RENEWI PLC

WASTE NO MORE

renewi
waste no more

ANNUAL REPORT AND ACCOUNTS 2018

WE GIVE NEW LIFE TO USED MATERIALS

The world's population is growing. The economy is booming and this is increasing the strain on our planet. The result? Climate change, environmental pollution and an increasing scarcity of raw materials.

Renewi provides tangible solutions to these problems by giving new life to used materials. We are working to make the growing circular economy a reality and to make our world cleaner and more sustainable. To make it a world in which we waste no more.

Waste no more.

On the front cover:
Over the last year Renewi recycled enough glass to produce around 2 billion bottles

CONTENTS

CASE STUDIES

SECTIONS

OUR VISION IS TO BE THE LEADING WASTE-TO-PRODUCT COMPANY

OUR OFFER

- Local service
- Unrivalled range of products and services
- International expertise

Passionate and committed people

OUR ACHIEVEMENTS THIS YEAR

89%*
Overall recycling and recovery rate

3m
Tonnes of carbon avoidance through recycling and recovery

14%
Improvement in our >3 day accident rate

FINANCIAL HIGHLIGHTS

Group

Revenue

£1,566m

Up 8% (3% at CER)

Underlying EBIT

£69.1m

Up 30% (23% at CER)

Reported underlying profit before tax

£51.5m

Up 100% (88% at CER)

Total dividend

3.05p

Maintained at 3.05p per share

By division

Commercial

£1,020m → +5%
Revenue | % change

£64.6m → +36%
Underlying EBIT | % change

Hazardous Waste

£203m → +3%
Revenue | % change

£17.4m → -20%
Underlying EBIT | % change

Monostreams

£180m → +7%
Revenue | % change

£16.0m → +24%
Underlying EBIT | % change

Municipal

£193m → -7%
Revenue | % change

£(9.3)m → N/A
Underlying loss | % change

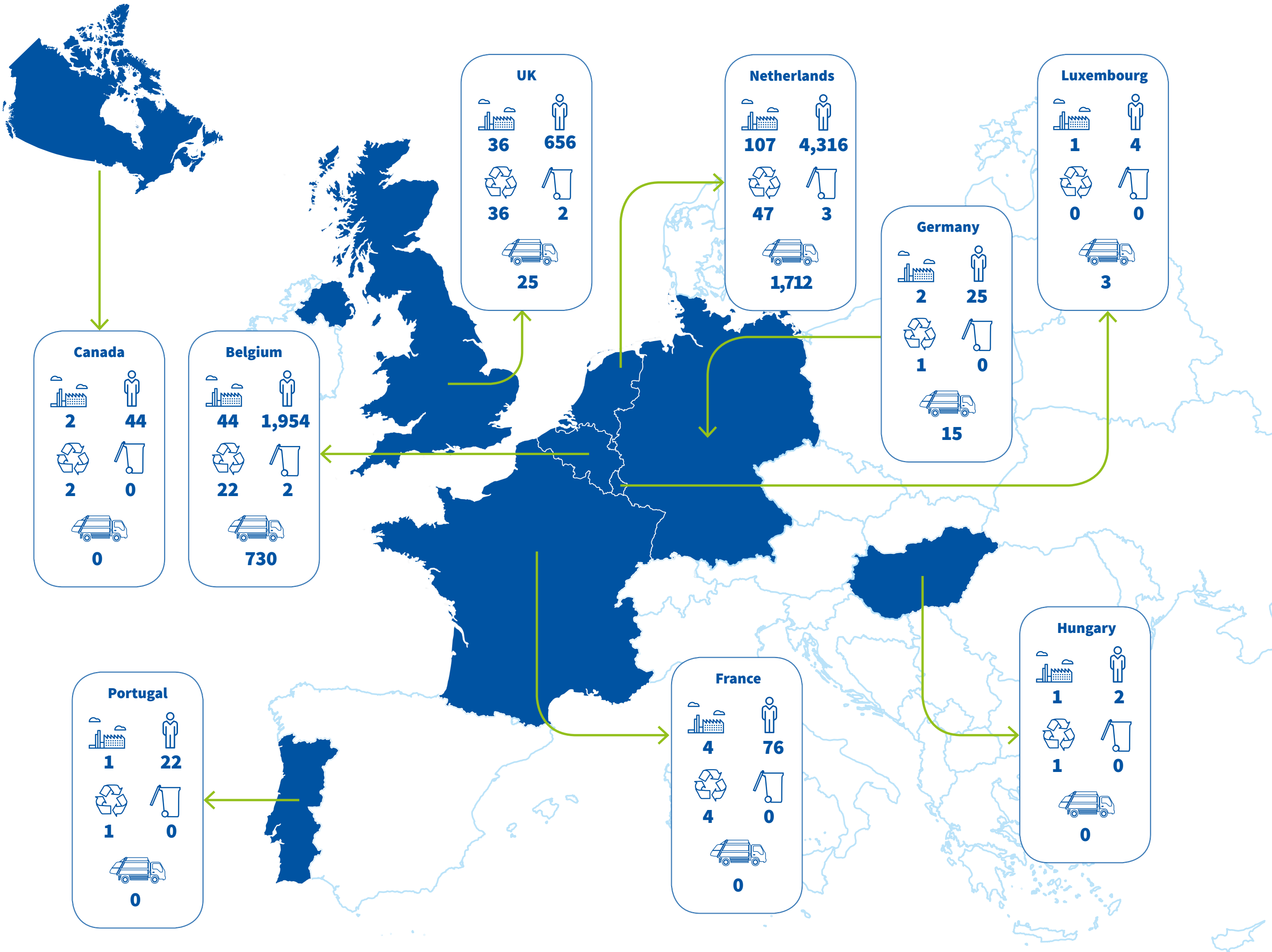
Variances based on constant exchange rates and comparatives use pro forma results for the prior period to include the full performance of Van Gansewinkel as if the merger had been completed at the start of the 2016/17 financial year

** For our 2018 reporting, we have recalculated our waste statistics on a fully merged basis. We have recalculated our 2017 data to allow for valid year-on-year comparisons. As part of this recalculation, our 2017 recycling and recovery rate now stands at 88%*

c.8,000*

PEOPLE ACROSS RENEWI

RENEWI IN NUMBERS



KEY

- NUMBER OF OPERATING SITES[1]
- NUMBER OF EMPLOYEES
- NUMBER OF OPERATING SITES WITH RECYCLING/ RECOVERY
- TOTAL TONNES OF WASTE HANDLED (M)
- NUMBER OF COLLECTION AND TRANSPORT TRUCKS[2]

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

* Including non-permanent workers. Other employee data excludes non-permanent workers unless stated.

WHAT MAKES US DIFFERENT

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

WHAT WE ARE

Safe
Safety above all else

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

Innovative
Do it better every day

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

Sustainable
Make a daily difference to our planet

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

HOW WE ACT

Accountable
Do what we say we'll do

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

Customer-focused
Add value for our customers

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

Together
Always open and respectful

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

CHAIRMAN'S STATEMENT

EVEN BETTER TOGETHER

Renewi provides an important service for society by recycling to give new life to used materials. During the year our company achieved many notable successes and also demonstrated the need to improve in some areas. Foremost in the latter, we were deeply shocked by the deaths of two of our colleagues while at work, one in Belgium and one in Germany. We took immediate action and are determined to raise safety standards above historic industry levels towards the best in any industry.

Review of the year

Renewi was born a month before the start of the year by merging the previous businesses of Shanks and Van Gansewinkel. Integration has progressed well, contributing to strong financial results, ahead of our expectations at the start of the year. In particular, strong results in the Netherlands and Belgium, home to the great majority of the activities of the combined company, more than compensated for underperformance elsewhere. We have more to do in the coming year to serve customers better and more profitably through the combination of the two companies.

In common with others operating PFI (private finance initiative) contracts, we suffered disappointing results in the UK, where commercial terms agreed in contracts signed six or more years ago proved uneconomic today. Recognising future losses associated with these contracts for the next 22 years was the largest single contributor to our reported loss for the year. In addition, it has taken longer than originally planned to achieve the required performance from new facilities both in the UK and Canada. The new management team in our Municipal division has made good progress with these challenges in the year, including by deciding to exit loss making projects at both Dumfries & Galloway and Westcott Park. We continue to pursue operational and commercial improvements across the other projects.

Better together

The results already demonstrate that the two businesses are stronger as a result of the merger, and we have a bold agenda for further improvement in safety, customer service, environmental performance and productivity. The merged business is active at the heart of the growing circular economy.

The legacy businesses bring together strengths in collection and in processing, in recycling of glass and electronic goods, and with the treatment of organic and hazardous waste. We have expertise in logistics and in successfully deploying improvement programmes such as commercial effectiveness and continuous improvement.

We have designed an operating model that remains close to the customer, while leveraging strong common platforms and processes. The Board therefore believes that the combined Group can deliver sustained

THE FULLY INTEGRATED RENEWI BUSINESS HAS A COMPELLING OFFERING FOR CUSTOMERS, COMBINING LOCAL SERVICE, INTERNATIONAL EXPERTISE AND AN UNRIVALLED BREADTH OF PRODUCTS

organic growth, in addition to the merger cost synergy benefits.

Corporate Governance
The Board is committed to the highest standards of corporate governance. Details of our processes and approach, including those relating to the role and effectiveness of the Board, and compliance with the UK Governance Code, are set out in the Governance section on pages 80 to 111.

The Board and its committees have been diligent during the year to learn from the latest developments in corporate governance and to adopt management and governance arrangements adapted to the greater scale of our business. In particular, we have focused on: the integration of the two businesses; the recruitment and promotion of leaders, both in key operational roles and also to strengthen our corporate functions; the building of a new control and reporting framework; and risk management.

We undertook an externally facilitated review of the Board during the year and were encouraged by validation of our effectiveness and by constructive suggestions in line with our commitment to continuous improvement.

Board changes
The Board has made progress in the year, now better reflecting the diversity of the customers we serve in terms of nationality, experience in government and gender balance.

On 1 September 2017 Luc Sterck was appointed to the Board as a Non-Executive Director. Luc is a Belgian national with extensive experience in the waste industry, including serving as Chief Executive of Indaver, the leading Belgian waste management company. On 1 April 2018 Jolande Sap was appointed to the Board as a Non-Executive Director. Jolande has been a member of parliament in the Netherlands representing the Green Party, as well as holding a wide range of roles in the corporate and not-for-profit environments. She brings highly relevant expertise in sustainability, the circular economy and emerging regulatory trends.

EPS and dividend
Reported underlying basic earnings per share for the year grew by 30% at reported currency to 4.8 pence (2017: 3.7 pence). I am pleased to confirm that we will be recommending an unchanged final dividend of 2.1 pence per share, payable on 27 July 2018 to shareholders on the register on 29 June 2018. The Board intends to maintain this level of dividend through the integration period until the dividend is back within the range of 2.0 to 2.5 times cover. Once this is the case a progressive dividend policy can be resumed.

Summary and outlook
We believe in an exciting future for Renewi. The business is well positioned at the heart of the emerging circular economy, a market whose growth is driven by EU and national government legislation. The fully integrated Renewi business has a compelling offering for customers, combining local service, international expertise and an unrivalled breadth of products. The full deployment of commercial effectiveness and continuous improvement programmes will boost competitiveness and drive enhanced margins. The delivery of the committed cost synergies is also expected to drive strong earnings growth and cash generation.

On behalf of the Board, I thank all of our Renewi employees for their commitment over the past year of change. I also thank our customers and shareholders for their ongoing support for the Board and the management team as we deliver the benefits of our transformational merger.

Colin Matthews
Chairman

CEO'S REVIEW

GOOD FIRST YEAR OF PROGRESS

Renewi has had a successful first full year since the transformational merger of Shanks with Van Gansewinkel Groep (VGG) which completed on 28 February 2017. Reported underlying profit before tax doubled to £51.5m, and we produced a strong cash performance. Over the year we made good progress with the post-merger integration, exceeding our first year synergy target and establishing Renewi as a new and powerful brand in our core markets.

Our core Commercial Division delivered a strong performance, particularly in the Netherlands, and along with a strong performance by the Monostreams Division, offset headwinds in our Hazardous Waste and Municipal Divisions. Our overall results demonstrate the scale, breadth and resilience of the Group's expanded portfolio of businesses.

DELIVERING A GOOD GROUP PERFORMANCE

Group performance

Group revenues grew by 8% to £1,566m at reported currency and 3% at constant currency. Underlying EBIT increased by 30% to £69.1m at reported currency and 23% at constant currency. Reported underlying profit before tax doubled to £51.5m at reported currency. Reported underlying earnings per share grew by 30% at reported currency to 4.8p (2017: 3.7p). Exceptional items totalled £101.5m (2017: £87.1m), principally reflecting the planned synergy delivery and integration costs of the merger and the previously reported actions to manage the Group's portfolio of UK Municipal assets, which resulted in a loss before tax for the year of £50.0m (2017: £61.4m). The total dividend for the year was maintained at 3.05 pence per share, in line with the Group's policy.

Strong cash management continued through the year. We delivered an underlying free cash flow of £79.8m in the first full year which was driven by a good working capital performance, well controlled replacement capital expenditure and delayed soil offset expenditure at ATM. Our core net debt at 31 March 2018 was £438.7m, representing a multiple of 2.9 times EBITDA, comfortably within our covenant level of 3.5x and better than our expectations for the year.

Divisional summary

- **Commercial:** strong performance in improving markets, particularly in the Netherlands, where profit grew 67% at constant currency
- **Hazardous Waste:** underlying profit decline of 20% at constant currency, as anticipated, reflecting soil issues at ATM
- **Monostreams:** 24% underlying profit growth at constant currency, with encouraging performance from Mineralz, Orgaworld and Maltha
- **Municipal:** loss reflects difficult market conditions and operational challenges; recovery plan being implemented

Driving strong growth in our core Commercial Division

Our Commercial Division, representing around 65% of our revenues, had a strong year, increasing underlying EBIT by 36% at constant currency to £64.6m on revenues up 5% to £1,020m. Margins increased by 140 basis points to 6.3% and returns on operating assets increased 620bps to 20.6%. The Netherlands increased underlying EBIT strongly by 67% to £38.8m, while Belgium grew underlying EBIT by 7% to £25.8m. Growth was driven by a combination of improving inbound waste volumes and positive pricing, strong operational gearing and initial synergies, offsetting a reduction in wood income and in paper and plastic recyclate income during the second half. The Division focused on enhancing margins through the renewal of medium and long term contracts at commercial prices to reflect the improving broader market conditions and successfully delivered a net gain in customers over the year. The particularly strong growth rate in the Netherlands reflects the stronger market recovery in that country and the opportunity for greater margin recovery. Divisional synergies amounted to €9.2m during the year, ahead of our initial expectations.

Addressing the short term challenges of soil offset in our Hazardous Waste Division

Hazardous Waste was impacted by the previously reported challenges in the offset of remediated soil at ATM following a dispute with IL&T, a Dutch regulator, over the use of washing waters in our treatment process. Revenues increased by 3% at constant currency to £203m but underlying EBIT reduced by 20% to £17.4m, with margins decreasing by 250 basis points to 8.6%. Intake of contaminated soil remained strong, as was throughput of contaminated water and packed chemical wastes. However, with limited outlets for the treated soil, we temporarily reduced soil throughput to around 50% of capacity with a corresponding impact on ATM's profitability, particularly in the second half. As a result of the ongoing market challenges with soil offset, an exceptional charge of £2.7m has been reported.

Whilst discussions continue with IL&T, we remain confident that our treatment process has been in line with all permits and applicable laws. We are making good progress in

OVER THE YEAR WE MADE GOOD PROGRESS WITH POST-MERGER INTEGRATION, EXCEEDING OUR FIRST YEAR SYNERGY TARGET AND ESTABLISHING RENEWI AS A NEW AND POWERFUL BRAND IN OUR CORE MARKETS

developing new opportunities to place the treated soil during 2018/19 and for the long term. The Reym/VGIS industrial cleaning business performed well and also made good progress in integrating VGIS operationally into the larger Reym organisation, delivering initial synergies of €1m during the year.

Building downstream product opportunities in our Monostreams Division

Our Monostreams Division delivered a strong performance in its first full year. At constant currency, revenues increased by 7% to £180m and underlying EBIT grew by 24% to £16.0m. Margins increased by 120 basis points to 8.9%. Growth was particularly strong in the Mineralz segment, with progress in both project related landfill volumes and the growing conversion of bottom ashes into products for building materials. This market will grow in the coming years as companies comply with the Green Deal between incinerator companies and the Dutch Government. In Orgaworld the main drivers were strong source segregated organics (SSO) volumes and good digester output performance. In Maltha, strong glass volumes in a diversifying customer portfolio, combined with operational improvement programmes, improved margins significantly. We also signed a new shareholder agreement with our joint venture partner Owens-Illinois for the Maltha business, strengthening the long term relationship between the two partners. Coolrec continued its innovative projects with a growing number of leading industrial partners in the use of recycled plastics and metals.

Action to address and de-risk performance in the Municipal Division

As previously reported, Municipal, which operates in the UK and Canada, had a challenging year. Revenue fell by 7% to £193m

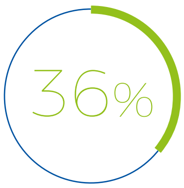
PETER DILNOT
Chief Executive Officer

CONTINUING OPERATIONS

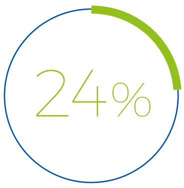
	REVENUE				UNDERLYING EBIT			
	Mar 18 £m	Mar 17 £m	Variance % Actual	Variance % CER	Mar 18 £m	Mar 17 £m	Variance % Actual	Variance % CER
Commercial Waste	1,019.6	925.4	10%	5%	64.6	45.2	43%	36%
Hazardous Waste	203.2	187.9	8%	3%	17.4	20.7	-16%	-20%
Monostreams	180.0	159.6	13%	7%	16.0	12.3	30%	24%
Municipal	192.9	207.6	-7%	-7%	(9.3)	(2.6)	N/A	N/A
Group central services	–	–			(19.6)	(22.5)	13%	15%
Inter-segment revenue	(30.0)	(29.9)			–	–		
Total (pro forma basis)	**1,565.7**	**1,450.6**	**8%**	**3%**	**69.1**	**53.1**	**30%**	**23%**
Total (reported basis)	**1,565.7**	**779.2**	**101%**		**69.1**	**36.5**	**89%**	

CER = at constant exchange rate.
The figures above are reconciled to statutory measures in note 3 in the consolidated financial statements.

All comparisons to the 2017 results refer to the performance that year on a pro forma basis as if Van Gansewinkel (VGG) had been owned throughout the financial year ended 31 March 2017, except where stated as reported. Pro forma includes 12 months of VGG as extracted from management accounts and unaudited. The definition of non-IFRS measures is included on page 182.



Increase in underlying EBIT in Commercial Division



Increase in underlying EBIT in Monostreams Division

primarily as a result of reduced construction revenues following the completion of the Surrey facility in Canada. The Division recorded an operating loss for the year of £9.3m, with increased losses in both the UK and Canada. Ongoing operational and portfolio initiatives include signing new refuse derived fuel (RDF) export agreements to reduce cost, the sale of Westcott Park and planned termination of the Dumfries & Galloway PFI contract and the resolution of operational issues in Canada. These initiatives are expected to reduce losses materially in the year ahead. As previously announced, an exceptional charge of £73m has been recorded in the year relating to onerous contract provisions and portfolio management.

Synergy delivery in 2017/18 ahead of plan, with forecast €40m synergies on track

The delivery of our commitment of €40m of cost synergies by 2019/20 underpins the expected initial value creation of the merger and we made good progress towards that target during 2017/18. We delivered €15m of initial synergies compared with our target of €12m and for a lower cost to date than originally planned.

In addition, the run rate of secured annualised cost savings as at March 2018 was approximately €24m, underpinning our confidence in our €30m target for 2018/19. The balance will be achieved in the second half, primarily from the process and IT migration projects which are critical to the next phases of planned integration and cost reduction. Our initiatives support our total €40m target, with further potential new projects being identified. Lower than expected exceptional synergy delivery costs of £14.6m (2017: £4.5m) have been incurred in the year to deliver these benefits.

Waste is on the agenda for Brexit discussions

The Brexit vote on 23 June 2016 created some uncertainties in the waste market. The short-term impact has been limited to the flow through of a weakened Sterling on our results, both transactional and reported. Through the Brexit process, we expect the export of waste from the UK to continue as there is a strong economic incentive for both the Netherlands and the UK to do so. Longer term, we also believe the impact on the Dutch market is likely to remain limited. This is because an ultimate reduction in UK imports was already expected due to the commissioning of incinerator capacity in the UK and also new waste imports into the Dutch incinerators are being identified to take up any vacated capacity. Providing that there is no significant degradation in Dutch incinerator utilisation and pricing, the impact of Brexit on our Benelux Divisions is therefore likely to be limited. We understand that the Minister for DEFRA is aware of the importance of having transition, and then permanent, arrangements in place in any Brexit deal to address this waste issue. We also believe that the UK Government will continue to drive environmental policies that will encourage recycling after the exit from the European Union.

ACTIVE MANAGEMENT TO OUTPERFORM IN DYNAMIC RECYCLING MARKETS

Stronger incoming waste market supported by positive macroeconomic backdrop
Renewi benefited from generally stronger markets for inbound waste in 2017/18, with broad based volume growth supported by increasing GDP growth in our core Benelux market. Specifically:

- GDP grew by 3.1% in the Netherlands and 1.7% in Belgium. While total waste arising generally increases by a little less than GDP, for Renewi this is more than offset by an increasing structural shift towards recycling from landfill and incineration;
- Dutch construction continued to grow strongly for a third consecutive year, increasing by 5.6% during 2017 (compared with 7.1% and 8.0% in 2016 and 2015 respectively). The particularly strong growth in residential activity of 9.0% in 2017 is expected to moderate in 2018/19, replaced to some extent by increasing infrastructure investment; and
- Specific niche markets all showed underlying input volume growth, including green waste and sludges for Orgaworld, WEEE materials and fridges for Coolrec, glass waste for Maltha, bottom ashes for Mineralz and contaminated soil for ATM.

Volumes were particularly strong in the first half of the year, most notably in Dutch construction. However, growth slowed during the winter season compared with the first eight months, partly due to an unusually cold February and March.

As a result of the volume growth over the past two years, capacity is increasingly well balanced and we have successfully put through selective price increases both to
offset cost inflationary pressures, as described in the Operating Review, and to increase margins as the market improves. Overall, inbound waste markets are expected to remain positive in 2018/19.

Volatility in recyclate markets largely mitigated by contractual agreements
In July 2017 the Chinese government announced the National Sword programme to reduce the import of paper and plastic

SUCCESSFUL BRAND ROLL OUT

The rebranding of the legacy Shanks and Van Gansewinkel (VGG) businesses to Renewi has been an essential part of showing our stakeholders that we are building something new, drawing on the heritage and the strengths of both legacy organisations. The Renewi brand itself reflects our waste-to-product business model and our role at the centre of the growing circular economy.

We are increasingly encouraged by the reaction to our new brand from both the market and our people. There has been a genuine commitment to the new brand within the organisation and a growing pride in what it stands for. Initial market research has also shown both increasing recognition and very positive associations for the new brand.

The heart of the roll out has been the physical rebranding of our assets. Over 120 sites and 1,500 trucks have been rebranded and we are on track to finish rebranding of trucks and sites during this year. We are now underway with the process of applying Renewi stickers to all roll-bins at customer locations as well as a long term programme to repaint and rebrand our larger metal skips and containers. It is now common to see Renewi vehicles and assets throughout the Benelux.

The physical rebranding has been supported by online activity through Renewi social media accounts and building on our very successful launch 'Day one' video. We have also carried out small-scale publicity campaigns, such as one in partnership with the Belgian cinema chain Kinepolis in which Renewi encouraged visitors to cinemas to recycle their waste bottles and cartons. We launched a Renewi-wide collaboration platform in February 2018 and, as part of this, all Renewi employees transitioned to a renewi.com email address from 1 March 2018, further enhancing our people's affirmation with our new brand.

recyclates, especially lower grade and contaminated materials. Given that China uses approximately 50% of the world's recycled paper, this naturally lead to overcapacity in the market for recycled paper. The immediate impact was a fall of around 20% in recyclate prices from relatively high levels of €155 per tonne for cardboard in July to around €125 per tonne by September. Prices then stabilised until February 2018 when they fell sharply, with a low in March 2018 of around €70 per tonne, due in part to inventory accumulation in the supply chain. Prices stabilised again in April 2018.

Renewi is not materially impacted by movements in the plastics market but does have an exposure to the paper market. Importantly, around 80% of Renewi's paper output in its Commercial Division is subject to dynamic pricing within its customer contracts through which Renewi's margin is largely protected. This is because changes in paper prices are automatically passed through to the waste producing customer. In addition, paper prices have broadly fallen by significantly less (c20%) for the high grade paper in which the Commercial Division's Destra plants specialise, as this paper generally goes directly to European paper mills.

The impact of lower paper recyclate prices on Renewi was around £3m in the second half of 2017/18, as previously reported. Looking forward, the mitigated full year impact of current paper and plastic prices on Renewi in 2018/19 is expected to be around £4m, of which half is in the Municipal Division which produces lower grade product and is unable to pass recyclate price changes back to its customers.

Tightening capacity in outlet markets for residual waste

Another continuing market trend in 2017/18 was the tightening of capacity at the incinerators in Belgium and the Netherlands for burnable waste, including RDF. All the Benelux incinerators are now effectively full and there is a lack of capacity to treat any significant volume growth. Accordingly, incinerator gate fees have continued to rise. Renewi is well placed to manage these market trends, being the largest commercial Benelux supplier with around 2.4 million tonnes of burnable waste a year and a well-balanced contract portfolio for the off-take of its residual waste streams. The tightening market capacity is also evident in the rising costs of disposal of other residues from sorting lines, such as sieve sands.

On balance, a lack of incinerator capacity and increasing incinerator gate fees is positive for Renewi's Commercial Division as it broadly supports pricing recovery for Benelux recyclers. It is possible that further strong inbound volume growth could result in challenges to find sufficient outlets for our residues and a requirement to limit some commercial intake in the short term. Increasing gate fees is inherently a negative for our Municipal Division, however this has been largely mitigated by our strategy of locking in the vast majority of our output to long term contracts at fixed rates.

PFI market remains challenging in the UK

The PFI sector in the UK has continued to face significant challenges. An increasing number of PFI contracts have come under pressure as a result of austerity measures, poor performance or because the contracts have proven to be inappropriate in the current market environment. Within this unfavourable market, our Municipal Division's portfolio of assets has been vulnerable contractually to the volatile recovered fuel markets, rising (continental) European incinerator gate fees and the weakness of Sterling. We are actively managing this through ongoing operational improvements, contractual negotiations with customers and, where appropriate, management actions to exit specific activities.

DELIVERING SUSTAINABLE LONG TERM GROWTH

Our vision

Our vision is to be the leading waste-to-product company. This differentiates Renewi as a company that focuses on extracting value from waste and supplying high quality secondary raw materials, rather than on the disposal of waste through mass burn incineration or landfill. Our vision positions us higher up the value chain in the segments expected to show the highest structural growth rates in an industry driven by increasing environmental legislation, particularly in the European Union where the majority of our business operates. We believe that our unique focus addresses social and regulatory trends and also offers the most capital-efficient solution to waste management.

The Circular Economy – a growing end market

The markets in which we operate are structurally set for long term growth, stimulated by environmental need, customer demand and by increasing regulation. Renewi is uniquely placed to meet the needs of the growing circular economy with our waste-to-product model. The circular economy is a growing business model in which the concept of waste is obsolete. The waste produced by society is seamlessly reconverted back into secondary raw materials so as to prevent contamination and preserve scarce virgin materials. There are three reinforcing drivers that are combining powerfully and increasingly to build a new and vibrant circular economy. These are a clear environmental need, greater customer demand and increasing regulation. We discuss these in more detail on page 20 of this report.

Our strategy

We have a clear Group strategy to deliver sustained growth and attractive returns through:

- Delivering merger benefits, including committed annual cost savings of €40m in 2019/20;

- Driving margin expansion across the Group through our self-help initiatives of commercial effectiveness, continuous improvement and off-take management;
- Strategic expansion by investing in innovation, broadening our products and services, and investing where we are structurally advantaged in the growing circular economy and can deliver superior returns; and
- Managing our portfolio of assets and businesses: exiting those that are non-core or under-performing and redeploying capital into segments where we can deliver increased returns and growth.

The merger has combined two similar businesses with complementary inspiring visions, organisations, product portfolios and geographic footprints. It is on track to deliver significant synergies, far greater than just cost reduction. Renewi plays an important role as a recycler and supplier of high quality secondary raw materials in the growing circular economy to meet the increasing needs of its customers, regulators and society.

The creation of Renewi has widened the range of products and services to our combined customer base. For example, we are now not only providing the Dutch incineration industry with high quality recovered fuels from the Netherlands, the UK and Belgium, but also recycling its bottom ashes into products for building materials and immobilising its fly ashes through our Mineralz business, providing industrial cleaning services through our Reym business and managing some of its non-core waste streams such as bulky or green waste. We have also been able to extend our "Total Care" offering that provides industrial cleaning, waste collection, logistics and treatment to larger industrial customers under a single service.

As a result of combining the two legacy businesses, we have also expanded and strengthened our geographical footprint and now cover the whole of the Benelux and other European countries such as Germany, France and Portugal. We can serve customers across the Benelux more efficiently, saving on logistics costs, improving customer care and reducing our carbon footprint. Our increased scale also means that we can procure certain assets and supplies at more competitive prices.

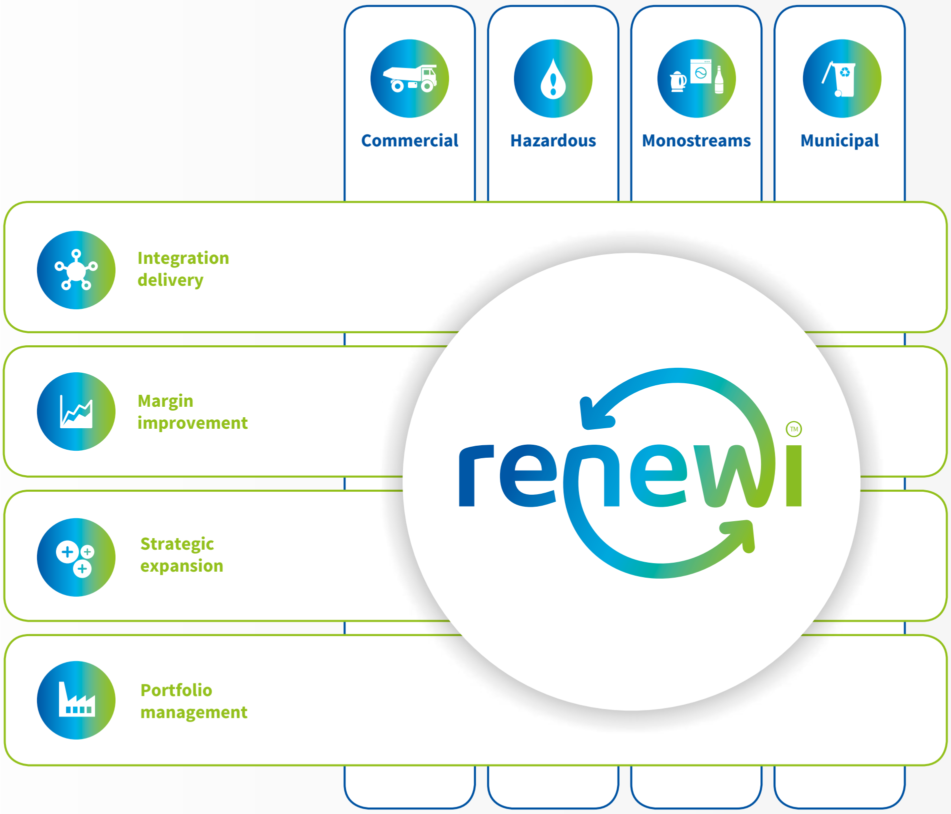
As expected, we are seeing a wide range of benefits from combining the logistics scale and expertise of VGG with the broader treatment capabilities of Shanks. Significant synergies have been delivered through the rerouting of waste collected from VGG customers to be treated in Shanks facilities, expanding margins and optimising asset utilisation. Our merger has also resulted in better prices and capacity utilisation.

We are also progressing a further initiative regarding the potential benefit of digitalisation on our industry and on Renewi. We will focus initially on driving efficiency within our own company through automation, robotics, and digitalising interfaces with customers and suppliers. In the longer term, we will focus on emerging technologies for the industry such as smart bins, web-based customer relationships, asset light strategies and other potentially disruptive models.

Setting new values

Finally, an essential part of the creation of Renewi is the establishment of a set of values, and associated behaviours, that we believe both represent Renewi but are also appropriate

OUR STRATEGY



to supporting the delivery of our vision and business strategy. Over the past year we undertook an in depth project to shape these values based on our vision and input from our leaders and from workshops with employees at all levels and in all divisions. As a result of this we were pleased to launch our new values on 28 February 2018, our first birthday as a merged business.

Three values capture 'what' we do: Safe, Innovative and Sustainable. Detailed programmes are being built up now to ensure that we deliver on these values. For example we will be launching new and more ambitious safety targets as we enhance our group-wide safety culture; we will be rolling out our continuous improvement programme to be "better every day" and thereby enhancing productivity and margins; and we will be investing to improve our sustainability and environmental impact going forward, including a transition to using cleaner EURO VI trucks.

Three further values capture 'how' we act: Accountable, Customer Focused and Together, the latter focusing on the teamwork required to build our new business in an open and transparent way.

GENERATING VALUE IN THE YEAR AHEAD

Underpinning our value delivery plans for the year ahead is driving a strong business performance across the Group. In particular, we are focused on three specific commercial goals to improve our performance, comprising:

- Driving post-merger margin enhancement in the Commercial Division through commercial effectiveness and continuous improvement;
- Securing new soil outlets which will enable ATM to return to full production during the second half; and
- Reducing operating losses in the Municipal Division.

Alongside these important objectives, we will generate value through the delivery of our synergy commitments and the development of an effective platform for long term growth across the Group. This will include the rollout of existing post-merger margin enhancement tools and the selective investment in an innovation pipeline, which currently comprises over 100 projects at various stages of development. We will also continue to develop new sustainability initiatives with OEMs to capture the long term growth opportunities from the growing circular economy.

