loss) for the year – restated*		–	–	–	5.6	(0.1)	5.5
Other comprehensive (loss) income:							
Exchange (loss) gain on translation of foreign subsidiaries		–	–	(3.2)	–	0.1	(3.1)
Fair value movement on cash flow hedges	5.5	–	–	–	14.4	(0.1)	14.3
Actuarial loss on defined benefit pension schemes	7.2	–	–	–	(23.3)	–	(23.3)
Tax in respect of other comprehensive income items	3.4	–	–	–	2.0	–	2.0
Share of other comprehensive income of investments accounted for using the equity method	4.4	–	–	–	0.3	–	0.3
Total comprehensive loss for the year – restated*		–	–	(3.2)	(1.0)	(0.1)	(4.3)
Share-based compensation	7.3	–	–	–	1.4	–	1.4
Movement on tax arising on share-based compensation		–	–	–	0.3	–	0.3
Disposal of non-controlling interest		–	–	–	1.3	4.8	6.1
Own shares purchased by the Employee Share Trust	5.9	–	–	–	(1.2)	–	(1.2)
Balance as at 31 March 2021 – restated*		99.5	473.6	(14.8)	(326.8)	6.1	237.6

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 €m	Restated* 2021 €m
Profit before tax		**95.7**	10.9
Finance income		**(9.5)**	(11.3)
Finance charges		**38.3**	38.1
Share of results from associates and joint ventures		**(0.5)**	(1.6)
Operating profit		**124.0**	36.1
Amortisation and impairment of intangible assets	4.1	**11.1**	19.1
Depreciation and impairment of property, plant and equipment	4.2	**74.7**	80.4
Depreciation and impairment of right-of-use assets	4.3	**45.5**	42.5
Impairment of investment in associate	4.4	**1.9**	–
Net gain on disposal of property, plant and equipment and intangible assets		**(0.8)**	(0.1)
Exceptional (credit) charge on long term provisions		**(1.6)**	3.7
Net decrease in provisions		**(5.8)**	(11.0)
Payment related to committed funding of the defined benefit pension schemes		**(3.6)**	(3.6)
Other non-cash items		**–**	2.6
Share-based compensation	7.3	**2.5**	1.4
Operating cash flows before movement in working capital		**247.9**	171.1
(Increase) decrease in inventories		**(1.9)**	0.2
(Increase) decrease in receivables	4.8	**(23.2)**	25.1
(Decrease) increase in payables	4.9	**(34.8)**	57.1
Cash flows from operating activities		**188.0**	253.5
Income tax paid		**(7.6)**	(14.8)
Net cash inflow from operating activities		**180.4**	238.7
Investing activities			
Purchases of intangible assets		**(8.4)**	(4.1)
Purchases of property, plant and equipment		**(77.6)**	(58.0)
Proceeds from disposals of property, plant and equipment		**4.7**	4.5
Acquisition of business assets	6.1	**(0.5)**	–
Net cash outflow in relation to prior year sale of business		**(0.8)**	–
Capital contribution to associates and joint ventures		**–**	(1.1)
Dividends received from associates and joint ventures		**1.3**	1.6
Receipt of deferred consideration		**0.3**	0.6
Purchase of other short-term investments		**(2.2)**	(0.8)
Outflows in respect of PPP arrangements under the financial asset model		**(0.4)**	(1.9)
Capital received in respect of PPP financial assets		**6.2**	5.1
Finance income		**9.9**	10.2
Net cash outflow from investing activities		**(67.5)**	(43.9)
Financing activities			
Finance charges and loan fees paid		**(28.4)**	(30.8)
Investment in own shares by the Employee Share Trust	5.9	**(1.8)**	(1.2)
Proceeds from share issues		**0.2**	–
Loan from non-controlling interest		**–**	0.5
Proceeds from retail bonds	5.1	**125.0**	–
Proceeds from bank borrowings	5.1	**141.6**	9.0
Repayment of bank borrowings	5.1	**(312.2)**	(269.0)
Settlement of cross-currency interest rate swaps		**6.4**	–
Repayment of PPP debt	5.1	**(5.7)**	(4.1)
Repayments of obligations under lease liabilities	5.1	**(44.2)**	(40.4)
Net cash outflow from financing activities		**(119.1)**	(336.0)
Net decrease in cash and cash equivalents		**(6.2)**	(141.2)
Effect of foreign exchange rate changes		**1.0**	0.2
Cash and cash equivalents at the beginning of the year		**68.8**	209.8
Cash and cash equivalents at the end of the year	5.2	**63.6**	68.8

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements

Notes to the financial statements

SECTION 1. BASIS OF PREPARATION

This section provides general information about the Group and the accounting policies that apply to the consolidated financial statements as a whole. Accounting policies that are specific to a particular note are provided within the note to which they relate. This section also details the new or amended accounting standards adopted during the year as well as the anticipated impact of future changes to accounting standards that are not yet effective.

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438 and the address of the registered office is given on page 261. The nature of the Group's operations and its principal activities are set out in section 2.

The consolidated financial statements of the Group are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, other receivables relating to invoice finance facilities, share-based payments, plan assets within pension schemes, unlisted investments and short-term investments which are stated at fair value. The accounting policies adopted in the consolidated financial statements have been consistently applied. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2021. The consolidated financial statements are presented in Euros and all amounts are rounded to the nearest €0.1m unless otherwise stated.

Going concern

The Directors have adopted the going concern basis in preparing these consolidated financial statements after assessing the Group's principal risks including an assessment of the impact of continued recovery from the Covid-19 pandemic, the current high inflationary environment and the uncertainty arising from the invasion of Ukraine.

The Directors have carried out a comprehensive assessment of the Group's ability to continue as a going concern. This assessment has involved the review of medium-term cash flow modelling over an 18-month period to 30 September 2023. This includes expectations on the future economic environment, available liquidity, which includes repayment of the €100m Belgian retail bond in June 2022, as well as other principal risks associated with the Group's ongoing operations.

The assessment includes a base case scenario setting out the Directors' current expectations of future trading and a plausible but severe downside scenario and without applying any mitigating actions to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the level and speed of economic recovery following the disruption caused by the Covid-19 pandemic and the impact of recent geopolitical events.

The downside scenario includes significantly weaker macro-economic conditions leading to a volume decline, well below the forecast economic growth in all our territories in FY23 and FY24. Other downsides include a significant decline in recyclate prices from the current levels, higher energy and diesel prices, operational downtime in some of our plants and a settlement of the provision arising from the European Commission investigation into alleged state aid in Belgium. These factors reduce FY23 EBIT by 31% compared to the base case. No mitigating cost and cash actions, such as deferral of uncommitted capital expenditure, working capital actions and reduced discretionary spend, have been applied to our downside modelling as these are not necessary to preserve sufficient liquidity or to avoid a breach of covenants.

In the base case and plausible downside scenarios the Group has sufficient liquidity and headroom in its existing facilities and no covenants are breached at any of the forecast testing dates.

In addition, a reverse stress test calculation has been undertaken to consider the points at which the covenants may be breached. Underlying EBIT in FY23 would need to reduce by 59% compared to the base case without considering any mitigating actions. In the opinion of the Directors there is no plausible scenario or combination of scenarios that we consider to be remotely likely that would generate this result.

Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet all banking covenants.

In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have also assessed the prospects and financial viability of the Company for a period longer than the 12 months required in the going concern assessment. Further details are provided in the Viability Statement on page 100.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Prior year restatements

PPP non-recourse net debt presentation

Given that cash held in UK PPP entities is not freely available to the Group, historically management determined that it was appropriate to present these cash balances together with the gross non-recourse debt as PPP non-recourse net debt. In preparing these financial statements, management identified this presentation of cash and cash equivalents and PPP non-recourse debt in the balance sheet as an error and accordingly a prior year adjustment has been made. Non-recourse debt in these UK PPP entities has always been excluded from the calculation of the Group's covenants which remains unchanged. It has been determined that the appropriate presentation should be on a gross basis in line with the requirements of IAS 32 Financial Instruments. The impact of this change has led to gross PPP non-recourse debt and PPP cash held at bank being presented separately within borrowings and current assets respectively which has resulted in the following changes to the 31 March 2021 Balance Sheet: an increase in non-current borrowings of €15.2m, an increase in current borrowings of €2.1m with a corresponding increase in cash and cash equivalents of €17.3m. There is no impact on the Income Statement, earnings per share, Statement of Comprehensive Income, Group equity or the alternative performance measure of core net debt. The Balance Sheet and Statements of Cash flows together with related disclosures have been restated to reflect this adjustment. A 31 March 2020 balance sheet has not been presented as considered not material, the impact is an increase in non-current borrowings of €14.0m, an increase in current borrowings of €1.3m with a corresponding increase in cash and cash equivalents of €15.3m.

Earnings per share due to share capital consolidation

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. As a result earnings per share disclosures have been restated in these consolidated financial statements in accordance with the requirements of IAS 33 Earnings per share and as set out in note 3.5.

Change in accounting policy – Configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements

In April 2021 the IFRS Interpretations Committee (IFRIC) published an agenda decision in relation to the interpretation on accounting for configuration or customisation costs in cloud computing or Software as a Service (SaaS). As a result the Group has reviewed its accounting policy regarding the configuration and customisation costs incurred when implementing SaaS arrangements.

The Group's revised policy, applied retrospectively, aligns with the IFRIC agenda decision whereby:

- In SaaS arrangements where the Group controls the underlying software, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use
- Where the Group does not control the underlying software, but the related configuration and customisation costs are not distinct from access to the software, these costs are expensed over the term of the SaaS contract
- In all other circumstances, configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset.

We have determined that €3.9m of costs incurred and capitalised during the current financial year and the net book value of €7.3m of software intangible assets held at 31 March 2021 no longer meet the criteria for recognition under IAS 38 Intangible assets. The impact on opening reserves for the year ended March 2020 of €3.7m was deemed immaterial and has therefore been included in the year ended March 2021 adjustment. Accordingly, €3.9m (2021: €7.3m) has been expensed and disclosed as a non-trading and exceptional administrative expenses item because it arises from the one-off introduction of interpretations to accounting policy guidance and is material in size. The prior year balance sheet has been adjusted with a reduction of €7.3m of intangibles, an increase in deferred tax assets of €1.8m and a reduction in retained earnings of €5.5m. The impact on the Statement of Cash flows is a €4.7m increase in cashflows from operating activities and a reduction in cash outflows due to investing activities of €4.7m.

The impact of the above restatements on the Consolidated Income Statement for the year ended 31 March 2021 is as follows:

Income statement extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Underlying operating profit	73.0	–	–	73.0
Non-trading and exceptional items	(29.6)	–	(7.3)	(36.9)
Operating profit	43.4	–	(7.3)	36.1
Profit before taxation	18.2	–	(7.3)	10.9
Taxation	(7.2)	–	1.8	(5.4)
Profit for the year	**11.0**	**–**	**(5.5)**	**5.5**

SECTION 1. BASIS OF PREPARATION CONTINUED

The impact of the above restatements on the Consolidated Balance Sheet as at 31 March 2021 is as follows:

Balance Sheet extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Goodwill and intangible assets	602.2	–	(7.3)	594.9
Deferred tax assets	49.5	–	1.8	51.3
Non-current assets	1,617.8	–	(5.5)	1,612.3
Cash and cash equivalents – including restricted cash	51.5	17.3	–	68.8
Current assets	338.4	17.3	–	355.7
Total assets	1,956.2	17.3	(5.5)	1,968.0
Borrowings – non-current	(673.9)	(15.2)	–	(689.1)
Non-current liabilities	(1,068.5)	(15.2)	–	(1,083.7)
Borrowings – current	(45.7)	(2.1)	–	(47.8)
Current Liabilities	(644.6)	(2.1)	–	(646.7)
Total liabilities	(1,713.1)	(17.3)	–	(1,730.4)
Net assets	**243.1**	**–**	**(5.5)**	**237.6**
Issued capital and reserves attributable to the owners of the parent				
Retained earnings	(321.3)	–	(5.5)	(326.8)
Other equity	558.3	–	–	558.3
	237.0	–	(5.5)	231.5
Non-controlling interests	6.1	–	–	6.1
Total equity	**243.1**	**–**	**(5.5)**	**237.6**

The impact of the above restatements on the Consolidated Statement of Cash Flows for the year ended 31 March 2021 is as follows:

Statement of Cash Flows extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Net cash flows from operating activities	243.4	–	(4.7)	238.7
Net cash flows from investing activities	(48.6)	–	4.7	(43.9)
Net cash flows from financing activities	(337.3)	1.3	–	(336.0)
Net decrease in cash and cash equivalents	(142.5)	1.3	–	(141.2)
Effect of foreign exchange rate changes	(0.5)	0.7	–	0.2
Cash and cash equivalents at 31 March 2020	194.5	15.3	–	209.8
Cash and cash equivalents at 31 March 2021	**51.5**	**17.3**	**–**	**68.8**

The impact of the above restatements on basic and diluted earnings per share for the year ended 31 March 2021 is as follows:

	31 March 2021 (previously reported) cents	Share capital consolidation cents	Restatement due to PPP cash and debt cents	Restatement due to SaaS arrangements cents	31 March 2021 (restated) cents
Basic	1.4	12.6	–	(7.0)	7.0
Diluted	1.4	12.6	–	(7.0)	7.0
Underlying basic	4.5	40.5	–	–	45.0
Underlying diluted	4.5	40.5	–	–	45.0

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). At the date of approval of these financial statements there were no new IFRSs or IFRS Interpretation Committee interpretations which were early adopted by the Group.

The following amendments are effective for the period beginning 1 April 2022:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3).

The amendment to IAS 37 Onerous Contracts – Costs of Fulfilling Contract clarifies that the costs of fulfilling a contract should include an allocation of other costs that relate directly to fulfilling the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract – for example, direct labour and materials; and an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others. Prior to this amendment there has been a diversity in practice as to whether the costs of meeting contractual obligations should comprise only incremental costs or also include an allocation of direct costs which would have been incurred regardless of whether the contract was being performed or not. The Group's current accounting policy only includes incremental direct costs when measuring the costs to fulfil a contract. The amendment is effective from 1 April 2022 and requires any additional provisions to be recognised as an adjustment to retained earnings at that date. The Group is in the process of finalising the impact of this amendment and it is currently estimated that this will result in an increase in the existing onerous contract provisions of approximately €53m.

The following amendments are effective for the period beginning 1 April 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Group does not expect a significant impact from any of the other new accounting standards and amendments.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures on pages 66 to 73 this year. Physical climate change poses risk to our operations and supply chain however mitigation measures are either already in place or are in the process of being further developed therefore no medium-term impact is expected from climate change. The Directors are aware of the changing risks attached to climate change and are in the process of developing a TCFD Roadmap which will lead to quantifying the business impact of material climate related risks and opportunities. There have been no material impacts identified on the financial reporting judgements and estimates. In particular, the impact of climate change has been considered in respect of the following areas:

- Going concern and viability of the Group over the next three years
- Cash flow forecasts in the impairment assessments of goodwill
- Carrying value and useful economic lives of property, plant and equipment.

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.

Foreign currencies

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The results and financial position of all the Group entities that have a functional currency different from the presentational currency of the Group are translated as follows:

- monetary assets and liabilities at each balance sheet date are translated into Euros at the closing year end exchange rate;
- income and expenses in each Income Statement are translated into Euros at the average rate of exchange for the year;
- equity items are translated at the historical rate being the average rate of exchange in the year when the transaction occurred; and
- the resulting exchange differences are recognised in the exchange reserve in Other Comprehensive Income.

In addition to the Group's presentational currency of Euros, the most significant currency for the Group is Sterling with the closing rate on 31 March 2022 of €1: £0.845 (2021: €1: £0.852) and an average rate for the year ended 31 March 2022 of €1: £0.849 (2021: €1: £0.885).

Cumulative exchange differences are recognised in the Income Statement in the year in which a non-Euro denominated subsidiary undertaking is sold.

The Group applies the hedge accounting principles of IFRS 9 Financial Instruments relating to net investment hedging to offset the exchange differences arising on foreign currency denominated borrowings with the translation of foreign operations. Net investment hedges are accounted for by recognising exchange rate movements in the exchange reserve, with any hedge ineffectiveness being charged to the Income Statement in the period the ineffectiveness arises.

Critical accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes. Critical estimates are defined as those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on factors including historical experience and expectations of future events that are considered to be relevant and reasonable. These estimates, assumptions and judgements are reviewed on an ongoing basis.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Judgements in applying the Group's accounting policies
Use of alternative performance measures – The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying earnings per share and underlying EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'EBITDA', 'exceptional items', 'adjusted' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 8.3.

Non-trading and exceptional items – In establishing which items are disclosed separately as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size, nature or incidence of specific items. A policy for non-trading and exceptional items is followed consistently and is submitted to the Audit Committee for annual review. See note 3.3 for further details of the costs included within this category.

Service concession arrangements – Management considered all relevant factors including the expectation by the relevant client authority of who was the primary obligor, the ability of the Group to set the selling price, who performed the service, who assumed the credit risk and who had discretion in selecting suppliers. Following this assessment the Group determined that it acted as agent during the construction phase of the UK Municipal contracts. Consequently the consideration from local authorities for the operations of waste management service concessions is treated as financial assets relating to PPP contracts in accordance with IFRIC 12. Management determined that the cash flows relating to the outflows and capital repayments in respect of PPP arrangements under the financial asset model are investing activities in the statement of cash flows and not operating cash flows. At the balance sheet date, the Group has financial assets relating to PPP contracts of €143.4m (2021: €149.1m). Consideration relating to financial assets is split between a service element as revenue and a repayment element, split between capital and interest receivable that is deducted from the financial asset. Further details are given in notes 3.1 and 4.5.

Defined benefit pension scheme surplus – Management have concluded that the UK defined benefit pension scheme rules determine that upon winding up the scheme the Group has an unconditional right to a refund once all of the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset is not restricted and no additional liability was recognised. See note 7.2 for further details of the scheme.

Taxation – The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's judgement that it is probable that there will be taxable profits in the relevant legal entity or tax group which will utilise the assets in the future. In respect of tax losses, the time expiry period, if any, is also taken into account in the analysis. The Group assesses the availability of future taxable profits using the five year projections as used for impairment reviews, together with other available forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profits from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset are amended to reflect management's judgement of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group, being an uncertainty over whether the relevant tax authority will accept the tax treatment.

Expected credit loss allowance – Management have used judgement to determine how the expected credit loss allowance could be impacted as a result of the Covid-19 pandemic and other macro-economic factors. For trade receivables and accrued income, in addition to using a provision matrix based on the payment profile of revenues a detailed review has been undertaken at a customer level in order to assess the likely potential of default considering the nature of the customers business and any government support measures. Further details are set out in note 4.8.

Alleged Belgium State Aid Claim – Management have used judgement in determining if a liability or contingent liability exists by considering whether an outflow of economic benefit is probable or possible as a result of past events. Legal advice has been obtained to determine that the most likely outcome, the median case, results in a €15m provision. It is noted that the potential maximum claim could be higher resulting in a potential further liability. Further details are set out in notes 4.10 and 8.4.

SECTION 1. BASIS OF PREPARATION CONTINUED

Contingent liabilities – Management have used judgement in determining if a contingent liability exists and if a provision needs to be recognised by considering whether an outflow of economic benefit is possible as a result of past events including seeking legal advice where appropriate in order to determine the most likely outcome. Where it is considered that there is a possible obligation but it is not probable that there will be an outflow of economic benefit or the amount cannot be reliably estimated then a contingent liability is disclosed as set out in note 8.4.

Estimates and assumptions
Impairment of goodwill – Impairment testing is carried out annually at a cash generating unit (CGU) level. The Group estimates the recoverable amount of a CGU using a value in use model which involves an estimation of future cash flows and applying appropriate discount and long-term growth rates. The future cash flows are derived from approved forecasts which have taken into account the ongoing impact of Covid-19 together with increasing energy prices and high inflation as a result of the events in Ukraine, specifically with regard to recovery of input volumes across different waste streams. Details of the key assumptions and sensitivity analysis are given in note 4.1.

Impairment of tangible assets, intangible assets and investments – The Group assesses the impairment of tangible assets, intangible assets and investments whenever there is reason to believe that the carrying value may 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 €156.9m (2021: €157.6m). 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. The timings of cash outflows are uncertain and have been based on management's latest expectation. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. Details of the discount rates used and sensitivity assumptions are set out in note 4.10.

Onerous contract provisions – Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. The Group has onerous contract provisions of €79.9m (2021: €80.9m) which have been provided for at the lower of the net present value of either exiting the contract or fulfilling our obligations under the contract. The most significant component of these provisions relates to UK Municipal PPP contracts which amount to €77.3m (2021: €78.9m). The provisions have been based on the best estimate of likely future cash flows including assumptions on tonnage inputs, plant performance and recyclates pricing. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. Further details including the discount rates used and sensitivity assumptions are set out in note 4.10.

Right-of-use assets and lease liabilities – Estimates and assumptions are made in calculating the incremental borrowing rate used to measure lease liabilities. For certain leases the determination of the lease liability is based on assumptions of the term of the lease, whether purchase options are likely to be exercised and the amount expected to be payable under any residual value guarantees as set out it note 5.3.

Defined benefit pension schemes – The calculation of the present value of the defined benefit pension schemes is determined by using actuarial valuations based on assumptions including discount rate, life expectancy and inflation rates. The principal assumptions used to measure the schemes' liabilities, sensitivities to changes in those assumptions and future funding obligations are set out in note 7.2.

Taxation – The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's calculation of expected taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. In respect of tax losses, the time expiry period, if any is also taken into account in the calculation. The Group assesses the availability of future taxable profits using the five year projections as used for the value in use calculations for impairment reviews together with other available long-term forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profit from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset will be amended to reflect management's estimate of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group and are based upon management's evaluation of the potential outcomes of the relevant discussions with the tax authorities. Further details on sensitivity assumptions are set out in note 3.4.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Waste disposal cost accruals – Management have used judgement in determining the value of disposal cost accruals with a carrying amount included in accruals and other payables of €48.9m (2021: €54.3m). Included in this is €14.9m (2021: €24.7m) relating to processed soil accruals at ATM. The value is determined by management's best estimate after carrying out an assessment of the cost per tonne to dispose of the waste based on historical transactions, discussions with potential customers and knowledge of the market as in some cases, due to the nature of some of these accruals there is no observable market data. Management carry out sensitivity analysis on a range of potential outcomes and an increase or reduction of the cost per tonne by 10% would impact the ATM accrual by €1.5m. It is anticipated that the majority of the waste with the most judgemental values should be disposed of during the next 12 months and as such is recorded as a current liability.

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, 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 unchanged from March 2021 and are set out below.

Commercial Waste	**Collection and treatment of commercial waste in the Netherlands and Belgium.**
Mineralz & Water	**Decontamination, stabilisation and re-use of highly contaminated materials to produce certified secondary products for the construction industry in the Netherlands and Belgium.**
Specialities	**Processing plants focusing on recycling and diverting specific waste streams. The operations are in the UK, the Netherlands, Belgium, France, Portugal and Hungary.**
Group central services	**Head office corporate function.**

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

Revenue

	2022 €m	2021 €m
Netherlands Commercial Waste	**896.2**	828.4
Belgium Commercial Waste	**466.9**	412.9
Intra-segment	**(2.6)**	(0.7)
Commercial Waste	**1,360.5**	1,240.6
Mineralz & Water	**193.9**	182.8
Specialities	**350.1**	300.8
Inter-segment revenue	**(35.3)**	(30.6)
Revenue	**1,869.2**	1,693.6

During the course of the year, the Group identified certain revenue transactions in the Specialities division which were presented net within the results for the year ended 31 March 2021 which, under IFRS 15, should be presented gross between revenue and cost of sales. These items have been corrected prospectively however no adjustment has been recorded in the year ended 31 March 2021 comparatives as the impact on revenue and cost of sales, which if corrected would increase both by €12m, is not considered material. There is no impact on gross profit or operating profit.