POSITIVE FUTURE OUTLOOK

Divisional outlook

Against a backdrop of positive overall volumes and improved pricing across the Benelux waste markets, the Commercial Division is expected to make continuing progress in the current year. We expect that slightly slower growth in the construction market, reduced income from paper and plastic recyclates and increased cost pressures will be more than offset by increasing prices for inbound waste, our commercial effectiveness and continuous improvement initiatives and the delivery of our synergy targets. In addition, our active use of dynamic pricing in customer contracts will continue to mitigate the impact of volatility in recyclate prices.

The Hazardous Waste Division is expected to deliver a similar performance to 2017/18. Whilst we expect to continue to operate at 50% production at ATM during the first half of the year, we are in well-advanced discussions with a number of potential new soil outlets

MANAGING CHANGE

The integration of Renewi and the delivery of the synergy programme constitutes a significant change programme through which we wish to lead our people with confidence, great communication and empathy for the discomfort that can come with change. We have launched a change programme called the iRenew Network which delivers change management training to all leaders in impacted areas and which creates a network of leaders and 'ambassadors' to ensure that we are listening to the concerns of people impacted by change and are addressing those concerns effectively.

MEASURING FUTURE PERFORMANCE

DIVISIONS:

COMMERCIAL	HAZARDOUS WASTE	MONOSTREAMS	MUNICIPAL
To deliver long term growth from increasing demand for recycling services and through delivery of synergies and application of margin enhancing activities.	**To deliver growth increasing capacity, increasing the range of products that can be treated and considering geographic expansion where competitively advantaged.**	**To deliver growth from the existing businesses and through a larger product portfolio of secondary materials for the growing circular economy.**	**To deliver recovery plan to stabilise and de-risk the business including reducing losses and commissioning new assets.**
GOALS 2018/19			
• Deliver synergy commitments • Increase margins through extension of commercial effectiveness programme • Manage volatility in downstream markets, including sieve sands and burnable waste • Implement one way of working across Netherlands and Belgium as per Target Operating Model	• Open new outlets for treated soil and resume full production • Optimise waterside volumes and seek additional sludges • Manage Reym/VGIS productivity and cost base to meet expected market demand • Deliver synergy commitments • Secure greater returns from industrial cleaning	• Commission powder line at Dintelmond and continue to deliver growth through operational improvement • Increase margins at Coolrec through dynamic pricing and a focus on optimised product quality • Secure extension for Maasvlakte specialist treatment/landfill • Drive growth in Orgaworld through improving end markets	• Successfully commission Surrey and Derby projects • Implement new off-take contracts at improved prices • Address ongoing operational challenges in less profitable contracts • Continue to reduce costs at loss-making contracts • Exit Dumfries & Galloway operating contract

GROUP:

MARGIN IMPROVEMENT	STRATEGIC EXPANSION	MANAGING THE PORTFOLIO	INTEGRATION DELIVERY
GOALS 2018/19			
• Use commercial effectiveness (CE) programme to manage and improve margins • Commence roll out of continuous improvement (CI) initiatives across Group, starting in Monostreams • Ensure enlarged Group takes advantage of scale opportunities with regard to group-wide coordinated management off-take disposal	• Build innovation portfolio and progress most attractive opportunities • Expand in areas of expected market growth such as treatment of bottom ashes and recycling of plastics • Develop and progress digital opportunities • Complete IT strategic roadmap to support integration and drive efficiency in the coming years	• Continue to release value from under-performing or non-core assets to recycle capital • Remain alert for expansion opportunities through accretive M&A, exercising capital discipline • Complete exit from Dumfries & Galloway contract	• Deliver €30m of synergies in FY19 • Be on track to deliver €40m in FY20 • Position business for further synergy opportunity once way of working established • Drive programmes to secure revenue synergies from cross-selling, waste internalisation and commercial effectiveness

which, if secured, would enable the return to full production from October. Stable pricing is anticipated for these new soil outlets. In addition, we are working on concepts to further refine our soil product portfolio and to open up new long term markets. Ongoing synergy delivery in Reym/VGIS will offset volume falls arising from fewer major refinery shutdowns in 2018 and contracting onshore gas production.

The Monostreams Division is also expected to perform at similar levels to 2017/18, with underlying growth offset by the non-recurrence of certain high margin projects in Mineralz. We anticipate further growth in the processing of bottom ashes into secondary products at Mineralz alongside broader benefits across the Division from the roll out of a continuous improvement programme. We remain confident that we will secure a long term expansion permit for the specialist landfill at Maasvlakte, securing earnings streams from that site for approximately the next twenty years.

The Municipal Division is expected to report materially reduced losses in the year ahead as a result of improvements in Canada from London volumes and Surrey commissioning, and ongoing commercial and operational gains in ELWA and Cumbria.

Group outlook

The Board expects continued good progress in 2018/19, in line with its expectations. Volumes remain positive and both cost inflationary pressures and lower recyclate income are largely being passed on to inbound waste producers. New soil outlets for ATM are expected to be open by October, enabling us to resume full production in the second half and we anticipate a modest recovery in relevant recyclate prices towards the year end. With run rate annualised synergies of €24m as at March 2018, we remain confident of delivering synergies of €30m in 2018/19 and €40m in 2019/20.

Looking forward, our growth drivers are strong. Renewi plays an important role in the growing circular economy, a market that is expected to increase significantly in the coming years with the support of European Union and government legislation. Moreover, the fully integrated Renewi has a compelling offering for customers, combining local service, international expertise and an unrivalled breadth of products.

Our strategic and commercial positioning will continue to drive sustainable growth, supported by the delivery of our integration activities and synergy targets, as well as ongoing opportunities for margin expansion and cost reduction. With an increasing pipeline of growth opportunities through innovation and strategic expansion, Renewi is well positioned to deliver long term growth and attractive returns.

Peter Dilnot
Chief Executive Officer

INTEGRATION UPDATE

INTEGRATION AND SYNERGY DELIVERY

The integration of two similar sized entities is complex and has been approached with detailed planning, tight operational control and through deploying experienced resources

The first key objective was to create a single new and unified management team. Our Renewi Executive Committee reflects a balance of former Shanks, former VGG and new external hires. These new leaders have brought fresh perspectives from blue chip backgrounds such as GE, SABIC, UTC and Fedex/TNT, while at the same time we have retained the deep corporate and waste knowledge that is essential to driving profitability in the waste industry. Our new Executive Committee was completed by the end of August 2017, following which we were then able to sequentially design and populate our organisation structures for the next layers of management throughout the organisation. This was done in two waves in each of the Belgian and Netherlands Commercial businesses and in our Group Central Services, completing in January 2018.

At the same time as implementing our new management structures, we have designed a target operating model (TOM), both for the whole Group and most specifically for the Commercial Division in Belgium and the Netherlands (where the two differently structured businesses are merging into one way of working). The new TOM has been designed to maintain excellent customer intimacy while creating robust and efficient operating platforms that reduce cost and enable future expansion. The design phase has been completed and we are currently implementing pilot studies and expect to migrate the majority of our activities during the second half of the current year.

IT systems lie at the heart of the integration journey. We have reviewed and selected core platforms around which we will build our processes for the migration to one way of working. Many of the systems are now undergoing significant modification so they can manage the breadth of activities and processes required in Renewi. The outcome over the next two years will then form a platform for further sustained investment and improvement to further reduce cost and improve performance.

The entire programme is managed by integration teams within each relevant division led by a dedicated integration leader and supported by external experts. The programme is managed and reviewed by the executive directors with support from a small central Integration Management Office (IMO). We have created a detailed integration master plan to manage both divisional and functional integration activities, addressing interdependencies and ensuring milestones are met. Synergies are tracked from the moment they are identified to the time of realisation. The synergy plans are, and will continue to be, subject to audit both internally and externally to ensure that we can be confident that the resulting benefits are both real and sustainable. The central IMO also keeps close track of current and forecast integration costs, whether exceptional or capital in nature.

WE MADE VERY GOOD PROGRESS DURING 2017/18, DELIVERING €15M OF SYNERGIES AGAINST A TARGET OF €12M

We have rebranded over 120 sites and 1,500 trucks

SYNERGY DELIVERY IN 2017/18 AHEAD OF PLAN WITH FORECAST €40M SYNERGIES ON TRACK

Our commitment to deliver €40m of cost synergies by 2019/20 underpins the initial value creation of the merger.

We made very good progress during 2017/18, delivering €15m of synergies against a target of €12m for much lower cost to date than originally planned. Encouragingly, the run rate of secured cost savings as at March 2018 was approximately €24m, underpinning our confidence in delivering our €30m target for 2018/19. The balance of this year's saving will be achieved in the second half primarily through the process and IT migration projects which are critical to the next phases of integration and cost reduction. Our initiatives support our total €40m target, with further potential new projects being identified.

The savings are delivered in three main areas: direct, indirect and scale savings:

- Direct savings include significant benefits from rerouting waste to optimise margins, as well as reduced costs from route optimisation and site closures. Some of these benefits will only be secured following process and IT migration. During the year we exited a large former VGG site in Utrecht, saving an annualised €0.7m, and a further three small sites in Hazardous Waste, saving €0.1m. We also delivered savings of an annualised €0.3m from reduced costs of outbound logistics of waste to incineration.
- Scale savings include benefits in terms of recyclate income, disposal costs and procurement. Procurement benefits of over €2.5m (annualised) have been delivered and this is expected to more than double by the end of 2018/19.
- Indirect savings include the benefit of a single Board and senior management team (€4m) as well as other overhead reduction cost programmes such as the closure of a small shared service centre in Zaventem, Belgium, which was integrated into the larger shared service centre in Lommel, Belgium, saving an annualised €1.5m.

We have over 420 identified synergy projects. Around 320 are quick win projects, for example local initiatives to make better use of waste, and 220 (69%) of these have already been completed. We also have 60 mid-size and 40 large-size initiatives, many of whose implementation is dependent upon the IT and process migration.

INTEGRATION PROGRESS

JUNE
2017

Top management team appointments made in Belgium Commercial Waste Division

JULY
2017

Tooling for tracking synergies rolled out

SEPTEMBER
2017

- Target Operating Models defined
- Divisional/Group management teams appointed
- Process and systems studies result in clear migration strategy for three merger-related divisions
- First Renewi Leadership Conference involving top 150 leaders

FEBRUARY
2018

- Renewi celebrates first birthday coinciding with launch of new values
- Rebranding well underway with over 1,000 trucks and 100 major sites rebranded
- Launch of one Renewi Collaboration Platform

MARCH
2018

- Launch of iRenew network to manage the people side of change
- All team appointments made in Hazardous Waste
- Feasibility study completed for IT migration Commercial Waste Netherlands Division

APRIL
2018

Site rationalisation (five locations) finalised in Hazardous Waste

- Legal names of legacy Shanks and Van Gansewinkel entities renamed to Renewi
- Project and portfolio methodology defined
- High level integration masterplan prepared

- Shared Service Centre (SSC) Belgium operations moved from Zaventem to Lommel with payroll transferring in January 2018
- All team appointments made within Belgium Commercial Waste Division

All team appointments made within Netherlands Commercial Waste Division

OCTOBER 2017

NOVEMBER 2017

JANUARY 2018

First pilot site migration in Commercial Waste Belgium Division

Migration of all roll-bin services, allowing for roll route optimisation

MAY 2018

OCTOBER 2018

NOVEMBER 2018

- Over 1,500 trucks and 120 sites rebranded
- 468 integration initiatives identified
- 230 integration initiatives completed

Netherlands Commercial Division SSC in Amersfoort will be transferred to the SSC in Lommel

CIRCULAR ECONOMY

TRANSFORMING TO A RAW MATERIALS SUPPLIER

The markets in which we operate are structurally set for long term growth, stimulated by environmental need, customer demand and increasing regulation. Renewi is uniquely placed to meet the needs of the growing circular economy with our waste-to-product model.

Three drivers to aid the development of the circular economy
The circular economy is a growing business model in which the concept of waste is obsolete. The waste produced by society is seamlessly reconverted back into secondary raw materials so as to prevent contamination and preserve scarce virgin materials. There are three reinforcing drivers that are combining powerfully and increasingly to build a new and vibrant circular economy.

These are:

- Clear environmental need
- Greater customer demand
- Increasing regulation

Together, these drivers are setting the landscape for future manufacturing, creating an urgent need both for producers to maximise the use of sustainable or secondary raw materials and for polluters to reduce their waste. The Benelux, our core market, is one of the most advanced areas in the world with regard to setting the agenda for recycling, sustainability and developing a circular economy. We believe that by positioning ourselves to succeed in the Netherlands and Belgium, we will generate skills and capabilities that will over time be applicable in other geographies as they adopt UN and EU targets for sustainability. The following sections explain the compelling basis for future structural growth in more detail.

Environmental need
We are working every day on creating a world without waste. This does not mean that there will be no waste in the future. Today we collect and treat over 14 million tonnes of waste and extract value from these materials. We consider it our job to make sure that nothing gets wasted in this process.

The major challenges of our generation are climate change, environmental pollution and scarcity of raw materials, water and food. There is a clear pull from societies around the world to address these challenges in order to preserve a prosperous and secure future.

In September 2015, the UN adopted 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda with specific targets to be achieved over the next 15 years.

At a more local level, we routinely and increasingly observe social trends over environmental issues such as plastics in the ocean, as seen recently following David Attenborough's *Blue Planet II* series, and in recent years by widespread support for initiatives such as The Ocean Cleanup project led by Boyan Slat, a Dutch entrepreneur. Renewi has sponsored the latter, through its current and legacy businesses, for the past few years.

Renewi works to prevent global contamination by taking in over 14 million tonnes of waste every year from companies and households, some of it contaminated or even hazardous.

RENEWI ACTIVELY SUPPORTS ITS CUSTOMERS TO ACHIEVE THEIR RECYCLING TARGETS

We recycle or recover 90% of this waste: around 65% of it becomes a secondary raw material and the remainder is transformed into fuel to produce green heat or energy. By doing so, Renewi directly works to meet the needs of five of the UN's SDGs, including:

- Responsible consumption and production;
- Sustainable cities and communities;
- Climate action;
- Affordable and clean energy;
- Clean water and sanitation.

Its work indirectly further supports even more of these goals.

Sustainability is at the core of what we do every day. We turn waste back into valuable materials. It is therefore unsurprising that Renewi is listed on the FTSE4Good Index and has recently been able to refinance almost its entire borrowings as Green Loans and Bonds.

Customer demand

Companies inevitably respond to societal trends such as the demand for greater sustainability because their customers and employees demand it. We see a growing number of major OEMs and consumer brands making new commitments to reduce their carbon footprint, increase their recycling rates and use more secondary raw materials. Particular areas of focus at the moment include the "cradle to cradle" circular use of metals and plastics, the reuse rather than destruction of some components out of discarded products, and the optimisation and effective use of out-of-date food.

Overall, there is an increasing demand for the recycled, or secondary, products that Renewi creates from its operations.

Renewi actively supports its customers to achieve their recycling targets, secure secondary raw materials, and even to create a completely circular solution in which their products are collected, recycled and the raw materials supplied back to the start of their manufacturing process. Renewi is working with clients such as Miele, Philips, Akzo Nobel, Owens-Illinois and an increasing number of others to help them give new life to their old materials.

Regulatory push

Regulation will drive further structural growth to recycling rates and the circular economy. The Paris COP21 agreement on climate change, the UN's Sustainable Development Goals and the European Union's Circular Economy Package are all examples of how leading policy makers are setting an agenda to stimulate the markets in which we operate.

Indeed the evolution of the recycling market in Europe is mainly due to the implementation of EU or national directives and legislation. We are now already experiencing an increasing drive towards a full circular economy through stretching recycling targets within the waste framework directive across the EU, the implementation of a landfill ban, the packaging directive and most recently the Circular Economy Package.

Our biggest market, the Netherlands, has a stated goal to be a full circular economy by 2050, being 50% circular by 2030. In practice this means, for example, that construction companies will need to use 50% secondary raw materials from 2030, and government tenders already reward bidders who can achieve this aim early. The government is also seeking to increase recycling rates more generally with a stated ambition to increase the household waste recycling rate from around 50% today to around 75% as soon as 2020. Legislation has also been tightened with measures such as taxes on incineration to stimulate recycling and divert waste from incineration. Landfilling waste has for a long time been strictly regulated in the Netherlands – only waste that cannot be recycled or incinerated can be landfilled.

In Belgium, there is also ever stricter environmental and recycling legislation. The VLAREMA legislation that was introduced in Flanders in 2014, promoting separated waste collection and recycling, is being tightened. OVAM, the Flemish regulator, is increasing pressure on waste companies and waste producers to ensure effective source separation of waste so that it can be most effectively recycled.

UNDERPINNING LONG TERM STRUCTURAL GROWTH

The three drivers of environmental need, customer demand and regulation are combining powerfully to drive structural growth in the segments of the market in which Renewi operates. Specifically, we can expect to see:

- Increasing recycling rates within the waste market driving higher volume growth for our recycling activities than the overall waste trend;
- More stringent legislation on source separation over time helping larger and more sophisticated waste collectors who are better able to manage multiple waste input streams and offer one stop solutions to customers;
- Growth in the use of secondary raw materials in construction supporting the production of materials by Netherlands Commercial (wood, paper) and ATM (soil) as well as the new innovative products under the Forz product name developed by Mineralz;
- Growth in the use of secondary raw materials throughout Europe in packaging glass production and insulation products (glass wool) supporting volume growth in our Maltha business;
- More OEMs seeking partnerships to source stable and high quality metal and plastic secondary raw materials into their production processes, in the volumes companies such as Renewi process;
- Growth in available volumes of sludges, source segregated organics and out of date food materials for organic processing; and
- Increased investment and partnership opportunities in innovation to convert and reprocess waste to create more valuable secondary materials, such as waste-to-chemicals, organic waste-to-food etc.

WITH SUSTAINABILITY AT THE VERY CORE OF OUR BUSINESS, WE MAKE SUSTAINABILITY TANGIBLE FOR OUR CUSTOMERS AND FOR SOCIETY BY CREATING VALUE FROM WASTE

Renewi connects the value chain

In the circular economy we do not believe that it will be enough simply to be an efficient provider of waste collection and basic treatment services. Nor do we believe in the longer term in the investment of very large amounts of our capital in incinerators that destroy the valuable resources hidden in waste. We believe in turning waste into product, making us uniquely placed to meet the needs of this growing market.

We have an unrivalled breadth of collection and treatment services in order to meet the needs of the waste producers. This gives us access to over 14 million tonnes of used materials from which to create the required products to meet the needs of buyers of secondary raw materials.

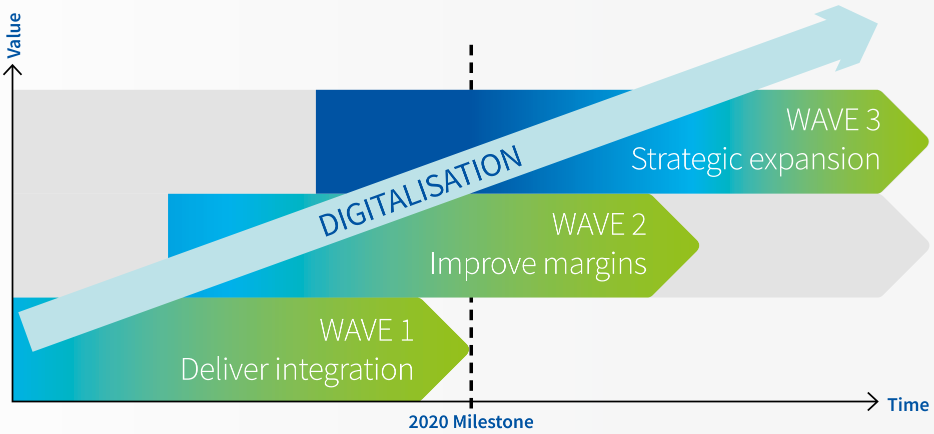
We have unique insight into what is needed to connect the value chain, which we then deploy in selectively assessing and filtering the large number of innovation opportunities that we identify or our partners bring to us. We are committed to innovating in sustainability, with a business model that is set up both to identify and select winning opportunities.

The knowledge and experience that we have from our operations at both ends of the value chain can also be used during the early stages of the design of new products or to optimise manufacturing processes. We also have a unique network of relationships and partnerships with governments, regulators, municipalities, companies and investors that we believe will over time position Renewi as the partner of choice for sustainability initiatives. With sustainability at the very core of our business, we make sustainability tangible for our customers and for society by creating value from waste.

As an example of this network, Renewi was a founding partner of the Circular Coalition, a group of around 30 large companies in the Netherlands. Partners agreed to share knowledge and experience in a bid to accelerate the transition towards a circular economy. This has been done in the past year through a series of masterclasses focusing on topics that include circular procurement, business modelling and product design. A small but very tangible outcome was the cooperation with Renewi, KPN and KNSB to produce the medals for the Dutch speed skating championships from precious metals mined by the recycling of old mobile phones (see page 50 for more details). Renewi is now developing a Circular Coalition 2.0 that will focus on pilot projects around specific material flows or with a specific geographical area.

OUR GROWTH JOURNEY

Our vision is to be the leading waste-to-product company. This differentiates Renewi as a company that does more than act as a collection service for waste generators to one that focuses on extracting value from waste, rather than on its disposal through mass burn incineration or landfill. We have a clear growth journey ahead to deliver sustained growth and attractive returns in three waves:



- **Wave 1: Deliver integration**
  including committed annual cost savings of €40m in 2019/20.
- **Wave 2: Improve margins**
  through our own self-help initiatives of commercial effectiveness, continuous improvement and off-take management.
- **Wave 3: Strategic expansion**
  by investing in innovation, broadening our products and services and investing in the growing circular economy.

- Underpinning these actions is a further initiative on digitalisation, which is initially focused on driving efficiency through automation, robotics and digitalising interfaces with customers and suppliers.

INNOVATION PORTFOLIO

The 'i' of Renewi stands for Innovation and it is one of our core values

Innovation at Renewi is about improving how we do things and improving our range of products and services. Our vision to be the leading waste-to-product company already differentiates us from our competitors. By converting waste into product we are at the leading edge of sustainability with a focus on extracting the maximum value from waste. We seek to go beyond simply recycling: we aim to produce high quality secondary raw materials with a better environmental footprint than virgin raw materials and at a competitive price.

Innovating our existing processes

Innovation starts with our own operations in terms of 'being better every day'. We demand an open mindset of ourselves throughout our integration journey and in our general way of working. We are seeking to take the 'best of both' legacy companies as we build our new Renewi operating model, and then to improve further. This requires our people to let go of familiar ways of doing things, in order to move to one aligned and common way of working. This bold and open approach to change is supported by our 'iRenew' change management programme that is being deployed in areas undergoing the greatest degree of change.

Continuous improvement (CI), or LEAN, is a way of thinking as well as a well-recognised set of practical tools by which organisations become more efficient every day. Our legacy Shanks business was already rolling out LEAN in its main operating facilities before the merger. A system of such tools and processes will now be rolled out across the whole of Renewi, coordinated by Bas Blom, the Managing Director of our Monostreams Division. Tactical use of CI has already delivered improvements in certain facilities such as the bulky waste sorting line at Hemweg, Amsterdam. The opportunities remain significant and are a core part of 'Wave 2' of our strategy to improve margins.

Innovating new products and services

The emerging circular economy is a dynamic environment that will require agility and a commitment to innovation in order to maximise the opportunity. Wave 3 of our core strategy is strategic expansion and innovation is at the heart of this growth.

We are building our portfolio of innovation projects, even while we focus on integration. We have an innovation portfolio of more than 100 potential opportunities, many of them capital-light where we deploy our expertise and our access to waste to support other innovators or customers. We are an enabler to help partners bring new technologies to market using our large base of waste as an input and our experience of how to bring the waste up to the required quality levels to operate in a stable process. All projects must ultimately meet our key filters of sustainable competitive advantage and target financial returns.

Innovation within Renewi often takes place within the divisions and close to our customers and partners. It is coordinated by a small but experienced central team which both supports these divisional projects and focuses on some longer term and potentially more transformational projects.

EXAMPLES IN OUR INNOVATION PORTFOLIO

PRODUCT	PARTNER	SIZE	STATUS
Duivense Tegel A sustainable tile made from residual household waste for paving	Betonindustrie De Hamer and AVR	Large	In production for one incinerator and in negotiation with others
Bio-plastics Pilot bioreactor to produce bio-plastics from organic waste	Paques and Delft University of Technology	Large	Early stage trials
r-ABS Plastics Recycled plastic into new Senseo coffee machines	Philips	Small	In production
Collect a cup Process to separate paper and cardboard from plastic in cups	Wepa (paper mill)	Small	In production
Purified Metals Company (PMC) Removing asbestos from steel	PMC	Small	PMC facility due to open in 2020

Size: Expected EBIT per annum – Small <€0.5m, Medium €0.5-1m, Large >€1m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CFO'S REVIEW

A YEAR OF DELIVERY

The first full year of Renewi has seen the successful delivery of the Group's strategic and commercial plans and the delivery of its integration and synergy targets ahead of plan. In addition, there have been integration and synergy activities within the finance function itself that are delivering material value to the Group through more efficient financing and which will build robust and scalable platforms for future expansion. We report on some of these initiatives later in this review.

For the purposes of understanding the underlying business performance, this review primarily compares current year underlying trading with unaudited pro forma prior period figures which include the results of Van Gansewinkel as if the latter had been owned throughout the prior year comparative period.

Overall, the first year of Renewi has delivered well against all our core financial KPIs. Revenues grew by 3% at constant currency, growing faster in our core Commercial Division, which was up 5%. Group trading margins grew by 70 basis points to 4.4%, increasing significantly in Commercial and Monostreams as a result of commercial initiatives, synergy delivery, volume growth and operational improvements. Underlying margins in Hazardous Waste were robust but were impacted by the short term challenges at ATM, our soil treatment business highlighted during the year. Finally, we saw a material improvement in our Group return on operating assets from 11.5% to 15.9%, driven by very strong increases again in the Commercial

FINANCIAL PERFORMANCE

	Mar 18 £m	Mar 17 £m	Total Change %	Constant Currency Change %
Pro forma				
Revenue	1,565.7	1,450.6	8%	3%
Underlying EBIT	69.1	53.1	30%	23%
Reported				
Revenue	1,565.7	779.2	101%	93%
Underlying EBIT	69.1	36.5	89%	78%
Underlying profit before tax	51.5	25.7	100%	88%
Underlying earnings per share (p)	4.8	3.7	30%	18%

Pro forma results in the year to March 2017 are unaudited and include Van Gansewinkel as if owned throughout the year rather than from legal completion on 28 February 2017

and Monostreams Divisions. We remain on track for the returns from the merger to exceed our WACC in 2018/19.

FINANCIAL REVIEW

The Sterling/Euro exchange rate moved from €1.17:£1 at 31 March 2017 to €1.14:£1 at 31 March 2018, with the average rate for the year moving by 4.7% from €1.19:£1 to €1.14:£1.

Revenue grew by 3% at constant currency (an increase of 8% at actual rates), with growth across all divisions except Municipal. Revenue on a reported basis increased by 101% to £1,566m. Underlying EBIT improved 23% to £69.1m at constant currency (an increase of 30% at actual rates). Reported underlying EBIT increased by 89% on a reported basis. The Commercial and Monostreams Divisions performed strongly whilst the Municipal Division was affected by previously reported challenges in both the UK and Canada.

Non-trading and exceptional items excluded from pre-tax underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying profit due to their size, nature or incidence.

Total non-trading and exceptional items from continuing operations amounted to £101.5m (2017: £87.1m). Onerous contract provision increases, as previously reported, amounted to £52.7m (2017: £28.2m) representing the net present value of future estimated losses at BDR and Wakefield over the next 22 years offset by a release at Cumbria due to improved operational performance. A further charge of £22.5m was related to decisive portfolio management activity to reduce both losses and future risk exposure in UK Municipal and £22.1m (2017: £7.4m) related directly to the merger and synergy delivery costs. Other charges of £4.2m included additional soil, storage and logistics costs of £2.7m relating to the soil market offset at ATM, amortisation of intangible assets acquired in a business combination of £5.8m together with the insurance claims for two significant fires in the Commercial Division earlier in the year. Of these non-trading and exceptional items, some £20.5m were non-cash. These items are explained further in note 3.4 to the financial statements.

The operating loss on a statutory basis, after taking account of all non-trading and exceptional items, was £32.4m (2017: £39.0m).

As previously reported, based on current market conditions and the delivery of our ongoing recovery plans, no further exceptional charges are anticipated in respect of the UK Municipal assets. With regard to the ATM soil offset market challenges, additional costs of up to €3m are anticipated in the first half of 2018/19 relating to further one-off logistics and storage charges pending the re-opening of the offset market.

Net finance costs

Net finance costs, excluding exceptional transaction related finance costs, were £7.1m higher year on year at £19.9m (2017: £12.8m) due to the full year impact of the merger, particularly with the post-merger debt, a full year's charge for Van Gansewinkel (VGG) finance lease costs and the discount unwind on provisions not included in the prior period. We were pleased to deliver total finance costs well below our expectations, partly through tight management of net leverage and also through a number of synergy projects in the treasury function that reduced the costs of ancillary financing items. Total finance income is higher in 2017/18 as it includes 12 months of income from the subordinated debt funding of £17.5m into the Derby PPP project on 31 March 2017. The non-trading and exceptional item charge of £11.6m in the prior year included the costs of arranging the new banking facility to support the merger along with the retirement of the previous funding arrangements.

Share of results from associates and joint ventures

The principal return comes from our joint venture in the anaerobic digestion facility in Scotland where operational performance remains strong following recent investments.

Loss before tax

Loss before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was £50.0m (2017: £61.4m).

Taxation

Total taxation for the year on continuing operations was a credit of £2.0m (2017: £0.5m). The effective tax rate on underlying profits

from continuing operations was 25.2% at £13.0m, up from 23.0% last year reflecting the increasing profits in regions with relatively higher tax rates, and slightly better than our expectations of 25.5%. Both the Dutch and Belgian governments indicated recently that they were considering a number of corporate tax reforms, including lower corporate tax rates. These changes were substantively enacted in Belgium in early 2018 which resulted in lower deferred tax liabilities at 31 March 2018 due to the reduced future rates and a tax credit of £6.8m which has been recorded as exceptional tax. The tax credit arising on the non-trading and exceptional items of £101.5m was £8.2m given a significant proportion of these are non-taxable.

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

The Group statutory loss after tax, including all discontinued and exceptional items, was £47.6m (2017: £61.4m).

Earnings per share (EPS)
Underlying EPS from continuing operations, excluding non-trading and exceptional items, increased by 30% to 4.8p per share (2017: 3.7p). Basic EPS from continuing operations was 6.0p loss per share compared to a loss of 11.3p per share in the prior year.

Dividend
The Board is recommending an unchanged final dividend of 2.1 pence per share. Subject to shareholder approval, the final dividend will be paid on 27 July 2018 to shareholders on the register at close of business on 29 June 2018. Total dividend cover, based on earnings before non-trading and exceptional items from continuing operations, is 1.6 times (2017: 1.2 times).

Discontinued operations
The profit from discontinued operations of £0.4m (2017: loss of £0.5m) relates to former UK solid waste activities and includes the profit on sale of a surplus asset.

CASH FLOW PERFORMANCE

A summary of the total cash flows in relation to core funding is shown in the table opposite. As reported last year, the prior period underlying free cash flow of £23.1m is principally on a pre-merger basis and as such is not comparable to the current period.

Free cash flow conversion in the current year benefited from a strong working capital performance across the divisions, enhanced by good collection activities together with the impact of the soil market offset issues at ATM which has increased the level of accruals for disposal costs. Replacement capital expenditure at £75.8m represents 88% of depreciation (2017: 85%), which is slightly lower than our original estimate of approximately 90% for this first post-merger year. Capital expenditure across all divisions has remained tightly controlled across the year and integration related expenditure has been lower than expected. The cash interest spend in the year was significantly higher than last year due to increased borrowings following the merger. In addition, some £1.0m of loan fees have been paid to secure the one year extension option for the main credit facility.

The growth capital expenditure of £3.1m is principally in Municipal and relates to operator enhancements which are classified as an intangible asset. The Canada Municipal funding reflects the construction spend on the Surrey facility. The prior year UK PFI funding spend

WE HAVE PUT IN PLACE A WIDE-RANGING THREE-YEAR PROGRAMME TO INTEGRATE THE TWO BUSINESSES AND THEN BUILD NEW AND IMPROVED CAPABILITY AT A LOWER COST

included the £17.5m subordinated debt funding into the Derby project.

For acquisitions and disposals, the cash outflow principally relates to the purchase of the adjacent land on the Moerdijk waterside from Martens van Oord in December 2017. The receipt in the prior period includes the monies received from the sale of 49.99% of the equity in the Wakefield SPV which was completed in August 2016 and other disposals net of the acquisition of the commercial waste activities of the City of Leiden.

Synergy and integration related expenditure includes £9.4m for initial synergy delivery costs including redundancy settlements and £8.5m for costs incurred in the merger and integration of the two businesses. Transaction related expenditure is significantly higher than the current year charge as a number of fees and costs were not paid by 31 March 2017 given that the merger only completed on 28 February 2017.

The other category includes the £3.0m funding for the closed UK defined benefit pension scheme along with expenditure of £10.6m relating to UK Municipal contractual issues and onerous contracts.

Following the merger, net cash generated from operating activities increased from £22.6m in the prior year to £121.7m in the year ended 31 March 2018. A reconciliation to the underlying cash flow performance as referred to above is included on page 183 of the financial statements.

MERGER RELATED ACCOUNTING

Transaction and integration costs
As noted last year, these transactions related costs will be reported as non-trading and

CASH FLOW

	Mar 18 £m	Mar 17 £m
EBITDA	156.9	81.1
Working capital movement and other	20.8	(5.0)
Net replacement capital expenditure	(75.8)	(38.2)
Interest and tax	(22.1)	(14.8)
Underlying free cash flow	**79.8**	**23.1**
Growth capital expenditure	(3.1)	(4.2)
UK PFI funding	(2.2)	(20.1)
Canada Municipal funding	(10.2)	(19.6)
Acquisitions and disposals	(6.5)	3.3
Dividends paid	(24.4)	(15.1)
Restructuring spend	(1.1)	(1.9)
Synergy and integration spend	(17.9)	(1.0)
Transaction related spend	(10.8)	(19.2)
Other	(13.8)	(16.8)
VGG acquisition – net cash	0.7	(277.9)
Equity raise (net of costs)	–	136.4
Net core cash flow	**(9.5)**	**(213.0)**
Free cash flow conversion	**113%**	**63%**

All numbers above include both continuing and discontinued operations. Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.
Net core cash flow above reconciles to the movement in net debt of £10.6m in note 5.1 after taking into account movements in PFI/PPP non-recourse net debt, capitalisation and amortisation of loan fees and foreign exchange.

exceptional as they are incurred and have been grouped into three segments:

- Transaction costs relating to the acquisition and related financing which were principally all incurred in 2017;
- Synergy delivery costs relating to the delivery of the €40m cost synergies including the costs of site closures, redundancies and other reorganisation costs; and
- Integration costs relating to the merger and integration of the two businesses including advisers' fees, transitional costs arising from merging the two organisations and certain IT and rebranding costs that cannot be capitalised.

The expected total transaction related costs to be incurred over the next two years remain unchanged at €50m for the cash cost of synergy delivery and €20m for other integration costs. For synergy delivery costs, some £4.5m (€5.3m) was incurred in 2016/17, £12.3m (€13.9m) in 2017/18 and we expect the split of future costs to be approximately €23m in 2018/19 and €8m in 2019/20. For integration costs, some £2.9m (€3.4m) was incurred in 2016/17, £7.5m (€8.5m) in 2017/18 and we expect approximately a further €7m in 2018/19 and €1m in 2019/20.

As previously reported, we expect to incur non-cash impairment costs arising from our site closure programme and £2.3m has been recognised to date. We will advise as to the further impact once we have finalised the list of sites that are expected to be impacted by the integration.

We have previously referred to the requirement for integration-related capital investment including investment in rebranding, truck replacements within the relatively older VGG fleet and an investment in new IT platforms for growth for the merged business. It has been determined that the majority of the rebranding spend, expected to be c€12m over the initial two-year period, is not capital in nature and will therefore be classified as integration costs. The truck replacement programme is currently underway and is likely to be financed via operating lease rather than outright purchase. The expected expenditure on IT capital investment over the coming two years is £20m.

Purchase price accounting (PPA)

As reported on in the 2017 Annual Report, the merger with VGG was accounted for in accordance with IFRS 3 (Revised) Business Combinations including a fair value review of all assets and liabilities acquired at 28 February 2017 with the exception of the real estate assets. The valuation of these real estate assets was concluded in the first half of the year and resulted in an increase in the carrying value of land and buildings of £31.5m with a corresponding decrease in intangible assets and goodwill. The provisional fair value as reported previously has now been finalised given the closure of the 12-month period from acquisition and all final adjustments have been accounted for at the date of acquisition and consequently the amounts reported at 31 March 2017 have been restated. The final goodwill on acquisition was £327.8m together with intangible assets of £34.6m.

INTEGRATING THE FINANCE FUNCTION TO DELIVER ENHANCED VALUE

Finance transformation programme

We have put in place a wide-ranging three-year programme to integrate the two businesses and then build new and improved capability at a lower cost. This programme is under the responsibility of a Finance Transformation Director who works with the finance function and in the divisions to ensure a seamless ongoing capability during the integration process.

Treasury programmes to increase liquidity and reduce cost

Following the completion of the merger, we have put in place numerous projects to increase the efficiency of our borrowing structures, improving liquidity and reducing borrowing costs. Examples include the roll out of a group-wide treasury management system, increased use of cash pooling, the merger of invoice discounting programmes on best terms and the addition of new and lower cost guarantee facilities. Savings equivalent to over €5m in financing costs over the next five years have been delivered.

Enhanced capabilities in Risk Management, Internal Control and Internal Audit

We have enhanced our investment in Risk Management, Internal Control and Internal Audit, reflecting the requirements of the enlarged Group. Our Risk, Control and Audit Manager now reports directly to the CFO and is recruiting additional staff. All core Group documents such as Accounting Policies Manual, Authorisation Document and Control Manual have been updated and implemented across the Group. In 2018/19 we will be revising our key control framework and automating its review mechanisms.

Reduced transaction costs through shared services

One of the material synergy opportunities from the merger was the reduction in the cost of transactional finance by reducing the number of shared service centres (SSC) in the Group. During 2017/18 we closed our SSC at Zaventem in Belgium, merging it with the larger SSC at Lommel in Belgium. During 2018/19 we expect to close our SSC in Amersfoort, the Netherlands, again transferring activities to Lommel.

INVESTMENT PROJECTS

Expenditure in 2018/19

The Group's ongoing expectations for replacement capital expenditure remain around 75-80% of depreciation. This underlying level may, from time to time, be supplemented with larger scale replacement projects. Given 2018/19 is another year of catch up with a few larger projects and the start of the investment in new IT platforms, the ratio is therefore expected to be around 100% this year. Over the next two to three years we expect to spend €15m to replace and upgrade major components of Hazardous Waste's soil treatment line and €2m for the digestate dryer at Roeselare. Growth capital expenditure will also increase next year with the planned c. £13m investment in the expansion at Maasvlakte and the £4m extension of the Ottawa site.

Group return on assets – pro forma basis

The Group return on operating assets (excluding debt, tax and goodwill) from continuing operations increased from 11.5% at 31 March 2017 to 15.9% at 31 March 2018. The Group post-tax return on capital employed was 5.6% compared with 4.2% at 31 March 2017.

TREASURY AND CASH MANAGEMENT

Core net debt and gearing ratios

Core net debt excludes the net debt relating to the UK PFI/PPP contracts which is non-recourse to the Group and is secured over the assets of the special purpose vehicles (SPVs). The net core cash outflow of £9.5m, along with an adverse exchange effect of £6.0m on the translation into Sterling of the Group's Euro and Canadian Dollar denominated debt and loan fee amortisation, has resulted in a core net debt increase to £438.7m. This was lower than expected due to the timing of synergy delivery and integration costs and lower capital spend in the last few months of the year. Net debt to EBITDA was 2.9x, comfortably within our covenant limit of 3.5x. We continue to expect net debt to rise as integration costs and capital expenditure are incurred over the following eighteen months with a peak at or around 3.0x in mid-2018/19.

Debt structure and strategy

Core borrowings, excluding PFI/PPP non-recourse borrowings, are all long term as set out in the table below.

At the time of the announcement of the proposed merger on 29 September 2016, the Group entered into a new five-year €600m multi-currency facility with a syndicate of banks, comprising both a term and revolving credit facility. During the period, €25m of the revolving credit facility was cancelled and the first one-year extension option was exercised such that the facility matures in five years on 29 September 2022. A further one-year extension option remained in place. At 31 March 2018, some £291.7m was drawn. The new facility has been hedged with a €125m interest rate cap and three cross currency swaps totalling £150m at fixed Euro interest rates of 2.2% and 1.7%. In addition, the Group has two retail bonds each of €100m, which have an annual coupon of 4.23% and 3.65% respectively. As at 31 March 2018, 93% of our core banking facility borrowings were fixed or hedged. At 31 March 2018, the Group had guarantees of £206.3m (2017: £216.4m).

On 22 May 2018 Renewi announced that it has signed a new amendment and extension to its main banking facility, converting it to a €550m Green Loan. Renewi is one of the first FTSE250 companies to refinance its entire bank borrowings using this green certification. The new facility is also one of the first to introduce sustainability improvement to the terms of the borrowing facility. Accordingly, Renewi will benefit from a lower margin payable on its borrowings in the event that it achieves each of five ambitious sustainability objectives.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2018, this debt amounted to £82.9m (31 March 2017: £87.1m).

DEBT STRUCTURE

	Drawn £m	Term
€100m Belgian retail bond	87.6	Jul 19
€100m Belgian Green retail bond	87.6	Jun 22
€575m Main credit facility	291.7	Sep 22
Total	**466.9**	
Finance leases and other	37.2	
Loan fees	(1.5)	
Cash	(63.9)	
Core net debt	**438.7**	

DIRECTORS' VALUATION OF UK PFI/PPP PORTFOLIO

The Directors provide a valuation of the financial investments in the SPVs used to fund the contracts and into which the Group has often invested in the form of subordinated debt and equity. The benefits of these financial assets are not easily assessed from the financial statements. As at 31 March 2018, the Directors believed that this valuation was unchanged at £45m.

RETIREMENT BENEFITS

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002. At 31 March 2018, the net retirement benefit deficit relating to the UK scheme was £11.9m compared with £15.5m at 31 March 2017. The decrease in the deficit was a result of the lower liabilities due to higher corporate bond yields partially offset by lower asset returns than expected. The most recent actuarial valuation of the scheme was carried out at 5 April 2015 and a funding plan of £3.1m per annum for a further four years has been agreed with the trustees. The next actuarial valuation is due at 5 April 2018. VGG also operates a number of defined benefit pension schemes for employees in the Netherlands and Belgium which had a net retirement benefit deficit of £5.9m (2017: £6.1m).

Toby Woolrych
Chief Financial Officer

MEASURING OUR PERFORMANCE – 2017/18

We have defined key performance metrics based on delivering our divisional strategies

Commercial

Trading margins
%

2018	6.3
2017	4.9

Return on operating assets
%

2018	20.6
2017	14.4

Hazardous Waste

Project hours at Industrial Cleaning
Hours M

2018	1.6
2017	1.7

ATM soil volumes processed
Tonnes M

2018	0.9
2017	1.2

Monostreams

Trading margins
%

2018	8.9
2017	7.7

Return on operating assets
%

2018	25.6
2017	19.4

Municipal

Canada tonnes waste processed
Tonnes '000

2018	159.2
2017	172.5

Operations gross EBIT margin
%

2018	(5.3)%
2017	(2.2)%

EXECUTIVE COMMITTEE

NEW TEAM, SAME PASSION

PETER DILNOT
Chief Executive Officer

TOBY WOOLRYCH
Chief Financial Officer

Peter and Toby's biographies can be found on page 81

FRANCIS SCHRÖDER
HR Director

Appointed: July 2017

Francis has extensive HR leadership experience from leading global organisations including FedEx International, TNT, TP Vision and Philips. She holds Masters degrees in Change Management from Vrije Universiteit and in Psychological and Social Science from the University of Amsterdam. She has significant integration experience from the merger between FedEx and TNT.

GEORGE SLADE
IT Director

Appointed: April 2015

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

PATRICK DEPREZ
Product Sales Director

Appointed: Dec 2012

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

BAUKJE DREIMULLER
General Counsel

Appointed: Sep 2017

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

OTTO DE BONT
Managing Director, Netherlands Commercial

Appointed: May 2017

Otto was appointed as Managing Director for Renewi's Netherlands Commercial Division, and as a member of the Executive Committee, in May 2017. Prior to his appointment at Renewi, Otto worked for a number of blue-chip companies including United Technologies and the Plastics and Security divisions of General Electric. Most recently, he spent six years at United Technologies in various managerial positions culminating in his role as President of the Fire & Security Field Continental Europe.

WIM GEENS
Managing Director, Belgium Commercial

Appointed: Nov 2012

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

JONNY KAPPEN
Managing Director, Hazardous Waste

Appointed: July 2012

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

BAS BLOM
Managing Director, Monostreams & Group Continuous Improvement Director

Appointed: Feb 2017

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

JAMES PRIESTLEY
Managing Director, Municipal

Appointed: Nov 2016

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

OPERATING REVIEW

CHANGE FOR GOOD

We are outperforming in dynamic markets with our scale, processing expertise and commercial effectiveness delivering growth at higher margins and returns

The Operating Review is presented with performance variances in local currency and the translation impact of currency movements excluded unless otherwise stated. For the purposes of understanding the underlying business performance, the review primarily compares current year underlying trading with pro forma unaudited prior period figures which include the results of Van Gansewinkel as if the latter had been owned throughout the prior year comparative period.

COMMERCIAL WASTE

The Commercial Waste Division provides a wide range of waste management solutions and represents around 64% of Renewi's revenues.

The commercial waste market covers the collection, sorting, treatment and recycling of waste materials from a range of sources. It also includes the ultimate disposal of waste streams that cannot be recycled or incinerated. Renewi is the market leader in the Benelux. We provide customers with cost-efficient waste management solutions and advise them on how to optimise source separation of waste which can then be converted into high-quality raw materials and energy.

Our market is divided into the following main segments based on the source of the waste: Construction and Demolition (C&D) – Netherlands only; Industrial and Commercial (I&C); Domestic and Hazardous – Belgium only. Renewi deploys part of its own sorting and recycling operations for, amongst others things, paper, cardboard, wood, plastics, metals and C&D waste. Renewi has partnerships with other recyclers to make sure that we can offer all of our customers the solutions that are best suited for their specific waste streams. Other specific recycling activities are clustered within the Monostreams Division.

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

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

Our Commercial Division operates over 80 sites in the Benelux. Our sites have a diverse profile in terms of the activities that take place on the site as well as the focus on specific sources of waste and customer segments, which affects its current financial performance and competitive strategy as outlined in the following sections.

MARKETS

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

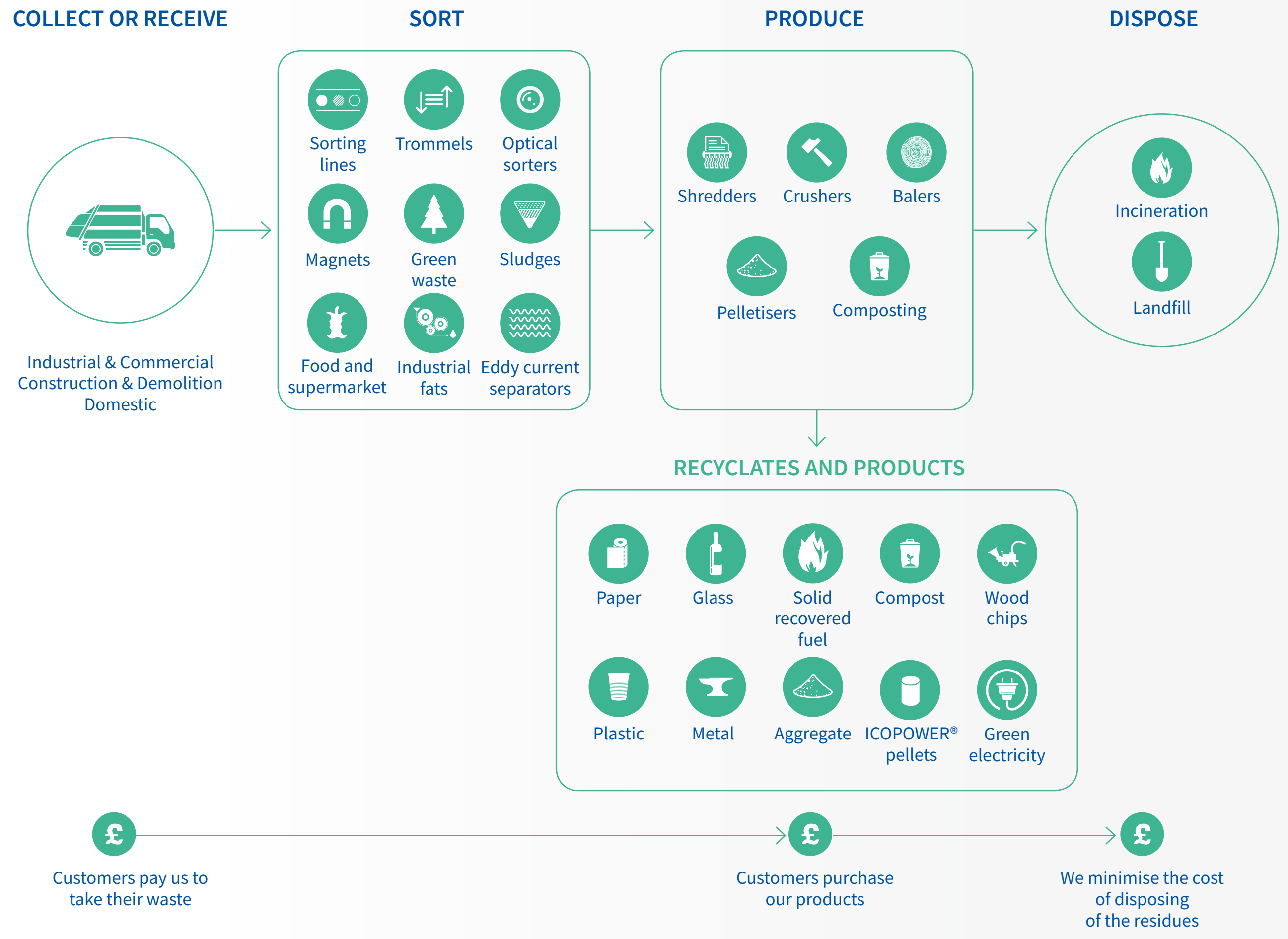
The I&C segment meets the needs of specific markets, sectors and businesses including production factories, offices, hospitals, retail, shops and restaurants. Waste streams are preferably separated at the source to retain quality, such as segregated paper or plastic, food waste or glass. However, within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

Due to the relatively high amount of residual waste this segment is vulnerable to price movements within the incineration market. In the past two years the market conditions in this segment have improved, with the incinerators full and prices beginning to rise. These higher prices for incineration also have a positive effect on recycling as separation of waste becomes more financially viable for our customers.

In August 2017 the Chinese government announced its National Sword legislation to block imports of recycled paper and plastic in the short term and to enforce stricter purity standards going forward. As a result, prices for

continued on p38

COMMERCIAL BUSINESS MODEL



RENEWI IS THE MARKET LEADER IN THE BENELUX AND PROVIDES CUSTOMERS WITH COST-EFFICIENT WASTE MANAGEMENT SOLUTIONS

CASE STUDY

Our Commercial Netherlands Division has delivered significant synergy savings by optimising waste flow logistics and sharing best practice on the treatment of C&D and bulky waste

BREAKING BARRIERS

Some of the waste recycled by our Commercial Netherlands Division is rockwool, a type of insulation made from stone used in horticulture

€2m

of synergy savings delivered from operational best practice sharing

Collaboration within our Commercial Netherlands team to improve processes at our main sorting lines helped to deliver up to €2m of synergy savings in this first year.

Individual sites saw significant performance improvements after increasing the implementation of continuous improvement (CI) tools. For example, daily 'communication moments' between the team at Hemweg in Amsterdam on the frequency, causes and solutions of unplanned downtime resulted in a decrease from 17% to 9%.

Introducing efficiency

The Commercial Netherlands Division collects, sorts and recycles a mix of construction and demolition (C&D) and bulky waste. Originally, each of its main sorting lines – in Drachten, Burgerbrug, Amsterdam, Wateringen, Nieuwegein, Rotterdam and Heerle – tended to handle only one type of waste. Now, spreading mixed waste streams across all installations has helped to increase the speed and quality of waste processing, helping to deliver the synergy savings.

This better mix of waste streams is just one of five CI programmes introduced across Commercial Netherlands' treatment facilities. The other initiatives include:

- Increasing efficiency in logistics by making use of the division's broader combined network of sites; this decreases the need to travel further between fewer sites, reducing transport costs and carbon emissions;
- Delivering waste directly to treatment facilities, rather than detouring via waste transfer stations;
- Optimising the utilisation of treatment facilities; and
- Sharing best practice by expanding CI on all sorting lines to reduce unplanned downtime and improve efficiency.

Making a difference

All divisions across Renewi were tasked with coming up with synergy savings as part of the integration process. "At Commercial Netherlands, we brought legacy Shanks and Van Gansewinkel employees together into six or seven work streams where we thought we could make a difference," says Bas Bax, General Area Manager. The work streams, which covered areas such as transport and collection, sorting and treatment, were led by joint sponsors from each of the legacy businesses. The joint sponsors facilitated visits to other sites so that employees could collaborate and share best practice on operating more efficiently.

"It's great to have such initiatives because people can see things happening," says Bas. "CI is a way of working and will lead to constant improvements. We've now created a baseline from where we will be able to build into the future by doing it better every day."

CASE STUDY:

PAINT IT BACK

Our team in Mol, Belgium is working to give new life to used paint – a fantastic example of 'Waste no more'.

Renewi has teamed up with multinational paint manufacturer AkzoNobel to produce FENIX, which is a 100% recycled white paint. The paint is suitable for painting basements, garages, living areas and classrooms. It will be on offer to our customers, employees and organisations with a social purpose, such as youth and sports associations.

Producing the paint is a multi-step process that starts with visually inspecting the paint. Contaminated products are removed and the paint considered suitable for recycling is mixed together, sifted and pulverised to produce a clean paint. Finally, we add chemicals to increase the life and durability of the paint.

FENIX will be certified to comply with the Belgian and European Union's REACH regulations, which are designed to protect people and the environment by encouraging the safe use of chemicals.

Collection in the community
We collect waste in the Benelux to process at our facilities

recycled paper and plastics have fallen sharply. Renewi is well-positioned due to our high quality products and dynamic pricing.

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

The C&D segment is core for Renewi in the Netherlands and arises from residential, commercial or infrastructure construction. The construction market in the Netherlands, which had hit a 63-year low in 2014, has continued to grow strongly for a third consecutive year, increasing by 5% during 2017 (compared with 7.1% and 8% in 2016 and 2015 respectively). The hazardous part in Belgium is highly comparable to the Hazardous Waste Division, on a smaller scale.

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

The Commercial Division also operates in a number of niche segments, many of which are complementary to the principal segments outlined above. These include the collection, separation and aggregation for treatment of small packed hazardous waste such as batteries, paint and out-of-date pharmaceuticals, the collection of organic waste streams from restaurants, a wood chip manufacturing segment and two landfills.

THE COMMERCIAL DIVISION PERFORMED STRONGLY IN 2017/18, DELIVERING A 36% INCREASE IN UNDERLYING EBIT

5%

Our core Dutch construction market grew strongly for a third consecutive year

36%

Increase in underlying EBIT

Over the year there have been improving end markets in our Commercial Divisions, with economic growth and construction market recovery. GDP grew 3.1% in the Netherlands and 1.7% in Belgium. Dutch incinerators remain effectively full, underpinning more stable pricing in the Dutch waste market and recyclate prices were generally positive compared to the prior year, particularly in metals and paper.

DIVISIONAL STRATEGY

The Commercial Division's strategy is to create the market leader in waste collection and treatment in Belgium and the Netherlands. Its combined national coverage, operational scale and advantaged technology positions it strongly. The division will deliver long term growth and attractive returns from the increasing demand for its wide range of recycling services. This will be reinforced through the delivery of synergies and the application of margin enhancing initiatives such as commercial effectiveness and continuous improvement.

FINANCIAL PERFORMANCE

The Commercial Division performed strongly in 2017/18, delivering a 36% increase in underlying EBIT to €73.3m on revenues up 5% to €1,158m. Margins increased by 140 basis points to 6.3% and the return on operating assets rose 620 basis points to 20.6%.

Revenues in the Netherlands grew by 7% to €736.9m and underlying EBIT by 67% to €44.0m. Margins improved by 220 basis points to 6.0%. Return on operating assets increased by 750 basis points to 18.0%, bringing the pre-tax return above the Group's WACC as the operational leverage and merger synergies sharply increased returns in our core activities. While total waste volumes were slightly down as a result of a one off high volume contract in the prior year, volumes in the core waste streams were positive, with 7% growth in commercial waste and 9% growth in construction waste. These growth rates were significantly above the market, demonstrating improvements in both market share and increasing volumes from other waste companies using Renewi as a secondary disposer. Average prices increased by approximately 6.5% compared with 2016/17.

The strong increase in operating margin was encouraging, particularly given the second half headwinds from falling recyclate prices and a change in accounting for vehicle maintenance costs. Recyclate income fell in the second half of the year as a result of the previously announced fall in the price of paper and plastics. This impacted second half earnings by around €3m. As planned, Renewi has ended the former VGG policy of capitalising maintenance costs on older vehicles, bringing around €3m of costs back into the income statement. Initial synergies were €4.8m, some 9% ahead of target.

Belgium revenues increased by 2% to €422.2m and underlying EBIT grew by 7% to €29.3m. Underlying volume growth was in line with the market at around 2%. The core collection and treatment business was steady, with headwinds in the second half from lower recyclate prices and increased maintenance costs. The largest impact in recyclate margins came in the wood segment where there was a reduction in net margin compared to the prior year of over €3m as a result of the sale of wood moving from an income to a net expense at the off-take side. The prices to clients had been increased in the prior year to mitigate

COMMERCIAL FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT			
	Mar 18	Mar 17	Variance		Mar 18	Mar 17	Variance	
Netherlands Commercial Waste	736.9	690.5	46.4	7%	44.0	26.4	17.6	67%
Belgium Commercial Waste	422.2	415.4	6.8	2%	29.3	27.5	1.8	7%
Intra-segment revenue	(0.9)	(2.5)	1.6		-	-	-	
Total €m (pro forma)	**1,158.2**	**1,103.4**	**54.8**	**5%**	**73.3**	**53.9**	**19.4**	**36%**
Total £m (pro forma at average rate)	**1,019.6**	**925.4**	**94.2**	**10%**	**64.6**	**45.2**	**19.4**	**43%**
Total £m (as reported)	**1,019.6**	**388.5**	**631.1**		**64.6**	**23.5**	**41.1**	

	UNDERLYING EBIT MARGIN		RETURN ON OPERATING ASSETS	
Netherlands Commercial Waste	6.0%	3.8%	18.0%	10.5%
Belgium Commercial Waste	6.9%	6.6%	27.4%	25.3%
Total (pro forma)	**6.3%**	**4.9%**	**20.6%**	**14.4%**

Pro forma results in the year to March 2017 are unaudited and include Van Gansewinkel (VGG) as if owned throughout the year rather than from legal completion on 28 February 2017.
The return on operating assets for Netherlands includes properties rented from the legacy VGG property company and for Belgium excludes all landfill related provisions

THE COMMERCIAL DIVISION PERFORMED VERY WELL, DELIVERING STRONG UNDERLYING GROWTH IN REVENUES AND PROFITS IN ITS FIRST YEAR OF INTEGRATION

this impact. Belgium has also faced some headwinds regarding outlet volumes including solid recovered fuel (SRF), as a consequence of which higher priced alternative outlets had to be used. Profitability of the Cetem landfill continued to decline as expected, with volumes reducing prior to its closure in 2019. Initial synergies of €4.4m were delivered, well above target.

OPERATIONAL REVIEW

The Commercial Division performed very well, delivering strong underlying growth in revenues and profits in its first year of integration.

As reported in the Chief Executive's Statement, inbound markets were positive in terms of both volume and price, but volatility in end markets for our products has required commercial agility and careful management. Paper and plastic prices fell sharply in the second half following the Chinese National Sword programme, and the sale of wood products moved from being an income to a net expense. While most of our volumes to incineration are secured at fixed prices, the Division had to secure additional capacity at higher prices to meet strong inbound waste volumes. Other forms of outbound residual wastes have also seen sharp increases in disposal cost, most notably sieve sands and organic wet fractions. The Belgian market has tightened, where OVAM, the regulator in Flanders, is seeking to enhance recycling rates through the management of domestic incineration capacity and export licences.

Economic recovery in the Benelux is also driving cost inflation beyond our waste residues. Wage increases covered by collective labour agreements in the Benelux have been around 3% in 2018 and there are certain categories where there is a growing labour shortage. Volume increases have also required us to contract in both rented trucks and additional temporary labour. The truck fleet acquired with VGG has also seen repair and maintenance costs increase following a planned change in accounting policy. Insurance costs have also risen substantially.

Renewi has a proven commercial effectiveness approach to enhance margins in these dynamic markets. We are committed to restoring margins as the economic cycle recovers and our commercial teams are increasingly focused on margin and not volume, supported

We have rebranded over 1,500 trucks since the launch of our Renewi brand

by data-driven analytical tools to manage customer and product profitability. Annual price increases in January have been successfully passed to customers. Longer term tenders and contract renewals are subject to scrutiny to ensure margins and/or volumes are improving, particularly with regard to certain previously under-priced VGG contracts. Where appropriate, source separated waste streams such as paper, wood, glass and plastics are dynamically priced, meaning that price is adjusted monthly according to an agreed index thereby, preserving Renewi's margin. Around 80% of the Division's paper and plastic volumes are covered by this mechanism.

During 2017/18, we implemented a new organisation and management structure for the Commercial Waste Division in both the Netherlands and Belgium. In the Netherlands, Otto de Bont was appointed Managing Director of Netherlands Commercial from May 2017 joining us from UTC and GE. We have created a new operating model based on four regions and two focused businesses (Domestic Collection and Specialties). In Belgium, Wim Geens has continued as Managing Director, following his appointment from VGG. We have organised the business into two regions, a hazardous business unit and a materials business unit. The Netherlands and Belgium Commercial organisations share a common new operating model which balances customer intimacy with the benefits of scale. It also brings together logistics and treatment facilities within a region to drive a combined margin. Both organisations retain an even mix of former Shanks and former VGG leaders, bringing together complementary skills and experience.

Across all the regions, local management identified quick win projects to enhance margins through internalisation of waste streams, optimising disposal costs, reducing logistic movements and better asset utilisation. During 2017/18, the Division achieved total synergies of €9.2m, with a run rate of around €14m as at 31 March 2018. Feasibility studies were also initiated to assess how best to manage the complex process of integrating two overlapping businesses with very different structures, processes and IT systems. The target operating model (TOM) for one way of working in each Division has been defined and progress made towards pilot migrations of initial sites in both countries in the first half of 2018/19. This is the most technically and operationally challenging part of the integration and, once successfully proven, a migration of the remainder of the Divisions to the common platforms will take place during the second half of this year and early 2019/20. This migration creates the basis for the larger savings anticipated from route optimisation and selected site closures as well as creating a common platform for future efficiency projects and continuous improvement.

Over €2m of synergy savings year on year were created when sharing knowledge and using continuous improvement (CI) tools to improve processes across our seven main sorting lines in the Netherlands Commercial Division. Rebalancing mixed waste streams across these lines has helped to improve the speed and quality of waste processing to generate the synergies.

Beyond the rebuilding at Icova and Wandre, funded by insurance receipts, capital investment in the Division remained tightly controlled at €53m, or 91% of depreciation. As disclosed at the time of the merger, the age of the truck fleet in the former VGG had increased beyond its optimum economic life as a result of capital constraints in the downturn and required reinvestment. After a detailed study of future requirements and the creation of a harmonised policy and specification for Renewi trucks, significant truck purchases will be made in 2018/19 and 2019/20, funded by operating leases, which will bring down the cost of maintenance and greatly improve the emissions profile and safety features of the fleet in operation. A €5m stone crusher will be installed in Wateringen in May 2018.

We continue to deploy resource to work on longer term innovation initiatives. In the Netherlands, we won the Heineken innovation challenge for return logistics and the recycling of a plastic beer keg with aluminium liner. The Renewi team's solution used current glass collection infrastructure combined with a solution for recycling of the beer keg and reuse of materials. In our Belgian business, we have collaborated with Reinhard Beck to develop and launch Renewi branded pet litter from waste wood and we have also worked with Akzo Nobel to launch Fenix, a brand of recovered and recycled paint. Multiple partnerships with others are being explored to assist customers with their sustainability goals and to create more valuable products from waste.

3%

REVENUES INCREASED 3% IN A CHALLENGING YEAR FOR HAZARDOUS WASTE

A total care solution: our Reym trucks pictured at our ATM facility unloading waste water

HAZARDOUS WASTE

The Hazardous Waste Division is made up of two businesses: Reym and ATM. It represents around 13% of Renewi's revenues.

Reym is a leading industrial cleaning company in the Netherlands, promoting a Total Care solution (cleaning, transport and waste management) for heavy industry, petrochemical sites, oil and gas production (both on and offshore) and the food industry. In the past year the Hazardous Waste Division successfully integrated the legacy Van Gansewinkel Industrial Services (VGIS) business into the Reym organisation and CFS into ATM.

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

Reym's highly-experienced and trained cleaning teams use specialist equipment to deliver a reliable, cost-effective and above all safe cleaning process in a market where the cost of safety and quality is of paramount importance. ATM is a leader in water and soil treatment because of: the cost advantages provided by its fully integrated plant processes; its waterside location for the cleaning of ships; and its excellent record of compliance with the many environmental controls and permits required in the hazardous waste market. As you can read on page 46, ATM has been impacted during the year by specific discussions with the regulator on the soil cleaning process.

MARKETS

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

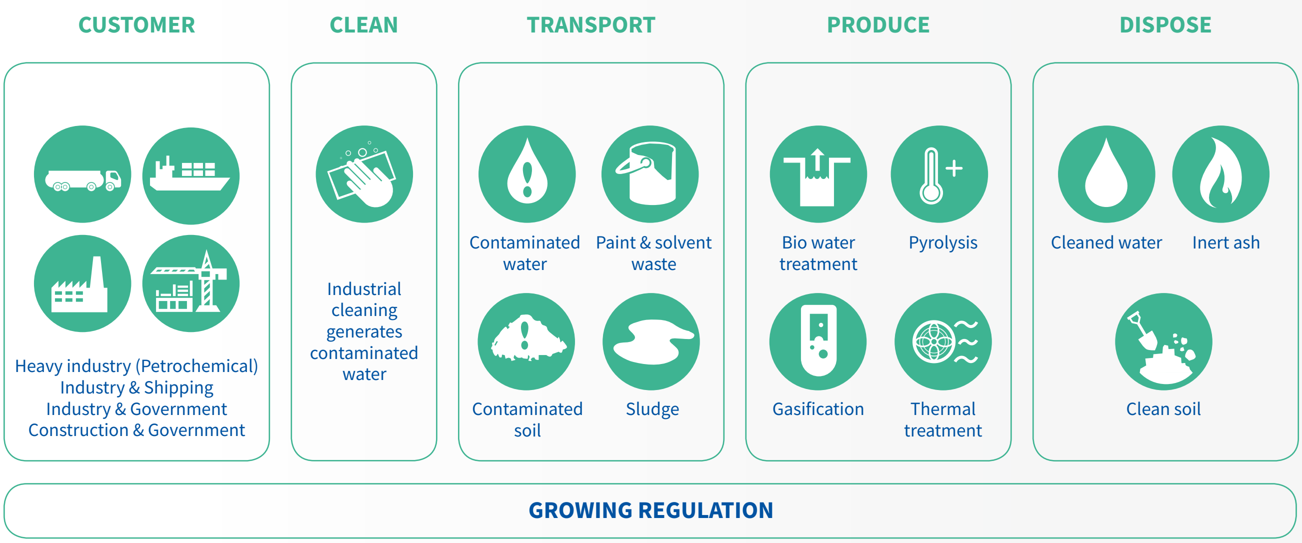
The core oil and gas market, which represents up to half of the Division's revenues, remained mixed. Oil prices have steadily increased to c. $65 per barrel in the period and onshore gas production has continued to fall because of regulatory restrictions. As expected, maintenance and cleaning activity at refineries has recovered despite the flat backdrop and Reym has been fully deployed over the summer, albeit with challenging project margins. Improved performance at the new Theemsweg site has offset weakness in the north where the onshore gas production has reduced. The Total Care site in Rotterdam, provides a perfect base for our established customer base in this important industrial area.