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Results

	2022 €m	Restated* 2021 €m
Netherlands Commercial Waste	**93.1**	53.7
Belgium Commercial Waste	**42.6**	23.1
Commercial Waste	**135.7**	76.8
Mineralz & Water	**5.8**	0.3
Specialities	**4.1**	2.4
Group central services	**(12.0)**	(6.5)
Underlying EBIT	**133.6**	73.0
Non-trading and exceptional items (note 3.3)	**(9.6)**	(36.9)
Operating profit	**124.0**	36.1
Finance income (note 5.4)	**9.3**	10.9
Finance charges (note 5.4)	**(38.2)**	(38.1)
Finance income – non-trading and exceptional items (note 3.3)	**0.2**	0.4
Finance charges – non-trading and exceptional items (note 3.3)	**(0.1)**	–
Share of results from associates and joint ventures	**0.5**	1.6
Profit before taxation	**95.7**	10.9

* The comparative for non-trading and exceptional items has been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Net Assets

	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Tax, net debt and derivatives €m	Restated* Total €m
31 March 2022						
Gross non-current assets	**1,010.8**	**257.5**	**219.3**	**36.3**	**42.0**	**1,565.9**
Gross current assets	**192.0**	**37.9**	**67.7**	**17.2**	**71.1**	**385.9**
Gross liabilities	**(399.3)**	**(206.4)**	**(174.7)**	**(79.7)**	**(753.5)**	**(1,613.6)**
Net assets (liabilities)	**803.5**	**89.0**	**112.3**	**(26.2)**	**(640.4)**	**338.2**
31 March 2021						
Gross non-current assets	1,042.6	258.2	225.7	26.6	59.2	1,612.3
Gross current assets	174.1	31.6	64.3	15.2	70.5	355.7
Gross liabilities	(414.6)	(224.3)	(173.0)	(91.4)	(827.1)	(1,730.4)
Net assets (liabilities)	802.1	65.5	117.0	(49.6)	(697.4)	237.6

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

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SECTION 2. SEGMENTAL INFORMATION CONTINUED

Other disclosures

	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Total €m
2022					
Capital additions:					
Property, plant and equipment	**52.0**	**13.0**	**6.6**	**1.7**	**73.3**
Right-of-use assets	**17.0**	**1.6**	**5.0**	**3.5**	**27.1**
Intangible assets	**0.1**	**1.7**	**0.1**	**7.4**	**9.3**
Depreciation charge:					
Property, plant and equipment	**50.6**	**12.8**	**4.6**	**1.3**	**69.3**
Right-of-use assets	**34.0**	**3.0**	**3.5**	**4.3**	**44.8**
Amortisation of intangibles	**3.2**	**0.6**	**1.7**	**3.3**	**8.8**
Impairment charge:					
Property, plant and equipment	**5.2**	**0.2**	**–**	**–**	**5.4**
Right-of-use assets	**0.7**	**–**	**–**	**–**	**0.7**
Goodwill and Intangible assets	**–**	**–**	**–**	**2.3**	**2.3**
Investment in associate	**–**	**–**	**1.9**	**–**	**1.9**
Non-trading and exceptional items before tax	**6.2**	**(2.9)**	**0.7**	**5.5**	**9.5**
2021					
Capital additions:					
Property, plant and equipment	48.4	5.5	5.7	1.5	61.1
Right-of-use assets	50.9	0.8	2.9	6.3	60.9
Intangible assets	–	0.1	0.2	11.0	11.3
Depreciation charge:					
Property, plant and equipment	57.4	10.9	5.0	0.9	74.2
Right-of-use assets	29.9	3.1	3.7	4.0	40.7
Amortisation of intangibles	3.5	0.7	1.6	3.8	9.6
Impairment charge:					
Property, plant and equipment	6.2	–	–	–	6.2
Right-of-use assets	0.3	–	1.5	–	1.8
Goodwill and Intangible assets	–	–	9.5	–	9.5
Non-trading and exceptional items before tax	16.1	4.8	10.1	5.5	36.5

* The comparative for non-trading and exceptional items before tax in Group central services has been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Geographical information

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

	2022 €m	Restated* 2021 €m
Netherlands	**985.8**	1,000.4
Belgium	**362.1**	379.8
UK	**6.6**	9.5
France	**17.4**	14.7
Portugal	**2.5**	1.6
Hungary	**0.1**	0.6
Segment assets	**1,374.5**	1,406.6

* The comparative for intangible assets in the Netherlands has been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

SECTION 3. OPERATING PROFIT AND TAX

This section contains the notes that relate to the results and performance of the Group during the year, along with the related accounting policies that have been applied.

3.1 Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers which requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The majority of the Group's revenue is generated from the performance obligation to the customer to collect and process the waste.

In the Commercial segment where the contract with a customer includes the collection of waste with a positive value and in the Specialities segment where a customer is paid a compensation based on the composition of the waste processed, the transaction price includes an element of non-cash consideration. This increases revenue with a corresponding increase in cost of sales for the value of the waste collected or compensation paid with no impact on operating profit.

Accounting policy

Under IFRS 15 revenue is defined as income arising in the course of the Group's waste collection and processing activities and is recognised when the control of goods or services transfer and is allocated to individual performance obligations. Revenue represents the fair value of consideration received or receivable for goods and services provided in the normal course of business, including landfill tax but excluding sales taxes, discounts and inter-company sales. Revenue is recognised either at a point in time, for example when the goods or services are transferred, or over time. Revenue is recognised over time when the customer simultaneously receives and consumes the goods or services or when there is an enforceable right to payment for performance completed to date. The Group's revenue is not subject to conditions that would imply a variable consideration in most cases. There is a limited number of contracts with variable consideration where revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue recognition criteria for the key types of services have been examined, determined and documented on a divisional level, based on the general and specific contracts with customers and are as follows:

- Inbound revenue relates to the collection and/or processing of waste. The transaction price is based on contractually agreed prices for collecting and processing the waste and differs depending upon the nature of the contract – contracts can be an all-in-tariff, split between rent, processing and transport or a price per tonne basis for different types of waste. Due to the very short time period between the start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of the waste.
  - Waste collection services: revenue is recognised at the point in time when the waste is delivered to transfer stations or to a third-party processing facility.
  - Waste processing services: where the Group's revenue contracts include an obligation to process waste, revenue is recognised over time based on the percentage of the processing service or activity that has been undertaken as there is an enforceable right to payment for performance completed. Where the waste processing has a very short cycle then revenue is recognised at the point in time when the waste is processed.
- Outbound revenue relates to the sale of recyclate materials and products from processing waste and the generation of power from gas. The transaction price is agreed with the customer either in a contract or in relation to a market index and is charged based on tonnage or kilowatt hour and in some situations will include an additional charge for transport services.
  - Sale of recyclate materials and products from waste: revenue is based on contractually agreed prices and is recognised at a point in time when control of the asset is transferred to the buyer.
  - Income from power generation: for gas produced by processes at anaerobic digestion facilities and landfill sites revenue is recognised at a point in time based on the volumes of energy produced and an estimation of the amount to be received.
- On-site revenue relates to activities and services provided to the customer on their own site, mainly cleaning services at customer installations. The transaction price can be a contracted lump sum or is charged by applying a fixed price by hour, litre or item depending on the nature of the contract.
- Other includes charges for sundry low value packing materials, waste advisory services to customers, services to support customers with waste collection and treatment activities.
- The timing of payments from customers is generally aligned to revenue recognition and subject to agreed invoice terms. Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed or require an accrual for the costs of disposing of residual waste once the Group has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate. Further details relating to deferred revenue are given in note 4.9. Accrued income (unbilled revenue) at the balance sheet date is recognised at fair value based on services provided and contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable and further details are set out in note 4.8.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 Revenue recognition continued

The practical expedient available under IFRS 15 has been taken whereby any financing element of the contract has been ignored as the timing difference between the satisfaction of the obligations under the contract and the receipt of payment due under the contract are expected to be one year or less. The Group's Private Finance Initiative/Public Private Partnership (PPP) contracts in the Municipal business line are waste management contracts which require the building of new infrastructure and all rights to the infrastructure pass to the local authority at the termination or expiry of the contract. The Group applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators. Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on having considered the extent to which the grantor (the local authority) controls the assets, over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Having considered these factors, the Group applies the 'financial asset' model to account for the infrastructure as it has an unconditional right to receive cash. The Group splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. The part of the service element which covers the obligation to undertake major refurbishments and renewals to maintain the infrastructure such that it is handed over to the local authority in good working order is known as lifecycle and is deferred and only recognised as revenue when the service is provided, further details are given in note 4.5.

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

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	Total €m
2022					
Inbound	**1,073.0**	**146.5**	**231.4**	**(31.6)**	**1,419.3**
Outbound	**212.2**	**47.4**	**116.5**	**(3.5)**	**372.6**
On-Site	**53.1**	**–**	**–**	**(0.2)**	**52.9**
Other	**22.2**	**–**	**2.2**	**–**	**24.4**
Total revenue	**1,360.5**	**193.9**	**350.1**	**(35.3)**	**1,869.2**
2021					
Inbound	1,032.2	136.3	210.1	(26.3)	1,352.3
Outbound	130.4	46.5	89.7	(2.6)	264.0
On-Site	41.3	–	–	(0.1)	41.2
Other	36.7	–	1.0	(1.6)	36.1
Total revenue	1,240.6	182.8	300.8	(30.6)	1,693.6

By geographical market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	Total €m
2022					
Netherlands	**895.5**	**152.9**	**55.4**	**(32.9)**	**1,070.9**
Belgium	**465.0**	**41.0**	**39.8**	**(2.4)**	**543.4**
UK	**–**	**–**	**216.3**	**–**	**216.3**
France	**–**	**–**	**26.3**	**–**	**26.3**
Other	**–**	**–**	**12.3**	**–**	**12.3**
Total revenue	**1,360.5**	**193.9**	**350.1**	**(35.3)**	**1,869.2**
2021					
Netherlands	827.9	140.8	40.7	(29.0)	980.4
Belgium	412.7	42.0	28.1	(1.6)	481.2
UK	–	–	205.5	–	205.5
France	–	–	18.9	–	18.9
Other	–	–	7.6	–	7.6
Total revenue	1,240.6	182.8	300.8	(30.6)	1,693.6

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 Revenue recognition continued

Revenue recognised at a point in time amounted to €1,652.5m (2021: €1,580.3m) with the remainder recognised over time. The majority of the Commercial Waste and Specialities revenue is recognised at a point in time, whereas for Mineralz & Water 57% of revenue (2021: 55%) is recognised over time.

3.2 Operating profit

Detailed below are the key amounts recognised in arriving at the operating profit for the year:

	Note	2022 €m	Restated* 2021 €m
Staff costs	7.1	**402.5**	395.6
Depreciation of property, plant and equipment	4.2	**69.3**	74.2
Impairment of property, plant and equipment (not included in non-trading and exceptional items)	4.2	**5.4**	1.6
Depreciation of right-of-use assets	4.3	**44.8**	40.7
Impairment of right-of-use assets (not included in non-trading and exceptional items)	4.3	**0.7**	–
Amortisation of intangible assets	4.1	**8.8**	9.6
Impairment of intangible assets	4.1	**2.3**	–
Impairment of investment in associate	4.4	**1.9**	–
Repairs and maintenance expenditure on property, plant and equipment		**99.7**	93.4
Net gain on disposal of property, plant and equipment and intangible assets		**(0.8)**	(0.1)
Expense relating to short-term leases		**17.4**	16.9
Expense relating to low-value assets		**9.5**	9.0
Income from subleasing right-of-use assets		**(0.8)**	(1.0)
Non-trading and exceptional items	3.3	**9.5**	36.5
Net charge on trade receivables and accrued income expected credit loss allowance	4.8	**0.6**	4.7

* The comparative for non-trading and exceptional items has been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

The total remuneration of the Group's auditors, BDO LLP and its associates for services provided to the Group during the year was:

	2022 €m	2021 €m
Audit of parent company and consolidated financial statements	**0.4**	0.4
Audit of subsidiaries pursuant to legislation	**1.3**	1.2
Audit related assurance services	**0.2**	0.2
Fees payable to the auditors pursuant to legislation	**1.9**	1.8

In the prior year BDO LLP were also paid de minimis non-audit services of €400 for a software licence entered into historically. Given the value and nature these non-audit services do not present a risk to audit independence however the service has not been renewed in the current year.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items. Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, significant fires, onerous contracts arising from restructuring activities or if significant in size, profit or loss on disposal of properties or subsidiaries as these are irregular, the change in fair value of non-hedged derivatives, the impact of terminating hedge derivatives, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions, amortisation of acquisition intangibles and one-off tax credits or charges. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results.

Exceptional items are considered individually and assessed at each reporting period.

	Note	2022 €m	Restated* 2021 €m
Renewi 2.0 improvement programme		**6.6**	7.3
Portfolio management activity:			
Prior year disposals		**(0.7)**	(2.6)
Other changes in long-term provisions		**(3.1)**	3.7
Other items:			
Configuration or customisation costs in cloud computing, Software as a Service arrangements		**3.9**	7.3
Restructuring (credit) charge – cash		**(0.5)**	3.1
Restructuring charge – non-cash impairments		**–**	5.3
Goodwill impairment		**–**	9.5
		3.4	25.2
Ineffectiveness and impact of termination of cash flow hedges		**(0.1)**	(0.4)
Amortisation of acquisition intangibles	4.1	**3.4**	3.3
Non-trading and exceptional items in profit before tax		**9.5**	36.5
Tax on non-trading and exceptional items		**(2.4)**	(7.2)
Exceptional tax (credit) charge		**(3.7)**	1.0
Total non-trading and exceptional items in profit after tax		**3.4**	30.3

* The comparative has been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Renewi 2.0 improvement programme

Renewi 2.0 improvement programme is a significant one-off business improvement project with expected capital and one-off costs of €40m over a three-year period and as a result is considered to be exceptional. Following the transformational merger five years ago, the goal of the Renewi 2.0 programme is to make the Group more streamlined and more efficient and improve customer experience and increase employee engagement. The programme also includes around €4m of IT integration costs carried over from the original integration programme and now merged with the Renewi 2.0 digitisation plans. This is the second year of the programme with total costs of €6.6m (2021: €7.3m) of which €0.1m (2021: €0.3m) are recorded in cost of sales and €6.5m (2021: €7.0m) are recorded in administrative expenses.

Portfolio management activity

The credit of €0.7m (2021: €2.6m) relates principally to releases of warranty provisions in relation to prior year disposals and is all recorded in administrative expenses.

Other changes in long-term provisions

Other changes in long-term provisions of €3.1m credit (2021: €3.7m charge) relates to future cash flow funding requirements in relation to Dutch landfills as a result of changes in the discount rate as determined by the relevant Dutch Province in relation to the long-term aftercare funds. These funds are managed and under the control of the Province. This resulted in a reduction of €1.6m in landfill provisions and a €1.5m cash refund from the Province. The credit (2021: charge) was all recorded in cost of sales.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 Non-trading and exceptional items continued

Other items

Configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements, relate to the Group updating its accounting policy on when software can be capitalised following the IFRIC interpretation. This guidance clarified the criteria under IAS 38 Intangible assets in relation to SaaS arrangements as explained in section 1 Basis of preparation. As a result €3.9m of costs incurred in the current year have been expensed. In addition €7.3m of capitalised intangible assets in existence at 31 March 2021 have been expensed as a prior year restatement as they no longer meet the criteria for recognition as an asset. The costs have been expensed as a non-trading and exceptional item due to the size, nature and incidence as they are not reflective of underlying performance.

The prior year goodwill impairment of €9.5m related to the Maltha business as a result of a reduction in the expected future cash flows due to difficult market conditions.

The restructuring charges in the prior year related to a Covid-19 cost action programme to address the challenges of the pandemic. These costs were considered to be exceptional due to the total cost of the programme and the one-off nature. The costs of €8.4m were reflected following the decision to close two processing lines in Belgium and some sites and business activities in the Netherlands. Of the total costs €5.3m were non-cash asset impairments. Following a reassessment in the current year €0.5m of these charges have been released as no longer required.

The total charge of €3.4m (2021: €25.2m restated) was split €0.5m credit (2021: €8.4m charge) in cost of sales and €3.9m charge (2021: €16.8m restated) in administrative expenses.

Items recorded in finance charges and finance income

The €0.1m credit (2021: €0.4m) relates to the termination and ineffectiveness on the cancelled cross-currency interest cash flow hedges and ineffectiveness of the Cumbria PPP project interest rate swaps as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €3.4m (2021: €3.3m) is all recorded in cost of sales.

Exceptional tax (credit) charge

The €3.7m exceptional tax credit related to changes in UK tax rates as explained in note 3.4. The prior year exceptional tax charge of €1.0m related to changes in tax rates in the Netherlands. Where one-off tax credits or charges are deemed significant they are classified as exceptional and outside of normal tax charges.

3.4 Taxation

This section details the accounting polices applied for tax, the current and deferred tax charges or credits in the year, a reconciliation of the total tax expense to the accounting result and the movements in deferred tax assets and liabilities.

Accounting policy

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries 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.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

The Group operates primarily in the Netherlands, Belgium, the UK and France, all of which have their own tax legislation. Deferred tax assets and liabilities have been calculated based on the substantively enacted tax rates in the relevant jurisdictions at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Group has available tax losses, some of which have been recognised as deferred tax assets and some have not based on management's best estimate of the ability of the Group to utilise those losses.

Income Statement

The tax charge based on the profit for the year is made up as follows:

	2022 €m	Restated* 2021 €m
Current tax		
UK corporation tax		
– Current year	1.4	1.4
– Adjustment in respect of prior year	(0.9)	–
Overseas tax		
– Current year	17.1	10.3
– Adjustment in respect of the prior year	(0.2)	0.7
Total current tax charge	17.4	12.4
Deferred tax		
– Origination and reversal of temporary differences in the current year	(0.8)	(6.5)
– Exceptional tax credit	3.7	–
– Adjustment in respect of the prior year	–	(0.5)
Total deferred tax charge (credit)	2.9	(7.0)
Total tax charge for the year	20.3	5.4

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

The tax on the Group's profit for the year differs from the UK standard rate of tax of 19% (2021: 19%), as explained below:

	2022 €m	Restated* 2021 €m
Total profit before taxation	95.7	10.9
Tax charge based on UK tax rate of 19% (2021: 19%)	18.2	2.1
Effects of:		
Adjustment to tax charge in respect of prior years	(1.1)	0.2
Profits (losses) taxed at overseas tax rates	5.7	(0.5)
Non-deductible other items	3.0	1.6
Non-deductible profit on portfolio management activity	–	(0.5)
Non-deductible goodwill impairment	–	1.8
Unrecognised deferred tax assets	(1.8)	(0.3)
Exceptional charge relating to change in Netherlands tax rate	–	1.0
Exceptional credit relating to change in UK tax rate	(3.7)	–
Total tax charge for the year	20.3	5.4

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Exceptional credit relating to change in UK tax rate

In the UK Chancellor's Budget of 3 March 2021 it was announced that the UK corporation tax rate will increase to 25% with effect from 1 April 2023. This measure was substantively enacted on 24 May 2021. As a result, the UK deferred tax position has been calculated based on the substantively enacted rates of 19% and 25% (2021: 19%). This resulted in an exceptional tax credit of €3.7m in the current year.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

Exceptional charge relating to changes in Netherlands tax rate

In September 2020 the Dutch government announced the cancellation of the reduction to 21.7% for the period ended 31 March 2022 and subsequent periods with the rate to remain at 25% going forward and this was enacted on 15 December 2020. This resulted in a prior year exceptional tax charge of €1.0m.

Furthermore, in October 2021 the Dutch government announced an increase in the rate to 25.8% for the period ending 31 March 2023 and subsequent periods which was enacted in December 2021. In addition, a tightening of the general interest deduction rule (also referred to as the EBITDA rule) by lowering the 30% EBITDA threshold to 20% was also enacted. As a result, Dutch deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse.

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 net deferred tax charge in the Income Statement is as set out below:

	Balance Sheet		Income Statement	
	2022 €m	Restated* 2021 €m	2022 €m	Restated* 2021 €m
Retirement benefit schemes	(0.5)	2.7	(0.8)	(0.3)
Tax losses	37.1	37.1	–	2.6
Derivative financial instruments	0.7	2.6	–	(0.1)
Capital allowances	(37.2)	(42.9)	5.7	1.0
Other timing differences	(5.5)	0.9	(7.8)	3.8
At 31 March	(5.4)	0.4	(2.9)	7.0

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

The movement in the deferred tax balance during the year was:

	2022 €m	Restated* 2021 €m
Net deferred tax asset (liability) at 1 April	0.4	(9.7)
(Charged) credited to Income Statement	(2.9)	7.0
(Charged) credited to Other Comprehensive Income	(4.3)	2.0
Movement in tax arising on share-based compensation	1.3	0.3
Exchange rate changes	0.1	0.8
Net deferred tax (liability) asset at 31 March	(5.4)	0.4
Analysed in the Balance Sheet, after offset of balances within countries, as:		
Deferred tax assets	41.6	51.3
Deferred tax liabilities	(47.0)	(50.9)
Net deferred tax (liability) asset at 31 March	(5.4)	0.4

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

The majority of the €41.6m (2021: €51.3m restated) deferred tax assets are expected to be recovered after more than one year and the majority of the €47.0m (2021: €50.9m) deferred tax liabilities are expected to reverse after more than one year.

As at 31 March 2022, the Group had unused trading losses (tax effect) of €93.3m (2021: €79.7m restated) available for offset against future profits. Deferred tax assets have been recognised in respect of €37.1m (2021: €37.1m restated) of such losses and recognition is based on management's projections of future profits in the relevant companies. No deferred tax assets have been recognised in respect of the remaining €56.2m (2021: €42.6m) due to the uncertainty of future profit streams. Tax losses may be carried forward indefinitely in the relevant companies. Changes in future profitability will impact the recoverability of the deferred tax assets recognised in respect of losses. A 10% decrease in profitability would result in a reduction of €4m in the value of the deferred tax assets.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 Taxation continued

In the prior year, Dutch tax losses could only be carried forward for between 6 and 9 years (depending on the date of origin of the losses). New rules were enacted on 4 June 2021 which allow losses to be carried forward indefinitely. However, the offset of tax losses against taxable income in excess of €1m is intended to be limited to a maximum of 50%. This legislation takes effect for accounting periods beginning on or after 1 January 2022. Therefore the deferred tax asset positions in respect of Dutch tax losses have been calculated based on the newly enacted rules.

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 2022 amounted to €243.8m (2021: €226.2m) and unrecognised deferred tax estimated to arise on the unremitted earnings is €nil (2021: €nil) which would relate to taxes payable on repatriation and dividend withholding taxes levied by overseas jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exemptions.

3.5 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year excluding shares held by the Employee Share Trust.