Water intake and treatment at the ATM plant has been stable compared to last year. Inbound volumes by truck and industrial sludge volumes remained weak but ship volumes were significantly stronger, supported by a large offshore project. The pyro facility also delivered an increased performance, overcoming operational restrictions as the new and enlarged inbound warehouse is constructed around the existing activities.

Soil intake was also strong, particularly during the first half. However, as previously reported, IL&T, an environmental agency in the Netherlands, carried out a review of our

continued on p46

HAZARDOUS WASTE BUSINESS MODEL



CASE STUDY

TOWARDS A CLEANER FUTURE

Integrating Reym and VGIS has created a full industrial cleaning and waste service, which is poised to achieve natural growth

The integration of Reym and Van Gansewinkel Industrial Services (VGIS) within Renewi has bolstered our leading position in the hazardous waste market.

The combination of the two legacy industrial cleaning companies, combined with our flagship ATM facility, offers a Total Care solution (cleaning, transport and waste management) for heavy industry, petrochemical sites, oil and gas production and the food industry.

Before joining together as Renewi, Reym and VGIS covered two different market segments, although they had a number of customers in common. Reym covered refinery, chemical plants, the food industry and on- and offshore drilling locations, while VGIS worked in waste to energy facilities as well as chemical sites. The integration of these two companies means that we are now able to serve the entire market. Geographically, the division serves the whole of the Netherlands and parts of Germany from its five sites around the country.

The integration of VGIS and Reym centred on three main areas.

- Four of VGIS's rented sites, which were located close to those already owned by Reym, have been closed, while Reym's Andelst operation has moved into the former VGIS site in Duiven.
- We integrated the two companies' technology, with taskforces on logistics, systems, purchase and invoicing working to ensure that both companies worked on the same version of one new system.
- The operations departments of the two companies worked together on a series of 'Just Do It' actions: simple ideas that delivered significant cost savings.

"A key challenge of the merger has been integrating the two companies on a cultural level," notes Fred Muller, Director of Projects, Hazardous Waste. "During the technical part of integration, we had good communication on different levels and good co-operation with the common directors, enabling us to implement changes directly," he says. "The aftercare and guiding people is essential to create one company with one culture. We are using the iRenew network approach to bring our people with us on the change journey."

The new integrated company, which will operate under the name of Reym, delivers real value through efficiency of people, fleet, sites and materials, putting the customer front and centre and offering a full cleaning and waste service. Financially, the division is already operating ahead of its synergy target.

"Through joining forces, we can offer our customers a Total Care service and be the best and most effective partner for them," Fred says. "Going forward, our strategy is to continue doing what we do best, while broadening our business by differentiation to achieve natural growth in a very challenging market."

THROUGH JOINING FORCES, WE CAN OFFER OUR CUSTOMERS A TOTAL CARE SERVICE AND BE THE BEST AND MOST EFFECTIVE PARTNER FOR THEM

Reym trucks pull in at Renewi's ATM facility in Moerdijk in the Netherlands. Both brands are part of our Hazardous Waste Division, which holds a leading position in the industrial cleaning market

TECHNOLOGIES

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

PRODUCTS

Cleaned water
Clean soil
Inert ash

soil treatment process and output which has negatively affected our off-set of treated soil into a market that has been increasingly challenging. Accordingly, we voluntarily reduced soil treatment volumes from the middle of August.

DIVISIONAL STRATEGY

The Hazardous Waste Division's strategy is to grow by increasing capacity to treat additional volumes while retaining attractive returns. The Division will also increase the range of products that can be treated through its assets and consider geographic expansion where Renewi can sustain competitive advantage.

FINANCIAL PERFORMANCE

Hazardous Waste had a challenging year as a result of previously reported difficulties in placing its treated soil from the ATM business. Revenues increased by 3% to €231.0m while underlying EBIT decreased by 20% to €19.9m. Margins reduced to 8.6% and the return on assets reduced by 190 basis points to 24.1%. Underlying performance excluding the soil treatment process was stable.

The Reym business combined with Van Gansewinkel Industrial Services (VGIS) to become the largest industrial cleaning and services company in the Netherlands. Reym/VGIS saw revenues increase by 3% to €132m with margins increasing by 30 basis points. Synergies of €1m were delivered in the year, well ahead of target. Underlying activity continued to recover slightly in the core oil and gas market but pressure on productivity and margins continues.

Overall revenues at ATM grew by 3.4% to €107m. Throughput of water and packed chemical waste was broadly flat compared to the prior year, while throughput of soil was reduced to 50% of capacity or below during the second half. The business benefited from a large one-off water contract during the year, only a portion of which was processed at ATM. As part of the integration, the CFS waste water treatment facility from former VGG has also been transferred to Hazardous Waste.

OPERATIONAL REVIEW

ATM, our hazardous waste treatment site, has an advantaged location, deep technical expertise and a favourable cost position with regard to its soil and water treatment processes. Given its defensible nature and attractive returns, the business has therefore been the focus of investment to increase capacity and capability.

Performance in 2017/18 was affected by the previously reported short term challenges in the offset of treated soil. Historically, ATM had disposed of treated soil for a small consideration to a neighbouring company, Martens en van Oord (MvO), which placed

The Reym/VGIS industrial cleaning business performed well during 2017/18

HAZARDOUS WASTE FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT			
	Mar 18	Mar 17	Variance		Mar 18	Mar 17	Variance	
Total €m (pro forma)	**231.0**	**224.3**	**6.7**	**3%**	**19.9**	**24.8**	**(4.9)**	**-20%**
Total £m (pro forma at average rate)	**203.2**	**187.9**	**15.3**	**8%**	**17.4**	**20.7**	**(3.3)**	**-16%**
Total £m (as reported)	**203.2**	**163.0**	**40.2**		**17.4**	**19.7**	**(2.3)**	

	UNDERLYING EBIT MARGIN		RETURN ON OPERATING ASSETS	
Total (pro forma)	**8.6%**	**11.1%**	**24.1%**	**26.0%**

Pro forma results in the year to March 2017 are unaudited and include Van Gansewinkel as if owned throughout the year rather than from legal completion on 28 February 2017.

the treated soil into the market. End uses for treated soil include landscaping, industrial and infrastructure developments. Disposal costs for treated soil have been rising for some time, leading to an increasing stockpile of soil at MvO. ATM was identifying and in the process of directly contracting with additional new outlets when it was the subject of a review by IL&T, an independent Dutch regulator. IL&T publicly alleged there were flaws in ATM's treatment process. ATM has strongly refuted the allegations and has entered into a resolution process with IL&T. Concerns about the treated soil has delayed progress with securing new outlet opportunities. As previously reported, ATM reduced throughput of soil to below 50% of capacity for the second half of the year with an impact on second half profitability of around €6m. Management is confident that all treated soil is in full compliance with applicable permits and we continue to take steps to improve further the soil quality. An encouraging pipeline of potential customers for the treated soil continues to be developed and we remain confident that sufficient new outlets will be opened during 2018/19 to resume full production by October 2018. The final resolution of the discussions with IL&T could extend for a further 12-18 months.

ATM has a development programme in place to process the treated soil further into secondary materials for the construction industry. In order to create the space for these additional process steps, we were pleased to acquire 70,000m^2 of adjacent land on the Moerdijk waterside from MvO in December for a gross consideration of €12.7m, payable as €7.2m in cash and through reacquiring around 1 million tonnes of treated soil. The acquired land not only provides the capacity to expand our soil process, but also provides a deep water quay for ship cleaning and for the logistics movements of soil, water and sludges, as well as additional warehousing and land for other future capacity expansion plans.

As a result of the soil offset issues, the Group incurred an exceptional charge of €3.0m relating to the logistics and storage off-site of around 200,000 tonnes of soil and an obligation to assist with the disposal of a further 300,000 tonnes of soil not purchased from MvO.

The other core waste treatment processes for the Division performed well. Waste water intake was over 650,000 tonnes, with a further 95,000 tonnes of sludges. In addition, we benefited from a large one-off water treatment contract relating to the opening of a new offshore well. Treatment of packed chemical waste through the pyro plant was up 4% on last year and average prices remained strong. The CFS water treatment facility in the southern Netherlands did well, increasing profits by 7%.

During the year, we continued our long term investment programme to enhance the capacity and capabilities of ATM. As previously reported, we will install a new burner for the TRI in 2018 and will then replace the LUVO emissions cleaning unit in 2019. The new €7m warehouse for inbound packed chemical waste, built to address the latest fire standards, will be completed in the first half of 2018/19.

The industrial cleaning market for our Reym/VGIS business improved slightly compared to the previous two years, in particular with regard to major customer shutdowns. Good growth in the competitive Rotterdam region was partially offset by the ongoing long term decline in onshore gas production in the north. Profitability and productivity continued to be challenged by the short notice being given by customers in both scheduling and postponing major projects.

An important initiative for Reym has been the integration of the €26m revenue VGIS business into the much larger Reym operation. The initial focus has been on consolidating the overlapping footprint. By March 2018, we had closed three sites, with one more to be transferred to Reym in 2018/19 after some investment to expand the Amsterdam facility. We secured Works Council approval for the operational integration of the VGIS employees onto the Reym planning systems from April 2018.

MONOSTREAMS

The Monostreams Division comprises four businesses: Coolrec, Mineralz, Orgaworld and Maltha. It represents around 11% of Renewi's revenues.

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

Coolrec is a recycler of electrical and electronic appliances, producing recycled plastics and both ferrous and non-ferrous metals. It has eight sites across Belgium, Netherlands, Germany and France with the majority of customers on long-term supplier contracts. Coolrec has innovative partnerships with industry partners such as Philips and Miele to keep used products in the same chain. As Coolrec is operating in a market with price volatility for the materials they produce (both for plastics and metals) we have implemented dynamic pricing.

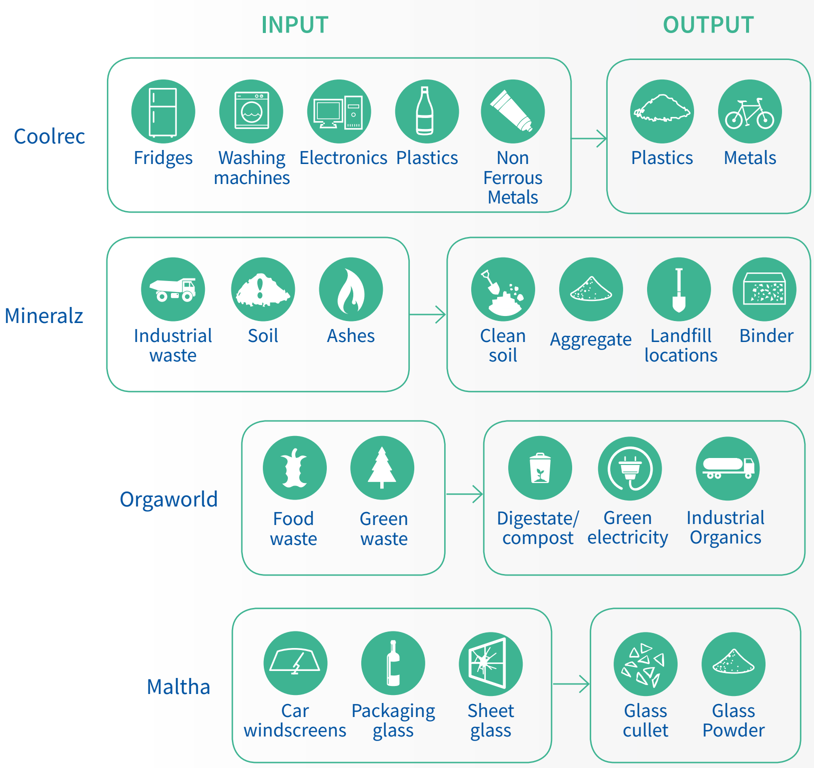
The Mineralz business produces building materials from bottom ashes (the ashes remaining after the incineration of waste), extracting both minerals and metals as part of the process. The company has grown further in this segment over the past year and has become an important partner for incinerators who need to comply with the Dutch Green Deal. The Deal states that 50% of the bottom ashes had to be recycled in 2017 and this increases to 100% by 2020. Mineralz has partnerships with producers of building materials to turn cleaned materials into products like concrete tiles. Mineralz continues to operate unique landfill services to manage specialist waste streams such as fly ashes and NORM waste at the Maasvlakte landfill site in Rotterdam.

Orgaworld is an innovative leader in organic waste treatment and is a producer of green electricity and soil enhancing materials. It has five facilities in the Netherlands, primarily based on composting and anaerobic digestion and waste water treatment technology. In the Amsterdam area, Orgaworld produces green energy for 15,000 homes.

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

continued on p52

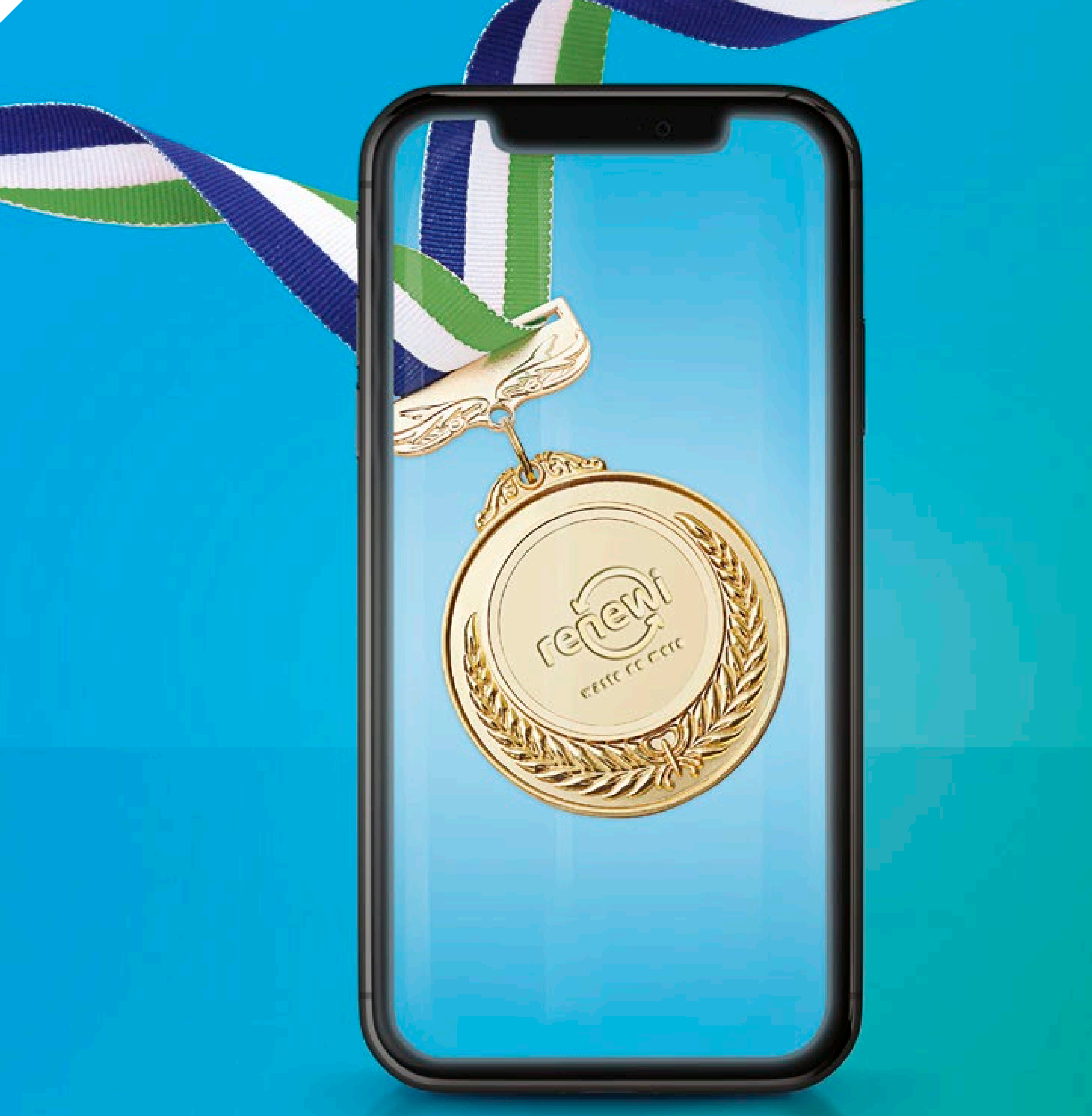
MONOSTREAMS BUSINESS MODEL



THESE BUSINESSES PRODUCE MATERIALS INTO SPECIFIC MARKETS FROM WASTE STREAMS SUCH AS GLASS BOTTLEBANKS, DISCARDED ELECTRICAL AND ELECTRONIC EQUIPMENT, SOURCE SEPARATED ORGANICS AND INCINERATORS' BOTTOM ASHES

100%

OF BOTTOM ASHES TO BE RECYCLED BY 2020 ACCORDING TO LEGISLATION



CASE STUDY

WINNERS IN WASTE

Our relationships with external stakeholders are an important part of our success in turning waste into new products

The businesses in Renewi's Monostreams Division are dedicated not only to turning waste into new, usable products, but also to building strong relationships with our partners and the communities in which we work.

Last autumn, our Coolrec subsidiary began a project with telecommunications company KPN and the KNSB (the Royal Dutch Skaters Association), to recycle the precious metals from old mobile phones and turn them into gold, silver and bronze medals. These were awarded at the NK All-round & Sprint Championships in January 2018.

Arjen Wittekoek, Director of Coolrec, explains: "All the medals are made of a base of copper and zinc, with the gold and silver ones electroplated with precious metal. There's a lot of metal in mobile phones and the supply of gold and silver was no problem, but we struggled to get enough zinc."

Sourcing the medal ribbons from ethical, sustainable recycled fabric was a challenge, until Arjen and his team thought of the idea to recycle old Coolrec flags.

"What began as a marketing and publicity initiative turned into an opportunity to develop relationships," Arjen says. "We are a recycling company and we had never designed medals before! But the pilot was a great success and we hope to repeat it next year."

Turning food waste into bioplastic

At Renewi's specialist organic waste subsidiary, Orgaworld, a pilot is under way to turn household waste into bioplastics. The project is taking place in partnership with Delft University of Technology and the chemical engineering firm Paques.

"The project has huge potential," says Klaas van den Berg, Managing Director of Orgaworld. "Our ambition is to convince every household to use a separate bin for food waste, and for that waste to be recycled into bioplastics for bags to be used in the future. It's truly circular: you make a product from waste that then allows more waste to be recycled."

People in the community who use Orgaworld's products are already a vital element in the partnership, Klaas says. "Every year, we invite people who live in the area of our installation to come and help themselves to compost for their gardens. That's our way of giving back to our public the product that we make from their waste. They can also buy the green energy we produce. The bioplastics project is a new dimension of the process of using waste to give back to society."

Sustainable paving tiles

A partnership between Renewi's Mineralz business, the municipality of Duiven in the Eastern Netherlands and concrete producer De Hamer has resulted in a sustainable paving tile created from what Paul Dijkman, Director of Mineralz, describes as "the rest of the rest".

"Around the world, the residue of the incineration process ends up in landfill," he says. "It's occasionally used to surface roads, but it's generally regarded as a dirty material. Under the recycling Green Deal agreement with the Netherlands government, we set a goal of upcycling this 'bottom ash': bringing it higher up in the circular economy, not as a dirty construction material but as a clean one."

The ash is delivered to the Mineralz facility, where any valuable metals are extracted. The remaining 'mineral fraction' is washed and used to make FORZ® granules, a substitute for sand and gravel in concrete products that is itself recyclable.

"Bottom ash did not have a good reputation," Paul says. "But our partners were willing to listen to our ideas and try new things. Now we have a product that is clean, safe and has long-term sustainability."

WHAT IS THE GREEN DEAL?

- Incineration Bottom Ash (IBA) is a residual product of waste incineration
- The Green Deal aims to create new technologies to recycle IBA into an unrestricted construction material, for example as an alternative to sand or as aggregate in construction materials such as concrete
- Before 2017 IBA was only used as a secondary construction material in situations where there was no risk of the material leaching into the soil or groundwater
- The Green Deal required 50% of all bottom ashes to be reprocessed last year and this will increase to 100% in 2020

22%

of the input into incineration becomes "bottom ash"

The FORZ® paving slabs were developed by a partnership between Renewi's Mineralz business, the municipality of Duiven in the Eastern Netherlands and concrete producer De Hamer

MARKETS

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

Input volumes have been relatively stable over the past years, though the mix is changing rapidly, for example old televisions are fading out and more and more smart devices are appearing. The business can benefit from changes in environmental legislation and incentive schemes to drive additional recycling, and also from technology changes which will lead to higher quality output (secondary) raw materials. The business is exposed to the value of the materials that it recovers, particularly non-ferrous metals and plastics, many of which have been at low price levels during 2017.

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

At Orgaworld, inbound volumes from municipalities are relatively mature and are secured on long-term contracts, many of which have been renewed over the past year. Growth is being driven by operational excellence and increased treatment of sludges, which has helped to drive improved profitability at our composting sites. With a smart commercial approach and higher uptime of Amsterdam's anaerobic digestion facility, Orgaworld has been able to improve its profit margin.

Our Maltha glass recycling business sources waste flat and container glass across Europe. Supply has been stable, although pricing has been under pressure. The cullet and powders produced are sold to leading glass manufacturers, including our partner Owens-Illinois, where demand is currently relatively strong for high purity products.

TECHNOLOGIES

- Anaerobic digestion
- Specialist landfill
- Composting
- Glass recycling
- Electrical and electronic equipment

PRODUCTS

- Plastics
- Metals
- Clean soil
- Aggregate
- Binder
- Digestate/compost
- Green electricity
- Industrial Organics
- Glass cullet

MONOSTREAMS FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT			
	Mar 18	Mar 17	Variance		Mar 18	Mar 17	Variance	
Total €m (pro forma)	204.4	190.4	14.0	7%	18.2	14.7	3.5	24%
Total £m (pro forma at average rate)	180.0	159.6	20.4	13%	16.0	12.3	3.7	30%
Total £m (as reported)	180.0	30.8	149.2		16.0	3.6	12.4	

	UNDERLYING EBIT MARGIN		RETURN ON OPERATING ASSETS	
Total (pro forma)	8.9%	7.7%	25.6%	19.4%

Pro forma results in the year to March 2017 are unaudited and include Van Gansewinkel as if owned throughout the year rather than from legal completion on 28 February 2017.
The return on operating assets excludes all landfill related provisions.

DIVISIONAL STRATEGY

Monostreams is a newly formed division that incorporates Maltha, Coolrec and Mineralz from VGG with Orgaworld from Shanks. All four businesses focus on producing high quality product from specific source segregated input streams and the Division has the highest recycling rate in the Group at 96% of processed volumes. The divisional strategy is to deliver profitable growth from the existing businesses and operational footprint and in the longer term to grow profits through a larger product portfolio of secondary materials into the growing circular economy.

FINANCIAL PERFORMANCE

Monostreams delivered a strong performance in 2017/18, growing revenues by 7% to €204.4m and underlying EBIT by 24% to €18.2m. Margins improved by 120 basis points to 8.9% and return on operating assets by 620 basis points to 25.6%.

Revenue and profit growth were driven by strong performances in the Mineralz and Maltha businesses. Orgaworld delivered profit growth on broadly flat revenues, offsetting the impact of a digester tank leak during the summer of 2018 that materially disrupted production for three months. Coolrec saw profitability decline on flat revenues, with particular challenges in the profitability of the processing of TVs (tubes) and small domestic appliances and the flotation line in Belgium.

OPERATIONAL REVIEW

The Mineralz business had a good year. Underlying volumes to its three landfill sites were strong, in particular the Braine site in Belgium. Volumes of bottom ashes processed into building materials increased by over 200% and strategic discussions are being held with a number of Dutch incinerators to expand this important sustainable initiative. Constructive negotiations have also continued with the Port of Rotterdam and with associated regulatory bodies regarding a long term extension to the Maasvlakte landfill in the Europoort, which offers unique safe immobilisation and storage in the Netherlands for waste streams such as fly ashes and low level NORM waste.

Maltha, our glass recycling business, is 33% owned by Owens-Illinois a leading global glass producer. The business delivered a strong recovery in 2017/18 from production lows. Maltha secured important additional inbound glass streams in the UK and Scandinavia and also arranged a long term customer extension with a major cullet customer in Portugal. We have invested in a new glass powder processing line at Dintelmond, with a number of interested customers, and an extension to capacity at Portugal that will increase the volume of year round production. An ongoing project to reduce dust generation at Dintelmond will result in further investment of around €0.9m in 2018/19 to reduce dust levels by at least 60%. On the back of this strong operational performance, we were very pleased to renew our long term shareholder agreement with our partner Owens-Illinois in December 2017.

Orgaworld delivered ongoing growth in volumes treated, in addition to growth in inbound green waste. During the year, Orgaworld extended two major Source Segregated Organics (SSO) contracts as well as its ongoing partnership with a major supermarket chain for the treatment of out of date food waste. An unexpected leak in a digester tank at the Amsterdam anaerobic digestion (AD) facility caused the loss of electricity production as we repaired the broken digester tank and performed preventative maintenance elsewhere in the installation. In February 2018, we announced that Orgaworld had started the second phase of a project with Delft University and Pacques looking into the production of bioplastics (PHA) from organic waste.

Coolrec had a mixed year, with flat revenues and lower margins. Intake of fridges was particularly strong, but other input lines, including small domestic appliances and TVs (tubes), saw a decline in volumes and consequently in margins. Margin pressure on the Belgian flotation line due to the increasingly competitive market for inbound material also caused reduced profits. Customer contracts for sustainable long term solutions continued to gain traction. Coolrec is working with many leading appliance manufacturers to produce new appliances out of an increasing percentage of recycled metals and plastics.

ALL FOUR MONOSTREAMS BUSINESSES FOCUS ON PRODUCING HIGH QUALITY PRODUCT FROM SPECIFIC SOURCE SEGREGATED INPUT STREAMS

MUNICIPAL

The Municipal Division operates waste treatment facilities for UK and Canadian city and county councils under long-term contracts, typically 25 years. Such contracts are established primarily to divert waste away from landfill in a cost-effective and sustainable way. It represents around 12% of Renewi's revenues.

In the UK, the capital cost of the infrastructure we operate is financed with non-recourse bank debt and in the case of PFI contracts, is also supported by central government funding. Both PFI and PPP contracts are underpinned by guaranteed revenues and tonnages from the associated council. The business model is shown in the graphic below.

In a typical PFI or PPP contract, a special purpose vehicle (SPV) is created to finance the construction of the treatment assets and a club of banks provides the funding. During the only remaining build phase in Derby, Renewi has not been the construction contractor. On completion and commissioning of the assets, Renewi has historically injected up to 20% of the invested capital of the SPV in the form of subordinated debt, which then earns a return of around 12% pre-tax.

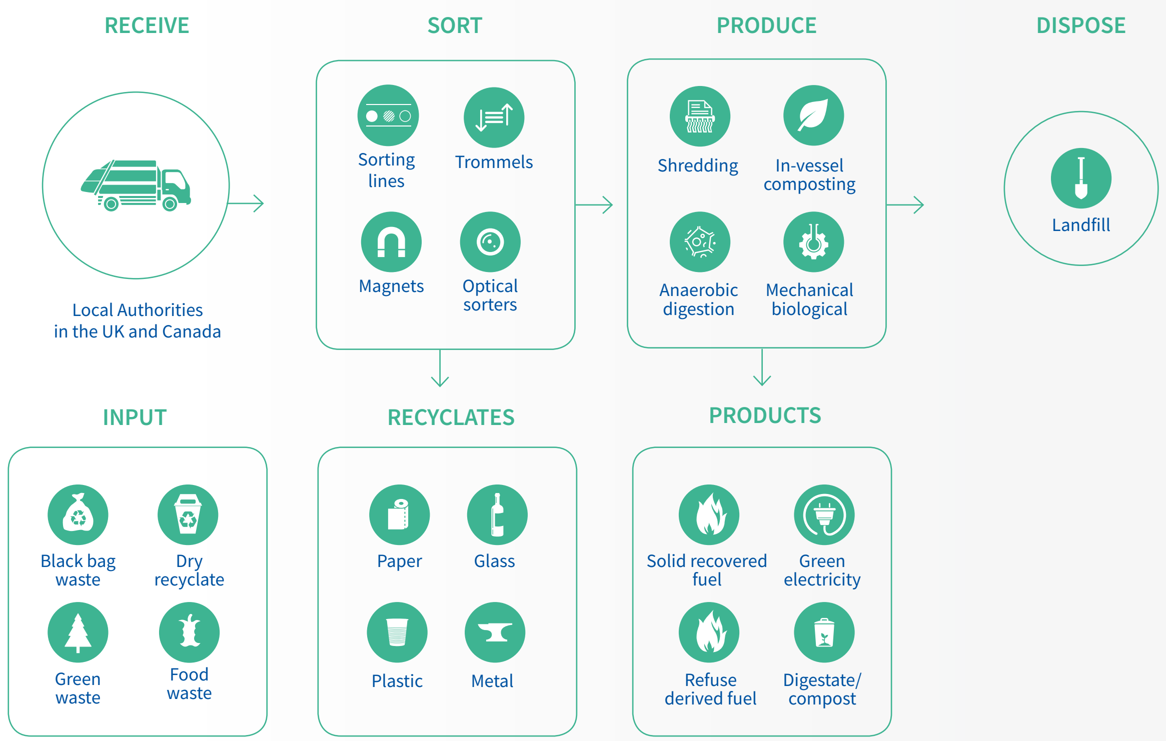
Once operational, there are two potential income streams from the PFI or PPP contract. The first is the income for treatment of the waste under the operating contract, which is signed with the Municipal Division as the supplier. The operating contract provides guaranteed volumes under agreed terms, typically with some form of price indexation. However, the contracts are not always linked to the variable cost of the disposal of processed off-take and changes in this market have resulted in severe margin pressure as described on the following pages.

The second income stream is the interest from the subordinated debt and ultimately a dividend stream from the SPV.

The Municipal Division has historically sold the majority of its interest in its SPVs, following

BOTH PFI AND PPP CONTRACTS ARE UNDERPINNED BY GUARANTEED REVENUES AND TONNAGES FROM THE ASSOCIATED COUNCIL

MUNICIPAL BUSINESS MODEL



commissioning, to a third party; so this is currently a minor part of our income. However, we maintain an open stance on our ownership of SPV stakes.

In Canada, the facilities are generally funded from our own balance sheet, supported by long-term contracts. In some cases, the customer may provide some funding support.

MARKETS

The Municipal Division has continued to be impacted by a range of challenges during 2017/18, offsetting the effect of improvement initiatives.

Incinerator gate fees continued to rise and whilst this is positive for our Commercial Division, as it broadly supports pricing recovery for Benelux recyclers, it is inherently a negative for the Municipal Division. This has been largely mitigated by our strategy of locking in the vast majority of our recovered fuel to long term contracts at fixed rates.

The bidding and building process for major waste treatment PFI/PPP opportunities in the UK is largely complete, with only our Derby project now in the final stages of commissioning.

The Canadian market is still in a growth phase, with many municipalities yet to invest in the infrastructure required to divert waste, especially organic waste, from landfill. Renewi has a good overview of the pipeline of potential opportunities in Canada and into parts of the US. We are currently completing the final stages of commissioning of our flagship organic processing plant in Surrey (Vancouver). This facility will convert food waste into bio-fuel to power the city's fleet of waste collection vehicles.

The Municipal Division, having secured its input waste under long-term contracts, then competes in a number of downstream markets, in particular with regard to the provision of SRF to cement manufacturers and RDF to energy from waste companies. A large proportion of these disposal routes is now secured under long-term agreements and progress was made in the year with new contracts signed with AEB and Ferrybridge.

The Municipal Division also operates a commercial Anaerobic Digestion (AD) facility under a joint venture partnership. The Cumbernauld facility has benefited from the Zero Waste Scotland initiative with a good supply of source segregated organic waste in the Edinburgh/Glasgow area.

DIVISIONAL STRATEGY

The Municipal Division's strategy is to deliver a recovery plan that will stabilise and de-risk the business. This will involve reducing losses resulting from adverse market dynamics, and ensuring the successful completion and commissioning to full operational capability of its new assets both under construction or recently commissioned.

FINANCIAL PERFORMANCE

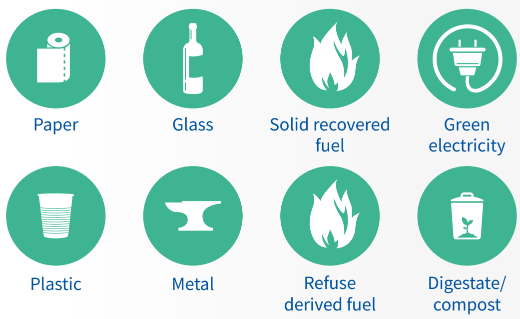
Municipal revenues fell by 7% at constant currency to £192.3m and the business reported an underlying trading loss of £9.2m at constant currency (2017: loss of £2.6m). Canada performed particularly poorly, reporting a loss of £3.4m, as a result of operational challenges in its London facility and contractor delays with construction at the Surrey facility. Good progress has been made to resolve these issues and Canada is expected to return to profit in 2018/19. The UK PFI facilities made increased underlying losses of £1.6m reflecting underperformance of the Wakefield facility, including the reduction in Feed in Tariff (FIT) subsidy, losses at the Westcott Park facility and ongoing challenges in the export of RDF from ELWA.

The UK business reported revenues up 1% to £176.4m and made a trading loss of £5.8m (2017: loss of £4.2m). The key drivers of the ongoing losses, as previously reported, were margin pressure in the recovered fuels market, recyclate price falls in the fourth quarter, the sensitivity of the legacy business model to market shifts, and specific operational optimisation issues. The biggest risk remains the paper and plastic recyclate market and

continued on p58

TECHNOLOGIES

PRODUCTS



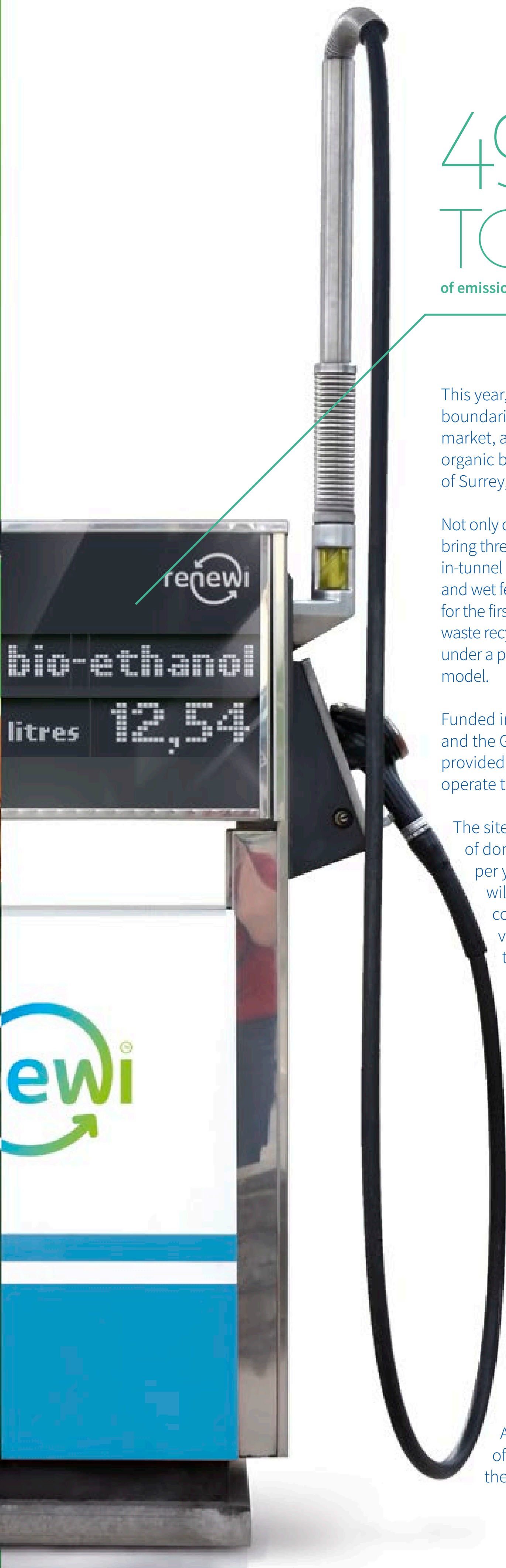
CASE STUDY

Our new organic biofuels processing facility in Surrey, Canada is innovative in process, financing and helping customers manage their carbon footprint

FUEL OF BEANS

115,000 TONNES

The amount of domestic and commercial organic waste the site can convert to biomethane gas every year



49,000 TONNES

of emissions will be avoided – the same as taking 10,000 cars off the roads

This year, our Municipal Division pushed the boundaries of innovation in the Canadian market, achieving multiple 'firsts' at our organic biofuels processing facility in the City of Surrey, part of the Metro Vancouver area.

Not only does the 60m Canadian Dollars site bring three processing technologies – standard in-tunnel composting, dry anaerobic digestion and wet fermentation – together under one roof for the first time in North America, it is the first waste recycling facility in Canada to be built under a public–private partnership (P3) financing model.

Funded in partnership with the City of Surrey and the Government of Canada, Renewi provided the upfront capital costs and will operate the facility over a 25-year term.

The site will convert up to 115,000 tonnes of domestic and commercial organic waste per year into biomethane gas, which will power Surrey's fleet of 18 waste-collection trucks and other operational vehicles. Using the renewable gas to power the collection trucks that supply the site with organic waste makes it a fully closed loop facility – a living example of our efforts to play a connecting role in the circular economy.

The facility is expected to supply the national grid with more renewable gas than the City of Surrey needs, making it the first municipality in Canada to have a negative carbon footprint.

Being a good corporate citizen

We started accepting first waste for commissioning in December, expect to supply first gas to the national grid by the end of May, and will be fully operational in the summer.

Alongside the innovative combination of waste processing technologies, the site has a state-of-the-art odour abatement system, which treats more than 200,000m^3 of air per hour. The building is under negative pressure, sucking in fresh air whenever a bay door is opened. With local residents living within one kilometre of the site, the odour abatement system is critical to our efforts to be a good corporate citizen.

Truly waste no more

True to our 'waste no more' approach, we are leveraging every recycling opportunity at the site, even extracting recyclable materials from the odours created by the organic waste. The odour abatement system features an ammonia scrubber, which uses sulphuric acid to extract ammonia from the water droplets created within the damp environment. That ammonia is collected and recycled into ammonia sulphate, a mild fertiliser.

Other recycled products include compost, a few thousand tonnes of which will be given away to local residents free of charge at open-house events that will seek to bring the community together to learn more about what we do at the facility.

The site itself is built to high environmental standards, achieving gold certification under Canada's Leadership in Energy and Environmental Design (LEED) rating system, which provides independent verification that a building has been designed and built with human and environmental health in mind. LEED takes account of sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. The Surrey facility is also the first waste sector infrastructure project in North America to be awarded the Institute for Sustainable Infrastructure's Envision Platinum Award for sustainability.

the commissioning of the Derby facility, which we will take control of when it has passed its full service commencement tests. Exceptional costs of £72.3m were incurred in the year relating to decisive portfolio management and further onerous contract provisions which are discussed below. Management do not anticipate further exceptional costs relating to the UK assets.

The Canadian business reported revenues down by 52% to £15.9m reflecting the end of the construction phase of the new Surrey facility. The business reported a disappointing trading loss of £3.4m primarily due to the previously reported recurrence of operational difficulties at the London facility and contractor construction issues at Surrey.

OPERATIONAL REVIEW – UK

As previously reported, the UK business continued to be impacted by a range of challenges during 2017/18, offsetting the effect of improvement initiatives.

At ELWA, the operating performance continued to be impacted by weak FX rates and higher RDF export fees into the Netherlands and Germany. A new 100,000 tonne per annum contract with the AEB incinerator at Amsterdam is expected to improve performance next year. Following successful management action to resolve operational and compliance issues in Cumbria, the Group has released £4m of onerous contract provisions that are no longer required. We have therefore been able to reverse its onerous contract status and the contract will be reported through the income statement during 2018/19.

Operational stability at the new Wakefield and Barnsley, Doncaster and Rotherham (BDR) facilities improved over the year with all performance tests passed at Wakefield. However, as previously reported, the facilities did not achieve the anticipated gains in underlying profitability. In particular, the Wakefield anaerobic digestion (AD) facility was impacted by an 80% reduction in the FIT renewable subsidy awarded by the government compared to that included in the original bid model. Additionally, it was discovered, once in operation, that the gas yield on the residual waste fraction was less than half that originally expected. Throughput at the BDR facility was also curtailed as the marginal cost of processing additional commercial waste became loss making largely due to the high cost of disposal as RDF. As noted in the Chief Financial Officer's

A NEW 100,000 TONNE RDF CONTRACT WITH THE AEB INCINERATOR IS EXPECTED TO IMPROVE PERFORMANCE AT ELWA NEXT YEAR

MUNICIPAL FINANCIAL PERFORMANCE

	REVENUE				UNDERLYING EBIT		
	Mar 18	Mar 17	Variance		Mar 18	Mar 17	Variance
UK Municipal	176.4	174.8	1.6	1%	(5.8)	(4.2)	(1.6)
Canada Municipal	15.9	32.8	(16.9)	-52%	(3.4)	1.6	(5.0)
Total £m (at constant currency)	**192.3**	**207.6**	**(15.3)**	**-7%**	**(9.2)**	**(2.6)**	**(6.6)**
Total £m (at average rate as reported)	**192.9**	**207.6**	**(14.7)**	**-7%**	**(9.3)**	**(2.6)**	**(6.7)**

	UNDERLYING EBIT MARGIN	
UK Municipal	-3.3%	-2.4%
Canada Municipal *	-34.3%	7.4%
Total*	**-5.0%**	**-1.8%**

All numbers for Canada are shown at a constant exchange rate
*For comparability, the Canadian trading margin excludes Surrey construction revenue and profits.

review, the significant progress made to stabilise performance across both facilities in the year has assisted management in being able to assess the required onerous contract provisions taken to reflect the expected future losses from these two contracts, resulting in an exceptional onerous contract provision increase of £56.6m.

The Derby facility made encouraging progress following the 2016 insolvency of a major technology supplier to the EPC contractor for the Derby project, Interserve plc. The facility has now accepted first waste for commissioning, and was granted renewable obligation certificates (ROCs) after generating electricity from the thermal treatment unit, thereby removing one of the main remaining risks to the future profitability of the facility. Commissioning is well underway, and full service commencement is scheduled during 2018 once a full range of operational performance tests have been passed.

During the year we took decisive action to exit loss-making contracts or facilities where we have been unable to restore profitability and where there is a defined exit route that makes good sense for shareholders. In March 2018, we sold our loss-making facility at Westcott Park to Olleco for an undisclosed sum. This has resulted in a non-cash write-off of £8m and cash exit costs of £6m, saving annual losses of around £1.5m per annum going forward. We have also entered into negotiations regarding the Dumfries & Galloway PFI contract with a view to exiting the operating contract held between Renewi and Shanks Dumfries And Galloway Limited. This fifteen-year-old contract was not capable of meeting the new regulations that require greater diversion from landfill in Scotland, and long-running negotiations were unable to agree the required amendments without materially increasing the risk to Renewi. The contract generated a loss of £3m in 2017/18 and an additional provision of £9m was taken to cover the costs of termination.

Energen Biogas, our 50% joint venture in Scotland, delivered another year of solid profit growth based on good availability of volumes due to the Zero Waste Scotland policy. Investments in the past two years to increase capacity and provide a gas-to-grid capability are generating strong returns.

OPERATIONAL REVIEW – CANADA

Our Canadian assets experienced challenges in 2017/18 that are largely expected to be resolved enabling improved performance and profitability in 2018/19. New management has now been put in place and is driving wide ranging commercial and operational improvements.

The Ottawa facility saw a reduction in profitability due to higher costs of residual disposal. The London plant experienced a recurrence of operational issues relating to the stability of the biology in the composting process. This initially reduced throughput whilst consequent odour challenges delayed the ramp up to full production. Outstanding issues have been settled with MOECC, the Canadian regulator. The plant has recently learned that it has been unsuccessful in renewing its contract with the City of Toronto, partly as a result of these issues. This will reduce committed tonnage into London by around 35% for 2018/19 however, a pipeline of alternative inputs is being progressed.

The innovative bio-fuel facility in Surrey, Canada experienced commissioning delays as a result of contractor issues in construction. These have now been addressed and first waste was accepted in December 2017 and the facility was formally opened in March 2018. Full service commencement is expected later in the year and the facility should significantly reduce or eliminate losses during 2018/19.

We accepted first waste at our new facility in Surrey, Canada, in December 2017

PEOPLE

ACCELERATING REAL CHANGE

The hard work and commitment of our people has enabled us to build one Renewi and deliver our committed synergies for the year. We are engaging our people through the integration process and accelerating real change to deliver future growth

Our people bring Renewi to life
Our people are at the heart of Renewi. It is the hard work they put in every day that has driven a successful first year for Renewi. Our skilled and passionate team has enabled us to deliver our committed synergies for the year and build a firm platform for future growth.

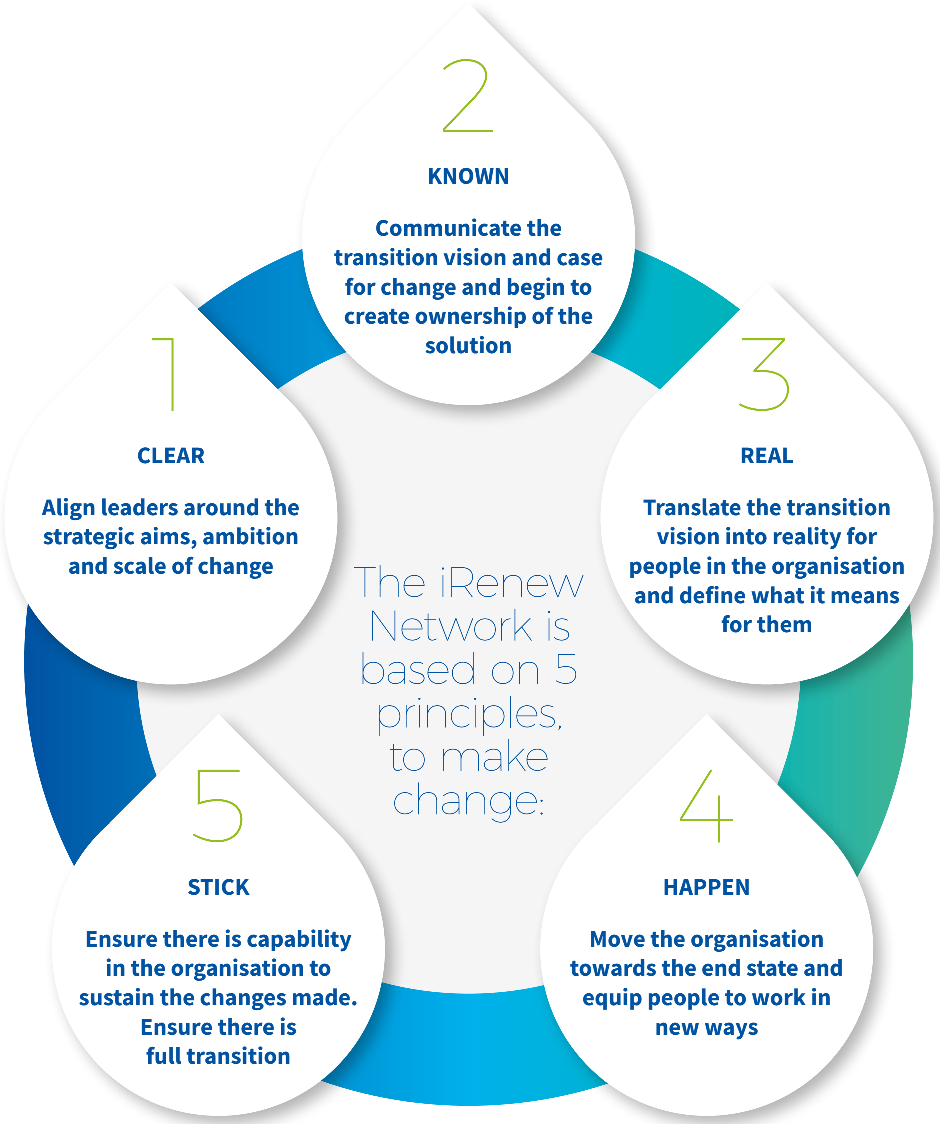
We have been through a significant period of change since our merger, with the launch of a complex integration programme across the Benelux. This involves much more than the delivery of cost synergies. Our goal is to create a strong, cash-generative business with one efficient operating model, robust and scalable processes and a widely recognised and appealing brand, underpinned by a skilled and passionate team.

Over the past year we have been focused on bringing our people together to build a winning team. It has been equally important that our people feel part of one Renewi team, as we eradicate our legacy brand names.

The Renewi logo reflects our position at the centre of the circular economy and captures our vision to bring new life to used materials. We have brought our brand to life over the past year so it is seen, lived and felt by our people. We have been through a significant rebranding process with new signage on our buildings, trucks, stationery and uniforms to name a few. It has been important for our people to see the new brand come to life around them so they can focus on our Renewi future.

On 28 February 2018, we celebrated our one year anniversary as Renewi, and all we have achieved together in this first year. We held ‘Town Hall’ meetings at each of our locations, during which our leaders presented our achievements and strategy as well as launching our new values. The face-to-face format of the sessions enabled our people to ask questions and have open discussions around how we will shape our future together.

Working together for the first time
Since our merger, we have all adjusted to become open to new ideas and new ways of working. We have met and starting working with new colleagues, over a broader geography and with a clear goal: waste no more.



As part of this adjustment, we ran our Benelux divisions, for a number of months, with two management teams due to the strict appointment process with the Works Councils. The parallel running of duplicate management teams had a number of challenges but was dealt with skilfully by our Managing Directors.

Our teams have also pulled together through adversity. When a fire broke out at our legacy Icova facility in Amsterdam in May 2017, they all came together to ensure continuity for our customers. Good teamwork and planning between the two legacy teams, who had only been working together for a few months, enabled us to continue to serve our customers by diverting waste to our nearby locations.

Communicating widely in a time of change

We have a goal to over-communicate during times of change and this rule has never been as important than during our post-merger integration phase. There is a range of integration change happening which has affected the majority of our people in the Benelux, whether that be a new line manager, a new system or new ways of doing things.

We have developed a Communications Matrix to ensure we are able to offer multi-channel solutions to our communications needs. The matrix outlines the main online and offline channels available within Renewi and the audiences that the channel will reach. TV screens, merger newsletters and our new Renewi-wide magazine called *Renews* are just some the channels we have been using to communicate.

We never underestimate the benefits of face-to-face communications, and so we have run "Flagship Events" wholly dedicated to our divisional and functional leaders gathering to present and discuss our integration successes and challenges. We have a regular rhythm of Renewi Leadership Team calls with our top 120 leaders and a number of functional leadership calls and events for functional leaders including finance and SHEQ.

Equipping our leaders to manage the transition

Throughout the integration we have been taking every opportunity to become "better together". Whilst this has greatly benefited our business it has also involved significant change for most of our people.

Successfully leading the change process has required knowledge and leadership. It has been important to recognise the different phases of the change process and ensure we take our people with us on the journey. Our focus has remained on maintaining engagement and continuously communicating through change.

An important part of this has been to provide our people with the necessary skills, training and support. We have done this using a range of tools and processes. One of the most important has been the "iRenew Network". iRenew was launched in March 2018 and although still in its infancy, it has ambitious plans to upskill Renewi leaders with comprehensive change management capability which will be an integral part of how we lead our people.

OUR VALUES WERE LAUNCHED ON OUR FIRST BIRTHDAY. WE ARE PROUD THAT THESE VALUES WERE NOT CREATED IN A BOARDROOM BY A SMALL GROUP OF PEOPLE, BUT WERE CRAFTED AND SHAPED BY OUR PEOPLE

Our six values are split into two categories:

WHAT WE ARE	HOW WE ACT
Safe Safety above all else	**Accountable** Do what we say we'll do
Innovative Do it better every day	**Customer-focused** Add value for our customers
Sustainable Make a daily difference to our planet	**Together** Always open and respectful

Working with our people's representatives to shape the journey

In the Benelux, Works Councils and Unions have specific rights regarding corporate activities and restructuring plans. Early and constructive engagement with both Works Councils and Unions has been very important throughout the process to deliver organisational changes in a smooth and negotiated manner and in full compliance with good employment practice. The Works Councils have proved to be a very constructive partner in the integration process.

During the last year, we have worked with Works Councils and Unions to:

- Complete the appointments in our Executive Committee
- Define management structures
- Implement a unified and digitalised collaboration platform
- Agree full operating models and organisational structures in Commercial Divisions
- Agree transition of back offices to new Shared Service Centre (SSC)
- Agree site consolidations and future ways of working in industrial cleaning
- Launch our new values which are the foundation for everything we do

Defining a new culture, values and behaviours

The success or failure of the merger was based not only on the financial stability and operational gains from bringing the two companies together but also importantly on the ability to define and embed a new culture, values and behaviours. This has involved taking the best from both companies to create something new.

It has been important not to rush this process. We have taken our time to carefully listen to our people and decide together the kind of company we want Renewi to become. The journey to defining this started with the launch of our new vision and strategy. These foundations have helped provide clear direction for our people on our growth journey ahead.

To be able to deliver the next waves of growth, our Renewi team will work even more closely together, as well as being open to new ideas and ways of working.

Our values have been carefully crafted over the past year. They are the foundation for everything we do. They guide the way we behave and make decisions, outline what is important to us, how we operate and what differentiates us from our competitors. Most importantly, they show that 'how' we do things is just as important as 'what' we do.

Our values were launched on our first birthday. We are proud that these values were not created in a boardroom by a small group of people, but were crafted and shaped by our people.

The initial behaviours which shaped our values were crafted by our top 120 leaders at our first Renewi Leadership Conference in September 2017. In the following months, these behaviours were turned into concrete values by our Executive Committee and sense-tested with focus groups across Renewi. Using this approach, we have been able to ensure that the values are owned and felt throughout the organisation.

Each of our six values has an attributing "idea to live by". This explains the meaning of each value in a concise way and therefore makes the values clearer and more memorable. The values each have four subsidiary behaviours which give further context to their meaning and how they can be used in practice.

We have solid foundations in place and will live our values to build on this to accelerate our growth journey to integrate, improve and expand.

Safety is our first value – we put safety above all else

Measuring our success

We have spent a lot of time and effort ensuring that our integration programme is a success. However, the success of how we are doing cannot be defined without feedback from our key stakeholders – our people.

The first Renewi employee survey called Pulse was launched in March 2018. The survey aimed to 'test the pulse' of the organisation and gain an insight into how our people are feeling in a number of key areas such as their work, team and development.

Over 62% of our people completed the survey across a range of blue and white collar functions and across our full geography. The results showed that in general our people enjoy their work and working together, they are satisfied with their manager and the conditions at their workplace and are proud to work at Renewi. More than 75% of respondents are engaged with their job and committed to Renewi.

We take the outcome of this important survey very seriously. We will use the outcome to improve together for the future. This starts with understanding the results at lower levels and then creating team-managed action plans to improve together.

The retention of our people is also a key indicator of our success. In Renewi's first year of operation, retention levels have been high. Despite an increasingly tight and attractive labour market, we are encouraged that many of our employees are keen to continue our exciting journey through the integration process. Whilst retention rates are good, our absenteeism level is too high and additional measures are being taken to reduce this.

Our ethics

We benefit enormously from our diverse workforce. Our people come with different backgrounds and from a wide range of cultures, creating a vibrant workforce where we can all learn from one another. One of our six core values is 'together' which means that we are always open and respectful to each other.

We work across all boundaries to listen and learn from one another and value everyone's role and contribution. The importance of diversity, equality and non-discrimination is highlighted in our Code of Conduct which can be found on our website: www.renewiplc.com.

We are an equal opportunities employer, which means that full and fair consideration is given to applications from, the continuing employment, career development and training of disabled people.

The UK Government has set regulations for annual Gender Pay Gap Reporting (GPGR) for UK companies with more than 250 employees. For our UK trading entity (Renewi UK Services Ltd), the data suggests that although our total female population employed is significantly lower than our total male population (82%), the difference within the mean pay gap category is negligible. The full GPGR can be found on our website: www.renewiplc.com.

We have also measured the gender pay gap across the remainder of our business. These investigations show a similar position with a negligible mean pay gap and higher difference in bonus levels. As part of our new Renewi culture, we are working on new ways to attract more women and are working on improving their leadership capabilities and progression with inclusivity firmly at our heart.

Around 16% of our workforce is female, with approximately 1,023 women employed. We currently have two female Board members following the appointment of Jolande Sap on 1 April 2018.

This report does not contain information about any policies of the business in relation to human rights, since it is not considered necessary for an understanding of the development, performance or position of Renewi's activities.

During the year Renewi reviewed its policies concerned with combating the possibility of human trafficking and slavery in any of its businesses or supply chains. In compliance with the Modern Slavery Act 2015, our statement on this matter is considered and approved by the Board on an annual basis and can be found on our website: www.renewiplc.com.

GENDER DIVERSITY

16%

of our workforce are female

25%

of the Board members of Renewi plc are female


renew

CSR

A STRONG AND STEADY PERFORMANCE

We continue to make good progress towards achieving our ambitious 2020 CSR targets, helped by the commitment and passion of our people

We made strong and steady progress in Corporate Social Responsibility (CSR) this year, but we were also reminded of the need to improve in some areas. We were deeply shocked and saddened by the deaths of two of our colleagues while at work, one in Belgium and one in Germany.

Ensuring the health, safety and wellbeing of our people is crucial to our success. We take our responsibility to our people very seriously. This is why 'Safe' – and our mantra of 'Safety above all else' – is the first of our six core values that underpin 'what' we are and 'how' we act.

Although we made positive progress on some of our key performance indicators in the area of health and safety, our performance was not as good in other areas. We exceeded our 2020 targets on our >3 day accident rate (accidents that result in an employee being off work for more than three days), accident severity rate and near-miss close-out rate. On the year, our >3 day accident rate improved by 14% and our accident severity rate fell from 31.6 to 17.4. However, our number of lost time injuries has increased and the number of near misses raised has fallen. We have, however, improved the close-out rate of these near misses. There can be no recompense for the two fatal workplace accidents that occurred.

We have a clear plan of action to raise safety standards even further than where they currently stand.

In 2017, we produced Renewi's first Safety Priority Plan in conjunction with our Executive Committee and Board. The plan focuses on our key risk areas and features a series of initiatives designed to improve our management of safety risks.

These initiatives include:
- Revising and improving our safety leadership scheme and rolling it out across Renewi;
- Training more than 60 of our local safety personnel on key risk areas such as machinery safety and fire risk;
- Conducting audits on machinery lock-off and fire risk management at more than 100 sites, resulting in improvement plans and actions across all of our sites and our responsibility to our people; and
- Producing and cascading guidance and standards on our key risk areas to all employees.

We have made good progress on this plan, as demonstrated by the improvement in our health and safety performance figures. We will continue with, and expand on, the plan to ensure we continue to improve through the coming year.

Accidents and near-misses

Indicator[1]	2017/18	2016/17
Number fatal accidents[2]	1	0
Number >3 day accidents	108	128
>3 day accident rate	1,505	1,750
Number lost time injuries (LTI)	172	158
LTI frequency rate	12.5	10.9
Severity rate	17.4	31.6
Number near-misses raised	10,934	13,473
Number near-misses closed-out	9,097	10,750
Near-miss close-out rate	83%	80%

1. Minor restatement of some 2017 data as the result of analysis of merged company data during the year
2. In addition to the above workplace accidents, one of our waste truck drivers was involved in a fatal road traffic accident in April 2017

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

ENSURING THE HEALTH, SAFETY AND WELLBEING OF OUR PEOPLE IS CRUCIAL TO OUR SUCCESS. WE TAKE OUR RESPONSIBILITY TO OUR PEOPLE VERY SERIOUSLY

Recycling and recovery performance[1]

Indicator	2017/18	2016/17
Total waste handled at sites (million tonnes)	14.02	14.68
Materials recycled (million tonnes)[2,3]	9.30	9.78
Materials recovered for energy production from waste (million tonnes)[2,3]	3.19	3.09
Total materials recycled and recovered for energy production (million tonnes)	12.49	12.87
Recycling as % of total waste handled	66%	67%
Recycling and recovery as % of total waste handled	89%	88%

1. For our 2017 reporting we calculated our waste statistics using data from our two legacy companies, summing this to give totals. For our 2018 reporting we have calculated our waste statistics on a fully merged basis. This includes the removal of internal waste transfers between our sites which may have formerly been operated by Van Gansewinkel or Shanks. This avoids double-counting. We have recalculated our 2017 data to allow valid year-on-year comparison, and restated our 2017 waste statistics accordingly.
2. Recycled is materials given a 'second life' for reprocessing into new goods/materials. Recovery is waste used for energy production such as production of waste derived fuels, bio-mass and similar
3. Includes water recovery and moisture loss during treatment for some technologies employed

Further initiatives in the pipeline include:

- Carrying out targeted on-site traffic safety audits and employee engagement sessions at all of our sites;
- Implementing employee engagement
- schemes aimed at involving our entire workforce in safety improvements;
- Implementing our SHEQ (Safety, Health, Environment and Quality) covenant, which sets the basic safety standards we expect from all of our operations; and
- Spreading our safety leadership scheme down through management to local level.

PROTECTING THE ENVIRONMENT

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

We handled more than 14 million tonnes of waste in 2017/18. Our overall recycling and recovery rate rose 1% to 89% using our recalculated and restated 2016/17 waste statistics. For an explanation, please refer to the footnote in the table above. Our recycling and recovery rate was boosted by an increase in waste recovered for energy production. This was some 3.19 million tonnes, from 3.09 million tonnes last year.

We continued to take positive steps towards reducing our own carbon footprint, decreasing our emissions. Carbon avoidance as a result of our activities decreased, although some of this is related to a reduction in the amount of waste handled.

Our green energy production has helped us to achieve a negative carbon footprint at two of our sites this year: in Zoeterwoude in the Netherlands and at our Waste Treatment Centre in Derby, in the UK. We are seeking to reduce our carbon emissions even further by optimising our waste collection routes in the Randstad area of the Netherlands as part of our efforts to deliver synergies from our merger.

Despite reductions in throughput and some difficult market conditions in the short term, we still increased our overall recycling and recovery performance.

Protecting the environment is at the heart of what we do. We are proud of our already high rates in areas such as recycling and recovery, and we are committed to, and passionate about, improving our already good performance.

CARBON PERFORMANCE

Emissions from our activities (CO_2 equivalent '000 tonnes)[1]

Source	2017/18	2016/17
Process based emissions		
Emissions from green composting	42	41
Emissions from hazardous waste treatment	254	304
Emissions from landfill	94	94
Emissions from other processes (mechanical biological treatment – MBT - and anaerobic digestion - AD)	67	71
Transport based emissions		
Fuel used by waste collection and transport vehicles	110	111
Business travel (cars, trains, flights and similar)	7	7
Energy use emissions		
Electricity used on sites and in offices	116	116
Gas used on sites and in offices	20	20
Fuel used on sites for plant/machinery and equipment / heating	32	32
Total emissions from significant sources	**741**	**797**

Carbon avoidance as a result of our activities

Source	2017/18	2016/17
Renewable energy generated	56	63
Waste derived fuels produced and sold[2]	946	983
Materials separated for re-use/recycling[2]	1,699	1,823
Energy from waste used on site as a fuel	305	349
Total potential avoided emissions	**3,006**	**3,218**

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding. Some data based on carbon 'factors'. These vary from country to country and are periodically updated, such as by Government agencies
2. See footnote to recycling and recovery performance table. Restatement of waste data also affects carbon avoidance from recycling and recovery. As a result some of the data above relating to carbon avoidance from recycling and recovery is also restated

Greenhouse gas emissions and avoidance intensity ratios

Ratio[1]	2017/18	2016/17
Million tonnes greenhouse gases emitted (CO_2 equivalent) per million tonnes waste handled	0.053	0.054
Million tonnes greenhouse gases avoided by our activities (CO_2 equivalent) per million tonnes waste handled	0.214	0.219

1. In previous years Renewi used unit of revenue as the denominator to calculate intensity ratios. However, this use was affected by variables such as currency exchange rates. For 2018 we have moved to using tonnes of waste handled as a more appropriate denominator, less affected by variables such as exchange rates. 2017 data above has been recalculated to allow year-on-year comparison

WE ARE ONE OF THE FIRST COMPANIES IN THE WASTE-TO-PRODUCT SECTOR TO ESTABLISH A GREEN FINANCE FRAMEWORK. THE MOVE IS TIMELY AS THERE IS A GROWING APPETITE AMONG INVESTORS FOR OPPORTUNITIES WITH GREEN CREDENTIALS

GREEN FINANCE

As announced in May 2018, we brought our financing activities within the fold of our CSR work through two innovative initiatives: the Renewi Green Finance Framework (GFF) and a green scorecard.

The GFF is an extension of our existing commitment to green bonds. In 2015, our legacy Shanks business raised €100m through a Belgian green bond, issued to finance infrastructure investment. The GFF positions us as a pure player within the green financing sector, reassuring investors that any investment in Renewi can be counted as a green investment.

Sustainalytics, an independent global provider of ESG and corporate governance research and ratings to investors, has reviewed the Renewi GFF and its second party opinion is available on the "Our Responsibilities" page of our website.

We are one of the first companies in the waste-to-product sector to establish a GFF. The move is timely as there is a growing appetite among the investment community for opportunities with green credentials.

The green scorecard – another financing innovation where we are leading the sector – focuses on our relationship with our six main banks. Due to come into play in 2018/19, the scorecard outlines five CSR-related KPIs and corresponding targets for us to achieve.

The KPIs focus on:

- Recycling and recovery rate
- Carbon avoidance
- Efficiency of waste collection (litres of fuel used per tonnes of waste collected)
- Euro VI compliance (reduction in harmful exhaust emissions)
- Accident rate

Achieving our scorecard targets will result in lower interest payments on our loans, while missing them will result in higher payments.

The Green Finance Framework and green scorecard are two of many CSR initiatives that our people deliver on each and every day. It is their commitment to and passion for our Waste no more goal that drives our sustainable business forward.

We have created a vibrant Renewi team where we can all learn from one another

RISKS AND UNCERTAINTIES

TURNING RISK INTO OPPORTUNITY

Our continuously improving approach to risk management has allowed us to adapt to a volatile risk environment

INTEGRATED RISK MANAGEMENT

Risks are inevitable in doing business and the existence of risk presents both threats and opportunities. Key risks are considered downside risks that represent a potential threat to achieving our objectives. We operate in a rapidly changing environment with specific industry, commercial, regulatory and other key risks, including some beyond our control.

Effective management of risk is essential to the delivery of our strategy and objectives, achievement of sustainable shareholder value, the protection of our reputation and good corporate governance and ethical conduct. Sound risk management enhances our ability to achieve our objectives.

During the year we have completed risk assessment initiatives across the Group, its divisions, certain specific functions and projects. One of the significant changes to our risk profile involves our top risks that have shifted from being input market related to output market driven.

Favourable economic factors are resulting in growing input volumes which are putting increased pressure on outlets that are largely full. Recyclate markets have been disrupted by Chinese import bans and commodity market fluctuations that can result in less demand for our recycled and recovered products. The majority of the impact has been offset through dynamic pricing and targeted price rises, demonstrating that our mitigations are broadly effective. During last year however, some risks have materialised and impacted us.

Environmental regulation continues to tighten in most countries we operate in. A review at our ATM facility was carried out by IL&T, an environmental agency in the Netherlands, on the soil treatment process and output, which has negatively affected our offset of treated soil into a market that has been increasingly challenging. Accordingly, we voluntarily reduced soil treatment volumes from the middle of August, which impacted our performance. We are addressing the matters raised by IL&T and broadening our range of soil outlets.