Diluted earnings per share is calculated by dividing profit for the year attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year plus the weighted average number of any commitments made by the Group to issue shares in the future.

Underlying basic and diluted earnings per share excludes non-trading and exceptional items, amortisation of acquisition intangibles and the change in fair value of derivatives, net of related tax. Non-trading and exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business is managed and measured on a day to day basis.

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This was subsequently completed on 19 July 2021 when the issued share capital of 800,236,740 10 pence shares were replaced with 80,023,674 £1 shares. As a result earnings per share have been restated in accordance with the requirements of IAS 33 Earnings per share. For details of share allotments during the year see note 5.9.

	2022			2021 restated*		
	Basic	**Dilutions**	**Diluted**	**Basic**	**Dilutions**	**Diluted**
Weighted average number of shares (million)	**79.7**	**0.4**	**80.1**	79.5	0.1	79.6
Profit after tax (€m)	**75.4**	**–**	**75.4**	5.5	–	5.5
Non-controlling interests (€m)	**(0.9)**	**–**	**(0.9)**	0.1	–	0.1
Profit after tax attributable to ordinary shareholders (€m)	**74.5**	**–**	**74.5**	5.6	–	5.6
Basic earnings per share (cents)	**93**	**–**	**93**	7	–	7

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.5 Earnings per share continued

The reconciliation between underlying earnings per share and basic earnings per share is as follows:

	2022		2021 restated*	
	Cents	**€m**	**Cents**	**€m**
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**98**	**77.9**	45	35.9
Adjustments:				
Non-trading and exceptional items	**(12)**	**(9.5)**	(46)	(36.5)
Tax on non-trading and exceptional items	**3**	**2.4**	9	7.2
Exceptional tax	**4**	**3.7**	(1)	(1.0)
Basic earnings per share/Earnings after tax attributable to ordinary shareholders	**93**	**74.5**	7	5.6
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**98**	**77.9**	45	35.9
Diluted basic earnings per share/Earnings after tax attributable to ordinary shareholders	**93**	**74.5**	7	5.6

* The comparatives have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

SECTION 4. OPERATING ASSETS AND LIABILITIES

This section contains Balance Sheet notes showing the assets and liabilities used to generate the Group's results and the related accounting policies.

4.1 Intangible assets

Accounting policy

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets at the date of acquisition and is measured at cost less accumulated impairment losses. Goodwill arising on acquisitions prior to the date of transition to IFRS (31 March 2004) has been retained at the previous UK GAAP net book value following impairment tests.

For the purpose of impairment testing, goodwill is allocated to those cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to the Income Statement and is not reversed in a subsequent period. In conducting the impairment review on goodwill and intangibles, management is required to make estimates of pre-tax discount rates, future profitability and growth rates. The pre-tax discount rates are derived from the Group's weighted average cost of capital (WACC) which takes into account the capital structure of the Group, the cost of risk-free rate finance and the relative volatility of the equity of the Group compared to the market and is adjusted by management as considered appropriate for each CGU.

Landfill void represents the value of landfill capacity to deposit waste in two landfill sites in the Netherlands. The initial landfill void was capitalised at fair value on the acquisition of a Netherlands operation in 2006 and further void has been acquired in relation to the Maasvlakte landfill site and capitalised at cost. The assets are amortised over their estimated useful life on a void usage basis and measured at cost less accumulated amortisation. The estimated remaining useful life is up to 18 years.

An internally generated intangible asset arising from the Group's software and systems development is recognised when an asset is created that can be identified, it is probable that the asset will generate future economic benefits that the Group controls and the development cost can be reliably measured. Following the IFRS Interpretations Committee (IFRIC) agenda decision published in April 2021, the Group has reviewed its accounting policy regarding the configuration and customisation costs incurred when implementing Software as a Service (SaaS) arrangements:

- In SaaS arrangements where the Group controls the underlying software, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use
- Where the Group does not control the underlying software, but the related configuration and customisation costs are not distinct from access to the software, these costs are expensed over the term of the SaaS contract
- In all other circumstances, configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation. They are amortised over the estimated useful life on a straight-line basis, as follows:

Contract right relating to leasehold land	Term of the lease
Contract right relating to PPP contracts in Municipal	Term of the contract
Computer software	Up to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships*	Up to 14 years

* The remaining useful life of customer relationships is based on the accumulated excess earnings approach

Intangible assets are analysed as follows:

	Goodwill €m	Landfill void €m	Restated* Computer software and others €m	Acquisition related intangibles €m	Restated* Total €m
Cost					
At 1 April 2020	624.8	27.3	59.1	73.7	784.9
Additions	–	–	11.3	–	11.3
Reversal of previously capitalised SaaS costs	–	–	(11.2)	–	(11.2)
Disposals	–	–	(17.6)	–	(17.6)
Exchange rate changes	–	–	0.8	–	0.8
At 31 March 2021 – restated	624.8	27.3	42.4	73.7	768.2
Additions	–	1.6	7.7	–	9.3
Acquisition through business combinations (note 6.1)	–	–	–	0.3	0.3
Disposals	–	–	(9.1)	(0.1)	(9.2)
Reclassifications	–	–	(0.4)	–	(0.4)
At 31 March 2022	**624.8**	**28.9**	**40.6**	**73.9**	**768.2**
Accumulated amortisation and impairment					
At 1 April 2020	63.7	20.6	42.2	48.3	174.8
Amortisation charge	–	1.4	4.9	3.3	9.6
Impairment charge	9.5	–	–	–	9.5
Reversal of amortisation relating to previously capitalised SaaS costs	–	–	(3.9)	–	(3.9)
Disposals	–	–	(17.4)	–	(17.4)
Exchange rate changes	–	–	0.7	–	0.7
At 31 March 2021 – restated	73.2	22.0	26.5	51.6	173.3
Amortisation charge	–	1.2	4.2	3.4	8.8
Impairment charge	–	–	2.3	–	2.3
Disposals	–	–	(8.9)	(0.1)	(9.0)
At 31 March 2022	**73.2**	**23.2**	**24.1**	**54.9**	**175.4**
Net book value					
At 31 March 2022	**551.6**	**5.7**	**16.5**	**19.0**	**592.8**
At 31 March 2021 – restated	551.6	5.3	15.9	22.1	594.9
At 31 March 2020	561.1	6.7	16.9	25.4	610.1

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Of the total amortisation charge of €8.8m (2021: €9.6m), €3.4m (2021: €3.3m) related to acquisition related intangible assets which has been charged in cost of sales. Of the remaining amortisation expense of €5.4m (2021: €6.3m), €1.3m (2021: €1.7m) has been charged in cost of sales and €4.1m (2021: €4.6m) has been charged in administrative expenses. The prior year reversal of amortisation relating to previously capitalised SaaS costs has been credited to administration expenses within non-trading and exceptional items.

The current year impairment charge of €2.3m is a result of a detailed review of computer software assets. The prior year goodwill impairment of €9.5m related to the Maltha CGU as a result of a reduction in the expected future cash flows due to difficult market conditions.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

The net book value of acquisition related intangibles of €19.0m (2021: €22.1m) includes customer relationships of €14.6m (2021: €16.7m) and permits of €4.1m (2021: €5.0m).

Goodwill impairment

Impairment testing is carried out at a CGU level on an annual basis.

The material CGUs are Netherlands Commercial Waste, Belgium Commercial Waste and Mineralz & Water. A summary of the closing net book values by reportable segment is set out below:

	2022 €m	2021 €m
Netherlands Commercial Waste	**262.1**	262.1
Belgium Commercial Waste	**136.3**	136.3
Commercial Waste	**398.4**	398.4
Mineralz & Water	**129.5**	129.5
Specialities	**23.7**	23.7
Total goodwill	**551.6**	551.6

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 long-term growth rate. However, given a landfill closure in Mineralz & Water CGU it is more appropriate to use a 14 year model for projecting cash flows. The five year plans used in the impairment models are based on management's past experience and future expectations of performance. They also reflect the planned changes in the CGUs as a result of the Renewi 2.0 improvement programme and actions instigated in the current year together with expected general market and economic conditions. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and underlying EBIT, taking into account the recovery from the impact of Covid-19. The forecast revenues in these models are based on management's predictions of overall market growth rates, including both volume and price. Underlying EBIT margin is the average EBIT margin as a percentage of revenue over the five year forecast period. The pre-tax discount rate reflects the Group's assessment of the risks related to the CGUs and the countries in which they operate.

For each of the material CGUs, the key assumptions used in the value in use calculations are shown below:

2022	Netherlands Commercial Waste	Belgium Commercial Waste	Mineralz & Water
Revenue (% annual growth rate from year 1 to year 5)	**2.9%**	**3.5%**	**2.5%**
Underlying EBIT margin (average % of revenue for years 1 to year 5)	**8.0%**	**8.9%**	**7.7%**
Long-term growth rate*	**2.0%**	**2.0%**	**2.0%**
Pre-tax discount rate	**8.7%**	**9.7%**	**9.0%**

* The terminal long-term growth rate of 2.0% is only applied to the results of ATM and Tisselt within the Mineralz & Water CGU.

2021	Netherlands Commercial Waste	Belgium Commercial Waste	Mineralz & Water
Revenue (% annual growth rate from year 1 to year 5)	2.3%	2.5%	1.1%
Underlying EBIT margin (average % of revenue for years 1 to year 5)	6.5%	5.8%	10.2%
Long-term growth rate*	2.0%	2.0%	2.0%
Pre-tax discount rate	8.5%	8.8%	8.5%

* The terminal long-term growth rate of 2.0% is only applied to the results of ATM and Tisselt within the Mineralz & Water CGU.

A long-term growth rate of 2% has been applied as this is deemed to represent the long-term growth rate for the industry and in the countries in which the Group operates.

The prior year impairment charge of €9.5m related to the Maltha business line in Specialities division.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.1 Intangible assets continued

Sensitivity to changes in assumptions
The Group performs sensitivity analysis on the impairment testing by considering reasonably possible changes in the key assumptions used. For the Commercial Waste, Mineralz & Water and Coolrec CGUs a change in discount rate of 1% demonstrated that there is still appropriate headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge. The headroom for the Maltha CGU is more limited. At 31 March 2022 the recoverable amount for this CGU exceeds the carrying value by €3m. On a sensitised profit basis applying an annual 5% profit reduction or with a 0.5% increase in discount rate the headroom would reduce to €1m.

4.2 Property, plant and equipment

Accounting policy
Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Freehold land is not depreciated. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Where a government grant has been received in relation to an item of capital expenditure it is generally deducted from the carrying amount of the asset purchased once all the conditions have been met. However, where the grant has been received and the conditions of the grant have not been fully met then the government grant is recognised as a liability at the value of the cash received and is subsequently transferred to the asset once all conditions are fully met.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided to write off cost (less the expected residual value) on a straight-line basis over the expected useful economic lives as follows:

Buildings	Up to 30 years
Landfill site development costs including engineering works	Up to 30 years (over the operational life of the site)
Plant and installations	Up to 20 years
Trucks, cars and service vehicles	Up to 12 years
Other items of plant and machinery	Up to 15 years
Computer equipment	Up to 5 years
Fixtures and fittings	Up to 10 years

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.2 Property, plant and equipment continued

Property, plant and equipment are analysed as follows:

	Land and buildings €m	Landfill sites €m	Plant and machinery €m	Total €m
Cost				
At 1 April 2020	464.7	68.5	772.7	1,305.9
Additions	11.7	–	49.4	61.1
Disposals	(2.3)	(0.1)	(89.6)	(92.0)
Reclassifications	2.2	–	–	2.2
Exchange rate changes	0.3	–	0.2	0.5
At 31 March 2021	476.6	68.4	732.7	1,277.7
Additions	17.3	0.5	55.5	73.3
Acquisition through business combinations (note 6.1)	–	–	0.2	0.2
Disposals	(1.5)	(0.5)	(52.9)	(54.9)
Transferred to Assets held for sale (note 6.3)	(6.7)	–	–	(6.7)
Reclassifications	–	–	0.4	0.4
Exchange rate changes	0.1	–	–	0.1
At 31 March 2022	**485.8**	**68.4**	**735.9**	**1,290.1**
Accumulated depreciation and impairment				
At 1 April 2020	149.8	50.4	521.7	721.9
Depreciation charge	14.9	1.8	57.5	74.2
Impairment charge	2.5	–	3.7	6.2
Disposals	(2.0)	(0.1)	(85.9)	(88.0)
Reclassifications	2.2	–	–	2.2
Exchange rate changes	0.3	–	0.2	0.5
At 31 March 2021	167.7	52.1	497.2	717.0
Depreciation charge	14.0	2.2	53.1	69.3
Impairment charge	0.2	–	5.2	5.4
Disposals	(1.1)	(0.4)	(49.7)	(51.2)
Transferred to Assets held for sale (note 6.3)	(4.1)	–	–	(4.1)
Exchange rate changes	0.1	–	–	0.1
At 31 March 2022	**176.8**	**53.9**	**505.8**	**736.5**
Net book value				
At 31 March 2022	**309.0**	**14.5**	**230.1**	**553.6**
At 31 March 2021	308.9	16.3	235.5	560.7
At 1 April 2020	314.9	18.1	251.0	584.0

Depreciation expense of €66.6m (2021: €71.8m) has been charged in cost of sales and €2.7m (2021: €2.4m) in administrative expenses.

The impairment charge of €5.4m relates to several sites across the Commercial division following detailed reviews including €1.4m in relation to the advanced sorting project in Belgium. The prior year impairment charge of €6.2m related to a Covid-19 cost action programme to address the challenges of the pandemic, resulting in the actual and planned closure of processing lines and sites in the Commercial Division in both Belgium and the Netherlands which resulted in asset impairments. The impairment charge of €5.4m (2021: €6.2m) has been charged to cost of sales.

Included within the net book value of property, plant and equipment of €553.6m (2021: €560.7m) are assets under construction of which €16.5m (2021: €18.1m) is plant and machinery and €2.5m (2021: €6.2m) is land and buildings. The net book value of plant and machinery of €230.1m (2021: €235.5m) includes €109.7m (2021: €106.0m) of plant and installations, €55.5m (2021: €60.5m) of machinery and €59.3m (2021: €63.3m) of containers.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 Right-of-use assets

Accounting policy

Right-of-use assets are recognised at the lease liability commencement date and are initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those in property, plant and equipment. The lease liability is remeasured when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase extension or termination option or if there is a revision to fixed lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. The Group leases out a limited number of right-of-use assets which are classified as operating leases from a lessor perspective with the exception of one sub-lease which is classified as a finance sub-lease.

Right-of-use assets are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable following the same approach as property, plant and equipment as stated in note 4.2.

Right-of-use assets are analysed as follows:

	Land and buildings €m	Plant and machinery €m	Total €m
Cost			
At 1 April 2020	130.7	134.3	265.0
Additions/modifications	16.0	44.9	60.9
Disposals	(0.3)	(3.4)	(3.7)
Derecognition of right-of-use assets into a finance sub-lease	(0.4)	–	(0.4)
Reclassifications	(2.3)	2.3	–
Exchange rate changes	0.6	0.2	0.8
At 31 March 2021	144.3	178.3	322.6
Additions/modifications	9.9	17.2	27.1
Disposals	(2.2)	(6.2)	(8.4)
Exchange rate changes	0.2	–	0.2
At 31 March 2022	**152.2**	**189.3**	**341.5**
Accumulated depreciation and impairment			
At 1 April 2020	24.8	24.3	49.1
Depreciation charge	9.8	30.9	40.7
Impairment charge	0.2	1.6	1.8
Disposals	(0.3)	(3.3)	(3.6)
Reclassifications	(0.6)	0.6	–
Exchange rate changes	0.6	0.2	0.8
At 31 March 2021	34.5	54.3	88.8
Depreciation charge	10.4	34.4	44.8
Impairment charge	0.2	0.5	0.7
Disposals	(1.3)	(5.5)	(6.8)
Exchange rate changes	0.2	–	0.2
At 31 March 2022	**44.0**	**83.7**	**127.7**
Net book value			
At 31 March 2022	**108.2**	**105.6**	**213.8**
At 31 March 2021	109.8	124.0	233.8
At 1 April 2020	105.9	110.0	215.9

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 Right-of-use assets continued

The net book value of plant and machinery right-of-use assets includes €1.7m (2021: €3.4m) of plant and installations, €90.1m (2021: €105.0m) of machinery including trucks and €13.7m (2021: €15.3m) of company cars.

Depreciation expense of €37.3m (2021: €33.0m) has been charged in cost of sales and €7.5m (2021: €7.7m) in administrative expenses.

The impairment charge of €0.7m is principally a small number of trucks in the Commercial division. The prior year impairment charge of €1.8m related to UK Municipal and the Covid-19 cost action programme in Netherlands Commercial.

4.4 Investments and loans to associates and joint ventures

Accounting policy

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in Other Comprehensive Income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group.

For the other unlisted investments the Group made an irrevocable election to classify these at fair value through Other Comprehensive Income rather than profit or loss because this is considered to be more appropriate for these strategic investments. They were initially recorded at fair value and then remeasured at subsequent reporting dates with the unrealised gains and losses recognised in Other Comprehensive Income.

Short-term investments are measured at fair value through profit or loss with unrealised gains and losses recognised in the Income Statement.

Loans to joint ventures and associates are measured at amortised cost and where appropriate a 12-month expected credit loss allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk the allowance is increased to reflect the full lifetime expected credit loss.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.4 Investments and loans to associates and joint ventures continued

Key judgement
The Group has a 50.001% interest in the joint venture Wakefield Waste Holdings Limited. Upon the sale of 49.99% of this entity in 2016 the Group assessed the criteria of control considering power over the investee, exposure or rights to a variable return and the ability to use power over the investee to affect the amount of the investors returns. The Group determined that it does not meet the criteria for having control as each partly jointly controls the entity and as a result it is appropriate to equity account.

The carrying amount of investments and loans to associates and joint ventures are as follows:

	Loans	Investments				
	Loans to associates and joint ventures €m	Joint ventures €m	Associates €m	Other unlisted investments €m	Short-term investments €m	Total investments €m
At 31 March 2020	0.9	1.5	9.4	4.7	8.1	23.7
Additions	–	–	1.1	–	0.8	1.9
Share of retained profits	–	0.9	0.7	–	–	1.6
Dividend income	–	(0.5)	(1.1)	–	–	(1.6)
Fair value adjustment on cash flow hedges	–	–	0.3	–	–	0.3
Fair value movement on short-term investments	–	–	–	–	0.4	0.4
Reclassification	–	–	0.1	(0.1)	–	–
Exchange rate changes	–	–	0.2	–	–	0.2
At 31 March 2021	0.9	1.9	10.7	4.6	9.3	26.5
Additions	–	–	–	–	2.2	2.2
Transferred to Assets held for sale (note 6.3)	–	–	(0.7)	–	–	(0.7)
Share of retained profits	–	0.1	0.4	–	–	0.5
Dividend income	–	(0.5)	(0.8)	–	–	(1.3)
Fair value adjustment on cash flow hedges	–	–	0.5	–	–	0.5
Fair value movement on short-term investments	–	–	–	–	(0.4)	(0.4)
Impairment charge	–	–	(1.9)	–	–	(1.9)
At 31 March 2022	**0.9**	**1.5**	**8.2**	**4.6**	**11.1**	**25.4**

The loans to associates and joint ventures of €0.9m (2021: €0.9m) are current. Total investments are split €11.1m current (2021: €9.3m) and €14.3m non-current (2021: €17.2m).

Investments in joint ventures are held at €nil when the Group's share of losses exceeds the carrying amount. The Group has not recognised an investment value in relation to the UK Municipal Wakefield Waste Holdings Limited joint venture as there are insufficient future cash flows to support a carrying value. The Group's share of profits in the year was €3.1m (2021: €1.8m profit) which resulted in a cumulative profit of €1.1m (2021: €2.0m loss).

Where the associate or joint venture holds non-recourse PPP debt there is a restriction on payment of dividends, which is due to the terms of the financing facility agreements and as such requires lender approval.

Details of joint ventures and associated investments are shown in note 8.1. No joint venture or associate is considered individually material to the Group for further disclosure.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.5 Financial assets relating to PPP contracts

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK PPP Municipal contracts.

Accounting policies and key judgements
Financial assets relating to PPP contracts are classified as financial assets at amortised cost and are initially recognised at the fair value of consideration receivable and subsequently at amortised cost. These service concession arrangements under IFRIC 12 represent the present value of the future cash flows of the contract. These cash flows are dependent on, amongst other things, tonnages, indexation, recycling rates and labour costs.

The IFRS 9 general approach is applied in relation to expected credit loss which requires an allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the financial asset. The UK Municipal division entered into PPP long-term waste management contracts with local authorities which included the infrastructure capital costs. UK local authorities have historically held a strong credit profile with the capacity to meet financial commitments and none have ever defaulted. These financial assets are assessed to have low credit risk based on low risk of default, the vital nature of the service being provided, strong financial capacity to meet contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the local authority's ability to fulfil its obligations.

UK PPP contracts
The Group is the operator for one class of service concession arrangements, that of the provision of waste treatment and waste treatment facilities, and these are classified as service concession arrangements in accordance with IFRIC 12. If the Group underperforms, including failure to divert waste from landfill, the contract can be terminated before the end of its term.

The Group's UK PPP arrangements relate to the construction and operation of waste management facilities for local authorities and at the end of the concession arrangement the facility will be handed over to the local authority. The building of the facilities was governed by the engineer, procure and construct contract entered into by the Group at that time. The construction work was undertaken by third party contractors with drawdowns of financing from the UK PPP funders used to pay the subcontractor for the construction works. The Group considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acted as agent or principal during the construction phase. On the basis that the construction contractor was known to the local authority at the date of financial close and in view of the negligible credit risk taken by the Group, on balance, despite some overall risk residing with the Group for delivery of services, the Group acted as agent versus principal in the provision of construction services.

In light of these conclusions and the historical presentation of the revenue and costs associated with the construction services net in the Income Statement, we consider that the most appropriate classification of the PPP non-recourse debt cash flows in the Statement of Cash Flows is as financing outflows and capital received in relation to PPP financial assets as investing cash flows and not as operating cash flows. This classification has been consistently applied to all periods presented in the financial statements.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.5 Financial assets relating to PPP contracts continued

Other information for PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2022.

Contract	Financial close	Full-Service Commencement	Contract Expiry	Interests in Special Purpose Vehicle
Argyll & Bute	September 2001	April 2003	September 2026	Renewi: 100%
Cumbria	June 2009	April 2013	June 2034	Renewi: 100%
Wakefield	January 2013	December 2015	February 2038	Renewi: 50.001% Equitix Infrastructure 4 Limited: 49.999%
Barnsley, Doncaster and Rotherham	March 2012	July 2015	June 2040	Renewi: 100%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% JLEN Environmental Assets Group (UK) Limited: 80%

There have been no changes to any of the arrangements during the year ended 31 March 2022. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 62 to 65 of the Specialities operating review.

The movements in financial assets during the year are as follows:

	€m
At 1 April 2020	147.8
Income recognised in the Income Statement: Interest Income (note 5.4)	9.0
Advances	1.9
Repayments	(15.0)
Exchange rate changes	5.4
At 31 March 2021	149.1
Income recognised in the Income Statement: Interest Income (note 5.4)	9.0
Advances	0.3
Repayments	(16.1)
Exchange rate changes	1.1
At 31 March 2022	**143.4**
Current	**7.7**
Non-current	**135.7**
At 31 March 2022	**143.4**
Current	6.7
Non-current	142.4
At 31 March 2021	149.1

At 31 March 2022 and 2021 there was no expected credit loss allowance recorded in relation to the financial assets relating to PPP contracts as explained in note 5.7.

The table below reconciles the financial asset repayments to the Statement of Cash Flows:

	2022 €m	2021 €m
Capital received in respect of PPP financial assets included in cash flows from investing activities	**6.2**	5.1
Interest in relation to PPP financial assets included in finance income in cash flows from investing activities	**9.9**	9.9
	16.1	15.0

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.6 Capital commitments

	2022 €m	Restated* 2021 €m
Contracts placed for future intangible assets	**2.7**	3.4
Contracts placed for future capital expenditure on property, plant and equipment	**38.6**	15.0
Contracts placed for future right-of-use assets	**38.8**	8.2
Contracts placed for future capital expenditure on financial assets	**0.3**	0.3

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

4.7 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

Inventories are analysed as follows:

	2022 €m	2021 €m
Raw materials and consumables	**13.8**	12.7
Finished goods	**8.7**	7.9
	22.5	20.6

In the current year there was a write down of €0.3m (2021: €1.1m) of inventories to net realisable value. This included €0.3m (2021: €0.8m) in the Commercial Waste division and €nil (2021: €0.2m) in Specialities. The charge was recognised as a cost of sale and in the prior year €0.2m was recognised as an exceptional cost of sale.

4.8 Trade and other receivables

Accounting policy

Trade receivables and accrued income do not carry interest and are initially recognised at the transaction price 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 which includes an assessment of both the current and forecast conditions at the reporting date. To measure the ECL, trade receivables and accrued income have been assessed by the divisions and grouped based on ageing. Accrued income relates to unbilled services provided and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income. The ECL on trade receivables and accrued income is estimated using a provision matrix by reference to payment profiles of revenue. In addition outstanding trade receivables and accrued income have been reviewed on a detailed customer by customer basis taking into account general economic conditions of the industry in which the debtor operates in, past default experience and an analysis of the current financial position of the debtor. The Group has not yet seen a marked increase in trade receivable write offs as a result of the Covid-19 pandemic, however as the Government support has now come to an end it is expected that the number of bankruptcies will increase.

For receivables other than trade receivables and accrued income the general approach under IFRS 9 is applied which requires an ECL allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the receivable.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.8 Trade and other receivables continued

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a regular basis and the trade receivables subject to these arrangements are derecognised. For the proportion of trade receivables derecognised the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, therefore the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards. This is determined by the extent to which the Group remains exposed to any remaining late payment risk and is included within trade receivables and other payables. The Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure.

Other receivables includes amounts recoverable under invoice finance arrangements from the third party which are classified at fair value through profit and loss. The classification is appropriate as the receivables are held within a business model which has the objective to sell contractual cash flows. Amounts owed under leases where the Group is the lessor and the terms of the lease meet the definition of a finance lease are also classified as other receivables.

Trade and other receivables are analysed as follows:

	2022 €m	2021 €m
Non-current assets		
Other receivables	**0.9**	1.0
Prepayments	**4.2**	3.1
	5.1	4.1
Current assets		
Trade receivables	**177.8**	155.0
Accrued income	**86.2**	83.4
Expected credit loss allowance	**(26.0)**	(25.9)
Trade receivables and accrued income – net	**238.0**	212.5
Deferred consideration	**–**	0.2
Other receivables	**16.5**	18.7
Prepayments	**14.8**	16.3
	269.3	247.7

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2022 €m	2021 €m
Euro	**237.3**	214.3
Sterling	**37.1**	37.5
	274.4	251.8

As at 31 March 2022 the total value of trade receivables subject to the invoice finance facilities was €90.4m (2021: €90.9m). The Group recognises the continuing involvement carrying amount in trade receivables of €0.3m (2021: €0.3m) and therefore the net amount of transferred assets was €90.1m (2021: €90.6m). The carrying amount of the associated liability was €0.3m (€2021: €0.3m). The Group considers that the carrying amount of the continuing involvement asset and related liability equals the fair value.

The amount owed to the Group from the financial institutions providing invoice finance facilities is €9.5m (2021: €9.5m). This represents the portion of the receivable that has been sold that is not advanced but is covered by credit insurance and is included within other receivables. This classification also includes €1.0m (2021: €1.1m) relating to the net investment in leases where the Group acts as lessor of which €0.9m (2021: €1.0m) is non-current and €0.1m (2021: €0.1m) is current. No financial assets within other receivables were impaired in the current or prior year.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.8 Trade and other receivables continued

The expected credit loss allowance for trade receivables and accrued income is equivalent to 10% (2021: 11%) of gross trade receivables and accrued income and the movement in the loss allowance is shown below:

	2022 €m	2021 €m
At 1 April	**25.9**	22.4
Charged to Income Statement	**0.6**	4.7
Utilised	**(0.6)**	(1.0)
Reclassification	**–**	(0.8)
Exchange rate changes	**0.1**	0.6
At 31 March	**26.0**	25.9

The expected credit loss allowance includes €15.4m (2021: €15.3m) in relation to 100% of the gross receivable balance for the receivables relating to the terminated Derby contract in the UK Municipal business line within Specialities. There has been no change in the value of this loss allowance with the increase from 2021 to 2022 representing a movement in foreign exchange. For both March 2022 and March 2021 this receivable is included in the category of more than 180 days past due.

The expected credit loss allowance for trade receivables and accrued income is as follows:

31 March 2022	**Current**	**More than 30 days past due**	**More than 90 days past due**	**More than 180 days past due**	**Total**
Expected loss rate %	2%	18%	30%	90%	10%
Gross carrying amount (€m)	237.0	3.4	2.0	21.6	264.0
Expected credit loss allowance (€m)	5.3	0.6	0.6	19.5	26.0
31 March 2021					
Expected loss rate %	2%	9%	17%	95%	11%
Gross carrying amount (€m)	209.0	4.5	3.5	21.4	238.4
Expected credit loss allowance (€m)	4.6	0.4	0.6	20.3	25.9

The increase in receivables in the Statement of Cash Flows of €23.2m differs to the balance sheet movement of €22.6m by €0.6m mainly as a result of a receivable being settled in relation to a disposal which is included within the €0.8m net cash outflow in relation to prior year sale of business.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.9 Trade and other payables and other non-current liabilities

Accounting policy

Trade and other payables are not interest bearing and are measured initially at fair value and subsequently held at amortised cost.

Where a government grant has been received in relation to an item of capital expenditure it is generally deducted from the carrying amount of the asset purchased once all relevant conditions, such as completion of the project and an independent audit of costs, have been met. In circumstances where the grant has been received and all conditions of receipt have not been met the government grant is recognised as a liability at the value of the cash received. On satisfaction of all conditions it is subsequently transferred to plant and equipment.

Trade and other payables and other non-current liabilities are analysed as follows:

	2022 €m	2021 €m
Non-current liabilities		
Other tax and social security payables	**29.7**	49.5
Deferred revenue	**4.8**	4.1
Government grants	**1.7**	0.8
	36.2	54.4
Current liabilities		
Trade payables	**117.3**	136.8
Accruals and other payables	**300.8**	308.2
Other tax and social security payables	**61.3**	49.7
Deferred revenue	**48.4**	50.2
Government grants	**0.6**	1.3
	528.4	546.2

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2022 €m	2021 €m
Euro	**499.0**	538.5
Sterling	**65.6**	62.1
	564.6	600.6

The non-current other tax and social security payables relate to the Dutch government tax deferrals in relation to Covid-19 which are repayable in 36 instalments from October 2021.

At 31 March 2022 the balance of interest accrued relating to total borrowings was €7.9m (2021: €5.4m) and was included within the accruals and other payables balance. This balance was after finance charges of €29.3m (2021: €30.3m) (including the finance charges impact of the cross-currency and interest rate swaps) net of a cash outflow of €28.4m (2021: €30.6m) (excluding €1.6m (2021: €0.2m of loan fees).

Deferred revenue primarily relates to waste received or collected which has not yet been processed in accordance with the performance obligations of the contracts with customers. At each month end the amount of unprocessed waste is determined and there is an adjustment to revenue with a corresponding credit to deferred revenue. Additionally, in the Municipal business line within Specialities deferred revenue relates to the service element of the PPP contracts known as lifecycle as explained in note 3.1. Of the deferred revenue recognised at 31 March 2021 of €54.3m (2020: €55.1m), €50.7m (2021: €48.0m) has been recognised in revenue during the year ended 31 March 2022.

The decrease in payables in the Statement of Cash Flows of €34.8m differs to the balance sheet movement of €36.0m by €1.2m as a result of capital creditors, foreign exchange, interest accruals and the transfer of a government grant to property, plant and equipment following the satisfaction of all conditions.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 Provisions

Accounting policy

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The value of a provision is the present value of the expenditures expected to be required to settle the obligation and where the effect of the time value of money is material a discount is applied and is unwound over the life of the provision. The discount rates are reviewed at each year end with consideration given to relevant market rates. The landfill provisions are principally located in the Netherlands and Belgium therefore the discount rate is calculated with reference to Government bond yields in these countries. The onerous contract provisions are principally in the UK therefore the discount rate is calculated with reference to UK Government bond yields. 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. Provision is made for the Group's unavoidable costs in relation to restoration liabilities. Provision is made for the NPV of post closure costs (aftercare) as the aftercare liability arises. Costs are charged to the Income Statement based on the quantity of waste deposited in the year or recognised as a landfill site asset within property, plant and equipment and depreciated over the operational period of the site.
- Aftercare provisions relate to landfill sites in the Netherlands, Belgium and the UK. The aftercare obligations in relation to the Netherlands landfill sites are transferred to the Province in line with the legal framework which requires the Group to prepare aftercare plans which must be approved by the Province. The Group is required to provide the funds to the Province which are then administered and controlled by the Province per landfill location. The Group recognises an aftercare provision to the extent that additional contributions are required. For the landfill sites in Belgium and the UK the aftercare obligation remains with the Group.
- Onerous contract provisions are recognised at the NPV of the future cash flows when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.
- Legal and warranty provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The value of the provision is management's best estimate of the expenditure required to settle the present obligation based on the most likely outcome.
- Provisions for restructuring costs are recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.
- Long-service employee awards included within Other provisions are recognised as long term employee benefits in relation to employees in the Netherlands and Belgium in accordance with IAS 19 Employee Benefits. The valuation method is similar to defined benefit pension schemes although the cost is recognised immediately in the Income Statement. These plans are unfunded.
- The split of timings of outflows is not certain and has been estimated based on management's latest expectation.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 Provisions continued

Provisions are analysed as follows:

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 1 April 2020	152.8	89.7	25.2	4.3	18.1	290.1
Provided in the year	5.7	17.4	3.2	5.9	7.2	39.4
Released in the year	(1.1)	(15.8)	(2.4)	(1.0)	(0.8)	(21.1)
Finance charges – unwinding of discount (note 5.4)	3.7	2.4	–	–	0.2	6.3
Utilised in the year	(3.7)	(15.6)	(0.3)	(5.4)	(1.6)	(26.6)
Exchange rate changes	0.2	2.8	–	–	0.2	3.2
At 31 March 2021	157.6	80.9	25.7	3.8	23.3	291.3
Provided in the year	1.4	6.2	0.4	4.8	4.7	17.5
Released in the year	(2.6)	(4.8)	(1.3)	(0.7)	(1.8)	(11.2)
Finance charges – unwinding of discount (note 5.4)	3.9	2.3	0.1	–	0.1	6.4
Utilised in the year	(3.4)	(5.3)	(1.8)	(3.9)	(1.0)	(15.4)
Exchange rate changes	–	0.6	–	–	–	0.6
At 31 March 2022	**156.9**	**79.9**	**23.1**	**4.0**	**25.3**	**289.2**
Within one year	**5.7**	**9.2**	**4.7**	**4.0**	**7.5**	**31.1**
Between one and five years	**49.3**	**23.4**	**15.6**	**–**	**5.4**	**93.7**
Between five and ten years	**50.8**	**23.1**	**0.5**	**–**	**3.4**	**77.8**
Over ten years	**51.1**	**24.2**	**2.3**	**–**	**9.0**	**86.6**
At 31 March 2022	**156.9**	**79.9**	**23.1**	**4.0**	**25.3**	**289.2**
Within one year	8.4	11.0	7.3	3.8	8.2	38.7
Between one and five years	45.7	28.2	15.1	–	4.6	93.6
Between five and ten years	55.1	20.2	0.7	–	3.3	79.3
Over ten years	48.4	21.5	2.6	–	7.2	79.7
At 31 March 2021	157.6	80.9	25.7	3.8	23.3	291.3

Site restoration and aftercare

The Group's unavoidable costs have been reassessed at the year end and the NPV fully provided for. The site restoration provisions at 31 March 2022 relate to the cost of final capping and covering of the landfill and mineral extraction sites. These site restoration costs are expected to be paid over a period of up to 30 years (2021: 31 years) from the balance sheet date. Aftercare provisions cover post-closure costs of landfill sites which include such items as monitoring, gas and leachate management and licensing. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site. All site restoration and aftercare costs have been estimated by management based on current best practice and technology available and may be impacted by a number of factors including changes in legislation and technology.

Onerous contracts

Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. Onerous contracts are provided for at the lower of the NPV of either exiting the contracts or fulfilling our obligations under the contracts. The provisions have been calculated on the best estimate of likely future cash flows over the contract term based on the latest budget and five year plan projections, including assumptions on tonnage inputs, plant performance with efficiency improvements, off-take availability and recyclates pricing. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 Provisions continued

Legal and warranty

Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements. The Group considers each warranty provision based on the nature of the business disposed of and the type of warranties provided with judgement used to determine the most likely obligation.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and a provision of €15.1m has been recognised in both the current year and the prior year as non-current as timing of any cash flow is expected to be after 12 months from the balance sheet date. The matter remains ongoing and based on legal advice management consider this value to be their best estimate of the potential exposure based on the most likely outcome. Further contingent liability information is provided in note 8.4.

Restructuring

The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 31 March 2022 the provision is expected to be spent in the following twelve months as affected employees leave the business.

Other

Other provisions includes dilapidations €9.1m (2021: €8.7m), long-service employee awards €7.0m (2021: €6.0m) and other environmental liabilities €9.2m (2021: €8.6m). The dilapidations provisions are determined on a site by site basis using internal expertise and experience and are calculated as the most likely cash outflow at the end of the contracted obligation. The provisions will be utilised over the period up to 2071.

Sensitivities

Landfill related provisions in the Netherlands and Belgium have been discounted at a real discount rate of 0.49% (2021: 0.49%). The impact of a 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €6m (2021: €9m).

Onerous contracts relating to the Municipal business line within the Specialities Division have been discounted at a real discount rate of 0.98% (2021: 0.98%). A 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €3m (2021: €3m). In addition to a change in discount rate, the provisions are sensitive to achievement of improvement initiatives and the impact of future recyclate prices. We have based our assumptions for recyclate prices on observed prices over recent periods, which includes periods of both record high and record low prices. Recyclate prices have reached record highs in the last year and are expected to fall, but there is uncertainty as to when or to what extent. Prices for metals and plastics are assumed to fall to an average level of observed prices over recent periods but paper prices remain above that level due to structural changes in the market. This uncertainty could lead to an increase or reduction in the onerous contract provisions of around €5m.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING

This section outlines how the Group manages its capital structure and related financing costs. It includes cash, borrowings, derivatives and the equity of the Group. The instruments in place enable the Group to maintain the required capital structure in order to finance the activities both now and in the future.

Total net debt reflects the Group's cash and cash equivalents and borrowings including IFRS 16 lease liabilities and PPP cash and non-recourse debt. Net debt for covenant reporting includes cash and cash equivalents and finance leases previously reported under IAS 17 but excludes additional lease liabilities reported under IFRS 16 and both cash and the non-recourse debt relating to the UK PPP contracts.

5.1 Movement in total net debt

2022	Restated* At 1 April 2021 €m	Cash flows €m	Other non-cash changes €m	Exchange movements €m	At 31 March 2022 €m
Bank loans and overdrafts	(184.8)	170.6	(0.5)	0.6	(14.1)
European private placements	(24.7)	–	(0.1)	–	(24.8)
Retail bonds	(174.5)	(125.0)	0.3	–	(299.2)
Lease liabilities	(247.8)	44.2	(25.6)	(0.1)	(229.3)
Debt excluding PPP non-recourse debt	(631.8)	89.8	(25.9)	0.5	(567.4)
PPP non-recourse debt	(105.1)	5.7	–	(0.8)	(100.2)
Total debt	(736.9)	95.5	(25.9)	(0.3)	(667.6)
Cash and cash equivalents – core	51.5	(9.8)	–	0.8	42.5
Cash and cash equivalents – restricted relating to PPP contracts	17.3	3.6	–	0.2	21.1
Total net debt	(668.1)	89.3	(25.9)	0.7	(604.0)
Analysis of total net debt:					
Net debt excluding PPP non-recourse net debt	(580.3)	80.0	(25.9)	1.3	(524.9)
PPP non-recourse net debt	(87.8)	9.3	–	(0.6)	(79.1)
Total net debt	(668.1)	89.3	(25.9)	0.7	(604.0)

* The comparatives for cash and cash equivalents relating to PPP contracts and PPP non-recourse debt have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.

2021	Restated* At 1 April 2020 €m	Restated* Cash flows €m	Other non-cash changes €m	Restated* Exchange movements €m	Restated* At 31 March 2021 €m
Bank loans and overdrafts	(437.9)	260.0	(1.0)	(5.9)	(184.8)
European private placements	(24.6)	–	(0.1)	–	(24.7)
Retail bonds	(174.3)	–	(0.2)	–	(174.5)
Lease liabilities	(226.6)	40.4	(60.9)	(0.7)	(247.8)
Debt excluding PPP non-recourse debt	(863.4)	300.4	(62.2)	(6.6)	(631.8)
PPP non-recourse debt	(105.3)	4.1	–	(3.9)	(105.1)
Total debt	(968.7)	304.5	(62.2)	(10.5)	(736.9)
Cash and cash equivalents – core	194.5	(142.5)	–	(0.5)	51.5
Cash and cash equivalents – restricted relating to PPP contracts	15.3	1.3	–	0.7	17.3
Total net debt	(758.9)	163.3	(62.2)	(10.3)	(668.1)
Analysis of total net debt:					
Net debt excluding PPP non-recourse net debt	(668.9)	157.9	(62.2)	(7.1)	(580.3)
PPP non-recourse net debt	(90.0)	5.4	–	(3.2)	(87.8)
Total net debt	(758.9)	163.3	(62.2)	(10.3)	(668.1)

* The comparatives for cash and cash equivalents relating to PPP contracts and PPP non-recourse debt have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.1 Movement in total net debt continued

	2022 €m	Restated* 2021 €m
Net decrease in cash and cash equivalents	(6.2)	(141.2)
Net decrease in borrowings and lease liabilities	95.5	304.5
Total cash flows in net debt	89.3	163.3
Lease liabilities entered into during the year	(27.1)	(60.9)
Lease liabilities cancelled during the year	1.5	–
Capitalisation of loan fees	1.6	0.2
Amortisation of loan fees	(1.9)	(1.5)
Exchange gain (loss)	0.7	(10.3)
Movement in net debt	64.1	90.8
Total net debt at beginning of year	(668.1)	(758.9)
Total net debt at end of year	(604.0)	(668.1)

* The comparatives relating to net decrease in cash and cash equivalents, borrowings and lease liabilities have been restated due to a prior year adjustment as explained in section 1 Basis of Preparation. The total cash flows in net debt remain unchanged.

5.2 Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprises of core cash which includes cash balances, money market funds and call deposits with a maturity of three months or less at the date of deposit and restricted cash at bank balances relating to PPP contracts. The cash held in the PPP entities is not freely available to the Group and historically these cash balances were presented together with gross PPP non-recourse debt as PPP non-recourse net debt. Also included in cash and cash equivalents is €2.3m (2021: €1.7m) held by joint operations which is only available to the Group in consultation with all other partners in the joint operation.

Cash at bank and in hand and cash at bank restricted relating to PPP contracts is held at amortised cost. Money market funds are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified at fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Cash and cash equivalents are analysed as follows:

	2022 €m	Restated* 2021 €m
Cash at bank and in hand – core	42.5	51.5
Cash at bank – restricted relating to PPP contracts	21.1	17.3
Total cash and cash equivalents	63.6	68.8

* The comparatives have been restated to include cash at bank – restricted relating to PPP contracts due to a prior year adjustment as explained in section 1 Basis of preparation.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2022 €m	Restated* 2021 €m
Euro	29.8	41.1
Sterling	33.8	27.5
Canadian Dollar	–	0.2
	63.6	68.8

* The comparatives have been restated to include cash at bank – restricted relating to PPP contracts due to a prior year adjustment as explained in section 1 Basis of preparation.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings

Accounting policy

Retail bonds and bank borrowings

Interest bearing loans and retail bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs and subsequently at amortised cost. When the Group exchanges one debt instrument for another one with an existing lender and with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms calculated using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Lease liabilities

Lease liabilities are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. The Group leases various real estate properties and items of plant, machinery and trucks for normal business operations across the divisions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

For new contracts entered into the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The lease liability is initially measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, which is determined based on interest rates from various external financing sources and adjusted to reflect the terms of the lease and type of leased asset. The incremental borrowing rate is reassessed on a regular basis. The exercise price of any purchase options are only included in the carrying value if the Group can assess with reasonable certainty that the option would be exercised.

The lease liability is subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a rise in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group has applied the exemption not to recognise a right-of-use asset and a lease liability where the leased assets are of a low value determined as being below €5,000 when new or when the lease duration is for 12 months of less. For these items the annual expense of lease payments is disclosed in note 3.2.

Estimates and assumptions

- Extension and termination options are included in a number of real estate and plant and machinery leases across the Group. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise such options. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.
- The Group estimates the incremental borrowing rate by taking into account the type of right-of-use asset, the lease term and the country of operation.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

Borrowings are analysed as follows:

	2022 €m	Restated* 2021 €m
Non-current borrowings		
Retail bonds	**199.2**	174.5
European private placements	**24.8**	24.7
Term loans	**–**	85.2
Revolving credit facility	**12.8**	97.1
Lease liabilities	**187.3**	205.7
Bank loans	**–**	1.3
PPP non-recourse debt	**94.6**	100.6
	518.7	689.1
Current borrowings		
Retail bonds	**100.0**	–
Lease liabilities	**42.0**	42.1
Bank loans and overdrafts	**1.3**	1.2
PPP non-recourse debt	**5.6**	4.5
	148.9	47.8

* The comparatives of current and non-current PPP non-recourse debt have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.

European private placements, revolving credit facility and retail bond borrowings include capitalised loan fees of €3.2m (2021: €3.5m).

The carrying amounts of borrowings are denominated in the following currencies:

	2022 €m	Restated* 2021 €m
Euro	**552.0**	437.6
Sterling	**115.6**	299.3
	667.6	736.9

* The comparatives of sterling borrowings have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.