Within our Municipal Division increased onerous contract provisions demonstrated significant inherent risks in long-term PFI contracts. These ongoing challenges have reinforced the Board's caution with regard to complex long term contracts. Further investments in control frameworks are underway and in detailed implementation of learnings and recovery plans.

To ensure a balanced approach to risk the Board assigned significant resources to meet our risk management objectives.

Despite having implemented extensive new fire procedures over the course of the year, the property and business interruption insurance market for waste management facilities and activities continues to tighten, resulting in premiums and capacity pressures. Property and business interruption insurance is a critical cover which offers essential protection to our business. We have successfully introduced a new insurance captive for 2018/19 in order to maintain affordable coverage.

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

OUR RISK FRAMEWORK

Our risk framework encompasses a systematic process for evaluating and addressing the likelihood and impact of risks in a structured and cost effective way. Risk management is a cornerstone of sound management practice and is a fundamental element of strategic planning to achieve our objectives. 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 properly managed by the Directors;
- Our risk management framework. This ensures that each of our businesses identifies the risks it faces and their importance, designs and implements effective mitigations to control key risks and that these mitigations are monitored and remain effective. The output of this process is a summary of all our significant strategic, operational, financial and compliance risks, our mitigating controls and the action plans necessary to reduce risks to a level aligned with our risk appetite. Formal responsibility for risk management is positioned firmly in the line through the divisional management teams, coordinated by the Divisional Finance Directors. Risk registers, mitigations and alignment with risk appetite are reviewed by divisional management, our Risk Committee, Audit Committee and the Board to ensure the appropriateness of the risks identified and the effectiveness of the controls and actions reported;
- Change being managed carefully through project management and approval processes, with embedded risk management in day to day project management activities;
- Embedded risk management systems that are part of our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems, such as divisional registers, to ensure all risks are

Five objectives of our risk management framework:

considered and ranked appropriately and that mitigations are informed and practical;

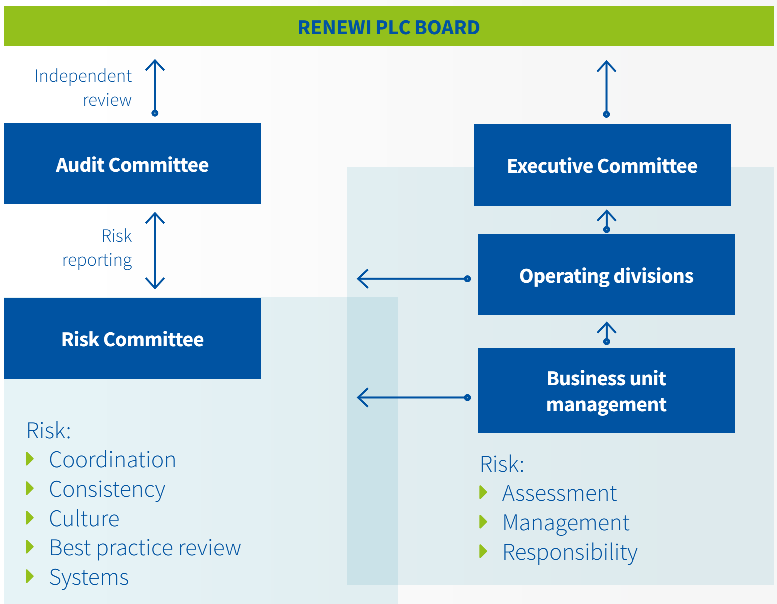
- Enhanced risk assessment for all major capital requests. This ensures we allocate funds in a risk aware manner to maximise the value of our investments and minimise the risk of under-performance; and
- Review of key risks at each divisional review meeting which ensures that we monitor our key risks and mitigations at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

OUR RISK RESPONSIBILITIES AND ARCHITECTURE

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

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

Risk management responsibilities



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 key risks 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 all of our activities.

OUR PROGRESS AGAINST 2017 OBJECTIVES AND THE FUTURE

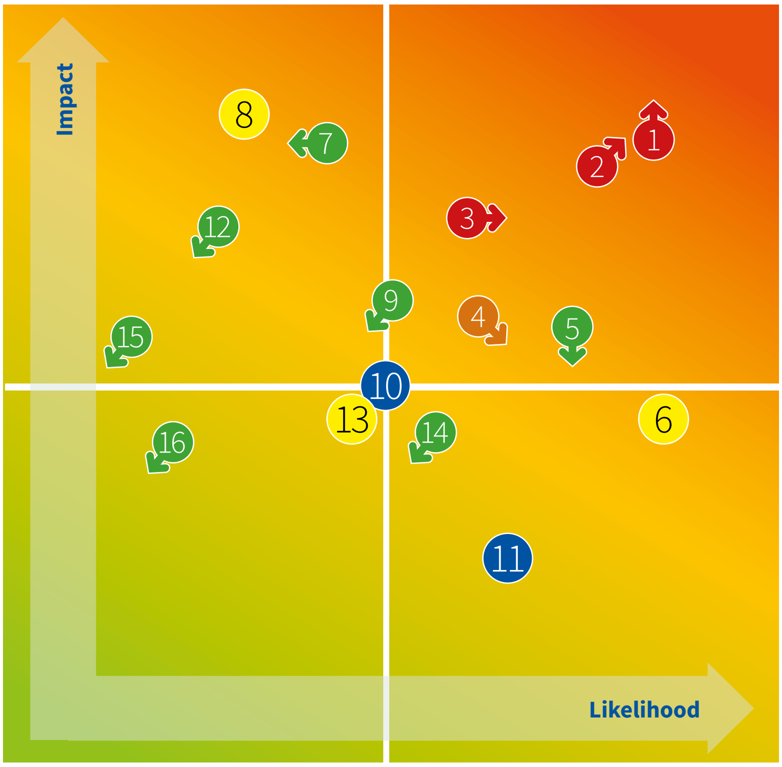
In our 2017 Annual Report we committed to further actions to improve our risk management processes in 2017/18. Despite the potential distractions of our integration, good progress has still been made on our day-to-day risk management. A summary of this progress as well as our objectives for 2018/19 are shown below.

What we said we would do in 2017/18	How we did
Through our new integrated Risk Committee, produce revised and new divisional risk registers aligned with our new company, and upload these to our web-based risk tool	A close collaboration between our risk manager, our operating divisions and the risk committee has established revised and new divisional risk registers aligned with our new organisation.
Continue the approach of guest spots into our Risk Committee agenda to ensure we consider the whole of our risk spectrum with input from both internal and external sources.	During our first integrated Risk Committee we included several internal guest spots from different functions and levels across our company. We will continue to use internal and external guest spots as necessary.
Review quality of business continuity planning across our larger company	The business continuity project has been completed including a thorough review of the quality of business continuity planning across Renewi.
Integrate existing fire system standards into one high-quality package for our larger company	Fire systems standard is at final draft stage - final comments from insurers have been received and we have confirmed the standard at a fire improvement group meeting on 22 February.
Integrate existing risk management policies, incorporating the best from both merged companies to provide high quality policies and processes in our larger company. Ensure easy access to these policies by all employees	We have reviewed, revised and integrated our risk management framework and policies.
Conduct series of deep-dive studies of key insurance covers during 2017 to ensure best risk approach for our larger merged company at 2018 insurance renewals. Investigate alternative retained risk mechanisms	Insurance deep dives were conducted 2017, and are now completed.
Investigate use of web-based risk tool as an audit tracking and reporting package across our larger company	We are currently still in the process of selecting a web-based risk tool.
Reallocate leaders in line with new and revised divisional risk registers reflecting our new merged divisional structure	Organisation structure and assignment of responsibilities for risk have been completed. Most important change is that Divisional Finance Directors are assigned formal responsibility for risk management within their division.
Investigate options for risk management knowledge sharing via ICT systems in our larger company	Our new ICT platform has been rolled out and will enable us to further improve risk management knowledge sharing.

Risk Management Objective	Actions for 2018/19
Know what risks we face	Establish bottom up divisional and functional risk register processes. Further improve our divisional risk registers and increase the revision interval. Establish functional risk registers for ICT, Product Sales, SHEQ, Finance and HR. Establish risk registers at business unit level for Monostreams businesses. Further improve the robustness of our risk management procedures with development and implementation of a methodology for identification of unknown risks.
Know what risks we want to accept	Formalisation of the risk appetite at divisional level, aligned with Group risk appetite and taking into account and addressing potential aggregation risks. Creation of risk awareness through effective communication of risk management strategy, risk appetite, policies and processes
Manage or mitigate our risks	Identification and execution of additional mitigating actions required on key risks Development of Group Key Risk Indicators Implementation of a key control framework
Train our people in risk management	Expand a strong risk culture through creation of risk awareness by training and sharing best practices as well as making steps in the creation of an open culture where we learn from past instances. Creation of additional risk awareness through effective communication of risk management strategy, risk appetite, policies and processes
Control systemic risk	Further embedding risk management in core day to day processes Implementation of a key control framework, supported by an ICT tracking and tracing tool. Establish monthly key control compliance reports

KEY RISKS AND MITIGATIONS

Our key risks are outlined in the heat diagram on the right and in the table on the following pages. For 2018 our key risks have been discussed in detail by both our Risk Committee and senior leaders, and include revisions to risk rating and additions. The heat diagram has been commented on by our Audit Committee. The final version has been approved by the Board.



Key risks

1. Output pricing and demand
2. Outlet capacity
3. Environmental permit risk
4. Changes in law and policy
5. Long-term contracts
6. Labour availability and cost
7. Integration risks
8. Brexit
9. Input pricing competition
10. Talent development/leadership
11. Operational failure
12. Investment and Growth
13. Digitalisation
14. Health and safety risk
15. Input volumes
16. ICT failure and cyber threat

The arrows indicate the risk development compared to previous year with a circle indicating the risk is stable. Yellow circles highlight new risks.

Overarching key risks

All risk levels shown in the heat diagram are net risks and therefore include the current level of mitigation.

A description of each risk can be found in the table below.

SUMMARY OF KEY RISKS

Reference numbers are consistent with those used in the heat diagram (above)

Key risk	Key mitigation	Commentary
1 **Output pricing and demand** That the value we receive for recycled and paid for recovered product falls or worsened **Risk direction:**	▸ Focus on improving product quality ▸ Maximise off-take pricing leverage, where appropriate ▸ Cost control to offset impact of lost revenue ▸ Sustainable technologies used align with market needs and international and national policy ▸ Renegotiation of long-term and fixed price off-take contracts where appropriate ▸ Dynamic pricing	Increased significantly over last year with cost inflation in off-take markets and falling recyclate prices due to Chinese import bans. The majority of the impact has been offset through dynamic pricing and targeted price rises, demonstrating that our mitigations are broadly effective.

SUMMARY OF KEY RISKS

Reference numbers are consistent with those used in the heat diagram (left)

Key risk	Key mitigation	Commentary
2 **Outlet Capacity** Lack of capacity at outlets/increased price of disposal of burnable waste and other residues. **Risk direction:**	▸ Investment in technologies which fit with market needs for products ▸ Experienced employees dedicated to product off-take markets ▸ Diversity of product off-takers to spread risk ▸ Quality control systems in place to ensure quality of products is as required	Growing input volumes are putting increased pressure on outlets that are largely full. Recyclate markets disrupted by Chinese import bans. Balancing input and output volumes is an ongoing risk to short term profits that Renewi is working to mitigate. New long-term off-take contracts signed for Municipal Division guarantee capacity.
3 **Environmental permit risk** That our environmental permits to operate are restricted or removed **Risk direction:**	▸ Effective management of all environmental matters arising ▸ Environment management systems and regular inspections and audits in place ▸ Monthly environmental issues reporting across all levels of organisation ▸ Experienced and competent environmental specialist employees in place ▸ Community environmental engagement performance in place as key business objective	Pressure on environmental permits through increasingly strict regulation has grown over recent years. Internal management of compliance through competent specialists is recognised as key. Current challenges at ATM being carefully monitored and addressed by management.
4 **Changes in law and policy** Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes **Risk direction:**	▸ Horizon scanning by competent internal specialists to ensure changes are planned for and managed, and potential opportunities captured ▸ Alignment of business model with national and international policy and law towards more sustainable waste management practices	Our business model is in line with society's needs for sustainable waste management. Many changes in law and policy provide opportunities for Renewi. Potentially adverse changes are planned for and managed. The potential impacts of a disparate approach in the UK, in particular in environmental policy, following Brexit is being tracked.
5 **Long-term contracts** That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts **Risk direction:**	▸ Strict Board controls on entering into any new major contracts ▸ Selective bidding on contracts ▸ Detailed risk assessment and due diligence on contracts ▸ Tight controls and reviews on build programmes to ensure on track	Developments and performance in UK PFI operations have underscored the importance of this risk. Ongoing challenges in the Municipal Division have reinforced the Board's caution with regard to complex long term contracts. Further investments in control frameworks are underway and in detailed implementation of learnings and recovery plans.

Key risk	Key mitigation	Commentary
6 Labour availability and costs That there are shortages of certain labour types leading to unavailability or severe wage inflation **Risk direction:** **NEW RISK**	▸ Make the company an attractive place to work. Employer of choice ▸ Measure employee engagement and satisfaction through surveys ▸ Retention ▸ Offer competitive wages	New risk as a result of general economic recovery, combined with a relative unwillingness of the younger generation to undertake certain forms of physical labour.
7 Integration risks That integration of the two companies including the creation of a strong corporate culture and migration of IT systems is ineffective and/or fails to deliver anticipated synergies. **Risk direction:**	▸ Comprehensive and in-depth due diligence prior to merger ▸ Use of competent external advisors where required ▸ Clear integration plan with road map to successful integration in place ▸ Dedicated divisional integration teams supported by central integration management office in place ▸ Clear targets in place for integration performance communicated to all key employees ▸ Regular "flagship events" to coordinate teams and share learnings ▸ Monthly detailed reviews of divisional and functional projects	We have a clear vision of where value capture from our merger lies, and a clear plan to achieve it. Clear reporting for value capture performance and tracking against integration plan is in place. We have beaten our plan in the first year and have clear visibility for achieving the remainder. Principle outstanding risk is the migration of core processes and IT systems.
8 Brexit That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in UK and over-capacity of incineration in the Benelux **Risk direction:** **NEW RISK**	▸ Scenario planning for hard Brexit capacity management ▸ Flexible/prudent approach to hedging strategies ▸ Identify potential new offtake solutions in the UK	Brexit is very likely to have at least some impact on export of waste and recyclates internationally. Higher impact scenarios however, are considered less likely than lower impact scenarios. Only the hard Brexit, high impact scenario is considered a key risk.
9 Input pricing competition That market pricing may put pressure on our margins **Risk direction:**	▸ Constant reporting and monitoring of price via operational systems ▸ Cost management, both structural and operational, to deliver cost leadership in core markets ▸ Use of long-term contracts, where appropriate ▸ Effective commercial organisations to maximise margins ▸ Targeted price increases	Delivered reduced costs and increased price competitiveness. Set against this, macro-economic pressures remain, although in many markets is improving. Commercial effectiveness projects and detailed tender review to ensure margin recovery.
10 Talent development/leadership That we lack the required management capabilities **Risk direction:** **NO CHANGE**	▸ Performance appraisal process in place ▸ Talent mapping and development process ▸ Leadership programmes in place ▸ HR Director and divisional teams to ensure good HR leadership ▸ Engagement surveys in place ▸ Key objectives set for absence management and employee development	The recovering economy means that talent is in increasingly short supply. The Renewi organisation is now much more settled and in place. Promoting the Renewi brand and our values to increase the attractiveness of the company as a place to work.

Key risk	Key mitigation	Commentary
11 Operational failure Operational failure and/or fire at a key facility leading to business interruption and other costs **Risk direction:** **NO CHANGE**	Effective insurance programmes supported by experienced brokers Improvements in fire control through new and stricter fire control standards Fire risk survey process in place including engagement with insurers, and with competent external advice Business continuity planning in place at all major sites Mechanical breakdown insurance in place for at-risk facilities and reviewed on a regular basis for adequacy Highly-experienced operational teams with in-depth knowledge of processes Regular annual and other shutdowns at key facilities to ensure they remain well invested and maintained Business continuity planning includes breakdown risk and mitigation measures	Implemented extensive new fire procedures over the course of the year. And we have introduced a new insurance captive in order to maintain affordable coverage. Resilience at our major unique facilities remains our concentration, with high-quality maintenance and lifecycle programmes in place. Across our general recycling and recovery plants, our larger company provides greater flexibility to divert wastes and retain value internally in the event of breakdown.
12 Investment and growth That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding. **Risk direction:** 	Continuous improvement of cash control Continuing portfolio management Reinvest only where profitable Good budget control on capital projects Good balance of leased and owned assets Diverse range of financing options and timings Good quality external advice Strong relations with investors Good management reputation and planning	On track with synergy delivery and integration, resulting in stronger cash generation and cash position. We are strategically planning to ensure we have access to existing and new forms of capital.
13 Digitalisation That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete **Risk direction:** **NEW RISK**	IT Director part of Executive Committee with remit to identify future opportunities and risks Sustained investment to move to core Renewi IT platforms and then invest in next generation systems. Invest in robotics and automation Implement master data management programme in preparation for the future Closely monitoring new entrants into the marketplace.	First four robots now in place in the shared service centre. Ongoing investment to put the post merger foundations in place.
14 Health and safety risk Injury or loss of life. That we incur reputational loss, or civil and criminal costs. **Risk direction:** 	Top agenda item on all management meetings Corporate Health and Safety Manager and competent internal specialists in place Defined and tracked health and safety priorities plan in place Active engagement with regulators Safety leadership programme in place Coherent targets in place for accident, near-miss and other key safety performance parameters	We have competent internal specialists in place. A safety priorities plan has been produced, and initiatives such as on machinery safety have been completed. Safety reporting of performance is in place. New safety culture programme to be a core focus of 2018/19.

Key risk	Key mitigation	Commentary
15 **Input volumes** That incoming waste volumes in the market may fall should macro economic conditions reverse. **Risk direction**:	• Strong reporting of incoming waste volumes across the Group for rapid response to market changes • Continued investment to secure new waste streams and volumes • Market-facing customer-focused organisation • Major capital deployed only if backed by long term contracts	We handle in excess of 14 million tonnes of waste a year. Our wide geographical spread provides access to multiple markets. Improved economic environment has resulted in rising volumes. Public opinion is shifting towards increased recycling rather than incineration.
16 **ICT failure and cyber threat** That ICT failure and/or cyber crime causes business interruption or loss **Risk direction:**	• Business continuity planning in place for ICT and is tested • Assessment of ICT resilience conducted by insurers with high-quality result • IT Director in place to deliver ICT leadership • Development of greater centralisation of ICT systems to allow common risk approach • Continued investment in upgraded systems and infrastructure	GDPR compliance completed on time. ICT integration plans now fully developed and pilot scheme underway.

FINANCIAL RISKS

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

Interest rate risk
Renewi has continued to limit its exposure to interest rate risk on core borrowings by using fixed rate retail bonds, fixed rate finance leases, cross currency interest rate swaps and an interest rate cap. At the end of March 2018, circa 93% of core borrowings were fixed or hedged. Additionally, the PFI/PPP non-recourse floating rate borrowings are hedged for the duration of the contracts using interest rate swaps entered into as part of financial close of the project.

Foreign exchange risk
Renewi is exposed to foreign exchange risk for movements between the Euro, Canadian Dollar and Sterling. The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe which is managed through the use of forward exchange contracts. The Group does not hedge its foreign currency exposures on the translation of profits into Sterling. Assets denominated in Euros and Canadian Dollars are hedged by borrowings in the same currency to manage translational exposure.

Commodity price risk
Renewi is exposed to diesel price changes which are managed using forward contracts. The Group manages other exposures to prices of paper, plastics, metals, residual fuels and other recyclates associated with off-take through commercial contracting as they are not commoditised.

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

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

INTEGRATING OUR RISK COMMITTEE

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

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

Following the formation of a new executive team, integration and role changes we reconstituted our Risk Committee and revised our risk registers through a number of risk assessment initiatives across the Group, its Divisions, certain specific functions and change projects.

We have merged existing risk policies, frameworks and processes, developed our divisional key risks registers so they are aligned with our operating structure and activities, and produced the structures which will allow us to practise effective risk management.

In collaboration with the risk manager, operating Divisions and our Executive Committee, the reconstituted risk committee refined and reviewed the top-line key risks register for our Audit Committee to review. A summary of this combined Group register is given in the heat diagram and table starting on page 74.

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

Future tasks for our Risk Committee include the establishment of functional risk registers and processes, further cascading down the risk policies and appetite, development of Key Risk Indicators and a systematic contribution to a strong risk culture within Renewi.

Toby Woolrych and Baukje Dreimuller
Risk Committee Chairs

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than 12 months and has adopted a period of three years for the assessment. The Board's strategic planning horizon is five years. However, the first three years of the plan were selected for the testing as this remains the key time horizon for the delivery of the integration and synergies following the recent merger with VGG.

The Board assessed the principal risks to the business as set out in the preceding pages and concluded that four severe but plausible risk scenarios should be explicitly modelled. The scenario modelling included further challenges in the off-take markets together with restrictions in front end pricing, the impact of a disruptive and hard Brexit and a sustained period of shutdown at our key Hazardous Waste site.

The key assumptions made in Renewi's long term financial model are: completion of the synergy plans in the year ending March 2020 together with steady market growth resulting in margin improvements, no portfolio management and no change to the current debt maturity profile.

For each scenario the Group has also identified the mitigation steps it would take to reduce the risk and performed the scenario testing on that basis. These mitigations include the identification of structural cost programmes, business continuity and commercial effectiveness plans and deferral of capital expenditure.

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

Based on the results of this analysis, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

THE BOARD OF DIRECTORS

COLIN MATTHEWS CBE, FREng
Chairman
Appointed: March 2016

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

R N

JACQUES PETRY, MBA
Snr Independent Director
Appointed: September 2010

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

A R N

ALLARD CASTELEIN, MD
Non-Executive Director
Appointed: January 2017

Skills and experience: Allard is currently President and Chief Executive Officer of the Port of Rotterdam, having been appointed in 2014. He qualified as a medical doctor before pursuing a career in the Energy sector, holding a number of senior positions at Shell, culminating in becoming the Vice President Environment for Royal Dutch Shell in 2009. Allard also holds a number of Supervisory Board positions including those at Isala Klinieken, Rotterdam Partners, Sohar Industrial Port Company and the Ronald McDonald House Sophia Rotterdam. He is a senior member of several Dutch trade organisations including Logistiek Nederland, Economische Programmaraad Zuidvleugel and the General Council of the Confederation of Netherlands Industry and Employers.

A R N

JOLANDE SAP, MSC
Non-Executive Director
Appointed: April 2018

Skills and experience: Jolande has represented the Green Party, GroenLinks, in the lower house of the Dutch parliament, including two years as party leader. Between 1996 and 2003 Jolande worked at the Dutch Ministry of Social Affairs and Employment and amongst other responsibilities headed the Incomes Policy Department, before being appointed a director of LEEFtijd, a consultancy for sustainable employment issues, until 2008. Jolande is currently on the Board of the Netherlands National Green Fund, a member of the Supervisory Boards of KPMG (Netherlands), Royal KPN N.V. and the Springtij Forum. She chairs the Supervisory Boards of the Netherlands Public Health Federation, Arkin and Fairfood International. Jolande graduated from the Tilburg University in economics having specialised in political economy and philosophy.

R N

Key:

Committee Membership:
A Audit
R Remuneration
N Nomination
■ Chair

LUC STERCKX, MSC, PhD
Non-Executive Director
Appointed: September 2017

Skills and experience: Luc started his career at Exxon Chemicals, then became the CEO of Indaver before joining the executive committee of PetroFina in which capacity he served as Managing Director of Fina Holding Deutschland and as Group Senior Vice President for SHEQ matters worldwide. He was then appointed CEO of Oleon where he led a successful management buyout. Luc was subsequently appointed as CEO of SPE-Luminus in 2005, the second largest power & gas company in Belgium, created as a result of a multi-party merger. Luc is an INSEAD certified international director and a specialist in Internal Governance. He currently holds a number of non-executive and advisory positions, specialising in the fields of energy and chemicals, renewables and corporate governance.

A R N

MARINA WYATT, MA, FCA
Non-Executive Director
Appointed: April 2013

Skills and experience: Marina is a Fellow of the Institute of Chartered Accountants and is currently the Chief Financial Officer at UBM plc. Following nine years with Arthur Andersen in London and the US, she then joined Psion plc as its Group Controller and became Group Finance Director in 1996. In 2002 she was appointed Chief Financial Officer of Colt Telecom plc and joined TomTom as its Chief Financial Officer in September 2005, where she remained until taking up her current position at UBM plc in September 2015. Marina will be stepping down from the Board of UBM plc following its takeover by Informa plc, which is expected to complete in Summer 2018. Marina is a Member of the Supervisory Board at Lucas Bols N.V.

A R N

PETER DILNOT, B.Eng
Chief Executive Officer
Appointed: February 2012

Skills and experience: Prior to joining Renewi, Peter was a senior executive at Danaher Corporation, a leading global industrial business listed on the NYSE. He held a number of progressive general management roles including President Danaher Middle East, Group President Emerging Markets, and President EMEA and Asia of its Gilbarco Veeder-Root subsidiary. Before Danaher, Peter spent seven years at the Boston Consulting Group (BCG) in London and Chicago, working with industrial and pharmaceutical clients and was a leader in BCG's global Sales & Marketing Practice. Peter's earlier career, after graduating from RMA Sandhurst, was spent as an officer in the British Armed Forces where he saw active service with both NATO and the UN. Peter is an independent non-executive director of FTSE 250 global engineering business, Rotork plc.

TOBY WOOLRYCH, MA, ACA
Chief Financial Officer
Appointed: August 2012

Skills and experience: Toby began his career at Arthur Andersen where he qualified as a chartered accountant before becoming Finance Director of Medicom International Ltd, a medical publishing company, in 1992. He then joined Johnson Matthey plc as Corporate Development Manager in 1997, going on to become Divisional Finance Director and then Managing Director of one of Johnson Matthey's global speciality chemicals business units. From 2005 to 2008, he was the Chief Financial Officer and Chief Operating Officer at Acta SpA, a renewable energy company, before joining Consort Medical plc as Group Finance Director.

CORPORATE GOVERNANCE REPORT

We remain committed to achieving the highest standards of legal compliance, environmental protection and safety

COLIN MATTHEWS
Chairman

Introduction
On behalf of the Board, I am pleased to present our Corporate Governance Report and confirm our compliance with the UK Corporate Governance Code for the year ended 31 March 2018. We believe that both the Board collectively and directors individually have a responsibility to set and demonstrate high standards of corporate governance. The following pages outline the structures, processes and procedures by which the Board ensures that these high standards are maintained throughout the Group.

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

The Board is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Audit Committee has again assisted the Board in their assessment of these matters together with those of Going Concern and Viability Statement disclosures. The full Audit Committee Report is set out on pages 86 to 89.

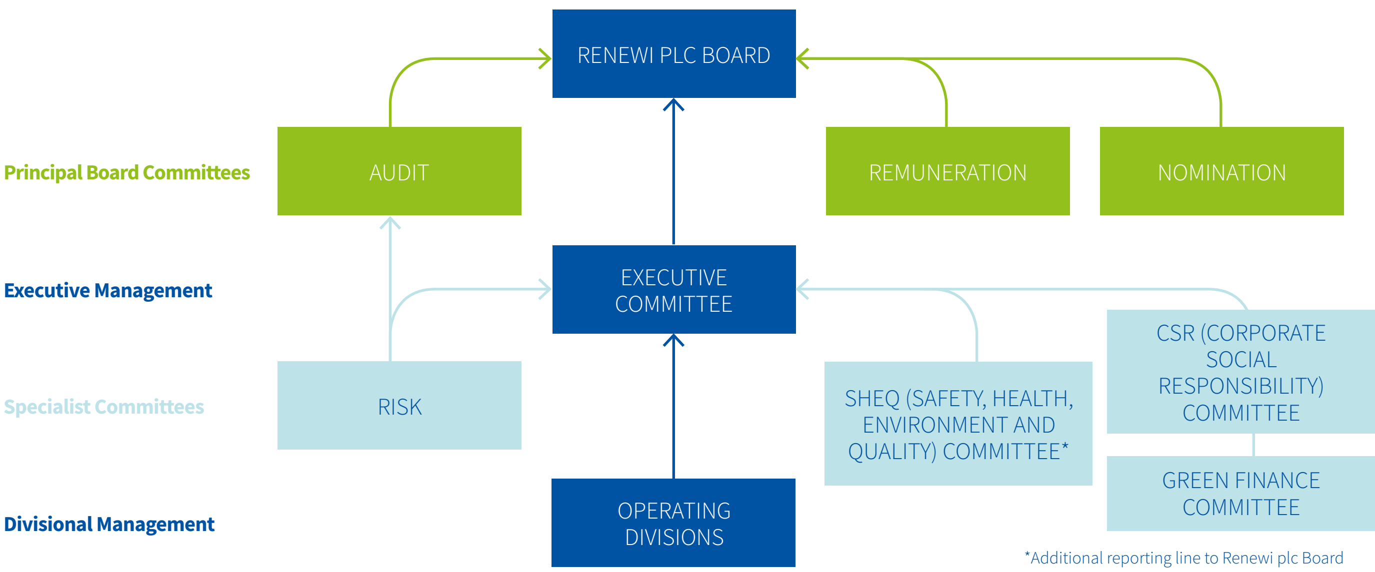
Both the Nomination and Remuneration Committees had busy agendas during the year as set out in their Reports on pages 90 to 91 and 92 to 107 respectively.

In December 2017, the Financial Reporting Council published proposed revisions to the UK Corporate Governance Code which are intended to sharpen the current Code and, if enacted, would facilitate greater alignment between UK and US corporate governance laws and regulations. The proposed revisions are focused on changes in the areas of leadership, division of Board and management responsibilities, Board composition, succession and evaluation, audit, remuneration, risk and internal control. The final revised Code is set for publication in Summer 2018 and to then enter into force for accounting periods beginning on or after 1 January 2019.

The Board will continue to monitor developments and are confident that they will be able to report their compliance with any revised governance provisions in next year's annual report.

Colin Matthews
Chairman

OUR CORPORATE GOVERNANCE REPORTING MANAGEMENT FRAMEWORK



*Additional reporting line to Renewi plc Board

The Board fully supports the principles of good corporate governance. This report, together with the Directors' Remuneration Report on pages 92 to 107, explains how the Group has applied and complied fully with the provisions of the UK Corporate Governance Code in force for the year to 31 March 2018.

The Board

The Board comprises the Chairman, a further five independent non-executive directors, the Chief Executive Officer and Chief Financial Officer.

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

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

The non-executive directors make a significant contribution to the functioning of the Board, thereby ensuring that no individual or group dominates the decision-making process. Non-executive directors are not eligible to participate in any of the Company's share option or pension schemes. The Chairman also meets and communicates regularly with the non-executive directors without the presence of the executive directors.

Following the retirement of Eric van Amerongen at last year's AGM, Jacques Petry was appointed Senior Independent Director. The Senior Independent Director will be available to shareholders should they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

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

The calendar of meetings of the Board and its committees for 2017/18 is shown below.

Director	Board meetings
Colin Matthews (Chairman)	11 (11)
Allard Castelein	10 (11)
Peter Dilnot	11 (11)
Jacques Petry	10 (11)
Stephen Riley	3 (4)
Luc Sterckx	7 (7)
Eric van Amerongen	4 (4)
Toby Woolrych	11 (11)
Marina Wyatt	11 (11)

Bracketed figures indicate maximum potential attendance of each director. Eric van Amerongen and Stephen Riley retired from the Board on 13 July 2017. Luc Sterckx was appointed to the Board on 1 September 2017.Jolande Sap was appointed to the Board from the start of the new financial year on 1 April 2018 .

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.

THE CALENDAR OF MEETINGS OF THE BOARD AND ITS COMMITTEES FOR 2017/18

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

In addition, 16 duly authorised Board Committee meetings, comprising at least two directors, were held during the year. These were primarily in connection with authorising the allotment of shares under employee share plans.

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

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

The work of the Board is further supported by three formal Committees (Audit, Remuneration and Nomination). In addition, while not a Committee with specific powers of its own delegated by the Board, the Chief Executive Officer is assisted in the performance of his duties by the Executive Committee. This Committee meets monthly and comprises the Chief Executive Officer and Chief Financial Officer, the Divisional Managing Directors and Corporate Function Directors. In addition, there are three main specialist committees covering; Risk, SHEQ and CSR.

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

Board induction and professional development

On appointment, directors are given an introduction to the Group's operations, including visits to principal sites and meetings with operational management.

Specific training requirements of directors are met either directly or by the Company through legal/regulatory updates. Non-executive directors also have access to PricewaterhouseCoopers' non-executive database and course programme. There is a rolling programme of holding Board meetings at different Group locations in order to review local operations, with a focus on health and safety during site visits.

Diversity

The Committee at the current time has not determined to set a specific female Board member quota. However, the Committee recognises both the Lord Davies and Hampton-Alexander Reviews on female representation at Board level, including the recommendation that 33% of FTSE350 Board positions should be held by women by 2020. Appointments to the Board and throughout the Group continue to be based on the diversity of contribution and required competencies, irrespective of gender, age, nationality or any other personal characteristic.

GENDER DIVERSITY

	Female	Male	Total
Board	2 (25%)	6 (75%)	8
Executive Committee	2 (18%)	9 (82%)	11
Group	1,203 (16%)	6,204 (84%)	7,407

BOARD BALANCE

- EXECUTIVE DIRECTORS 2
- NON-EXECUTIVE DIRECTORS 6

BOARD DIVERSITY

- FEMALE 2
- MALE 6

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

Statistical employment data for the Group can be found in the Corporate Social Responsibility Report which will be available on the Renewi website from July 2018. Further summary details, in addition to those shown below including those on gender pay gap reporting, can also be found in the People section on page 64.

Audit Committee

The Audit Committee met four times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Marina Wyatt who chairs the Committee, Jacques Petry, Allard Castelein and, since 1 September 2017, by Luc Sterckx. Eric van Amerongen and Stephen Riley were also members until their retirement from the Board on 13 July 2017.

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 at UBM Plc. In addition, the Board consider that the Audit Committee as a whole has competence relevant to the waste-to-product sector.

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

The Audit Committee Report on pages 86 to 89 sets out the role of the Committee and its main activities during the year.