The table below details the maturity profile of non-current borrowings:

	2022			2021 Restated*		
	Debt excluding PPP non-recourse debt €m	PPP non-recourse debt €m	Total debt €m	Debt excluding PPP non-recourse debt €m	PPP non-recourse debt €m	Total net €m
Between one and two years	**52.6**	**5.5**	**58.1**	139.6	5.5	145.1
Between two years and five years	**154.6**	**18.7**	**173.3**	356.4	21.3	377.7
Over five years	**216.9**	**70.4**	**287.3**	92.5	73.8	166.3
	424.1	**94.6**	**518.7**	588.5	100.6	689.1

* The PPP non-recourse debt comparatives have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

Revolving credit facility, term loans and European private placements

At 31 March 2022, the Group had a Euro denominated multicurrency green finance facility of €425m (2021: €520m) including a €400.0m (2021: €412.5m) revolving credit facility (RCF) and €25.0m (2021: €25.0m) European private placement (EUPP). In the prior year the facility also included a €82.5m term loan which has been repaid during the year. Of the RCF €30m matures on 18 May 2023, €65m matures on 18 May 2024 and €305m matures on 18 May 2025. The EUPP has a maturity of December 2023 for €15m and December 2025 for €10m.

At 31 March 2022 €15.0m (2021: €99.8m) of the RCF was drawn for borrowings in Euros. The remaining €385.0m (2021: €312.7m) was available for drawing of which €48.5m (2021: €48.3m) was allocated for ancillary overdraft and guarantee facilities. The EUPP and RCF are unsecured and have cross guarantees from members of the Group. Further details are given in note 5.8.

Retail bonds

At 31 March 2022, the Group had three issues of green retail bonds. The bonds of €100m (2021: €100m) maturing in June 2022 have an annual gross coupon of 3.65%, the bonds of €75m (2021: €75m) maturing in July 2024 have an annual gross coupon of 3.00% and the bonds of €125m issued on 23 July 2021 maturing in July 2027 have an annual gross coupon of 3.00%. The retail bonds are unsecured and have cross guarantees from members of the Group. Further details are given in note 5.8.

Lease liabilities

The Group's lease liabilities are payable as follows:

	2022			2021		
	Minimum lease payments €m	Interest €m	Principal €m	Minimum lease payments €m	Interest €m	Principal €m
Within one year	48.1	(6.1)	42.0	48.8	(6.7)	42.1
Between one and five years	113.7	(18.7)	95.0	132.5	(19.2)	113.3
More than five years	161.4	(69.1)	92.3	161.7	(69.3)	92.4
	323.2	(93.9)	229.3	343.0	(95.2)	247.8

For most plant and machinery leases the Group has an option to purchase the leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

PPP non-recourse debt

The PPP non-recourse debt is held in three PPP companies: Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham with maturities on 15 January 2023, 30 September 2032 and 30 June 2037 respectively. Each UK Municipal PPP company has non-recourse loan facilities which are secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PPP company and the carrying amount of financial assets pledged excluding cash was €135.6m (2021: €142.7m).

In the majority of cases subsidiaries holding non-recourse PPP debt and financial assets are restricted in their ability to transfer funds to the parent in the form of cash dividends or to repay loans and advances. This is due to the terms of the financing facility agreements and lender approval is required to make such transfers.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group primarily manages liquidity risk by monitoring forecast cash flows to ensure that revolving credit facility drawdowns are arranged as necessary and an adequate level of headroom is maintained. The way the Group manages liquidity risk has not changed from the previous year. Furthermore, the Group utilises its cash resources which are either held in bank accounts or highly liquid money market funds to manage its short-term liquidity.

The Group has unutilised committed borrowing facilities expiring between one and two years of €30.0m (2021: €nil) and expiring more than 2 years of €321.5m (2021: €279.5m) in relation to the Euro denominated multicurrency green finance facility. The unutilised committed PPP non-recourse debt borrowing facilities of €2.2m (2021: €2.2m) expire in more than 2 years. In addition, the Group has access to €12.5m (2021: €12.5m) of undrawn uncommitted working capital facilities.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 Borrowings continued

The following table analyses the Group's financial liabilities including derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Group is obliged to pay and as a result will not always reconcile with the amounts disclosed in the Balance Sheet.

	Within one year €m	Between one and five years €m	Over five years €m	Total contractual cash flows €m
At 31 March 2022				
Retail bonds	109.6	94.5	128.7	332.8
Bank loans – Revolving credit facility and European private placements	2.2	41.5	–	43.7
Bank loans – PPP non-recourse debt	9.7	38.3	82.5	130.5
Lease liabilities	48.1	113.7	161.4	323.2
PPP Interest rate swaps	2.3	6.4	7.3	16.0
Fuel derivatives	0.1	–	–	0.1
Trade and other payables	411.0	–	–	411.0
Financial liabilities and derivative financial liabilities	583.0	294.4	379.9	1,257.3
Fuel derivatives	(6.6)	(0.4)	–	(7.0)
Financial liabilities and total derivatives	576.4	294.0	379.9	1,250.3
At 31 March 2021				
Retail bonds	5.9	185.4	–	191.3
Bank loans – Term loans, revolving credit facility and European private placements	5.2	216.7	–	221.9
Bank loans – PPP non-recourse debt	7.6	38.2	85.0	130.8
Lease liabilities	48.8	132.5	161.7	343.0
PPP Interest rate swaps	4.1	14.1	12.7	30.9
Fuel derivatives	0.2	–	–	0.2
Trade and other payables	445.0	–	–	445.0
Financial liabilities and derivative financial liabilities	516.8	586.9	259.4	1,363.1
Cross-currency interest rate swaps – pay	2.3	169.9	–	172.2
Cross-currency interest rate swaps – receive	(3.4)	(178.3)	–	(181.7)
Financial liabilities and total derivatives	515.7	578.5	259.4	1,353.6

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.4 Net finance charges

Accounting policy

Finance charges, including direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. Interest receivable on financial assets relating to PPP contracts is added to the financial asset based on the rate implied at the start of the PPP project.

In certain circumstances, finance charges may be classified as non-trading or exceptional due to their size or incidence to enable a better understanding of the underlying net finance costs. These non-trading or exceptional income or charges include:

- The change in fair value where a derivative financial instrument does not qualify for hedge accounting
- Ineffectiveness incurred by a derivative financial instrument that does qualify for hedge accounting
- The gain or loss where a derivative financial instrument is terminated
- A significant impairment of an interest receivable balance.

Net finance charges are analysed as follows:

	2022 €m	2021 €m
Finance charges		
Interest payable on borrowings	**13.5**	14.0
Interest payable on PPP non-recourse debt	**7.4**	7.4
Lease liabilities interest	**7.2**	7.2
Unwinding of discount on provisions (note 4.10)	**6.4**	6.3
Interest charge on the retirement benefit schemes (note 7.2)	**0.1**	–
Amortisation of loan fees	**1.9**	1.5
Other finance costs	**1.7**	1.7
Total finance charges before non-trading and exceptional items	**38.2**	38.1
Non-trading and exceptional finance charges:		
Charge as a result of the termination of cash flow hedges (note 3.3)	**0.1**	–
Total non-trading and exceptional finance charges	**0.1**	–
Total finance charges	**38.3**	38.1
Finance income		
Interest receivable on financial assets relating to PPP contracts (note 4.5)	**(9.0)**	(9.0)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest income on the retirement benefit schemes (note 7.2)	**–**	(0.3)
Other finance income	**(0.2)**	(1.5)
Total finance income before non-trading and exceptional items	**(9.3)**	(10.9)
Non-trading and exceptional finance income:		
Ineffectiveness income on cash flow hedges (note 3.3)	**(0.2)**	(0.4)
Total non-trading and exceptional finance income	**(0.2)**	(0.4)
Total finance income	**(9.5)**	(11.3)
Net finance charges	**28.8**	26.8

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities

Accounting policy

All derivatives are initially recognised at fair value and subsequently measured at fair value at each reporting date. The fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity is less than one year.

In accordance with its treasury policy, the Group only holds derivative financial instruments to manage the Group's exposure to financial risk. The Group does not hold derivative financial instruments for trading or speculative purposes.

The exposure to financial risk includes:

- Interest risk and foreign exchange risk on the Group's variable rate borrowings and
- Commodity risk in relation to diesel consumption.

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and fuel derivatives.

Hedge accounting

Derivative financial instruments are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. At the inception of the hedge relationship, the Group formally designates and documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Hedge accounting allows the matching of gains and losses on hedged items and associated hedging instruments in the same accounting period to minimise volatility in the Income Statement. In order to qualify for hedge accounting, prospective hedge effectiveness must meet all the following criteria:

- An economic relationship exists between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes resulting from the economic relationship
- The hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting. For all the Group's existing hedge relationships the hedge ratio has been determined at 1:1. Where there is a cumulative loss or gain on the hedging instrument and it is no longer expected that the loss or gain will be recovered it is immediately recognised in the Income Statement.

Derivatives designated as hedging instruments are classified on inception as cash flow hedges or net investment hedges. Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income and subsequently reclassified into profit or loss as the hedged cash flows occur. Net investment hedges are accounted for in a similar way to cash flow hedges. Certain derivative financial instruments do not qualify for hedge accounting and are held at fair value through profit or loss. Changes in the fair value of such instruments are recognised in the Income Statement as a non-trading finance income or finance charge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in the Income Statement immediately as a non-trading finance income or finance charge.

Ineffectiveness

Sources of hedge ineffectiveness in the Group may arise when there is a change in circumstances that affect the terms of the hedged item such that the critical terms no longer match exactly the critical terms of the hedging instrument such as if there is a change in the credit risk of both counterparties, if there is a change in the underlying debt profile of a variable rate loan in relation to interest rate swaps, a change in the foreign exchange rate or a change in timing of the cash flows being hedged in relation to the cross-currency interest rate swaps. Additional sources of hedge ineffectiveness include if there is a reduced requirement for diesel volumes in relation to the fuel derivatives or for Euros under the forward foreign exchange contracts. Any ineffectiveness is recognised in the Income Statement as a non-trading finance income or finance charge.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities continued

On 5 March 2021, the UK's Financial Conduct Authority (FCA) formally announced the cessation of all GBP London Interbank Offered Rate (LIBOR) benchmark settings published by ICE Benchmark Administration (IBA) after 31 December 2021. In response, during the current year, work has been undertaken with the providers of the PPP non-recourse borrowings and interest rate swaps to amend the benchmark rate referenced in the loan agreements and derivative hedging instruments from GBP LIBOR to GBP SONIA (Sterling Overnight Index Average) including a credit adjustment spread on the debt to compensate for the basis differential between the two benchmarks. Progress has been made but the documentation has not yet been executed.

Consequently at 31 March 2022 the Group continues to have an exposure to the GBP LIBOR benchmark for its interest rate swaps relating to PPP contracts with a notional principal amount of €100.9m. Transition to GBP SONIA is expected to occur during 2022. The interest rate swaps are designated as cash flow hedge relationships hedging GBP LIBOR term loans. The FCA are publishing a synthetic GBP LIBOR but its availability is not guaranteed beyond the end of 2022. The Group contracts are now referenced to this synthetic LIBOR rate and we will continue to work to bilaterally amend these contracts to transition to SONIA. The transition is not expected to have a significant impact on the Group, although there will be changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications.

Given the uncertainties in terms of the timing or the amount of interest rate benchmark-based cash flows, the Group continues to adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform issued in September 2019 ("Phase 1 relief") in relation to GBP LIBOR hedging instruments in hedge relationships that have not transitioned yet to SONIA. Adopting these amendments provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The reliefs mean that this IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the Income Statement as a non-trading item. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The Group will continue to apply the Phase 1 relief to its hedge relationships until the end of the uncertainty. The Group anticipates that this uncertainty will continue until the contracts are amended to specify both the spread adjustment between the existing GBP LIBOR rate and SONIA and the effective date of the replacement benchmark rate.

Derivative financial instruments are analysed as follows:

	2022		2021	
	Assets €m	Liabilities €m	Assets €m	Liabilities €m
Cross-currency interest rate swaps – cash flow hedges	–	–	7.7	–
Fuel derivatives – cash flow hedges	7.0	0.1	1.4	0.2
Relating to PPP contracts:				
Interest rate swaps – cash flow hedges	–	14.6	–	25.2
Interest rate swaps – at fair value through profit or loss	–	–	–	0.1
Total	**7.0**	**14.7**	9.1	25.5
Current	**6.6**	**0.1**	1.2	0.2
Non-current	**0.4**	**14.6**	7.9	25.3
Total	**7.0**	**14.7**	9.1	25.5

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities continued

Cross-currency interest rate swaps

During the year ended 31 March 2022 all forward cross-currency interest rate swaps in place at 31 March 2021 with a notional principal amount outstanding of €176.1m were terminated incurring a charge of €0.1m. At 31 March 2021 the Group held four floating rate contracts in relation to Sterling borrowings: £37.5m swapped to €41.6m at a fixed interest rate of 1.27% expiring October 2022, £37.5m swapped to €41.6m at a fixed interest rate of 1.29% expiring October 2022, £50m swapped to €56.8m at a fixed interest rate of 1.35% expiring December 2022 and £25m swapped to €28.4m at a fixed interest rate of 1.40% expiring December 2022.

During the year ended 31 March 2022 the asset relating to cross-currency interest rate swaps terminated resulting in a movement of €7.7m (2021: €5.7m). This movement included interest income of €0.2m (2021: €2.6m) which was wholly paid in cash during the year (presented in both the Income Statement and Statement of Cash Flows within finance charges as this offset the interest charge on the related borrowings), a fair value movement of €nil (2021: €0.3m loss) of which €0.1m income (2021: €0.5m loss) was taken to Other Comprehensive Income with the remainder to the Income Statement, the impact of foreign exchange in the related debt was a loss of €1.3m (2021: €6.0m gain) and as a result of the termination of the cross-currency interest rate swaps in the current year there was a cash inflow of €6.4m (2021: €nil).

Fuel derivatives

The notional value of wholesale fuel covered by fuel derivatives at 31 March 2022 amounted to €14.7m (2021: €11.1m). The Group has annual usage across the Netherlands and Belgium of approximately 43m litres of diesel per annum of which approximately 27m litres have been fixed at an average of €0.44 per litre for the year to 31 March 2023 (notional value €12.6m) and a further 5m litres has been fixed at an average of €0.51 per litre for the year to 31 March 2024 (notional value €2.7m).

Interest rate swaps relating to PPP contracts

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2022 was €100.9m (2021: €104.6m). Under these contracts the interest rates on PPP non-recourse borrowings for Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham projects are fixed at rates of 5.8%, 4.8% and 3.4% respectively from inception to expiry on 16 January 2023, 30 September 2032 and 30 June 2037 respectively. The gains and losses recognised in the Statement of Comprehensive Income for cash flow hedges will be released to the Income Statement within finance costs until the repayment of the non-recourse borrowings. A revised repayment programme for the Cumbria PPP project borrowing has led to ineffectiveness of a credit of €0.2m (2021: €0.2m) being recognised for the related interest rate swap which has been taken to the Income Statement as a non-trading and exceptional finance credit.

During the year ended 31 March 2022 the liability of the interest rate swaps relating to PPP contracts reduced by €10.7m (2021: €6.3m), included in this movement was an interest charge of €4.1m (2021: €3.8m) which was wholly paid in cash during the year (presented in both the Income Statement and Statement of Cash Flows within finance charges), a fair value gain of €10.9m (2021: €7.6m) of which €10.7m (2021: €7.4m) gain was taken to Other Comprehensive Income with the remainder to the Income Statement and the impact of foreign exchange was €0.2m (2021: €1.3m) loss.

The following table shows the impact of the Group's cash flow hedges in Other Comprehensive Income:

	2022 €m	2021 €m
At 1 April	**(23.8)**	(38.1)
Effective element of changes in fair value arising from:		
Cross-currency interest rate swaps	**0.1**	(0.5)
Fuel derivatives	**5.7**	7.3
Forward foreign exchange contracts	**–**	0.1
Interest rate swaps relating to PPP contracts	**10.7**	7.4
At 31 March	**(7.3)**	(23.8)

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 Derivative financial instruments and hedging activities continued

Net investment hedge

Renewi plc, a Sterling functional currency company, has Euro borrowings of €300.0m (2021: €175.0m) with a fair value of €300.2m (2021: €178.5m) 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 2022 (2021: 100%) and as a result the related exchange loss of €3.0m (2021: €7.1m) has been recognised in the exchange reserve in the consolidated financial statements.

The following tables show the impact of the Group's cash flow hedges and net investment hedge on the Balance Sheet, Other Comprehensive Income and Income Statement:

	Hedging instrument					Hedged item		
March 2022	**Nominal amount at 31 March 2022 €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Cumulative cash flow hedge movement in Other Comprehensive Income €m**	**Hedge ineffectiveness included in the Income Statement in the year €m**	**Cumulative movement in exchange reserve €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Weighted average hedged rate**	**Hedge ratio**
Cross-currency interest rate swaps/variable rate borrowings	**–**	**–**	**–**	**0.1**	**–**	**–**	**1.32%**	**–**
Fuel derivatives/purchase of diesel	**14.7**	**5.7**	**6.9**	**–**	**–**	**(5.7)**	**€0.46 per litre**	**1:1**
Interest rate swaps/variable rate borrowings relating to PPP contracts	**100.9**	**6.3**	**(14.2)**	**(0.2)**	**–**	**(6.1)**	**4.07%**	**1:1**
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	**300.0**	**(2.5)**	**–**	**–**	**(15.3)**	**2.5**	**–**	**1:1**

	Hedging instrument					Hedged item		
March 2021	**Nominal amount at 31 March 2021 €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Cumulative cash flow hedge movement in Other Comprehensive Income €m**	**Hedge ineffectiveness included in the Income Statement in the year €m**	**Cumulative movement in exchange reserve €m**	**Change in the fair value used to determine hedge effectiveness €m**	**Weighted average hedged rate**	**Hedge ratio**
Cross-currency interest rate swaps/variable rate borrowings	176.1	(10.9)	(0.1)	(0.2)	–	10.9	1.32%	1:1
Fuel derivatives/purchase of diesel	11.1	7.3	1.2	–	–	(7.3)	€0.33 per litre	1:1
Forward foreign exchange contracts/off-take contracts	–	0.1	–	–	–	(0.1)	–	1:1
Interest rate swaps/variable rate borrowings relating to PPP contracts	104.6	1.0	(24.9)	(0.2)	–	(0.9)	4.07%	1:1
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	175.0	(6.9)	–	–	(18.3)	6.9	–	1:1

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 Financial instruments and related disclosures

Accounting policy

The Group classifies and measures its financial assets at amortised cost or at fair value (either through Other Comprehensive Income or through profit or loss). The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Derivatives are initially recognised at fair value and subsequently measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Derivatives which are not hedging instruments are measured at fair value through profit or loss upon initial recognition

Short-term investments are classified and measured at fair value through profit or loss with changes in the fair value recognised in the Income Statement. Unlisted investments not held for trading are held at fair value and the Group has elected to present subsequent changes in fair value in Other Comprehensive Income. Dividends on these investments are recognised in the Income Statement when the Group's right to receive the dividends is established, it is probable that they will be paid and the amount can be reliably measured.

Cash and cash equivalents includes money market funds which are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified as fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Financial liabilities are classified and measured at fair value through profit or loss or at amortised cost.

Fair value hierarchy

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 March 2022, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 Financial instruments and related disclosures continued

Valuation techniques used to derive level 2 fair values

- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Short-term investment valuations are provided by the fund manager
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of the European private placements are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of retail bonds is based on indicative market pricing.

The table below presents the Group's assets and liabilities measured at fair values:

	2022	2021
	Level 2 €m	Level 2 €m
Assets		
Unlisted non-current investments (note 4.4)	**4.6**	4.6
Short-term investments (note 4.4)	**11.1**	9.3
Derivative financial instruments (note 5.5)	**7.0**	9.1
	22.7	23.0
Liabilities		
Derivative financial instruments (note 5.5)	**14.7**	25.5
European private placements	**25.7**	26.6
Retail bonds	**300.2**	179.1
	340.6	231.2

Carrying value of financial assets and financial liabilities

Financial assets	Note	2022 €m	Restated* 2021 €m
Financial assets at amortised cost			
Loans to associates and joint ventures	4.4	**0.9**	0.9
Trade and other receivables at amortised cost#	4.8	**243.4**	219.3
Cash and cash equivalents (excluding money market funds)	5.2	**63.6**	68.8
Financial assets relating to PPP contracts	4.5	**143.4**	149.1
Derivatives used for hedging			
Fuel derivatives	5.5	**7.0**	1.4
Cross-currency interest rate swaps	5.5	**–**	7.7
Financial assets at fair value through profit or loss (mandatorily)			
Short-term investments	4.4	**11.1**	9.3
Other receivables relating to invoice finance facilities	4.8	**9.5**	9.5
Financial assets at fair value through 0ther comprehensive income			
Unlisted non-current investments	4.4	**4.6**	4.6
		483.5	470.6

* The comparatives for cash and cash equivalents have been restated due to a prior year adjustment as explained in section 1.
\# Trade and other receivables at amortised cost comprise trade receivables and accrued income net of allowance of €238.0m (2021: €212.5m) and other receivables held at amortised cost of €5.4m (2021: €6.8m).

The Group considers that the fair value of financial assets is not materially different to their carrying value.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 Financial instruments and related disclosures continued

Financial liabilities	Note	2022 €m	Restated* 2021 €m
Financial liabilities at amortised cost			
Revolving credit facility, European private placements and other loans	5.3	**38.9**	209.5
Retail bonds	5.3	**299.2**	174.5
Lease liabilities	5.3	**229.3**	247.8
Trade and other payables excluding non-financial liabilities#	4.9	**418.1**	445.0
PPP non-recourse debt	5.3	**100.2**	105.1
Financial liabilities at fair value through profit or loss			
Interest rate swaps relating to PPP contracts	5.5	**–**	0.1
Derivatives used for hedging			
Fuel derivatives	5.5	**0.1**	0.2
Interest rate swaps relating to PPP contracts	5.5	**14.6**	25.2
		1,100.4	1,207.4

* The comparatives for PPP non-recourse debt have been restated due to a prior year adjustment as explained in section 1 Basis of preparation.
\# Trade and other payables excluding non-financial liabilities comprises trade payables, other payables and accruals of €418.1m (2021: €445.0m).

With the exception of retail bonds and European private placements, the Group considers that the fair value of bank borrowings, trade and other payables and lease liabilities are not materially different to their carrying value.

5.7 Financial risk management objectives and policies

The Group is exposed to market risk (interest rate risk and commodity price risk), foreign exchange risk, liquidity risk and counterparty credit risk. The Group's Treasury Committee is charged with managing and controlling risk relating to the financing and liquidity of the Group under policies approved by the Board of Directors. The Group does not enter into speculative transactions.

Interest rate risk

Changes in interest rates could have an impact on the interest cover covenant of the Group's core facilities and on the interest charge in the Income Statement. In order to monitor and manage the risk, borrowings and the expected interest cost for the year are frequently forecast and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, European private placements, fixed rate lease liabilities and cross-currency interest rate swaps until July 2021. The proportion of the Group's total borrowings excluding PPP non-recourse floating rate borrowings that were fixed or hedged at 31 March 2022 was €554.3m (2021: €629.9m) or 97% (2021: 98%). Additionally, the PPP non-recourse floating rate borrowings are hedged using interest rate swaps which hedge the interest cash flows. Further details of the IBOR transition from LIBOR to SONIA is set out in note 5.5.

Interest rate swaps and cross-currency interest rate swaps are accounted for under IFRS 9 with changes in the fair value recognised in Other Comprehensive Income, as they are effective hedges. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge. The interest rate swap in relation to the Argyll & Bute PFI contract has not been designated as a hedge by the Group therefore it is classified at fair value through profit or loss.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 Financial risk management objectives and policies continued

Interest rate sensitivity for bank borrowings
Interest on the floating rate revolving credit facilities and the term loan until it was repaid will vary as interest rates increase or decrease. If rates had moved by 1% the impact on profit before tax would have been a loss or gain of €0.6m (2021: €0.9m) based on the average bank borrowings during the year.

Interest rate sensitivity for PPP non-recourse borrowings
The PPP non-recourse borrowings are fully hedged with interest rate swaps. The fair values of interest rate swaps used for hedging of PPP non-recourse borrowings are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate swap liabilities and resulted in a pre-tax gain in Other Comprehensive Income of €6.2m (2021: €8.4m) and a pre-tax gain in the Income Statement of €0.7m (2021: €0.4m). A 1% decrease in interest rates would have increased the fair value of the interest rate swap liabilities and led to a pre-tax loss in Other Comprehensive Income of €6.9m (2021: €6.3m) and a pre-tax loss in the Income Statement of €0.8m (2021: €3.5m).

Foreign exchange risk
The Group operates in the UK and is exposed to translation risk on the value of assets denominated in Sterling into Euros. Renewi plc, a Sterling functional currency company, has Euro borrowings which are designated as a net investment hedge of the Group's investments denominated in Euros. The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe.

Foreign exchange sensitivity
The impact of a change of Sterling foreign exchange rates of 10% on the Group's profit before tax would be €2.1m (2021: €0.9m) and the impact on underlying profit before tax would have been €2.2m (2021: €1.2m).

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 €1.3m (2021: €1.1m).

Credit risk
Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables and financial assets relating to PPP contracts. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of trade receivables. The Covid-19 pandemic together with increasing energy prices and high inflation as a result of the events in Ukraine are having a significant impact on various sectors and industries and the impact has been considered when assessing the credit risk of the Group.

The Group recognises lifetime expected credit losses at the point of initial recognition for trade receivables and accrued income as set out in note 4.8. For other financial assets, a loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date. At 31 March 2022 taking into account the impact of Covid-19 and other macro-economic factors there has not been a significant increase in credit risk in relation to receivables where the IFRS 9 general approach is followed to determine expected credit loss.

At 31 March 2022 the amount of credit risk on cash and cash equivalents totalled €63.6m (2021: €68.8m restated to include restricted cash at bank relating to PPP contracts as explained in section 1). The banks and financial institutions used by the Group for core cash and cash equivalents are restricted to those with the appropriate geographical presence and suitable credit rating. Money market investments are made in accordance with the internal treasury policies and the fund invested in has AAA rating by both Fitch and S&P. The Group has an objective to minimise cash and where possible repay the Group borrowings to manage counterparty credit risk amongst other objectives. The restricted cash relating to PPP contracts is managed in accordance with the guidelines specific to each of the PPP contracts. Expected credit losses over cash and cash equivalents are considered to be immaterial with no losses experienced.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 Financial risk management objectives and policies continued

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 taking into account that the Group uses credit insurance to minimise the credit risk of trade receivables. As a result of Covid-19 together with increasing energy prices and high inflation due to the events in Ukraine a detailed review has been undertaken at a customer level in some cases, in order to assess the likely potential of default considering the nature of the customers business and any government support measures. At 31 March 2022 the amount of credit risk on trade and other receivables amounted to €243.4m (2021: €219.3m). The Group does not hold any collateral as security.

The financial assets relating to PPP contracts are recoverable from the future revenues relating to these contracts. Management consider these to be very low risk as the counterparties for the future revenues are local authorities or councils in the UK. This is reviewed on a regular basis and there has been no change in the capacity of the counterparties to meet the contractual cash flow obligations. At 31 March 2022 the amount of credit risk on financial assets amounted to €143.4m (2021: €149.1m).

For derivative financial assets the maximum exposure to credit risk at the reporting date is the net fair value of the derivative assets which are included in the consolidated statement of financial position.

No other loans to associates or joint ventures are credit impaired.

5.8 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders, maintain an efficient capital structure to reduce the cost of capital and provide appropriate levels of liquidity headroom. In order to meet these objectives, the Group may issue or repay debt, issue new shares or adjust the amount of dividend paid to shareholders.

As a result of the Covid-19 pandemic no dividends were paid for the year ended 31 March 2021 and no dividend is being paid for the year ended March 2022. The Board will review the reinstatement of dividends taking into consideration the trading performance, macro-economic outlook and the significant changes in the investment and growth opportunities for the Group.

The following table shows the capital of the Group:

	Note	2022 €m	Restated* 2021 €m
Total borrowings	5.3	**667.6**	736.9
Less: PPP non-recourse borrowings	5.3	**(100.2)**	(105.1)
Less: Lease liabilities as a result of the adoption of IFRS 16		**(221.9)**	(236.7)
Less: core cash and cash equivalents (excluding restricted cash at bank relating to PPP contracts)	5.2	**(42.5)**	(51.5)
Net debt as per banking covenant definition		**303.0**	343.6
Total equity		**338.2**	237.6
Total capital		**641.2**	581.2

* The comparatives have been restated due to prior year adjustments as explained in section 1 Basis of preparation.

The Group monitors its financial capacity by reference to key financial ratios which provide a framework within which the Group's capital base is managed. The Group's Euro denominated multicurrency green finance facility agreements have covenants including adjusted net debt to comparable adjusted EBITDA and interest cover in accordance with a frozen GAAP concept. The Group has complied with its banking covenants during the year.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.9 Equity

Accounting policy

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This was subsequently completed on 19 July 2021 when the issued share capital of 800,236,740 10 pence shares was replaced with 80,023,674 £1 shares.

	Share capital – Ordinary shares		Share premium
	Number	€m	€m
Share capital allotted, called up and fully paid			
At 1 April 2020 and 31 March 2021 (ordinary shares of 10p each)	800,141,536	99.5	473.6
Issued under share option schemes – prior to share consolidation (ordinary shares of 10p each)	95,204	–	–
Ordinary shares of 10p each held on 19 July prior to the consolidation	800,236,740	99.5	473.6
Adjustment to number of shares following the share consolidation	(720,213,066)	–	–
Issued under share option schemes (ordinary shares of £1 each)	36,263	–	0.2
At 31 March 2022 (ordinary shares of £1 each)	80,059,937	99.5	473.8

During the year 95,204 (2021: nil) ordinary shares of 10p each were allotted prior to the share consolidation and 36,263 ordinary shares of £1 each were issued after the consolidation being the exercise of share options under the Savings Related Share Option Schemes for an aggregated consideration of €0.2m (2021: €nil). Further disclosures relating to share-based options are set out in note 7.3.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of non-Euro denominated operations, excluding those disposed of, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Retained earnings

The Group includes within retained earnings the cumulative balance relating to the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge and further details are provided in note 5.5.

The Group also includes the cumulative impact of the Renewi Employee Share Trust within retained earnings. The Trust owns 552,851 £1 shares (0.7%) (2021: 5,013,343 10p shares (0.6%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement. During the year 798,433 10 pence shares (2021: 4,419,977 10 pence shares) were transferred to individuals under the LTIP and DAB schemes prior to the share consolidation and 34,580 £1 shares were issued under the DAB scheme after the consolidation. During the year 237,000 £1 shares (2021: 3,888,031 10 pence shares) were purchased by the Trust at a cost of €1.8m (2021: €1.2m).

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.9 Equity continued

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.

	2022			2021			
	Maltha Groep €m	Others €m	Total €m	Maltha Groep €m	3SE (Barnsley, Doncaster & Rotherham) €m	Others €m	Total €m
Revenue	60.2	37.3	97.5	52.0	9.9	20.4	82.3
Profit (loss) after tax	1.8	3.1	4.9	(0.9)	(0.6)	0.9	(0.6)
Other comprehensive loss	–	–	–	–	(0.4)	–	(0.4)
Total comprehensive income (loss)	1.8	3.1	4.9	(0.9)	(1.0)	0.9	(1.0)
Total comprehensive income (loss) allocated to the non-controlling interests	0.5	0.4	0.9	(0.2)	(0.2)	0.3	(0.1)
Disposal of non-controlling interest	–	–	–	–	4.8	–	4.8
Non-current assets	24.0	8.1	32.1	23.2	–	6.4	29.6
Current assets	19.5	11.6	31.1	18.8	–	10.5	29.3
Non-current liabilities	(4.1)	(1.3)	(5.4)	(5.1)	–	(0.9)	(6.0)
Current liabilities	(25.2)	(6.6)	(31.8)	(24.1)	–	(7.4)	(31.5)
Net assets	14.2	11.8	26.0	12.8	–	8.6	21.4
Accumulated non-controlling interests	4.7	2.3	7.0	4.3	–	1.8	6.1
Net (decrease) increase in cash and cash equivalents	(0.1)	–	(0.1)	3.4	–	–	3.4

The disposal of non-controlling interest of €4.8m in the prior year is the value of the non-controlling interest at the date of disposal which was transferred to retained earnings and includes the impact of the Group no longer owing external subordinated debt to a third party.

5.10 Dividends

Accounting policy

Final dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

The Directors have not recommended a final dividend for the year ended March 2022 (2021: nil).

Notes to the financial statements continued

SECTION 6. ACQUISITIONS AND DISPOSALS

This section provides details of acquisitions and disposals.

6.1 Acquisitions

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, liabilities incurred or assumed including the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. The fair value of businesses acquired may include waste permits, licences and customer relationships with the value calculated by discounting the future attributable revenue streams, which are recognised as intangible assets and amortised. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The costs of acquisition are charged to the Income Statement in the year in which they are incurred.

Acquisitions

During the year ended March 2022 Netherlands Commercial Division acquired plant and machinery business assets of €0.2m and acquisition related intangible customer lists of €0.3m.

6.2 Disposals

Accounting policy

The results of operations disposed of during the year are included in the consolidated Income Statement up to the date of disposal, unless they meet the criteria of a discontinued operation.

There have been no disposals in the current year.

6.3 Assets classified as held for sale

Accounting policy

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for sale in their present condition. Following the classification as held for sale, non-current assets are not depreciated.

The Group had €3.3m (2021: €nil) assets classified as held for sale at 31 March 2022. The assets include €2.0m land and buildings at a Netherlands Commercial Division site which has now been closed and €1.3m in the Belgium Commercial Division in relation to an associate of €0.7m and land and buildings of €0.6m. All these assets are expected to be sold within the next 12 months

6.4 Discontinued operations

Accounting policy

A discontinued operation is a component of the Group's business that represents a separate major business line or geographical area of operations that meets the criteria to be classified as held for sale. Discontinued operations are presented in the consolidated Income Statement as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

There are no discontinued operations in the current or prior year.

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	2022 €m	2021 €m
Wages and salaries		**311.6**	306.6
Social security costs		**56.6**	56.6
Share-based benefits	7.3	**2.5**	1.4
Other pension costs	7.2	**31.8**	31.0
Total staff costs		**402.5**	395.6

	2022	2021
The average number of employees by reportable segment during the year was:		
Commercial Waste	**4,568**	4,702
Mineralz & Water	**337**	342
Specialities	**864**	861
Group central services	**384**	355
Total average number of employees	**6,153**	6,260

7.2 Retirement benefit schemes

The Group operates defined benefit and defined contribution schemes in the UK and overseas.

Accounting policy

The Group accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits.

The pension cost for the defined benefit schemes is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. For defined benefit plans, obligations are measured at discounted present value. Plan assets in the UK scheme are recorded at fair value and in the overseas schemes the plan assets are calculated as the cash value of all future insured benefit payments using an appropriate discount rate. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income and surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due. The Group participates in several multi-employer schemes in the Netherlands which are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies. The Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit.

Retirement benefit schemes costs

	2022 €m	2021 €m
UK defined contribution scheme	**1.7**	1.6
Overseas defined benefit schemes	**2.3**	1.1
Overseas defined contribution schemes	**27.8**	28.3
	31.8	31.0

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

UK defined benefit scheme

The UK defined benefit pension scheme (called the Shanks Group Pension Scheme) provides pension benefits for pensioners, deferred members and eligible UK employees and is closed to new entrants and closed to future benefit accrual. The defined benefit scheme provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and final salary. Plan assets are managed by Aon Investments Ltd on behalf of the Trustees. There are five trustees currently, three 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 2021. The Group has agreed to pay annual deficit contribution of €3.6m (£3.1m) until December 2024. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2023 are €3.6m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2022 % p.a.	2021 % p.a.
Discount rate	2.8	2.1
Rate of price inflation	3.6	3.3
Consumer price inflation	3.0	2.7

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 23 years (2021: 22 years) if they are male and for a further 25 years (2021: 24 years) if they are female. For a member aged 40 who retires at age 65 the assumptions are that they will live on average after retirement for around a further 24 years (2021: 23 years) if they are male or for a further 27 years (2021: 26 years) if female The weighted average duration of the defined benefit obligation is approximately 16 years.

Overseas defined benefit schemes

The overseas defined benefit obligation relates to funded plans, mainly insurance contracts managed by insurers, in both the Netherlands and Belgium. There are various schemes which are based on average salaries and in some cases on final salaries. The assets consist of qualifying insurance policies which match the vested benefits. The build-up of rights for inactive member are indexed on the basis of additional interest and the rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans. The plans are subject to laws for pension insurance companies offering pension arrangements and are overseen by Autoriteit Financiele Markten in the Netherlands and Autoriteit voor Financiele Diensten en Markten in Belgium. The Group has no responsibilities for governance of the plans other than correct calculation and timely payment of the contributions. The total estimated contributions expected to be paid to the schemes in the year ending 31 March 2023 are €2.4m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2022 % p.a.	2021 % p.a.
Discount rate	1.7 to 2.0	1.1 to 1.3
Rate of price inflation	2.0	2.0
Rate of salary inflation	2.0 to 2.5	2.0 to 2.5

The discount rate assumption is based on interest rates applying to high quality corporate bonds with a term approximately equal to the term of the related pension liability. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 21 years (2021: 22 years) if they are male and for a further 23 years (2021: 24 years) if they are female. For a member aged 40 who retires at age 65 the assumptions are that they will live on average after retirement for around a further 23 years (2021: 24 years) if they are male or for a further 25 years (2021: 26 years) if female. The maturity of the schemes ranges from 18 to 23 years.

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

The amounts recognised in the financial statements for all defined benefit schemes are as follows:

Income Statement	2022			2021		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Current service cost	–	2.3	2.3	–	1.1	1.1
Interest expense (income) on scheme net liabilities	–	0.1	0.1	(0.4)	0.1	(0.3)
Net retirement benefit charge before tax	–	2.4	2.4	(0.4)	1.2	0.8

Statement of Comprehensive Income	2022			2021		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Actuarial gain (loss) on scheme liabilities	14.8	8.2	23.0	(24.1)	1.3	(22.8)
Actuarial (loss) gain on scheme assets	(5.8)	(6.7)	(12.5)	0.6	(1.1)	(0.5)
Actuarial gain (loss)	9.0	1.5	10.5	(23.5)	0.2	(23.3)

Cumulative actuarial gains and losses recognised in the Statement of Comprehensive Income since 1 April 2004 are losses of €30.4m (2021: €40.9m).

Balance Sheet	2022			2021		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Present value of funded obligations	(201.2)	(74.5)	(275.7)	(216.7)	(79.9)	(296.6)
Fair value of plan assets	209.8	68.2	278.0	212.7	72.5	285.2
Pension schemes net asset (deficit)	8.6	(6.3)	2.3	(4.0)	(7.4)	(11.4)
Related deferred tax asset (note 3.4)	(2.1)	1.6	(0.5)	0.8	1.9	2.7
Net pension asset (liability)	6.5	(4.7)	1.8	(3.2)	(5.5)	(8.7)
Classified as:						
Defined benefit scheme surplus – included in non-current assets	8.6	–	8.6	–	–	–
Defined benefit pension schemes deficit – included in non-current liabilities	–	(6.3)	(6.3)	(4.0)	(7.4)	(11.4)
Pension schemes net asset (deficit)	8.6	(6.3)	2.3	(4.0)	(7.4)	(11.4)

The UK scheme's assets of €209.8m (2021: €212.7m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Aon Investments Limited. A breakdown of the underlying investment classes is given below:

	2022 €m	2021 €m
Equities	87.7	57.1
Liquid alternatives	23.6	17.9
Fixed income	24.1	26.0
Liability driven investment	65.8	105.0
Cash and others	8.6	6.7
	209.8	212.7

The overseas schemes assets of €68.2m (2021: €72.5m) are insurance contracts managed by insurers in the Netherlands and Belgium.

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

The movement in the pension scheme deficit (asset)

	UK €m	Overseas €m	Total €m
At 1 April 2020	16.0	(7.5)	8.5
Current service cost	–	(1.1)	(1.1)
Interest income (expense)	0.4	(0.1)	0.3
Net actuarial (loss) gain recognised in the year	(23.5)	0.2	(23.3)
Contributions from employer	3.4	1.1	4.5
Exchange rate changes	(0.3)	–	(0.3)
At 31 March 2021	(4.0)	(7.4)	(11.4)
Current service cost	–	(2.3)	(2.3)
Interest expense	–	(0.1)	(0.1)
Net actuarial gain recognised in the year	9.0	1.5	10.5
Contributions from employer	3.5	2.0	5.5
Exchange rate changes	0.1	–	0.1
At 31 March 2022	**8.6**	**(6.3)**	**2.3**

Reconciliation of the defined benefit obligation

	UK €m	Overseas €m	Total €m
At 1 April 2020	(186.7)	(79.6)	(266.3)
Current service cost	–	(1.1)	(1.1)
Interest expense	(4.4)	(0.9)	(5.3)
Remeasurements:			
Actuarial (loss) gain on scheme liabilities arising from changes in financial assumptions	(24.4)	0.9	(23.5)
Actuarial (loss) gain on scheme liabilities arising from change in demographic assumptions	(1.1)	0.4	(0.7)
Actuarial gain on scheme liabilities arising from changes in experience	1.4	–	1.4
Contributions from plan participants	–	(0.5)	(0.5)
Benefit payments	6.6	0.9	7.5
Exchange rate changes	(8.1)	–	(8.1)
At 31 March 2021	(216.7)	(79.9)	(296.6)
Current service cost	–	(2.6)	(2.6)
Interest expense	(4.3)	(0.9)	(5.2)
Remeasurements:			
Actuarial gain on scheme liabilities arising from changes in financial assumptions	15.3	9.0	24.3
Actuarial (loss) gain on scheme liabilities arising from change in demographic assumptions	(4.4)	0.8	(3.6)
Actuarial gain (loss) on scheme liabilities arising from changes in experience	3.9	(1.6)	2.3
Contributions from plan participants	–	(0.5)	(0.5)
Benefit payments	6.5	1.2	7.7
Exchange rate changes	(1.5)	–	(1.5)
At 31 March 2022	**(201.2)**	**(74.5)**	**(275.7)**

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

Reconciliation of plan assets

	UK €m	Overseas €m	Total €m
At 31 March 2020	202.7	72.1	274.8
Interest income	4.8	0.8	5.6
Remeasurements: Return on plan assets excluding interest expense	0.6	(1.1)	(0.5)
Contributions from employer	3.4	1.1	4.5
Contributions from plan participants	–	0.5	0.5
Benefit payments	(6.6)	(0.9)	(7.5)
Exchange rate changes	7.8	–	7.8
At 31 March 2021	212.7	72.5	285.2
Current service cost	–	0.3	0.3
Interest income	4.3	0.8	5.1
Remeasurements: Return on plan assets excluding interest expense	(5.8)	(6.7)	(12.5)
Contributions from employer	3.5	2.0	5.5
Contributions from plan participants	–	0.5	0.5
Benefit payments	(6.5)	(1.2)	(7.7)
Exchange rate changes	1.6	–	1.6
At 31 March 2022	**209.8**	**68.2**	**278.0**

Significant defined benefit pension scheme risks

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are set out below.

Asset volatility – The UK scheme liabilities are calculated using a discount rate set with reference to corporate bond yields and if plan assets underperform this yield, this will result in a deficit. The UK pension scheme's assets are held in a portfolio of pooled funds which are single priced at the net asset value. The investment objective of the portfolio is to achieve long-term total returns in excess of a nominal portfolio of long-dated Sterling bonds through a diversified portfolio of collective investment schemes, which may include derivatives. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The Trustees have agreed an underlying strategy with the Group so that any ongoing improvements in the scheme's funding position would trigger movements from growth assets to non-growth assets in order to protect and consolidate such improvements. The plan assets in the overseas pension schemes are calculated as the cash value of all future insured benefit payments using an appropriate discount rate.

Inflation risk – The majority of benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

Life expectancy – The majority of the obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities.

Changes in bond yields – A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the investments.

Sensitivities for defined pension benefit schemes

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Balance Sheet.

	Impact on 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	7.6	(7.8)	0.25	2.9	(3.0)
Rate of price inflation	0.25	(3.7)	4.8	0.25	(0.1)	0.1
Consumer price inflation	0.25	(3.7)	4.8	–	–	–

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 Retirement benefit schemes continued

	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)	8.6	(2.0)	2.0

Other overseas schemes

The total cost in the year for other overseas pensions was €27.8m (2021: €28.3m). 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.

7.3 Share-based payments

As described in the Directors' Remuneration Report, the Group issues equity-settled share-based payments under a Savings Related Share Option Scheme (SRSOS), a Long-Term Incentive Plan (LTIP) and a Deferred Annual Bonus (DAB) arrangement. Further details and performance metrics of both LTIPs and DABs can be found in the Directors' Remuneration Report on pages 138 to 155.

Accounting policy

The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Group's estimate of the shares that will eventually vest. At each balance sheet date the Group revises its estimates of the number of awards that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market-related performance conditions.

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This adjustment has been applied to the outstanding awards and options as presented below:

Outstanding awards and options

	SRSOS		LTIP	DAB
	Number of options	Weighted Average exercise price	Number of awards	Number of awards
Outstanding at 1 April 2020	5,121,329	30p	10,502,128	366,408
Granted	4,797,900	20p	5,965,521	1,200,909
Forfeited	(2,438,792)	27p	(510,067)	–
Expired	(106,354)	71p	(1,728,178)	–
Exercised/vested	–	–	(1,319,755)	(91,383)
Outstanding at 31 March 2021	7,374,083	24p	12,909,649	1,475,934
Forfeited	(350,341)	22p	(650,750)	–
Expired	(119,120)	76p	(1,976,460)	–
Exercised/vested	(95,200)	23p	(573,802)	(155,535)
Outstanding on 19 July 2021 prior to share consolidation	6,809,422	23p	9,708,637	1,320,399
Adjustment to the number of shares following the share consolidation	(6,128,480)	–	(8,737,775)	(1,188,361)
Granted	89,323	422p	487,111	69,159
Forfeited	(62,527)	242p	(35,000)	–
Exercised/vested	(36,263)	417p	–	(34.580)
Outstanding at 31 March 2022	**671,475**	**245p**	**1,422.973**	**166,617**
Exercisable at 31 March 2022	6,436	520p		
Exercisable at 31 March 2021	119,120	76p		
At 31 March 2022:				
Range of price per share at exercise		200p to 520p		
Weighted average remaining contractual life		1 to 2 years		

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.3 Share-based payments continued

Fair value of awards and options granted during the year

	SRSOS		LTIP			
Valuation model	2022 Binomial	2021 Black-Scholes	2022 Share price	2021 Share price	2022 Monte Carlo and Finnerty	2021 Monte Carlo
Weighted average fair value	**223p**	6p	**508p**	26p	**362p**	23p
Weighted average share price	**555p**	20p	**548p**	26p	**548p**	26p
Weighted average exercise price	**422p**	20p	**–**	–	**–**	–
Expected volatility	**51%**	47%	**–**	–	**53%**	48%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**0.25%**	(0.1)%	**–**	–	**0.16%**	(0.2)%
Dividend yield	**2.2%**	1.3%	**–**	–	**–**	–

For the LTIP awards granted, the fair value of the element subject to non-market conditions has been calculated based on the share price at the award date and the expense recognised is based on expectations of these conditions being met which are reassessed at each balance sheet date. The Monte Carlo valuation model is used to determine the weighted average fair value of the market conditions element of awards granted. Expected volatility has been calculated using average volatility historical data over a three-year period from the grant date. The risk-free interest rate is based on the implied yield of zero-coupon government bonds with a remaining term equal to the expected life. The expected life used in the models equals the vesting period. The awards granted vest after three years, four years and five years. There is no service condition after three years on any of the awards granted, just a holding period of between one and two years.