Remuneration Committee

The Remuneration Committee met three times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Allard Castelein, Colin Matthews, Jacques

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

Petry, Marina Wyatt and, since 1 September 2017 and 1 April 2018, by Luc Sterckx and Jolande Sap respectively. Eric van Amerongen chaired the Committee and Stephen Riley was also a member until their retirement from the Board on 13 July 2017. The Committee, which is chaired by Allard Castelein, formulates the Company's Remuneration Policy and the individual remuneration packages for executive directors. The Committee also determines the remuneration of the Group's senior management and that of the Chairman.

The Committee recommends the remuneration of the non-executive directors for determination by the Board. In exercising its responsibilities, the Committee has access to professional advice, both internally and externally, and may consult the Chief Executive Officer about its proposals. The Directors' Remuneration Report on pages 92 to 107 contains particulars of Directors' remuneration and their interests in the Company's shares.

Nomination Committee

The Nomination Committee met four times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is chaired by Colin Matthews and is comprised solely of non-executive directors: Jacques Petry, Marina Wyatt, Allard Castelein and since 1 September 2017 and 1 April 2018, by Luc Sterckx and Jolande Sap respectively. Eric van Amerongen and Stephen Riley were also members until their retirement from the Board on 13 July 2017.

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 90 to 91 sets out the role of the Committee in further detail and its main activities during the year.

Other information

Other information, necessary to fulfil the requirements of the Corporate Governance Statement, relating to the Company's share capital structure and the appointment and powers of the directors, can be found in the Other Disclosures section on pages 108 to 110.

MEETING ATTENDANCE

Director	Audit Committee meetings
Marina Wyatt (Chair)	4 (4)
Allard Castelein	3 (4)
Jacques Petry	4 (4)
Stephen Riley	2 (2)
Luc Sterckx	2 (2)
Eric van Amerongen	2 (2)

Director	Remuneration Committee meetings
Eric van Amerongen (Chair)*	1 (1)
Allard Castelein (Chair)*	2 (3)
Colin Matthews	3 (3)
Jacques Petry	3 (3)
Stephen Riley	1 (1)
Luc Sterckx	2 (2)
Marina Wyatt	2 (3)

Director	Nomination Committee meetings
Colin Matthews (Chair)	4 (4)
Allard Castelein	4 (4)
Jacques Petry	4 (4)
Stephen Riley	1 (2)
Luc Sterckx	2 (2)
Eric van Amerongen	2(2)
Marina Wyatt	4(4)

Bracketed figures indicate maximum potential attendance of each director.
* Eric van Amerongen and Stephen Riley retired from the Board on 13 July 2017 following which Allard Castelein succeeded Eric van Amerongen as chairman of the Remuneration Committee. Luc Sterckx was appointed to the Board and all three Committees on 1 September 2017. Jolande Sap was appointed to the Board and the Nomination and Remuneration Committees from the start of the new financial year on 1 April 2018.

AUDIT COMMITTEE REPORT

On behalf of the Board I am pleased to present the Audit Committee Report for the year ended 31 March 2018

MARINA WYATT
Chair of the Audit Committee

The primary objective of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to the Group's corporate reporting, risk management systems and internal controls and any other matters referred to it by the Board. This covers:

- Monitoring the integrity of the financial statements including annual and half yearly reports
- Reviewing and challenging the consistency of and changes to significant accounting policies, the methods used to account for significant or unusual transactions and appropriate estimates and judgements
- Keeping under review the adequacy and effectiveness of internal financial controls and internal control and risk management systems
- Reviewing the adequacy of procedures for detecting fraud and ensuring that appropriate arrangements are in place to allow for company employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- Monitoring and review of the effectiveness of the internal audit function in the context of the overall risk management system
- The appointment, terms of engagement, effectiveness, objectivity and independence of the external auditors and the nature and scope of the audit
- The development and implementation of policy on the engagement of the external auditor to supply non-audit services

Committee Chair:
Marina Wyatt

Committee Members:
Allard Castelein, Jacques Petry, Luc Sterckx (appointed 1 September 2017)

Terms of Reference:
www.renewiplc.com/audit

At their meetings in May 2017, the Committee considered corporate governance compliance, taxation and the 2017 financial statements. The November meeting was concerned primarily with the interim results, reviews of life extending maintenance, non-trading and exceptional items policy and new accounting standards for revenues and leases. The March 2018 meeting considered Group Risk Management Strategy and Policy, preparation of the 2018 financial statements and all other year end accounting matters and treatments and the external audit plan.

During the year the Committee was again responsible for reviewing the approach and framework to assist the Board in their preparation of the Viability Statement as required by provision C.2.2 of the UK Corporate Governance Code. This included reviewing the process and the selection of principal risks to be subject to stress testing and scenario modelling. The Group's Viability Statement on page 79 confirms the Board's reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2021.

Accounting policies and issues

In carrying out its duties, the Committee reviewed and made recommendations in respect of the full year and interim financial statements. There was particular focus on the appropriateness of the Group's accounting policies and practices, material areas in which significant judgements have been applied and compliance with financial reporting standards and relevant financial and governance reporting requirements. The significant accounting issues considered by the Committee during the year were:

- **Accounting for onerous contracts in UK Municipal.** Given the long-term nature of these contracts, these provisions are judgemental. Detailed papers setting out

THE COMMITTEE IS SATISFIED THAT THE APPROPRIATE DISCLOSURES IN RELATION TO KEY JUDGEMENTS AND ESTIMATES HAVE BEEN INCLUDED IN THE FINANCIAL STATEMENTS

expected future cash flows and assumptions on a contract by contract basis have been reviewed and discussed with management. Following this process, the Committee has concluded that an appropriate level of provisions has been reflected in the balance sheet as at 31 March 2018.

- **Presentation of non-trading and exceptional items.** The Group discloses non-trading and exceptional items separately due to their size or incidence to enable a better understanding of performance. This is a key judgemental area which has been subject to recent pronouncements on quantum and presentation from the Financial Reporting Council. Based on a review of the supporting papers and calculations from management, the Committee considers that these items have been appropriately classified.
- **Impairment.** A number of significant assumptions have to be made when preparing cash flow projections including long-term growth rates, discount rates and future profitability. The Committee has reviewed the annual impairment review papers and supporting documentation prepared by management and concluded that there are no significant impairments this year end for property, plant and equipment. In the year the goodwill arising on the VGG acquisition has been allocated to the new reportable segments and the annual review has confirmed no impairments. The goodwill note in the financial statements includes appropriate disclosures for any reasonably possible changes in assumptions.
- **Revenue recognition and the impact of the new revenue standard from 1 April 2018.** A detailed work programme for the assessment of the impact of IFRS 15 was concluded during the year. The Committee has reviewed the papers and discussed this with management and concluded that the new standard will not have a material impact on revenue recognition in the Group. As stated in section 1 of the financial statements the operating profit will remain unchanged but there will be a relatively minor increase in revenue and in cost of sales.
- **Landfill and other liability provisioning.** Landfill provisions due to their nature are judgemental as they are subject to a number of factors including changes in legislation and uncertainty over timing of payments. The acquisition of VGG in the last year resulted in a significant increase in the landfill-related provisions in the Group. The annual review of provisions has confirmed that the assumptions taken including the period of liability and discount rates were acceptable and the closing balances were appropriate.
- **Accounting for various tax related matters including the level of provisions.** The most significant judgements in 2017/18 related to the recognition of deferred tax assets and the impact of recently communicated corporation tax changes in Belgium and the Netherlands. The Committee received verbal and written reports from senior management and the external auditors and the balances recognised at March 2018 were considered appropriate. It was agreed that the impact of the recently enacted corporation tax rates in Belgium, which reduced the carrying value of deferred tax liabilities, was of a sufficient size that it should be recorded as an exceptional rather than an underlying tax credit.
- **Acquisition accounting.** In the 12 month period following the acquisition of VGG on 28 February 2017, the fair value of the assets and liabilities acquired has been revisited. This included the completion of the external market appraisal for the real estate which was left at book value at the prior year end along with a final reassessment across all other assets and liabilities which resulted in amendments to onerous contract provisions and tax liabilities. The Committee has reviewed the papers and supporting documentation prepared by management and concluded that the final fair value and associated goodwill and acquisition intangibles is appropriate.

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

Fair, balanced and understandable

The Committee has assisted the Board in their consideration as to whether the Annual Report and Accounts are fair, balanced and understandable, such that shareholders are provided with the necessary information to assess the Group's performance, business model and strategy. Having reviewed the results of the year end internal verification and approval processes at their meeting in May 2018, the Committee was able to confirm this to be the case.

External audit

PricewaterhouseCoopers LLP (PwC) were appointed as the Company's external auditors by shareholders at the AGM in 1994. Renewi plc has committed to scheduling a competitive tender process for external audit no later than 2020. The Committee believes that such a timetable is in the best interests of the Company and its members following on from the transformational merger between Shanks Group plc and Van Gansewinkel Group, as it allows for an appropriate passage of time, post integration, for new operating models and processes to have been embedded before new auditors are then engaged.

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

The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a non-audit services policy. Specified services may be provided by the external auditor subject to a competitive bid process other than in situations where it is determined by the Committee, that the work is closely related to the audit or when a significant benefit can be obtained from work previously conducted by the external auditor. While the CFO may approve any new engagement up to the value of £25,000, anything in excess requires Committee approval up to an agreed annual aggregate limit of 50% of the prior year's audit fee. In exceptional circumstances, this limit may be exceeded with the approval of the Board.

A RESOLUTION WILL BE PUT TO SHAREHOLDERS AT THE FORTHCOMING AGM PROPOSING PWC'S REAPPOINTMENT AS GROUP AUDITORS

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

During the year £34,000 of non-audit services were provided by PwC, which is significantly down on the prior year spend of £3.2m when they provided corporate finance services as part of their appointment as reporting accountant for the capital markets work relating to the VGG merger. The total audit fees, as disclosed in note 3.2 of the financial statements, amounted to £1.3m (2017: £1.2m).

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

As part of the external audit process, the Committee discusses and agrees the scope of the audit which is based around a structured methodology to help ensure quality and rigour as well as regulatory compliance. The 2017/18 audit process was based on PwC's acceptance and independence procedures reflecting their understanding of the business and focusing on scoped areas determined to be of highest risk.

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

Internal audit

The internal audit function is an independent and objective function which aims to improve Renewi's overall control framework and evaluate and improve the design and effectiveness of control processes. Reviews on financial processes and cycles are carried out and investigation activities are performed on control failures to identify root cause and provide recommendations for resolution and prevention. The Committee annually reviews and approves the internal audit charter, defining the role and mandate of internal audit. The Committee monitors and reviews the effectiveness of its work and approves its annual plan.

Consistent with previous years, internal audit services from suitably qualified external providers were also engaged during the year. KPMG performed a control review which covered the consolidation process across Renewi.

The detailed findings from all reviews were presented to and considered by the Committee. Any necessary actions, including improvements from both the internal and external reviews, are acted upon by local divisional teams with regular follow-up at monthly business review meetings.

Accountability and audit
The responsibilities of the directors and the auditors in relation to the financial statements are set out on pages 111 to 120.

Risk management
The Group risk management framework, major risks and the steps taken to manage these risks are outlined on pages 70 to 79.

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 70 to 79. The Board of directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board recognises that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatements, losses and the breach of laws and regulations.

Annual assessment of the effectiveness of the risk management and internal control systems
In addition to the Board's ongoing internal control monitoring process, it has also conducted an annual effectiveness review of the Group's risk management and internal control systems in compliance with provision C.2.1 of the UK Corporate Governance Code and Turnbull guidance. This covered risk management systems and all significant material controls including financial, operational and compliance controls.

Specifically, the Board's review included consideration of changes in the risk universe and the Group's ability to respond to these through its review of business risk registers controls and improvement action plans. It also reviewed the six-monthly certification by divisional management to ensure that appropriate internal controls are in place as well as reports by internal audit and external auditors.

The main elements of the internal control framework which contribute towards its continuous monitoring are as follows:

- A defined schedule of matters for decision by the Board;
- A Group finance manual setting out financial and accounting policies, minimum internal financial control standards and the delegation of authority matrix over items such as capital expenditure, pricing strategy and contract authorisation;
- A comprehensive planning and budgeting exercise. Performance is measured monthly against plan and prior year results and explanations sought for significant variances. Key performance indicators are also extensively used to help management of the business and to provide early warning of potential additional risk factors;
- Monthly meetings and visits to key operating locations by the executive directors and most senior managers to discuss performance and plans;
- Appointment and retention of appropriately experienced and qualified staff to help achieve business objectives;
- An annual risk-based internal audit plan approved by the Committee. Summaries of audit findings and the status of action plans to remedy significant failings are discussed at Group Board and Committee meetings on a regular basis;
- A range of quality assurance, safety and environmental management systems are in use across the Group. Where appropriate these are independently certified to internationally recognised standards and subject to regular independent auditing;
- A minimum of three scheduled Committee meetings each year, to consider all key aspects of the risk management and internal control systems; and
- Prompt review by the Committee of any fraudulent activity or whistle-blowing reports with appropriate rectifying action.

Where weaknesses in the internal control system have been identified through the monitoring processes outlined above, plans for strengthening them are put in place and action plans regularly monitored until complete. The Board confirms that no material weaknesses were identified during the year and therefore no remedial action is required in relation to them.

Financial reporting
In addition to the general risk management and internal control processes described above, the Group has implemented internal controls specific to the financial reporting process and the preparation of the annual consolidated financial statements. The main control aspects are as follows:

- Formal written financial policies and procedures applicable to all business units;
- A detailed reporting calendar including the submission of detailed monthly accounts for each business unit in addition to the year end and interim reporting process;
- Detailed management review to Board level of both monthly management accounts and year end and interim accounts;
- Consideration by the Board of whether the Annual Report is fair, balanced and understandable;
- Bi-annual certification by divisional managing and finance directors and executive directors on compliance with appropriate policies and accuracy of financial information; and
- The Committee receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance.

Anti-bribery and corruption
Legacy Shanks and VGG whistle-blowing facilities continued to be in place throughout the year, providing 24/7 confidential reporting. In the course of 2018 these will be harmonised under the existing Integrity Management framework as part of the implementation of a new Renewi Code of Conduct and Reporting and Investigation Protocol.

NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2018

COLIN MATTHEWS
Chairman of the Nomination Committee

COMMITTEE CHAIRMAN:
Colin Matthews

COMMITTEE MEMBERS:
Jacques Petry, Marina Wyatt, Allard Castelein, Luc Sterckx (appointed 1 September 2017), Jolande Sap (appointed 1 April 2018)

TERMS OF REFERENCE:
www.renewiplc.com/nomco

THE ROLE OF THE COMMITTEE IS TO:

- Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes
- Give full consideration to succession planning for directors and other senior executives and in particular for the key roles of Chairman and Chief Executive Officer
- Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Recommend the re-election by shareholders of directors under the annual re-election provisions, having due regard to their performance and contribution in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board
- Review the results of the annual Board performance evaluation process.

The Committee met four times during the year and details of members' attendance are provided in the Corporate Governance section on page 85. The Committee was particularly focused this year on the recruitment of two new non-executive directors and the commissioning of Renewi's first externally facilitated Board evaluation process.

SUCCESSION PLANNING

Having already appointed Allard Castelein as a non-executive director in January 2017 and in recognition of the planned retirement of Eric van Amerongen and Stephen Riley at the July 2017 AGM, the Committee continued to work closely with independent search consultants, Egon Zehnder International to refresh non-executive director representation on the Board.

Searches were undertaken for two new non-executive directors with the requisite skills and experience to supplement those already covered by existing Board members. The process involved short listing followed by interviews by the Chairman, other Committee members and the Chief Executive Officer before final recommendations were made by the Committee to the Board.

Luc Sterckx's appointment as a non-executive director was announced on 3 August 2017 and took effect on 1 September 2007. Luc has significant experience and knowledge relevant to Renewi, including his successfully leading a range of international businesses in, and adjacent to, our sector. His direct experience of post-merger integrations in the Benelux region will also be particularly helpful for Renewi at this stage of the Company's evolution.

Jolande Sap's appointment as a non-executive director was announced on 13 March 2018 and took effect on 1 April 2018. Operating in a highly regulated sector and with increasing Governmental focus on recycling policy and the Circular Economy, Jolande's experience will provide the Renewi Board with an additional and valuable perspective.

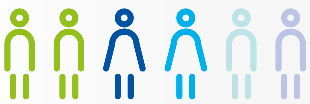
Any new director appointed to the Board is subject to election by shareholders at the first opportunity after their appointment. All directors are required under the Company's Articles of Association to stand for re-election at each AGM.

BOARD TENURE

0-3 YEARS	4
4-6 YEARS	2
7-9 YEARS	2

BACKGROUND/EXPERIENCE OF NON-EXECUTIVE DIRECTORS

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



BOARD EVALUATION

Key findings from the 2016/17 review.

1. Further strategic analysis of the market and technology drivers of the circular economy, specifically in the Benelux markets in which Renewi operates.

   Action: Progress has been made including refinement of the high level approach to initiating the next wave of growth as introduced at the inaugural Renewi Capital Markets Day in September 2017.

2. Greater exposure for members of the Executive Committee to the Board through formal presentations and site visit opportunities.

   Action: Board agendas now regularly include Divisional and Functional updates and presentations from Executive Committee members. Five Board meetings during the year were held at operational locations which included site tours.

3. Refreshing talent reviews and succession plans for senior executives throughout the combined business.

   Action: The Senior Leadership Team, comprised of former Shanks and VGG members as well as new hires, is now in place having secured necessary Benelux Works Council approvals. Succession and development plans are now being put in place in conjunction with a Group wide HR harmonisation programme.

2017/18 REVIEW

The Board agreed that the 2017/18 review should be carried out by an external facilitator. A number of suppliers took part in a tender process following which it was determined that Independent Audit Limited (IAL) be appointed to conduct the Board evaluation. The review explored a broad range of areas including strategy, operational priorities, the Board's role, its structure and balance, succession, risk management and governance. The review was conducted from November 2017 to January 2018. IAL were given access to Board and Committee papers and minutes, and individual meetings were held with all Directors and the Company Secretary. As part of the process IAL also attended and observed the December 2017 Board meeting held on site in Evergem in Belgium. IAL prepared a report which was discussed with the Chairman and Company Secretary and then discussed at the full Board in January 2018.

Against the background of the Board's necessary focus during the year on overseeing the initial integration of Shanks Group plc and VGG, IAL concluded that their overall impression was of a Board that was coping well with the significant change caused by a transformational merger. They noted a number of strengths in the Renewi Board including:

- Constructive relationships and a collegiate atmosphere at the Board
- Continuity provided by the two Executive Directors who have been in post for six years
- Engagement and skill of the Chairman in leading the Board
- Complementary experience and skills of the non-executive directors
- Excellent Board support from the Company Secretary.

Having considered IAL's observations and recommendations the Board then agreed specific 2018/19 action plans across four main areas.

1. A refocused strategy process positioning Renewi for long-term success and value creation beyond the merger benefits;
2. Supplementary corporate support bandwidth to support the Executive Directors;
3. A review of Board Committee structure and membership; and
4. A number of added value corporate governance enhancement/improvement actions.

As part of the annual process, the Senior Independent Director reviewed the Chairman's performance with the other Directors and met with him to provide feedback. The Chairman also provided feedback to each Director on their individual contributions to the Board and considered their development priorities. Following the review, the Board concluded that, along with its Committees, it continued to operate effectively during the year and that each director continued to demonstrate commitment to their role and perform effectively. The Board was therefore able to recommend the election and re-election of all those directors standing at the forthcoming AGM.

Colin Matthews
Chairman of the Nomination Committee

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee is focused on designing and implementing a Remuneration Policy that promotes the long-term success of the Company by enabling the Company to hire and retain the most appropriate people, aligning their financial interests with those of shareholders

ALLARD CASTELEIN
Chairman of the Remuneration Committee

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 Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Act requires the Auditor to report to the Group's shareholders on the audited information within this Report and to state whether in their opinion those parts of the Report have been prepared in accordance with the Act. The Auditor's opinion in this regard is set out on page 119 and those aspects of the Report which have been subject to audit are clearly marked.

CONTENTS

1. REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2018 which is my first report as the Chairman of the Committee.

I have summarised below the key decisions the Committee has taken during the year and provided explanation of the context in which they were made.

WORK OF THE COMMITTEE DURING THE YEAR

The Committee met three times during 2017/2018 and details of members' attendance at meetings are provided in the Corporate Governance section on page 85.

The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- Reviewing the changes to the Remuneration Policy, including Executive Directors base salaries, in advance of the 2017 AGM and consulting on the changes with major investors and representative bodies;
- Agreeing the performance against the targets and payout for the 2016/17 annual bonus awards;
- Setting the performance targets for the 2017/18 annual bonus;
- Agreeing the award levels and performance targets for the 2017 LTIP awards; and
- Agreeing Executive Directors' base salary increases and the Chairman's fee from 1 April 2018.

2017/18 PERFORMANCE, DECISIONS AND REWARD OUTCOMES

Performance
The variable elements of Executive Directors' remuneration have been particularly impacted by share price performance towards the end of, and following the year end. As detailed below and in the Annual Report on Remuneration, the share price performance measure relating to the 2015 Long Term Incentive Plan has significantly reduced the vesting percentage outcome. In addition, the Committee has also applied their discretion to reduce the level of LTIP awards in 2018 for the Executive Directors.

2017/18 Annual bonus
Strong underlying profit before tax and underlying free cash flow performance has contributed to corresponding bonus awards in respect of financial targets although personal objectives were only partially met due in part to Municipal Division challenges and with Health & Safety performance. This resulted in bonus awards of 88% and 89% of the maximum for the Chief Executive Officer and Chief Financial Officer respectively. One third of the bonus will be deferred into shares, vesting 50% over three years, 25% over four years and 25% over five years in line with the Remuneration Policy. Further details are set out on page 102.

2015 LTIP vesting in 2018
The Long Term Incentive Plan (LTIP) granted in 2015 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 2018. Although the threshold ROCE and share price targets were not met, resulting in both of these parts of the LTIP award lapsing, the threshold

EPS target was exceeded and as a result, will trigger partial vesting of the 2015 LTIP awards. This will result in 21.5% of the LTIP awards vesting. Further details are set out on page 103.

As the Directors' Remuneration Policy was put to a binding shareholder vote at the 2017 AGM and is considered at the current time to remain fit for purpose, no policy changes will be proposed at the 2018 AGM. As such, the only remuneration-related resolution which will be tabled will be in respect of this Annual Statement and the Annual Report on Remuneration. That said, while the Policy is intended to remain in place for a maximum of three years, the Committee intends to keep the policy under review during the next 12 to 24 months to ensure it remains aligned with business needs and strategic priorities.

Implementing the Remuneration Policy for 2018/19

The Remuneration Committee intends to operate the Remuneration Policy for Executive Directors for 2018/19 as follows:

- Executive Director base salaries were increased from 1 April 2018 (the normal salary review date) in line with the general workforce increase;
- Annual bonus provision will remain at 150% of salary and targets will continue to measure profit before tax, free cash flow and personal objectives. No changes will be made to the deferral, whereby two thirds of any bonus is payable in cash and one third will be deferred in shares, vesting 50% after three years, 25% vesting after four years and 25% vesting after five years;
- Reflecting the disappointing share price performance towards the end of, and following, the year end, the Committee has agreed to reduce the 2018 LTIP awards which will shortly be granted to Executive Directors. The Chief Executive Officer's LTIP award will be reduced from 150% to 112.5% of salary while the Chief Financial Officer's award will be reduced from 120% to 90% of salary. Targets will continue to measure EPS, share price and ROCE. A two year post-vesting holding period will apply to 2018 and future awards granted to Executive Directors.

Looking forward

At the 2017 AGM, the Directors Remuneration Policy received the support of 96.9% of votes cast while our Annual Report on Remuneration received 99.5% support. The Committee thanks shareholders for their continued support and asks that they support the 2018 AGM resolution.

A resolution seeking the approval of the Annual Statement and Annual Report on Remuneration for the year ended 31 March 2018 will be put to shareholders at the 2018 AGM.

Finally, on behalf of the Board, I would like to thank Eric van Amerongen, who successfully chaired this Committee for ten years up to the 2017 AGM.

Allard Castelein
Chairman of the Remuneration Committee
24 May 2018

The role of the Committee is to:

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

Committee members:

Allard Castelein (from 3 January 2017, Committee Chairman from 13 July 2017)
Eric van Amerongen (Committee Chairman to 13 July 2017)
Colin Matthews
Jacques Petry
Jolande Sap (from 1 April 2018)
Stephen Riley (to 13 July 2017)
Luc Sterckx (from 1 September 2017)
Marina Wyatt

Terms of Reference:

www.renewiplc.com/remco

2. DIRECTORS' REMUNERATION POLICY

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

The fixed portion of remuneration comprises basic salary, benefits and a payment in lieu of pension.

Policy scope

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

Policy duration

This Directors' Remuneration Policy Report was put to a binding shareholder vote at the AGM on 13 July 2017 and received 96.9% support. The Policy will apply from the date of approval for a maximum of three years although the Committee reserves the right to revisit the Policy within this period to ensure that it remains aligned with business needs and strategic priorities.

POLICY TABLE

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

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Salary levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The Committee also has regard to individual and Group performance and changes to pay levels across the Group.	Any basic salary increases are applied in line with the outcome of the review. For Executive Directors, it is anticipated that salary increases will normally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity or a material market misalignment), the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive.	None.

PENSION: To provide an opportunity for executives to build up a provision for income on retirement

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors receive a cash pension allowance in lieu of company pension scheme contributions.	Executive Directors may receive a cash allowance of up to 25% of salary.	None.

BENEFITS: To provide market-competitive benefits

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Benefits include life assurance, medical insurance, income protection and car/travel allowances.	Benefits may vary by role. However, the total cost of taxable benefits will not normally exceed 10% of salary. The Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. relocation or expatriation) or in circumstances where factors outside the Group's control have changed (e.g. increases in market insurance premiums).	None.

ALL EMPLOYEE SHARE SCHEMES: To encourage Group-wide share ownership

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors may participate in all-employee share arrangements on the same terms offered to employees.	The maximum opportunity will not exceed the relevant HMRC limits, where applicable.	None.

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

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Performance measures, targets and weightings are set at the start of the year. The maximum bonus is payable only if all performance targets are met in full. At least one third of any annual bonus award is deferred into shares for at least three years, subject to continued employment. The Group's current policy is for 50% of the bonus to vest after three years, 25% to vest after four years, and 25% to vest after five years. Deferred bonus awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the relevant vesting periods but would be paid only on shares that vest. **MALUS & CLAWBACK:** Malus provisions exist which entitle the Committee, at its discretion, to reduce the final award or deem it to have lapsed (to the extent it has not yet vested) in exceptional circumstances, e.g. material financial misstatement or gross misconduct. The bonus is also subject to clawback, i.e. recovery of paid amounts for material financial misstatement or conduct justifying summary dismissal.	For Executive Directors, the maximum annual bonus opportunity is 150% of salary. For threshold performance, the bonus earned is generally 25% of maximum and for on-target performance, 80% of maximum.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance such as profit or cash flow measures (majority weighting) and the achievement of personal or strategic objectives (minority weighting). Bonus targets are generally calibrated with reference to the Group's budget for the year. The Committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards, to ensure that payments are a true reflection of performance over the performance period, e.g. in the event of unforeseen circumstances outside management control. Details of the measures, weightings and targets applicable for the financial year under review are provided in the Annual Report on Remuneration.

LONG TERM INCENTIVE PLAN (LTIP): To motivate and retain senior executives and managers to deliver the Group's strategy and long-term goals and to help align executive and shareholder interests

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors and senior employees may be granted awards annually, as determined by the Committee. The vesting of these awards is subject to the attainment of performance conditions. Awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the vesting period but would be paid only on shares that vest. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, then the awards will lapse. Once vested awards may, at the discretion of the Committee, be subject to further holding in whole, or in part, for a period of up to two years following the end of the performance period. For LTIP awards granted to Executive Directors following the 2017 AGM a two year post-vesting holding period applies. **MALUS & CLAWBACK:** Malus provisions exist which entitle the Committee to reduce the final award or deem it to have lapsed during the period between the granting and end of the later of the vesting or holding period, if there has been material misstatement, gross misconduct or something which causes significant reputational damage to the Group. LTIP awards (from 2015 onwards) are also subject to clawback, i.e. recovery of vested awards for material financial misstatement or conduct justifying summary dismissal.	The maximum award limit in normal circumstances under the 2011 Long Term Incentive Plan will be 150% of salary (up to 200% in exceptional circumstances). Threshold performance will result in vesting of no more than 25% of maximum under each element.	Vesting of LTIP awards will be subject to continued employment and financial and/or share price-related performance targets measured over a period of at least three years. In addition to the Group achieving the financial/share price targets, the Committee must satisfy itself that the recorded outcome is a fair reflection of the underlying performance of the Group. The Committee has discretion (within the limits of the scheme) to adjust the formulaic performance outcomes to ensure that payments fairly reflect underlying performance over the period. Adjustments may be upwards or downwards. Details of LTIP targets are included in the Annual Report on Remuneration.

Notes to the policy table

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

Use of discretion
The Committee may apply discretion as detailed below. Under each element of remuneration, a full description of how discretion can be applied is set out in line with UK reporting requirements.

To ensure fairness and align executive remuneration with individual and underlying company performance the Committee may adjust up or down the outcome of the annual bonus and LTIP or the performance measures of inflight awards under either plan. Any adjustments in light of 'non-regular events' (including, but not limited to, corporate events (including Rights Issues), changes in the Group's accounting policies, minor or administrative matters, internal promotions, external recruitment and terminations of employment) are expected to be made on a 'neutral' basis – i.e. adjustments will be designed so that the event is not expected to be to the benefit or the detriment of participants. Adjustments to incentives to ensure that outcomes reflect underlying performance may be made in exceptional circumstances to help ensure outcomes are fair to shareholders and participants.

Performance measurement selection
The measures used in the annual bonus are selected annually to reflect the Group's main business priorities for the year, and capture both financial and non-financial objectives. Group financial performance targets relating to the annual bonus plan are based around the Group's annual budget, which is reviewed and approved by the Board prior to the start of each financial year. Underlying profit before tax and underlying free cash flow are typically used as the key financial performance measures in the annual bonus plan because they are clear and well-understood measures of Group performance.

Performance targets are reviewed annually and set to be stretching and achievable, taking into account the Group's resources, strategic priorities and the economic environment in which the Group operates. Targets are set taking into account a range of internal and external reference points, including the Group's strategic plan and broker forecasts for both the Group and sector peers. The Committee believes that the performance targets are stretching, and that to achieve maximum outcomes requires truly outstanding performance.

The Committee considers the combination of three-year EPS growth, ROCE improvement and share price growth currently operated for the LTIP to be key indicators of success for the Group. These measures are transparent, visible and motivational to participants, balance growth and returns, and provide good line-of-sight for executives and alignment with shareholders.

Remuneration policy for our senior leaders
The Group's approach to annual salary reviews is broadly consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels for comparable roles in comparable companies. The broader Remuneration Policy across the Group is also consistent with that set out in this report for the Executive Directors. For example, remuneration is linked to Group and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value.

Senior employees generally participate in an annual bonus scheme with a similar structure to that described for the Executive Directors. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate.

Members of the Executive Committee and other senior managers may participate in the LTIP on a similar basis to, but at lower levels than, Executive Directors. Such awards may be on the same terms as those granted to Executive Directors or they may differ in respect of vesting periods, holding periods and performance targets (i.e. the targets used and/or whether performance targets apply for some or all of the awards).

All UK employees are eligible to participate in the Sharesave Scheme on the same terms although other all-employee share arrangements may be introduced if considered appropriate.

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

APPROACH TO RECRUITMENT REMUNERATION

External appointments
In the cases of hiring or appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as described in the Policy Table on pages 94 and 95. The maximum limits for variable pay (excluding buy-outs) will be as for existing Executive Directors.

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including the overall quantum and nature of remuneration, and the jurisdiction from which the candidate is being recruited) to ensure that all such arrangements are in the best interests of Renewi and its shareholders.

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

In constructing a buy-out, the Committee will consider all relevant factors including time to vesting, any performance conditions attached to awards, and the likelihood of those conditions being met. Any such buy-out awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2 R to make awards using a different structure. Any buy-out awards would have a fair value no higher than that of the awards forgone.

Internal appointments
In cases of appointing a new Executive Director by way of internal promotion, the Committee will determine remuneration in line with the policy for external appointees. Where an individual has contractual commitments made prior to promotion to the Board, the Group will continue to honour these. Incentive opportunities for below Board employees are typically no higher than for Executive Directors,

but measures may vary to ensure they are relevant to the role.

Non-Executive Director recruitment
In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table on page 99. 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 chairing a Committee, as appropriate.

PAY SCENARIO CHARTS

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On-target' and 'Maximum'.

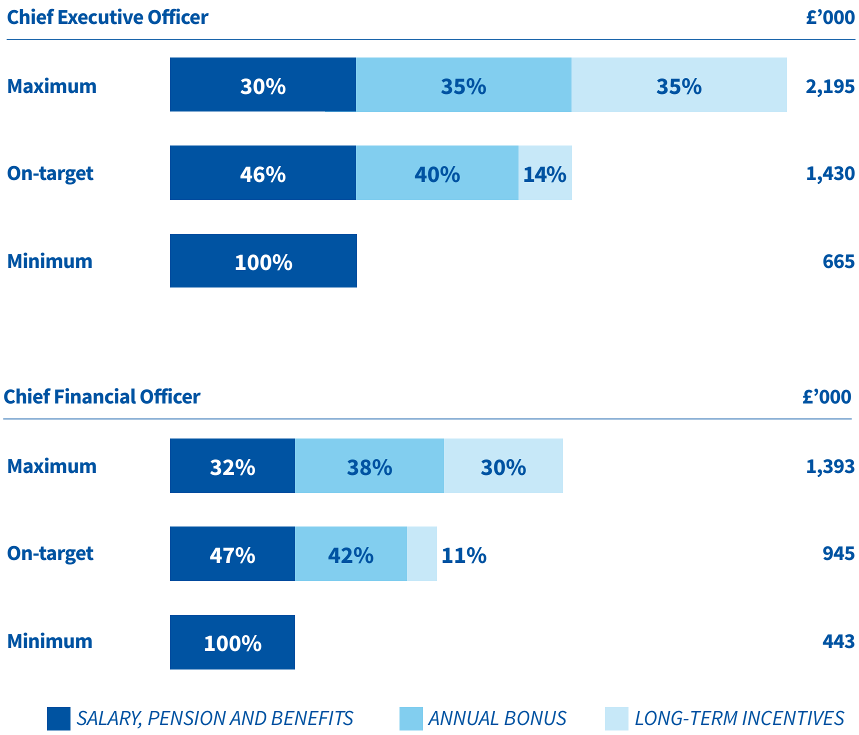
Potential reward opportunities are based on the Remuneration Policy, applied to basic salaries as at 1 April 2018. Note that the projected values exclude the impact of any share price movements and dividends.