Charge for the year

The Group recognised a total charge of €2.5m (2021: €1.4m) relating to equity-settled share-based payments. The DAB awards for the year ended 31 March 2022 have not yet been granted and therefore the charge is based on an estimate.

Notes to the financial statements continued

SECTION 8. OTHER NOTES

8.1 Subsidiary undertakings and investments at 31 March 2022

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 2022 is disclosed below by country of incorporation which is the principal country of business. All are wholly owned by the Group and have a 31 March year end, unless otherwise stated, and all operate in the waste management sector and have been consolidated in the Group's financial statements. Those subsidiaries owned directly by Renewi plc, the parent company, are indicated with an asterisk.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
ATM B.V.	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
A&G Holding B.V.	Van Hilstraat 7, 5145 RK Waalwijk, Netherlands
B.V. Twente Milieu Bedrijven	Flight Forum 240, 5657 DH Eindhoven, Netherlands
CFS B.V.	Wetering 14, 6002 SM Weert, Netherlands
Coolrec B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
Coolrec Nederland B.V.	Grevelingenweg 3, 3313 LB Dordrecht, Netherlands
Coolrec Plastics B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
EcoSmart Nederland B.V.	Spaarpot 6, 5667 KX Geldrop, Netherlands
Glasrecycling Noord-Oost Nederland B.V. (67%)	Columbusstraat 20, 7825 VR Emmen, Netherlands
Immo C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Maltha Glasrecycling Nederland B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Glassrecycling International B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Groep B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Mineralz B.V.	Van Hilstraat 7, 5145 RK Waalwijk Netherlands
Mineralz Maasvlakte B.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Mineralz Zweekhorst B.V.	Doesburgseweg 16D, 6902 PN Zevenaar, Netherlands
Orgaworld International B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld Nederland B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld WKK 1 B.V.	Hornweg 67 1044 AN Amsterdam, Netherlands
Orgaworld WKK II B.V.	Hornweg 69, 1044 AN Amsterdam, Netherlands
Orgaworld WKK III B.V.	Hornweg 71, 1044 AN Amsterdam, Netherlands
Renewi Commercial B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Europe B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Hazardous Waste B.V.	Vlasweg 12, 4782 Moerdijk, Netherlands
Renewi Icopower B.V.	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Renewi Monostreams B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Nederland B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Netherlands Holdings B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Overheidsdiensten B.V.	Rijksweg-Zuid 91, 4715 TA Rucphen, Netherlands
Renewi Smink B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Support B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed Acht B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Semler B.V.	Ockhuizenweg 5-A, 5691 PJ Son, Netherlands
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands

SECTION 8. OTHER NOTES CONTINUED

8.1 Subsidiary undertakings and investments at 31 March 2022 continued

Subsidiary	Address of the registered office
Incorporated in Belgium	
EcoSmart NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Enviro+ NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Maltha Glasrecyclage Belgie BV (67%)	Fabrieksstraat 114, 3920 Lommel, Belgium
Mineralz ES Treatment NV	Gerard Mercatorstraat 8, Lommel, Belgium
Ocean Combustion Services NV	Baeckelmansstraat 125, 2830 Tisselt, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Renewi Belgium NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Chemical Services NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Logistics NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi NV	Berkebossenlaan 7, 2400 Mol, Belgium
Renewi Shared services Center SA (previously Belgo-Luxembourgeoise de Services Publics SA)	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Tisselt NV	Baeckelmansstraat 125, 2830 Tisselt, Belgium
Renewi Valorisation & Quarry NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Wood Products NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Coolrec Deutschland GmbH (Year end 31 December)	Stadtweide 17, 46446 Emmerich am Rhein, Germany
Incorporated in France	
Coolrec France SAS (90%)	Rue Iéna Parcelle 36, 59810 Lesquin, France
Maltha Glass Recycling France SAS (67%)	Zone Industrielle, 33450 Izon, France
Incorporated in Hungary	
Maltha Hungary. Üvegújrahasznosító (67%)	1214 Budapest, Orion utca 14, Hungary
Incorporated in Portugal	
Maltha Glass Recycling Portugal Lda (67%)	Parque Industrial da Gala, Lotes 26 e 27, 3081-801 Figueira da Foz, Portugal
Incorporated in the UK	
Renewi European Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Holdings Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi PFI Investments Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi SRF Trading Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi UK Services Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Safewaste Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Subsidiary undertakings holding UK PPP contracts	
Renewi Argyll & Bute Limited	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Argyll & Bute Holdings Limited*	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Cumbria Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Cumbria Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi BDR Holdings Limited (previously 3SE (Barnsley, Doncaster & Rotherham) Holdings Limited))	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi BDR Limited (previously 3SE (Barnsley, Doncaster & Rotherham) Limited))	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.1 Subsidiary undertakings and investments at 31 March 2022 continued

Joint ventures, associates and joint operations
At 31 March 2022 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			
Green Collective B.V.	50%	31 December 2021	Mr E.N. van Kleffensstraat 10, 6842 CV, Arnhem, Netherlands
PQA B.V.	50%	31 December 2021	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld B.V.	50%	31 December 2021	Coevorderweg 48, 7737 PG Stegeren, Netherlands
SQAPE B.V.	50%	31 December 2021	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Incorporated in Belgium			
Marpos NV	45%	31 December 2021	L. Coiseaukaai 43, 8380 Dudzele, Belgium
Recypel BV	50%	31 December 2021	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2022	Regenbeekstraat 7C, 8800 Roeselare, Belgium
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2021	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2021	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2022	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2022	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2022	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Associates	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
AMP B.V.	33%	31 December 2021	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Dorst B.V.	50%	31 December 2021	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
RetourMatras B.V.	31.63%	31 December 2021	Goudseweg 181 Unit E, 2411HK, Bodegraven, Netherlands
Tankterminal Sluiskil B.V.	40%	31 December 2021	Oostkade 7, 4541 HH Sluiskil, Netherlands
Zavin B.V.	33%	31 December 2021	Baanhoekweg 42, 3313 LA Dordrecht, Netherlands
Zavin C.V.	33%	31 December 2021	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in Belgium			
SUEZ PCB Decontamination NV	23%	31 December 2021	Westvaartdijk 97, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2021	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium
Incorporated in Austria			
EARN Elektroalgeräte Service GmbH	33%	31 December 2021	Johannesgasse 15, 1010 Wien, Austria
Incorporated in the UK			
ELWA Limited	20%	31 March 2022	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2022	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 2022 continued

Joint operations	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Hydrovac V.O.F.	50%	31 December 2021	Graafsebaan 67, 5248 JT Rosmalen, Netherlands
Induserve V.O.F.	33%	31 December 2021	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Octopus V.O.F.	50%	31 December 2021	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
Smink Boskalis Dolman V.O.F.	50%	31 December 2021	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands

8.2 Related party transactions

Transactions between the Group and its associates and joint ventures
The Group had the following transactions on arm's length terms and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2022 €m	2021 €m	2022 €m	2021 €m
Sales	**51.5**	51.2	**20.1**	18.8
Purchases	**4.4**	4.4	**2.4**	1.3
Management fees	**0.8**	0.8	**0.4**	0.4
Receivables at 31 March	**5.0**	5.2	**2.5**	2.2
Payables at 31 March	**0.2**	0.2	**0.4**	0.2
Loans made by Group companies at 31 March	**0.7**	0.7	**0.2**	0.2
Loans made to Group companies at 31 March	**–**	–	**0.6**	0.6

The receivables and payables are due one month after the date of the invoice and are unsecured in nature and bear no interest.

Remuneration of key management personnel
Key management personnel comprises the Board of Directors and the members of the Group's Executive Committee. The disclosures required by the Companies Act 2006 and those specified by the Financial Conduct Authority relating to Directors' remuneration (including retirement benefits and incentive plans), interests in shares, share options and other interests, are set out in the Directors' Remuneration Report on pages 138 to 155, and form part of these consolidated financial statements. The emoluments paid or payable to key management personnel were:

	2022 €m	2021 €m
Short-term employee benefits	**6.3**	5.6
Termination benefits	**–**	0.4
Post-employment benefits	**0.2**	0.2
Share-based payments	**1.1**	–
	7.6	6.2

8.3 Explanation of non-IFRS measures and reconciliations

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below, there have been no changes in approach.

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives. Amortisation on acquisition intangibles is excluded to avoid double counting of costs in underlying EBIT as the Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation and impairment of plant, property and equipment, intangible assets and investments, profit or loss on disposal of plant, property and equipment and intangible assets.	Measure of earnings and cash generation to assess operational performance
Underlying EBITDA margin	Underlying EBITDA as a percentage of revenue	Provides insight into margin development and trends
Underlying profit before tax	Profit before tax excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets	Last 12 months underlying EBIT divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Adjusted free cash flow	Net cash generated from operating activities including interest, tax and replacement capital spend and excluding cash flows from non-trading and exceptional items, Covid-19 tax deferral payments or receipts, settlement of ATM soil liabilities and cash flows relating to the UK PPP contracts. Payment to fund defined benefit pension schemes are also excluded as these schemes are now closed to both new members and ongoing accrual and as such relate to historic liabilities. The Municipal contract cash flows are excluded because they principally relate to onerous contracts as reported in exceptional charges in the past and caused by adverse market conditions not identified at the inception of the contract	Measure of cash generation in the underlying business, including regular replacement capital expenditure and excluding items of a historic nature, to fund growth capital projects and invest in acquisitions. We classify our capital spend into general replacement expenditure and growth capital projects which include the innovation portfolio and other large strategic investments
Free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Non-trading and exceptional cash flow items	Renewi 2.0 and other exceptional cash flows are presented in cash flows from operating activities and are included in the categories in note 3.3, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend
Total cash flow	Total cash flow is net debt excluding loan fee capitalisation and amortisation, exchange movements, settlement of cross-currency interest rate swaps, movement in PPP cash and PPP non-recourse debt and additions to IFRS 16 lease liabilities	Provides an understanding of total cash flow of the Group
Core cash	Core cash excludes cash and cash equivalents relating to UK PPP contracts	The cash relating to UK PPP contracts is not freely available to the Group and is excluded from financial covenant calculations of the main multicurrency green finance facility therefore excluding this gives a suitable measure of cash for the Group
Core net debt	Core net debt includes core cash excludes debt relating to the UK PPP contracts and lease liabilities as a result of IFRS 16	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and IFRS 16 lease liabilities are excluded as financial covenants on the main multicurrency green finance facility remain on a frozen GAAP basis
Liquidity	Liquidity headroom includes core cash, money market funds and undrawn committed amounts on the multicurrency green finance facility	Provides an understanding of available headroom to the Group
Net debt to EBITDA/leverage ratio	Adjusted net debt to a comparable adjusted annualised underlying EBITDA in accordance with frozen GAAP, excluding lease liabilities which are a result of IFRS 16, and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliations of certain non-IFRS measures are set out below:

Reconciliation of operating profit (loss) to underlying EBITDA

2022	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Total €m
Operating profit (loss)	89.1	40.4	8.7	3.2	(17.4)	124.0
Non-trading and exceptional items (excluding finance items)	4.0	2.2	(2.9)	0.9	5.4	9.6
Underlying EBIT	93.1	42.6	5.8	4.1	(12.0)	133.6
Depreciation and impairment of property, plant and equipment and right-of-use assets	56.2	34.2	16.0	8.1	5.7	120.2
Amortisation and impairment of intangible assets (excluding acquisition intangibles)	0.9	–	0.6	0.6	5.6	7.7
Impairment of investment in associate	–	–	–	1.9	–	1.9
Non-exceptional (gain) loss on disposal of property, plant and equipment and intangible assets	(1.3)	0.7	–	(0.2)	–	(0.8)
Underlying EBITDA	148.9	77.5	22.4	14.5	(0.7)	262.6

2021	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Total €m
Operating profit (loss)	46.3	14.4	(4.5)	(7.9)	(12.2)	36.1
Non-trading and exceptional items (excluding finance items)	7.4	8.7	4.8	10.3	5.7	36.9
Underlying EBIT	53.7	23.1	0.3	2.4	(6.5)	73.0
Depreciation and impairment of property, plant and equipment and right-of-use assets	59.8	29.1	14.0	8.7	4.9	116.5
Amortisation of intangible assets (excluding acquisition intangibles)	1.2	0.1	0.6	0.6	3.8	6.3
Non-exceptional (gain) loss on disposal of property, plant and equipment	(0.8)	0.2	0.1	0.3	0.1	(0.1)
Underlying EBITDA	113.9	52.5	15.0	12.0	2.3	195.7

* The comparatives for operating loss and non-trading and exceptional items in Group central services have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Reconciliation of statutory profit before tax to underlying profit before tax

	2022 €m	Restated* 2021 €m
Statutory profit before tax	95.7	10.9
Non-trading and exceptional items in operating profit	9.6	36.9
Non-trading and exceptional finance net income	(0.1)	(0.4)
Underlying profit before tax	105.2	47.4

* The comparatives for statutory profit before tax and non-trading and exceptional items in operating profit have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliation of adjusted free cash flow as presented in the Finance review

	2022 €m	Restated* 2021 €m
Net cash generated from operating activities	**180.4**	238.7
Exclude non-trading and exceptional provisions and working capital	**11.0**	17.3
Exclude payments to fund defined benefit pension schemes	**3.6**	3.6
Exclude deferred Covid taxes	**10.6**	(54.1)
Exclude offtake of ATM soil	**10.3**	2.6
Exclude UK Municipal contracts	**9.2**	19.3
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(28.4)**	(30.8)
Include finance income received	**9.9**	10.2
Include repayment of obligations under lease liabilities	**(44.2)**	(40.4)
Include purchases of replacement items of intangible assets	**(8.4)**	(4.1)
Include purchases of replacement items of property, plant and equipment	**(64.5)**	(51.1)
Include proceeds from disposals of property, plant and equipment	**4.7**	4.5
Include repayment of UK Municipal contracts PPP debt	**(5.7)**	(4.1)
Included capital received in respect of PPP financial assets net of outflows	**5.7**	3.2
Include movement in UK Municipal contracts PPP cash	**(3.6)**	(1.3)
Adjusted free cash flow	**90.6**	113.5

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Reconciliation of net capital spend in the Finance review to purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows

	2022 €m	Restated* 2021 €m
Purchases of intangible assets	**(8.4)**	(4.1)
Purchases of replacement property, plant and equipment	**(64.5)**	(51.1)
Proceed from disposals of property, plant and equipment	**4.7**	4.5
Net replacement capital expenditure	**(68.2)**	(50.7)
Growth capital expenditure	**(13.1)**	(6.9)
Total capital spend as shown in the cash flow in the Finance review	**(81.3)**	(57.6)

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

	2022 €m	Restated* 2021 €m
Purchases of intangible assets	**(8.4)**	(4.1)
Purchases of property, plant and equipment (replacement and growth)	**(77.6)**	(58.0)
Proceed from disposals of property, plant and equipment	**4.7**	4.5
Purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows	**(81.3)**	(57.6)

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

SECTION 8. OTHER NOTES CONTINUED

8.3 Explanation of non-IFRS measures and reconciliations continued

Reconciliation of property, plant and equipment additions to replacement capital expenditure as presented in the Finance review

	2022 €m	Restated* 2021 €m
Property, plant and equipment additions (note 4.2)	**(73.3)**	(61.1)
Intangible asset additions (note 4.1)	**(9.3)**	(11.3)
Reversal of capitalised SaaS costs in the year ended 31 March 2021	**–**	4.7
Proceeds from disposals of property, plant and equipment	**4.7**	4.5
Movement in capital creditors (included in trade and other payables)	**(1.9)**	5.6
Growth capital expenditure – as disclosed in the Finance review	**13.1**	6.9
Government grant received in a prior period transferred to property, plant and equipment	**(1.5)**	–
Replacement capital expenditure per Finance review	**(68.2)**	(50.7)

* The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in section 1 Basis of preparation.

Reconciliation of total cash flow as presented in the Finance review

	2022 €m	Restated* 2021 €m
Total cash flow	**29.4**	117.5
Additions to lease liabilities	**(25.6)**	(60.9)
Repayment of obligations under lease liabilities	**44.2**	40.4
Movement in PPP non-recourse debt	**5.7**	4.1
Movement in PPP cash and cash equivalents	**3.6**	1.3
Capitalisation of loan fees net of amortisation	**(0.3)**	(1.3)
Exchange movements	**0.7**	(10.3)
Settlement of cross-currency interest rate swaps	**6.4**	–
Movement in total net debt (note 5.1)	**64.1**	90.8

* The comparatives for movements in PPP non-recourse debt and PPP cash and cash equivalents have been restated as explained in section 1 Basis of preparation.

Reconciliation of total net debt to net debt under covenant definition

	2022 €m	Restated* 2021 €m
Total net debt	**(604.0)**	(668.1)
Less PPP non-recourse debt	**100.2**	105.1
Plus PPP cash and cash equivalents	**(21.1)**	(17.3)
Less IFRS 16 lease liabilities	**221.9**	236.7
Net debt under covenant definition	**(303.0)**	(343.6)

* The comparatives for PPP non-recourse debt and PPP cash and cash equivalents have been restated as explained in section 1 Basis of preparation.

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.4 Contingent liabilities

There is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which represents management's best estimate of the most likely outcome. It is noted that the potential maximum claim is €58m (excluding compound interest currently amounting to €5m), and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence. A ruling from the European Commission has not been received and is expected during FY23 but no monies would likely become payable until FY24 should the European Commission conclude Renewi did receive state aid.

The criminal investigation into the production of thermally cleaned soil at ATM has been closed without any prosecution. It is noted that there are discussions ongoing on the application of thermally cleaned soil in certain areas in the Netherlands and it cannot be ruled out that this could result in liability for damages resulting from third party claims in the future.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to businesses sold in prior periods. Different warranty periods are in existence and it is assumed that these will expire within 15 years. Based on management's assessment of the most likely outcome appropriate warranty provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling €226.0m (2021: €219.8m).

8.5 Events after the balance sheet date

On 24 May 2022 the Group announced that it had signed a conditional agreement to acquire 100% of the shares of GMP Exploitatie BV ("Paro"), an Amsterdam based commercial waste and recycling business. The agreement is conditional upon competition approval and completion of relevant employee representation procedures. The cash consideration will be €53.5m including debt with the net assets to be determined on the date the acquisition completes later in 2022.

Consolidated five year financial summary

	2022 €m	Restated* 2021 €m	2020 €m	2019 €m	2018 €m
Consolidated Income Statement					
Revenue from continuing operations[1]	**1,869.2**	1,693.6	1,775.4	1,780.7	1,760.3
Underlying EBIT from continuing operations[1]	**133.6**	73.0	87.6	85.5	82.5
Finance charges – interest	**(19.2)**	(19.3)	(23.4)	(13.3)	(14.0)
Finance charges – other	**(9.7)**	(7.9)	(11.0)	(10.1)	(8.8)
Share of results from associates and joint ventures	**0.5**	1.6	0.9	0.4	2.6
Profit from continuing operations before exceptional items and tax (underlying profit)	**105.2**	47.4	54.1	62.5	62.3
Non-trading and exceptional items	**(9.5)**	(36.5)	(113.5)	(151.5)	(115.1)
Profit (loss) before tax from continuing operations	**95.7**	10.9	(59.4)	(89.0)	(52.8)
Taxation	**(26.4)**	(11.6)	(13.3)	(15.6)	(15.7)
Exceptional tax and tax on exceptional items	**6.1**	6.2	12.2	28.0	17.1
Profit (loss) after tax from continuing operations	**75.4**	5.5	(60.5)	(76.6)	(51.4)
Loss after tax from discontinued operations	**–**	–	(16.6)	(21.1)	(2.5)
Profit (loss) for the year	**75.4**	5.5	(77.1)	(97.7)	(53.9)
Profit (loss) attributable to:					
Owners of the parent	**74.5**	5.6	(77.9)	(92.8)	(54.2)
Non-controlling interests	**0.9**	(0.1)	0.8	(4.9)	0.3
	75.4	5.5	(77.1)	(97.7)	(53.9)
Consolidated Balance Sheet					
Non-current assets	**1,565.9**	1,612.3	1,625.8	1,439.6	1,669.2
Other assets less liabilities	**(623.7)**	(706.6)	(631.6)	(472.7)	(637.7)
Total net debt	**(604.0)**	(668.1)	(758.9)	(647.4)	(595.2)
Net assets	**338.2**	237.6	235.3	319.5	436.3
Equity attributable to owners of the parent					
Share capital and share premium	**573.3**	573.1	573.1	573.1	573.1
Exchange reserve and retained earnings	**(242.1)**	(341.6)	(339.2)	(254.6)	(142.9)
	331.2	231.5	233.9	318.5	430.2
Non-controlling interests	**7.0**	6.1	1.4	1.0	6.1
Total equity	**338.2**	237.6	235.3	319.5	436.3
Financial ratios					
Underlying earnings per share – continuing operations (cents per share)[2]	**98c**	45c	51c	59c	58c
Basic earnings (loss) per share – continuing operations (cents per share)[2]	**93c**	7c	(77)c	(90)c	(65)c
Dividend per share (pence per share)[2]	**–**	–	4.5p	14.5p	30.5p

1. Revenue and underlying EBIT from continuing operations is stated before non-trading and exceptional items as set out in note 3.3.
2. For all prior years, earnings per share and dividend per share have been recalculated to reflect the share consolidation as set out in section 1 Basis of preparation.
* The comparatives for the year ended 2021 have been restated due to prior period adjustments as explained in section 1 Basis of preparation.

Parent company Balance Sheet

As at 31 March 2022

	Note	31 March 2022 £m	31 March 2021 £m
Assets			
Non-current assets			
Intangible assets	6	**0.2**	0.3
Property, plant and equipment	7	**0.2**	0.2
Investments	8	**525.8**	524.5
Defined benefit pension scheme surplus	16	**7.3**	–
Other receivables	9	**363.4**	254.2
Deferred tax assets	10	**7.0**	6.1
		903.9	785.3
Current assets			
Trade and other receivables	9	**6.5**	6.0
Cash and cash equivalents	11	**8.3**	8.8
		14.8	14.8
Total assets		**918.7**	800.1
Liabilities			
Non-current liabilities			
Borrowings	12	**(168.3)**	(148.6)
Provisions		**(1.1)**	–
Defined benefit pension scheme deficit	15	**–**	(3.4)
		(169.4)	(152.0)
Current liabilities			
Borrowings	12	**(84.5)**	–
Trade and other payables	13	**(10.2)**	(7.8)
Provisions	14	**(0.8)**	(3.5)
		(95.5)	(11.3)
Total liabilities		**(264.9)**	(163.3)
Net assets		**653.8**	636.8
Equity			
Share capital	16	**80.0**	80.0
Share premium	16	**401.6**	401.4
Retained earnings*		**172.2**	155.4
Total equity		**653.8**	636.8

* 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 2022 of £9.1m (2021: £32.8m).

The notes on pages 249 to 257 are an integral part of these financial statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 24 May 2022. They were signed on its behalf by:

Ben Verwaayen
Chairman

Otto de Bont
Chief Executive Officer

Parent company Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2021		**80.0**	**401.4**	**155.4**	**636.8**
Profit for the year		**–**	**–**	**9.1**	**9.1**
Other comprehensive income (loss):					
Actuarial gain on defined benefit pension scheme	15	**–**	**–**	**7.7**	**7.7**
Tax in respect of other comprehensive income items		**–**	**–**	**(1.7)**	**(1.7)**
Total comprehensive income for the year		**–**	**–**	**15.1**	**15.1**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**2.1**	**2.1**
Movement in tax arising on share-based compensation		**–**	**–**	**1.1**	**1.1**
Proceeds from exercise of employee options	16	**–**	**0.2**	**–**	**0.2**
Own shares purchased by the Employee Share Trust	16	**–**	**–**	**(1.5)**	**(1.5)**
Balance at 31 March 2022		**80.0**	**401.6**	**172.2**	**653.8**
Balance at 1 April 2020		80.0	401.4	139.1	620.5
Profit for the year		–	–	32.8	32.8
Other comprehensive (loss) income:					
Actuarial gain on defined benefit pension scheme	15	–	–	(21.0)	(21.0)
Tax in respect of other comprehensive income items		–	–	4.0	4.0
Total comprehensive income for the year		–	–	15.8	15.8
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	1.3	1.3
Movement in tax arising on share-based compensation		–	–	0.3	0.3
Own shares purchased by the Employee Share Trust	16	–	–	(1.1)	(1.1)
Balance at 31 March 2021		80.0	401.4	155.4	636.8

Parent company Statement of Cash Flows

For the year ended 31 March 2022

	2022 £m	2021 £m
Profit before tax	**7.0**	32.7
Fair value loss on financial instruments	**–**	(0.1)
Finance income	**(18.5)**	(18.0)
Finance charges	**9.6**	7.1
Operating profit	**(1.9)**	21.7
Amortisation of intangible assets	**0.1**	0.1
Dividend income	**(3.5)**	(28.0)
Net decrease in provisions	**(1.6)**	(0.5)
Payment related to committed funding of the defined benefit pension scheme	**(3.1)**	(3.1)
Share-based compensation	**2.1**	1.3
Exchange gain	**0.6**	3.1
Operating cash flows before movement in working capital	**(7.3)**	(5.4)
Increase in receivables	**(109.7)**	(0.9)
Increase (decrease) in payables	**0.1**	(2.0)
Cash flows from operating activities	**(116.9)**	(8.3)
Income tax received	**0.6**	0.7
Net cash outflow from operating activities	**(116.3)**	(7.6)
Investing activities		
Dividend received in cash	**2.2**	28.0
Finance income	**16.8**	15.0
Net cash inflow from investing activities	**19.0**	43.0
Financing activities		
Proceeds from share issues	**0.2**	–
Finance charges and loan fees paid	**(8.8)**	(6.6)
Proceeds from retail bonds	**106.9**	–
Proceeds from bank borrowings	**2.6**	8.0
Repayment of bank borrowings	**(2.6)**	(29.7)
Investment in own shares by the Employee Share Trust	**(1.5)**	(1.1)
Net cash inflow (outflow) from financing activities	**96.8**	(29.4)
Net (decrease) increase in cash and cash equivalents	**(0.5)**	6.0
Cash and cash equivalents at the beginning of the year	**8.8**	2.8
Cash and cash equivalents at the end of the year	**8.3**	8.8

Notes to the parent company financial statements

1. ACCOUNTING POLICIES – COMPANY

General information

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 261. 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 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 2021.

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 UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). There were no new standards, amendments to standards or interpretations not yet effective that would be expected to have a material impact on the Company.

Intangible assets

Computer software is capitalised on the basis of the costs incurred to purchase and bring the assets into use. These costs are amortised over the estimated useful life ranging from one to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment, except for freehold land, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Depreciation is provided to write off the cost of fixtures and fittings (less the expected residual value) on a straight-line basis over an expected useful life of up to 10 years.

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value. Investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment provision is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Notes to the parent company financial statements continued

1. ACCOUNTING POLICIES – COMPANY CONTINUED

Provisions
Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits
Retirement benefits
The Company accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income. Payments to defined contribution schemes are charged to the Income Statement as they become due.

Share-based payments
The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

Taxation
Current tax
Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax
Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Foreign currencies
The functional currency of the Company is Sterling. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the period end exchange rates. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

Financial instruments
Amounts owed by subsidiary undertakings
Amounts owed by subsidiary undertakings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment losses. The Company measures impairment losses using the general expected credit loss model taking into account objective evidence of impairment as a result of assessing the estimated future cash flows of the financial asset.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less and is held at amortised cost.

External borrowings
Retail bonds and bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

1. ACCOUNTING POLICIES – COMPANY CONTINUED

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.

Called up share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

Dividends
Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

2. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related note.

Defined benefit pension scheme
The Company operates a defined benefit scheme in the UK for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. Management have concluded that the pension scheme rules determine that upon winding up the scheme the Company has an unconditional right to a refund of any surplus once all the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset is not restricted and no additional liability was recognised. The principal assumptions in connection with the retirement benefit scheme are set out in note 7.2 of the Group financial statements.

Impairment of investments in subsidiary undertakings
Investments in subsidiary undertakings are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is estimated based on projected cash flows which may be long term in nature as detailed in note 8.

3. EMPLOYEES

Staff costs	2022 £m	2021 £m
Wages and salaries	**4.1**	4.0
Social security costs	**0.4**	0.3
Share-based benefits	**2.1**	1.3
Other pension costs	**0.1**	0.1
Total staff costs	**6.7**	5.7

The average number of people (including executive directors) employed by the Company was 18 employees (2021: 17).

See pages 138 to 155 of the Directors' Remuneration report for details of the remuneration of executive and non-executive Directors and their interest in shares and options of the Company. Further details on share-based payments are set out in note 7.3 of the Group financial statements.

Notes to the parent company financial statements continued

Strategic report
Governance report
Financial statements
Other information

4. AUDITORS' REMUNERATION

The auditors' remuneration for audit services to the Company was £0.1m (2021: £0.1m) and the fees paid to BDO LLP and its associates for non-audit services for audit related assurance services for the Company were £35,000 (2021: £nil).

5. DIVIDENDS

The Directors have not recommended a final dividend for the year ended March 2022 (2021: nil).

6. INTANGIBLE ASSETS

	Computer Software £m
Cost	
At 1 April 2020, 31 March 2021 and 31 March 2022	**0.5**
Accumulated amortisation and impairment	
At 1 April 2020	0.1
Amortisation charge	0.1
At 1 April 2021	0.2
Amortisation charge	0.1
At 31 March 2022	**0.3**
Net book value	
At 31 March 2022	**0.2**
At 31 March 2021	0.3
At 31 March 2020	0.4

7. PROPERTY, PLANT AND EQUIPMENT

	Land £m	Fixtures and fittings £m	Total £m
Cost			
At 1 April 2020, 31 March 2021 and 31 March 2022	**0.1**	**0.2**	**0.3**
Accumulated depreciation and impairment			
At 1 April 2020, 31 March 2021 and 31 March 2022	**–**	**0.1**	**0.1**
Net book value			
At 31 March 2022	**0.1**	**0.1**	**0.2**
At 31 March 2021	0.1	0.1	0.2
At 31 March 2020	0.1	0.1	0.2

8. INVESTMENTS

	Investments in subsidiary undertakings £m
At 1 April 2020 and 2021	524.5
Additions	1.3
At 31 March 2022	**525.8**

During the year the Company made a further investment of £1.3m in an existing subsidiary.

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of £525.8m (2021: £524.5m). This assessment is based on the value in use calculated with reference to the discounted cash flow forecasts for each of the reporting segments of the Group as set out in note 4.1 of the Group financial statements. The Group performs sensitivity analysis of the impairment testing by considering reasonably possible changes in the key assumptions used. The results of sensitivities performed demonstrated significant headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge.

9. TRADE AND OTHER RECEIVABLES

	2022 £m	2021 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**363.4**	254.2
Current assets		
Amounts owed by subsidiary undertakings	**4.1**	4.3
Other receivables	**0.4**	0.9
Prepayments	**2.0**	0.8
	6.5	6.0

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2022 £m	2021 £m
Sterling	**33.6**	19.2
Euro	**336.3**	241.0
	369.9	260.2

During the year an expected credit loss allowance of £2.0m (2021: £1.3m) was charged to the Income Statement in relation to loans owed by subsidiary undertakings in the UK Municipal business. The Directors do not consider there to be any significant increases in credit risk in relation to the remaining receivables.

Interest on amounts owed by subsidiary undertakings is received at rates of between 0% and 14% (2021: 0% and 14%), the balances are unsecured and repayable either on demand or in accordance with the loan agreements with a final repayment date of 30 September 2039.

Notes to the parent company financial statements continued

10. DEFERRED TAX ASSET

Deferred tax is provided in full on temporary differences under the liability method using the applicable tax rate.

	Retirement benefit scheme £m	Tax losses £m	Other timing differences £m	Total £m
At 31 March 2020	(2.7)	5.2	0.3	2.8
Charge to Income Statement	(0.7)	(0.2)	(0.1)	(1.0)
Credit to equity	4.0	–	0.3	4.3
At 31 March 2021	0.6	5.0	0.5	6.1
(Charge) credit to Income Statement	(0.7)	2.3	(0.1)	1.5
(Charge) credit to equity	(1.7)	–	1.1	(0.6)
At 31 March 2022	**(1.8)**	**7.3**	**1.5**	**7.0**

The majority of the £7.0m (2021: £6.1m) deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2022, the Company has unused tax losses (tax effect) of £7.3m (2021: £5.0m) available for offset against future profits. A deferred tax asset has been recognised in respect of £7.3m (2021: £5.0m) of such losses and recognition is based on management's projections of future profits in the Company. Tax losses may be carried forward indefinitely.

11. CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents of £8.3m (2021: £8.8m) was denominated in the following currencies:

	2022 £m	2021 £m
Sterling	**8.3**	8.4
Euro	**–**	0.2
Canadian Dollar	**–**	0.2
	8.3	8.8

12. BORROWINGS

	2022 £m	2021 £m
Non-current borrowings		
Retail bonds	**168.3**	148.6
Current borrowings		
Retail bonds	**84.5**	–

At 31 March 2022 the Group had three issues of green retail bonds. The bonds of £84.5m (€100m) (2021: £85.0m (€100m)) maturing in June 2022 have an annual gross coupon of 3.65%, the bonds of £63.1m (€75m) (2021: £63.6m (€75m)) maturing in July 2024 have an annual gross coupon of 3.00% and the bonds of £105.2m (€125m) issued on 23 July 2021 maturing in July 2027 have an annual gross coupon of 3.00%.

Of the non-current borrowings of £168.3m (2021: £148.6m), £nil (2021: £85.0m) is due to be repaid between one and two years, £63.1m (2021: £63.6m) is due to be repaid between two and five years and £105.2m (2021: £nil) is due to be repaid after five years.

The carrying amounts of borrowings are denominated in Euros.

13. TRADE AND OTHER PAYABLES

	2022 £m	2021 £m
Trade payables	**0.2**	0.2
Other tax and social security payable	**0.4**	0.3
Accruals and other payables	**9.5**	7.1
Amounts owed to Group undertakings	**0.1**	0.2
	10.2	7.8

The carrying amounts of trade and other payables are denominated in the following currencies:

	2022 £m	2021 £m
Sterling	**3.7**	3.6
Euro	**6.5**	4.2
	10.2	7.8

Amounts owed to Group undertakings are interest free, unsecured and repayable upon demand.

14. PROVISIONS

	£m
At 1 April 2021	3.5
Additions	0.2
Released in the year	(0.4)
Utilised in the year	(1.4)
At 31 March 2022	**1.9**

Provisions principally include warranties, whereby under the terms of the agreements for the disposal of certain businesses, the Company has given warranties to the purchasers which may give rise to payments. The Company has the liability until the end of the contractual terms in the agreements.

15. RETIREMENT BENEFIT SCHEME

The Company's defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants and closed for future benefit accrual. The plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2023 are £3.0m. Further details are provided in note 7.2 of the Group financial statements.

Notes to the parent company financial statements continued

16. SHARE CAPITAL AND SHARE PREMIUM

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This was subsequently completed on 19 July 2021 when the issued share capital of 800,236,740 10 pence shares were replaced with 80,023,674 £1 shares.

	Share capital – Ordinary shares		Share premium
	Number	£m	£m
Share capital allotted, called up and fully paid			
At 1 April 2020 and 31 March 2021 (ordinary shares of 10p each)	800,141,536	80.0	401.4
Issued under share option schemes – prior to share consolidation (ordinary shares of 10p each)	95,204	–	–
Ordinary shares of 10p each held on 19 July prior to the consolidation	800,236,740	80.0	401.4
Adjustment to number of shares following the share consolidation	(720,213,066)	–	–
Issued under share option schemes (ordinary shares of £1 each)	36,263	–	0.2
At 31 March 2022 (ordinary shares of £1 each)	80,059,937	80.0	401.6

During the year 95,204 (2021: nil) ordinary shares of 10p each were allotted prior to the share consolidation and 36,263 ordinary shares of £1 each were issued after the consolidation being the exercise of share options under the Savings Related Share Option Schemes for an aggregated consideration of £0.2m (2021: £nil). Further disclosure relating to share-based options are set out in note. 7.3 of the Group financial statements.

Renewi plc Employee Share Trust

The Renewi plc Employee Share Trust owns 552,851 £1 shares (0.7%) (2021: 4,302,746 10 pence shares (0.6%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement. Retained earnings include ordinary shares held by the Trust to satisfy future share awards which are recorded at cost. During the year 798,433 10 pence shares (2021: 4,419,977 10 pence shares) were transferred to individuals under the LTIP and DAB schemes prior to the share consolidation and 34,580 £1 shares were issued under the DAB scheme after the consolidation. During the year 237,000 £1 shares (2021: 3,888,031 10 pence shares) were purchased by the Trust at a cost of £1.5m (2021: £1.1m).

17. FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	2022 £m	2021 £m
Financial assets			
Trade and other receivables excluding prepayments	9	367.9	260.8
Cash and cash equivalents	11	8.3	8.8
		376.2	269.6
Financial liabilities			
Retail bonds	12	252.8	148.6
Trade and other payables excluding non-financial liabilities	13	9.8	7.5
		262.6	156.1

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 £253.6m (2021: £152.5m).

17. FINANCIAL INSTRUMENTS CONTINUED

The following table analyses the Company's financial liabilities including derivative financial instruments into relevant maturity groupings. The mpaturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Company is obliged to pay.

	Within one year £m	Between one and five years £m	Over five years £m	Total £m
At 31 March 2022				
Retail bonds	92.7	79.8	108.7	281.2
Trade and other payables	3.8	–	–	3.8
	96.5	79.8	108.7	285.0
At 31 March 2021				
Retail bonds	5.0	157.9	–	162.9
Trade and other payables	7.8	–	–	7.8
	12.8	157.9	–	170.7

18. CONTINGENT LIABILITIES

In addition to the contingent liabilities as referred to in note 8.4 of the Group financial statements, the Company has given guarantees in respect of the Group's subsidiary undertakings' borrowing facilities totalling £74.8m (2021: £220.0m). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £1.6m (2021: £1.1m).

19. 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 £18.6m (2021: £17.5m), management charges were £5.4m (2021: £3.8m) and dividends received were £3.5m (2021: £28.0m). Total outstanding balances are listed in notes 9 and 13.

OTHER INFORMATION

Seraing, Commercial Waste Belgium

Shareholder information

	Holders	%	Shares held	%
Private shareholders	1,518	73.4	791,180	1.0
Corporate shareholders	549	26.6	79,268,757	99.0
Total	**2,067**	**100.0**	**80,059,937**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1 - 5,000	1,771	85.7	951,529	1.2
5,001 - 25,000	111	5.4	1,345,242	1.7
25,001 - 50,000	40	1.9	1,378,069	1.7
50,001 - 100,000	46	2.2	3,216,680	4.0
100,001 - 250,000	35	1.7	5,967,652	7.5
250,001 - 500,000	26	1.3	9,534,565	11.9
over 500,000	38	1.8	57,666,200	72.0
Total	**2,067**	**100.0**	**80,059,937**	**100.0**

Registrar services

Administrative enquiries concerning shareholdings in the Company made via the London Stock Exchange should be directed to the Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Computershare can also be contacted by telephone on +44 (0)370 707 1290. Shareholders can manage their holding online by registering at investorcentre.co.uk.

Queries in relation to shareholdings through Euronext should be directed to Renewi's Euronext Listing and Paying Agent, ABN AMRO Bank N.V. who can be contacted at as.exchange.agency@nl.abnamro.com.

Website

Shareholders are encouraged to visit our website, which has a wealth of information about Renewi.

There is a section designed specifically for investors. It includes detailed coverage of the Renewi share price, annual results, performance charts, financial news and investor relations' videos. This Annual Report can also be viewed on our website, together with many other reports, at renewi.com.

Dividends

Shareholders are strongly encouraged to receive their cash dividends by direct transfer as this ensures dividends are credited promptly and efficiently. Shareholders who do not currently have their dividends paid directly to a bank or building society account, and who wish to do so, should complete a mandate form obtainable from Computershare. Overseas shareholders wishing to receive their dividend payment in local currency can now do so using Computershare's Global Payments Service.

Financial calendar

14 July 2022	Annual General Meeting
November 2022	Announcement of interim results
31 March 2023	2023 financial year end
May/June 2023	Announcement of 2023 results

For updates to the calendar during the year, please visit the Company website: renewi.com.

ShareGift

If shareholders have only a small number of shares, the value of which makes it uneconomical to sell, they may wish to consider donating them to the charity ShareGift (UK registered charity no. 1052686).

Further information may be obtained from its website at sharegift.org or by calling +44 (0)20 7930 3737.

Electronic shareholder communication

Shareholders may elect to receive future shareholder documents and information by email or via the Company's website. This is intended to help the environment by reducing paper and transport as well as reducing administrative costs including printing and postage. Please contact the Company Registrar for details.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid fraud

Firms authorised by the Financial Conduct Authority (FCA) in the UK will rarely contact you out of the blue with an offer to buy or sell your shares. If you feel that the person contacting you is not legitimate, note their name and the firm they work for. You can check the Financial Services Register at fca.org.uk to see if the person and firm is authorised by the FCA. If the firm does not have contact details on the register or they are out of date, call the FCA on 0800 111 6768 (from the UK) or +44 20 7066 1000 (from abroad). You can search the list of unauthorised firms to avoid at fca.org.uk/scams. If you buy or sell shares from an unauthorised firm, you will not have access to the Financial Ombudsman or Financial Services Compensation Scheme. You should always consider getting independent financial advice before any transaction.

Report a scam

If you are approached by a fraudster, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline. If you have already paid money to share fraudsters, you should contact Action Fraud on +44 (0)300 123 2040.

Company information

Principal offices

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The Netherlands

Renewi Commercial Waste Belgium
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Company Secretary
Philip Griffin-Smith, FCG
email: company.secretary@renewi.com

Website
renewi.com

Corporate advisers

Independent Auditors
BDO 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
Landesbank Baden-Wurttemberg

Financial Advisers
Greenhill & Co International LLP

Corporate Brokers
Investec
Peel Hunt

Euronext Listing and Paying Agent
ABN AMRO Bank N.V.

Solicitors
Ashurst LLP
Dickson Minto W.S.

Remuneration Committee Advisers
FIT Remuneration Consultants LLP

Glossary

ABS – Acrylonitrile butadiene styrene
AD – Anaerobic digestion
ATM – Afvalstoffen Terminal Moerdijk, a brand in our Mineralz & Water Division
BDR – Barnsley, Doncaster and Rotherham
Benelux – The economic union of Belgium, the Netherlands and Luxembourg
Bio-LNG – Bio-liquefied natural gas
C&D – Construction and Demolition
CER – Constant exchange rate
CFS – A brand in our Mineralz & Water Division
CI – Continuous improvement
CLA – Collective labour agreement
Core net debt – Borrowings less cash from core facilities excluding PPP non-recourse net debt and lease liabilities as a result of IFRS 16
DAB – Deferred annual bonus
EBIT – Earnings before interest and tax
EBITDA – Earnings before interest, tax, depreciation and amortisation
ELWA – East London Waste Authority
EPS – Earnings per share
ESG – Environmental, social and governance
FCA – Financial Conduct Authority
FTE – Full-time equivalent
HIPS – High Impact Polystyrene
HIT – Hazards, incidents or threats
HWRCs – Household waste recycling centres
I&C – Industrial and commercial
ICT – Information and communications technology
IFRS – International Financial Reporting Standards
IL&T – Human Environment and Transport Inspectorate
KPI – Key performance indicator
LLP – Limited liability partnerships
LTI – Lost time injuries
LTIP – Long-Term Incentive Plan
M&A – Mergers and acquisitions
MBT – Mechanical biological treatment
NOx – Gases (nitric oxide and nitrogen dioxide) produced when fuel is burned
PFAS – Per- and polyfluoroalkyl substances
PFI – Private finance initiative
PPP – Public private partnership*
PS – Polystyrene
RDF – Refuse-derived fuel
ROA – Return on operating assets
ROCE – Return on capital employed
SDGs – UN Sustainable Development Goals
SHEQ – Safety, health, environment and quality
SPV – Special purpose vehicle
TCFD – Task Force on Climate-Related Financial Disclosures
TGG – Thermally treated soil
TSR – Total shareholder return
VGG – Van Gansewinkel Groep B.V.
WEEE – Waste from electrical and electronic equipment
ZEV – Zero-emission vehicle

*PPP refers to a public private partnership project in the UK between (1) one or more local authorities and (2) a special purpose vehicle owned either solely by Renewi or together with joint venture partners and financed with project finance debt, under which Renewi, as operator, performs some of the waste management functions of the relevant local authorities. These include, where appropriate, those projects that also benefit from central government private finance initiative (PFI) credits.

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Printed by DG3 Newnorth on Revive Silk, a 100% recycled paper which is FSC® certified. Revive Silk is the recipient of certificates and awards associated with its raw materials procurement and manufacture.

Revive Silk is also a fully carbon-balanced paper product, and fulfils essential compliance and due diligence requirements for supply chain analysis, as well as social and environmental product risk assessments.

DG3 Newnorth is FSC® and PEFC certified. Its environmental management system is accredited to ISO 14001 and its procedures are accredited to ISO 9001.

Please see details on page 260 on how to receive electronic copies of future documentation from Renewi plc.

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