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

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

The 'Maximum' scenario reflects fixed remuneration plus full pay-out of all incentives, excluding any share price appreciation and dividends (as per the current regulations).

PROPORTION OF FIXED AND VARIABLE REMUNERATION



SERVICE CONTRACTS AND EXIT PAYMENT POLICY

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. The Committee has agreed that the policy with regard to the notice period for Executive Directors is one year's written notice from the Group and from the individual. The contracts provide for an obligation to pay salary plus contractual benefits for any portion of the notice period waived by the Group. The Group has the ability to pay such sums in instalments, requiring the Director to mitigate loss (for example, by gaining new employment) over the relevant period.

Executive Director	Date of service contract
Peter Dilnot	1 February 2012
Toby Woolrych	27 August 2012

If employment is terminated by the Group, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Group wishes to enter into a settlement agreement (as provided for below), and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Group and its shareholders to do so.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table on page 98 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.
Any other reason.	Not applicable.	Awards lapse.
LONG TERM INCENTIVE PLAN (LTIP)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding LTIP awards will generally be pro-rated for time served and performance.
Change of control.	Immediately.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards lapse.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors do not have service contracts as their terms of engagement are governed by letters of appointment. These letters and the Company's Articles of Association make provision for annual renewal at each AGM. Details of the Non-Executive Directors' terms of appointment are shown in the table on the right. The appointment and re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

Non-Executive Director	Initial agreement date	Renewal date
Colin Matthews (Chairman)	7 March 2016	31 July 2018
Allard Castelein	10 November 2016	31 July 2018
Jacques Petry	30 September 2010	31 July 2018
Jolande Sap	13 March 2018	31 July 2018
Luc Sterckx	3 August 2017	31 July 2018
Marina Wyatt	2 April 2013	31 July 2018

The Non-Executive Directors are not eligible to participate in the Group's performance-related incentive plans and do not receive any pension contributions.

Shareholder approval was obtained at the 2017 AGM to increase the cap on Non-Executive Directors' fees in the Company's Articles of Association from £400,000 to £750,000, this last having been increased in 2005.

Details of policy on fees paid to Non-Executive Directors are set out in the table below:

OBJECTIVE	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Group.	Fee levels are reviewed annually, with any adjustments effective 1 April each year. The fee paid to the Chairman is determined by the Committee and fees to Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and chairing the Board's Committees and subsidiary company Supervisory Boards. Fee levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The required time commitment and responsibilities are taken into account when reviewing fee levels. Non-Executive Directors may receive benefits (including travel and office support, together with any associated tax liability that may arise).	Non-Executive Director fee increases are applied in line with the outcome of the review. Fees in respect of the year under review, and for the following year, are disclosed in the Annual Report on Remuneration. It is expected that any increases to Non-Executive Director fees will normally be in line with those for salaried employees. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	None.

EXTERNAL APPOINTMENTS

The Committee acknowledges that Executive Directors may be invited to become Non-Executive Directors of other quoted companies which have no business relationship with the Group and that these duties can broaden their experience and knowledge to the benefit of the Group. Executive Directors are limited to holding one such position, and the policy is that fees may be retained by the Director, reflecting the personal risk assumed in such appointments. On 1 September 2017 Peter Dilnot was appointed as a Non-Executive Director of Rotork plc, a FTSE250 global engineering business, with an associated fee of £47,000 per annum.

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 the Benelux, early and constructive engagement with Works Councils and Unions has been particularly important throughout the post merger integration period to deliver organisational changes in a smooth and negotiated manner and in full compliance with good employment practice. Most recently this has included discussion and agreement on bonus scheme harmonisation.

CONSIDERATION OF SHAREHOLDER VIEWS

When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on Remuneration Policy and arrangements, and commits to undergoing shareholder consultation in advance of any significant Remuneration Policy changes.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the executive remuneration remains appropriate.

Further details of the votes received in relation to last year's Annual Report on Remuneration and Remuneration Policy are provided below:

	2016/17 ANNUAL REPORT ON REMUNERATION AGM on 13 JULY 2017		REMUNERATION POLICY AGM ON 13 JULY 2017	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	544,066,134	99.53%	547,859,771	96.92%
Against	2,582,356	0.47%	17,407,656	3.08%
Total votes cast (excluding withheld votes)	**546,648,490**	**100%**	**565,267,427**	**100%**
Votes withheld	124,935,419	-	106,316,482	-

3. ANNUAL REPORT ON REMUNERATION

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2019 and how it was implemented during the financial year ended 31 March 2018.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2017/18

Basic salary
Executive Director basic salaries were increased in line with the general workforce rate of increase from 1 April 2018.

Executive Director	Basic salary at 1 April 2017	Basic salary from 1 April 2018	Percentage increase
Peter Dilnot	£500,000	£510,000	2%
Toby Woolrych	£345,000	£351,900	2%

Pension
The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 25% and 20% of salary, respectively, or an equivalent pension contribution.

Annual bonus
The maximum annual bonus opportunity for Executive Directors in 2018/19 will remain unchanged at 150% of salary, with one third of any bonus pay-out deferred into shares vesting 50% after three years, 25% after four years and 25% after five years. Pay-out for achievement of target performance will be 80% of maximum. Bonuses will be based 50% on underlying profit before tax, 25% on underlying free cash flow and 25% on personal objectives. Proposed target levels have been set to be challenging relative to the 2018/19 business plan. The specific targets are currently deemed to be commercially sensitive, however we will disclose them retrospectively in the 2018/19 Annual Report.

LTIP
Reflecting the disappointing share price performance towards the end of, and following, the year end, the Committee has agreed to reduce the 2018 LTIP awards for the Executive Directors. The Chief Executive Officer's LTIP award will be reduced from 150% to 112.5% of salary while the Chief Financial Officer's award will be reduced from 120% to 90% of salary. The performance conditions will continue to be based on EPS, share price growth and ROCE weighted 50%, 25% and 25% respectively. Further details on the measures, targets and vesting schedule can be found on page 103. For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Company over the period. A two year post vesting holding period will be applied rather than the previous, phased approach which applies to the 2017 and earlier awards.

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

	Basic fee at 1 April 2017	Basic fee from 1 April 2018
Base fees		
Chairman	£150,000	£153,000
Non-Executive Director	£48,000	£48,960
Additional fees		
Audit Committee Chair	£8,500	£8,670
Remuneration Committee Chair	£8,500	£8,670
Senior Independent Director	£6,000	£6,120

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2018 and the prior year.

	PETER DILNOT		TOBY WOOLRYCH	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Basic salary	452	500	296	345
Taxable benefits[1]	27	27	21	21
Pension[2]	113	125	59	69
Single-year variable[3]	326	660	209	461
Multiple-year variable[4]	–	160	–	84
Other[5]	6	9	2	5
Total	**924**	**1,481**	**587**	**985**

1 Taxable benefits comprise car allowance and medical insurance.
2 During the year, Peter Dilnot and Toby Woolrych received cash supplements in lieu of pension contribution of 25% and 20% of salary respectively.
3 Payment for performance during the year under the annual bonus including any deferred annual bonus. (See following sections for further details.)
4 Based on the estimated value of the 2015 LTIP award, assuming 21.5% vesting and a three month average share price to 31 March 2018 of 94.5 pence and including the estimated value of dividend equivalents.
5 Includes Sharesave awards, valued based on embedded gain at grant, life assurance and income protection

SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS (AUDITED)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2018 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Colin Matthews (Chairman)	150	150	–	–	150	150
Allard Castelein[1]	10	48	–	6	10	54
Jacques Petry[2]	40	48	–	5	40	53
Stephen Riley[3]	40	16	–	–	40	16
Eric van Amerongen[3,4]	40	16	25	14	65	30
Luc Sterckx[5]	–	28	–	–	–	28
Marina Wyatt[6]	40	48	7	9	47	57

1 Allard Castelein was appointed to the Board on 3 January 2017. His additional fee is in respect of his role as the Chair of the Remuneration Committee from July 2017.
2 Jacques Petry's additional fee is in respect of his role as the Senior Independent Director from July 2017.
3 Both Stephen Riley and Eric van Amerongen retired from the Board on 13 July 2017.
4 Eric van Amerongen's additional fees comprised amounts for his role as the Senior Independent Director and as the Chair of the Remuneration Committee to July 2017. He also received a fee of €10K in the period for his ongoing Chairmanship of the Supervisory Board of Renewi Netherlands Holdings BV. This fee has been stated in Sterling at an exchange rate of £1: €1.1353.
5 Luc Sterckx was appointed to the Board on 1 September 2017.
6 Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
7 Jolande Sap was appointed to the Board on 1 April 2018 and as such received no fees in the 2017/18 financial year.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2018

Performance-related annual bonus in respect of 2017/18 performance
The annual bonus was measured against underlying profit before tax (50% weighting), underlying free cash flow (25% weighting) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown below.

Financial element outcomes
The financial targets and corresponding outcomes for the 2017/18 annual bonus are shown below.

Measure	Weighting	2017/18 Final outcome	Threshold	Max	Bonus payout (% of max)
Underlying profit before tax	50%	£47.6m	£32.9m	£40.2m	100%
Underlying free cash flow	25%	£71.6m	£(6.5)m	£(6.5)m	100%

Both the underlying profit before tax and underlying free cash flow are set based on the Group's expected budget outcome for the year with all values for the Divisions converted to Sterling at the budgeted rates of exchange. Actual performance is also measured at this constant exchange rate.

In October 2017 the Board upgraded expected profits by circa 30% over budget/consensus. The profit element of the plan still comfortably met maximum pay-out at Renewi Group level due to the delivery of a strong financial performance, despite challenges in both Municipal and Hazardous Waste Divisions and recent market headwinds from recyclate pricing. This was driven by excellent trading in the Commercial and Monostreams businesses, coupled with synergies being delivered ahead of plan.

The cash position was also materially better than budget expectations throughout the year with cash having been managed tightly during the first year of post-merger integration, resulting in the achievement of each quarterly underlying free cash flow target at an overall Renewi level.

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

Personal objectives during the year		Target	Committee's assessment of performance	Bonus payout (% of max)
Peter Dilnot	1. Implement safety improvements throughout Renewi	6%	0%	
	2.Drive successful post-merger integration	7%	7%	
	3.Deliver target €12m merger synergies	6%	6%	
	4. Ensure Municipal division recovery	6%	0%	
		25%	**13%**	**52%**
Toby Woolrych	1. Implement safety improvements throughout Renewi	4%	0%	
	2. Drive successful post-merger integration	5%	5%	
	3. Deliver target €12m merger synergies	5%	5%	
	4. Ensure Municipal division recovery	5%	0%	
	5. Build strengthened finance management capability within Renewi	6%	4%	
		25%	**14%**	**56%**

While the Committee was satisfied that objectives 2 and 3 were met in full, despite progress being made in the year, objectives 1 and 4 were not met.

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall bonus outcome (% of salary/£)
Peter Dilnot	112.5%	19.5%	132% / £660,000
Toby Woolrych	112.5%	21.0%	133.5% / £460,575

One third of the bonus will be awarded in shares, which will vest in the proportion 50%, 25% and 25% on the third, fourth and fifth anniversary of the date of grant, respectively.

2015 LTIP vesting in 2018

Peter Dilnot and Toby Woolrych were granted LTIP awards in 2015 over shares equal to the value of circa 150% and 120% of salary respectively which would vest in 2018 based on three-year performance to 31 March 2018. Vesting was dependent on three-year adjusted underlying EPS, share price performance and ROCE. The vesting schedules, targets and the performance against targets are set out below:

Measure	Weighting	Targets	Actual performance	% of this part of award (% of maximum)
EPS CAGR	50%	0% vesting below 5% p.a. 25% vesting for 5% p.a. 50% vesting for 10% p.a. 100% vesting for 15% p.a. Straight-line vesting between these points	8.6%	43% (21.5%)
Share price CAGR	25%	0% vesting below 9% p.a.	<9%	0%
Improvement in ROCE	25%	0% vesting below +0.5%	<+0.5%	0%
Total vesting				**21.5%**

Share price growth was calculated using three-month average share prices immediately prior to the start and end of the performance period.

Based on the above, the vesting of the 2015 LTIP for the Executive Directors on 29 May 2018 will be:

Executive Director	Awards granted[1]	Shares vesting based on performance (21.5% of maximum)	Dividend equivalent shares (Estimated)	Total shares expected to vest	Estimated value at vesting[2] (£'000)
Peter Dilnot	715,650	153,865	15,875	169,740	£160
Toby Woolrych	375,083	80,643	8,320	88,963	£84

1. As adjusted for the November 2016 Rights Issue based on the standard theoretical ex-rights price formula.
2. Based on the average 3 month share price to 31 March 2018 of 94.50 pence.

SHARE AWARDS GRANTED IN 2017/18 (AUDITED)

Long-term incentive plans

Peter Dilnot and Toby Woolrych were granted awards under the Renewi plc 2011 Long Term Incentive Plan on 1 June 2017 as follows: Details of the performance targets are as follows:

Executive Director	Date of grant	Base salary	Basis of award	Share price[1]	Face value	Number of shares
Peter Dilnot	1 June 2017	£500,000	150% of salary	93.25p	£678,428	804,000
Toby Woolrych	1 June 2017	£345,000	120% of salary	93.25p	£355,392	443,000

1. Based on the three-day average dealing price prior to the grant date.

Details of the performance targets are as follows:

Measure (weighting)	Targets
EPS CAGR (50%)	0% vesting below 5% p.a. / 25% vesting for 5% p.a. / 50% vesting for 10% p.a. / 100% vesting for 15% p.a. Straight-line vesting between these points
Share price CAGR (25%)	0% vesting below 9% p.a. / 25% vesting for 9% p.a. / 50% vesting for 13% p.a. / 100% vesting for 17% p.a. Straight-line vesting between these points
Improvement in ROCE (25%)	0% vesting below +0.5% / 25% vesting for +0.5% / 100% vesting for +2.0% Straight-line vesting between these points

For 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. Half of any amounts earned will be released in June 2020 (i.e. three years from grant) and the remaining portion will be subject to holding periods with delivery to the individuals in two equal tranches in June 2021 and June 2022 respectively.

DEFERRED ANNUAL BONUS (DAB)

Peter Dilnot and Toby Woolrych were granted awards under the Renewi plc Deferred Annual Bonus Plan on 1 June 2017 as follows:

Executive Director	Date of grant	2016/17 annual bonus	Basis of deferred award	Share price[1]	Face value of bonus deferred	Number of shares
Peter Dilnot	1 June 2017	£325,645	1/3rd of bonus	93.25p	£108,548	116,405
Toby Woolrych	1 June 2017	£208,793	1/3rd of bonus	93.25p	£69,598	74,636

1. Based on the three-day average dealing price prior to the grant date.
50% of the awards will vest on the third anniversary of grant, 25% of awards will vest after four years and 25% will vest after five years, subject to continued employment.

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

No exit payments or payments to past Directors were made in the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends) from the financial year ended 31 March 2017 to the financial year ended 31 March 2018. The Directors are proposing a final dividend for the year ended 31 March 2018 of 2.1 pence per share (2017: 2.1p).

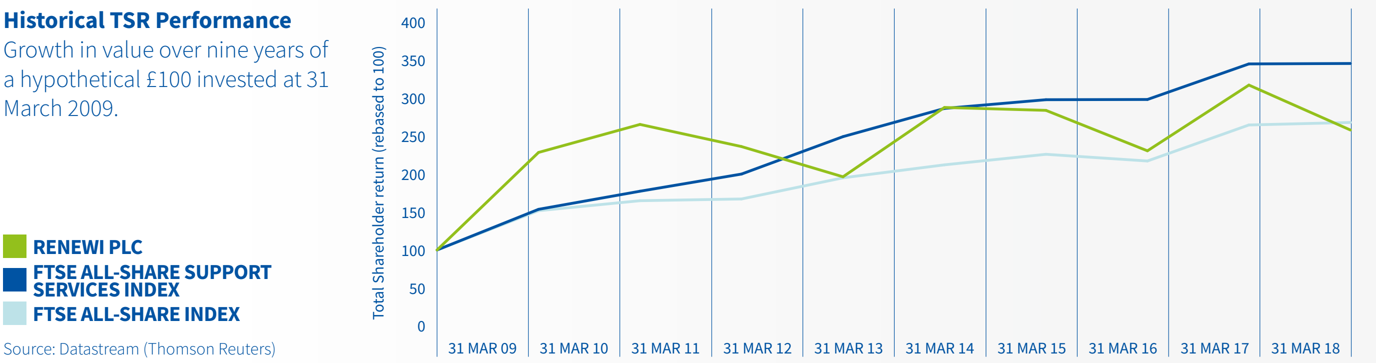
	2016/17 £m	2017/18 £m	% change
Distribution to shareholders	15.1	24.4	61.6%
Employee remuneration	178.2	368.6	106.8%

The increase in distribution to shareholders is attributable to the increased share capital following the equity raise, placement and consideration shares in connection with the merger of Shanks Group plc and van Gansewinkel Groep BV which completed in February 2017
The increase in employee remuneration is due to 2016/17 only including the enlarged Group for one month post merger, whereas 2017/18 is on a total annual basis.

PAY FOR PERFORMANCE

The graph shows the total shareholder return (TSR) of Renewi plc over the nine-year period to 31 March 2018. 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. As at the date of this Report Renewi plc is also a member of the FTSE 250 index, having re-entered that index in October 2017. 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 nine years of a hypothetical £100 invested at 31 March 2009.



Source: Datastream (Thomson Reuters)

CHIEF EXECUTIVE OFFICER'S SINGLE FIGURE OF REMUNERATION OVER THE NINE YEAR PERIOD TO 31 MARCH 2018

	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	TOM DRURY[1]			PETER DILNOT[2]						
Chief Executive Officer single figure of remuneration (£'000)	663	840	284	157	657	860	902	1,063	924	1,481
Annual bonus outcome (% of maximum)	38%	69%	0%	87%	19%	66%	47%	69%	48%	88%
LTIP vesting outcome (% of maximum)	0%	0%	0%	–	0%	0%	0%	0%	0%	21.5%

1 Tom Drury resigned as Chief Executive Officer on 30 September 2011.
2 Peter Dilnot was appointed as Chief Executive Officer on 1 February 2012.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE OFFICER'S REMUNERATION

The table below shows the percentage change in the Chief Executive Officer's remuneration from the prior year compared to the average percentage change in remuneration for all UK-based employees. This group was selected because the Committee believes it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases that are based on similar incentive structures, while on the other hand reducing any distortion arising from including all of the geographies in which the Group operates, with their different economic conditions. To provide a meaningful comparison, the analysis includes all UK based employees and is based on a consistent set of employees.

	CHIEF EXECUTIVE OFFICER			OTHER EMPLOYEES
	2016/17 £'000	2017/18 £'000	% Change	% Change
Salary	452	500	10.6%	4%
Taxable benefits	27	27	0%	0%
Single-year variable	326	660	102.5%	85%

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 24 May 2018 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 2017	Ordinary shares at 31 March 2018 and 24 May 2018
Colin Matthews (Chairman)	137,500	250,000
Allard Castelein	–	–
Peter Dilnot	131,364	143,691
Jacques Petry	–	–
Jolande Sap (appointed April 2018)	–	–
Luc Sterckx (appointed September 2017)	–	–
Toby Woolrych	54,753	162,235
Marina Wyatt	–	11,600

DIRECTORS' SHAREHOLDING (AUDITED)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2018:

	SHARES HELD			OPTIONS HELD					
	Owned outright or vested	Unvested but subject to holding period	Unvested and subject to performance conditions	Vested but not exercised	Exercised during the year	Unvested and subject to continuous employment	Shareholding requirement[1] (% salary)	Current shareholding[2] (% salary)	Requirement met?
Peter Dilnot	143,691	446,666	2,482,650	–	12,327	25,648	200%	22%	On track
Toby Woolrych	162,235	290,896	1,322,083	–	12,327	25,648	200%	35%	On track

1 Share ownership guideline increased from 100% of salary to 200% of salary from the 2017 AGM.
2 Shareholdings were calculated using the mid-market price at 31 March 2018 of 75 pence and salary as at 31 March 2018.

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

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

	Outstanding awards at 31 March 2017	Awards made during the year	Awards lapsed during the year	Awards exercised during the year	Outstanding awards at 31 March 2018	Date of award	Share price on date of award (pence)	Restricted period end[1]
Peter Dilnot	110,072	–	–	–	110,072	29.05.15	108.92	29.05.20
	220,189	–	–	–	220,189	23.11.16	93.50	23.11.21
	–	116,405	–	–	116,405	01.06.17	93.25	01.06.22
Toby Woolrych	72,077	–	–	–	72,077	29.05.15	108.92	29.05.20
	144,183	–	–	–	144,183	23.11.16	93.50	23.11.21
	–	74,636	–	–	74,636	01.06.17	93.25	01.06.22

1. 50% of the awards will be 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 notional allocations of shares under the Renewi Long Term Incentive Plan:

	Outstanding awards at 31 March 2017[1]	Awards made during the year	Awards lapsed during the year[2]	Awards vested during the year	Outstanding awards at 31 March 2018[3]	Date of award	Share price on date of award (pence	Performance period end	Restricted period end[4]
Peter Dilnot	715,650	–	–	–	715,650	29.05.15	108.92	31.03.18	29.05.18
	963,000	–	–	–	963,000	23.11.16	93.50	31.03.19	23.11.19
	–	804,000	–	–	804,000	01.06.17	93.25	31.03.20	01/06/20
Toby Woolrych	375,083	–	–	–	375,083	29.05.15	108.92	31.03.18	29.05.18
	504,000	–	–	–	504,000	23.11.16	93.50	31.03.19	23.11.19
	–	443,000	–	–	443,000	01.06.17	93.25	31.03.20	01/06/20

1 Awards granted prior to the November 2016 Rights Issue were adjusted based on the standard theoretical ex-rights price formula.
2 Awards lapse to the extent the performance conditions are not met.
3 The performance conditions relating to the vesting of outstanding awards are shown on page 104.
4 For LTIP awards made in 2014 to 2017, half of the awards will be released following the end of the three-year performance period, with the remaining shares delivered in two equal tranches after a further one and two years respectively.

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

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (pence)[1]	Number at 1 April 2017	Granted in year	Lapsed in year	Exercised in year	Number at 31 March 2018
Peter Dilnot	25.09.14	01.11.17	30.04.18	73.01	12,327	–	–	12,327	–
	24.09.15	01.11.18	30.04.19	65.18	13,806	–	–	–	13,806
	13.09.17	01.11.20	30.04.21	76.00	–	11,842	–	–	11,842
Toby Woolrych	25.09.14	01.11.17	30.04.18	73.01	12,327	–	–	12,327	–
	24.09.15	01.11.18	30.04.19	65.18	13,806	–	–	–	13,806
	13.09.17	01.11.20	30.04.21	76.00	–	11,842	–	–	11,842

1 The option price is the price at which the option was granted. The price is set by the Remuneration Committee but is not less than 80% of the average market price of the shares over the last three dealing days immediately preceding the date of the invitation to subscribe. Options granted prior to the November 2016 Rights Issue were adjusted based on the standard theoretical ex-rights price formula.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was 108.2 pence and the lowest closing mid-market price during the year was 75 pence. The mid-market price at the close of business on 31 March 2018 was 75 pence.

OTHER INTERESTS

None of the Directors had an interest in the shares of any subsidiary undertaking of the Group or in any significant contracts of the Group.

ADVICE PROVIDED TO THE COMMITTEE DURING THE YEAR

FIT Remuneration Consultants LLP (‘FIT’) was appointed by the Remuneration Committee during 2016 to provide independent advice on Committee matters. In 2017/18, FIT provided independent advice on executive remuneration. FIT reports directly to the Chairman of the Committee. Their total fees for the provision of remuneration services to the Committee in 2017/18 were £20,860 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 are signatories to the Code of Conduct for Remuneration Committees consultants which can be found at www.remunerationconsultantsgroup.com

The Committee periodically undertakes due diligence to ensure that the Remuneration Committee advisers remain independent of the Group and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided is independent.

By order of the Board

Allard Castelein
Chairman of the Remuneration Committee
24 May 2018

OTHER DISCLOSURES

THE COMPANY'S ARTICLES OF ASSOCIATION

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

STRATEGIC REPORT

The Overview and Strategic Report sections set out on pages 2 to 79 provide a fair review of the Group's business for the year ended 31 March 2018. They also explain 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 Overview and Strategic Report were approved by a duly authorised committee of the Board on 24 May 2018 and signed on its behalf by the Company Secretary.

DIRECTORS' REPORT

The Directors' Report comprises pages 80 to 111. The Directors' Report was approved by a duly authorised committee of the Board on 24 May 2018 and signed on its behalf by the Company Secretary.

OTHER INFORMATION

Apart from the details of the Company's Long Term Incentive Plans, as set out in the Directors' Remuneration Report on pages 92 to 107, no further information requires disclosure for the purposes of complying with the Financial Conduct Authority's Listing Rule 9.8.4C.

DIRECTORS

The composition of the Board at the date of this Report, together with directors' biographical details, are shown on pages 80 to 81. All served on the Board throughout the financial year under review with the exception of Luc Sterckx and Jolande Sap. Eric van Amerongen and Stephen Riley retired from the Board at the conclusion of the 2017 AGM. Following their appointments in September 2017 and April 2018, Luc Sterckx and Jolande Sap will be standing for election by shareholders at the 2018 AGM. In accordance with governance best practice, all remaining directors will be offering themselves for re-election at the 2018 AGM.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Company's minimum requirement is to appoint at least two directors. The appointment and replacement of directors may be made as follows:

- The Company's members may, by ordinary resolution, appoint any person who is willing to act to be a director;
- The Board may appoint any person who is willing to act to be a director. Any director so appointed shall hold office only until the next AGM and shall then be eligible for election;
- Each director shall retire from office at every AGM but may be re-appointed by ordinary resolution if eligible and willing;
- The Company may, by special resolution, remove any director before the expiry of his or her period of office or may, by ordinary resolution, remove a director where special notice has been given and the necessary statutory procedures are complied with; and
- A director must vacate their office if any of the circumstances in Article 100 of the Articles of the Company arise.

POWERS OF DIRECTORS

The business of the Company is managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Articles and by any directions given by special resolution of the members of the Company. Specific provisions relevant to the exercise of powers by the directors include the following:

- Pre-emptive rights and new issues of shares – under the Companies Act 2006, (the Act), the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles or given by its shareholders in a general meeting. In addition, under the Act, the Company may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the Company's shareholders. The Company received authority at the last AGM to allot shares for cash on a non pre-emptive basis up to a maximum nominal amount of £3,999,129. This authority lasts until the earlier of the AGM in 2018 or 30 September 2018;
- 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 79,982,584 ordinary shares. This authority lasts until the earlier of the AGM in 2018 or 30 September 2018; and
- Borrowing powers – the directors are empowered to exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the Company's assets, provided that the aggregate amount of borrowings of the Group outstanding at any time does not exceed the limit set out in the Articles, unless sanctioned by an ordinary resolution of the Company's shareholders.

DIRECTORS' INDEMNITIES

As at the date of this Report, the Company has granted indemnities to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out the role of a director of the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In respect of those liabilities for which the directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

CORPORATE GOVERNANCE

The Board is fully committed to high standards of corporate governance. Details relating to the Company's compliance with the UK Corporate Governance Code for the financial year are given in the Corporate Governance and Directors' Remuneration Reports on pages 82 to 107.

CORPORATE SOCIAL RESPONSIBILITY

Renewi plc is a leading international waste-to-product company. Information on Corporate Social Responsibility (CSR) matters, including those on environment, social, community and employment policies and health and safety are set out in the CSR section on pages 66 to 69, and in the People section on pages 60 to 65 of the Strategic Report. These include disclosures on greenhouse gas emissions reporting as well as human rights and gender diversity policies. Further details on the Company's approach to carbon avoidance and the benefits of sustainable waste management can also be found in the Group CSR Report and CSR Policy, both of which will be available on the Company's website from July 2018.

RESULTS AND DIVIDENDS

The Group's Consolidated Income Statement, which appears on page 122 and note 2 to the financial statements, shows the contribution to revenue and profits made by the different segments of the Group's business. The Group's loss for the year was £47.6m (2017: loss of £61.4m).

The directors recommend a final dividend of 2.1 pence (2017: 2.1 pence) per share be paid on 27 July 2018 to ordinary shareholders on the register of members at the close of business on 29 June 2018. This dividend, if approved by shareholders, together with the interim dividend of 0.95 pence (2017: 0.95 pence) per share already paid on 5 January 2018, will make a total dividend for the year of 3.05 pence per share (2017: 3.05 pence).

GOING CONCERN AND VIABILITY

After making enquiries, the directors have formed the view, at the time of approving the financial statements, that the Company and Group have adequate resources to continue to operate and that the Group's business is a going concern. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Taking account also of the Company's current position and principal risks, the Board set out on page 79 how they have assessed the prospects of the Company and, in compliance with UK Corporate Governance Code provision C.2.2, confirm that they have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2021.

SHARE CAPITAL

The Company's share capital comprises ordinary shares of 10 pence each par value. As at 31 March 2018 and as at the date of this Report, there were 800,133,252 ordinary shares in issue. During the year ended 31 March 2018 no ordinary shares were issued other than in respect of the exercise of options or awards under the Company's share schemes, details of which are given in note 7.3 to the financial statements.

PRINCIPAL RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

- Dividend rights – the Company may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the directors. The directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Payment or satisfaction of a dividend may be made wholly or partly by distribution of assets, including fully paid shares or debentures of any other company. The directors may deduct from any dividend payable to a member all sums of money (if any) payable by such member to the Company in respect of their ordinary shares.

- Voting rights – on a poll, every shareholder who is present in person or by proxy or represented by a corporate representative has one vote for every share held by that shareholder. In the case of joint holders of an ordinary share, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding. The deadline for appointing proxies to exercise voting rights at any general meeting is set out in the notice convening the relevant meeting. The Company is not aware of any agreements between holders of its shares that may result in restrictions on voting rights.

- Return of capital – in the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed amongst the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the sanction of a special resolution of the shareholders and any other sanction required by law, divide among the shareholders in kind the whole or any part of the Company's assets or vest the Company's assets, but no shareholder may be compelled to accept any assets upon which there is any liability.

SHARE RESTRICTIONS

There are no limitations under the Company's Articles of Association that restrict the rights of members to hold the Company's shares. Certain restrictions may from time to time be imposed on the transfer of the Company's shares by laws and regulations such as insider trading laws. In limited situations, as permitted by the Articles, the Board may also decline to register a transfer. The Company is not aware of any agreements between holders of its shares that may result in restrictions on the transfer of securities.

EMPLOYEE SHARE SCHEMES – CONTROL RIGHTS

The Company operates a number of employee share schemes. Under some of those schemes, ordinary shares may be held by trustees on behalf of employees. Employees are not entitled to exercise directly any voting or other control rights in respect of any shares held by such trustees. The trustees have full discretion to vote or abstain from voting at general meetings of the Company in respect of such shares.

RETAIL BONDS

As at 31 March 2018 the Company had in issue two Retail Bonds: the first, comprising €100m 4.23% guaranteed notes due 30 July 2019; and the second, comprising €100m 3.65% guaranteed notes due 16 June 2022. There are no restrictions under the instruments governing these notes that restrict the rights of investors to hold or transfer them. The Company is not aware of any agreements between the holders of the notes that may result in restrictions on their transfer.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

The Group's principal financing instrument at 31 March 2018, a €575m multi-currency revolving credit facility and term loan with six major banks, contains an option for those banks 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 2018, would have required the repayment of £291.6m (2016: £279.6m) in principal and interest.

The Group's Retail Bonds issued in July 2013 and in June 2015 require notice to be given to bondholders within seven business days of a change of control following which the holders have an option to seek repayment at a 1% premium, within 60 days of that notice. Such repayment must be made within ten business days of the expiry of the option period. If exercised at 31 March 2018, repayment of £182.1m (2016: £177.6m) 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 £556,000 (2017: £44,000) on research and development during the year. This primarily related to a number of projects undertaken by the Monostreams Division, including research into the recovery and use of materials from incinerator bottom ash, geopolymer technologies and bioplastics.

POLITICAL DONATIONS

No donations were made by the Group for political purposes during the financial year (2017: £nil).

NOTIFIABLE INTERESTS

The Company has been notified of direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Company as set out in the table below.

INVESTOR RELATIONS

Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other stakeholders. The Company uses a number of channels to do this including its AGM, face-to-face meetings, roadshows, analyst workshops, videos, presentations, reports and its corporate website. During the year the Company hosted a successful Capital Markets event in the Netherlands for institutional investors and analysts. This was held in September 2017 at a number of Renewi's facilities in the Netherlands including those representing the Commercial Netherlands, Hazardous Waste and Monostreams Divisions. The event provided an opportunity; to explain Renewi's business and showcase some high quality assets; to meet Renewi's leadership team; to provide an update on core markets and strategy and provide clarity around Renewi's growth journey. Presentation materials from the event are available on the Renewi website.

ANNUAL GENERAL MEETING

Notice of the AGM of the Company to be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA on Thursday, 12 July 2018 at 11.00am will be made available to shareholders, together with a form of proxy, and will also be available on the Company website at www.renewiplc.com. The directors consider that all the AGM resolutions are in the best interests of the Company and they recommend unanimously that all shareholders vote in favour, as they intend to do in respect of their own shareholdings.

By order of the Board

Philip Griffin-Smith
Company Secretary
24 May 2018

Renewi plc
Registered in Scotland no. SC077438

NOTIFIABLE INTERESTS

	Notifications received up to 24 May 2018: Number of shares	Issued share capital %
Kabouter Management LLC	97,571,428	12.19
Avenue Europe International Management LP	45,946,642	5.74
FMR LLC	41,620,714	5.20
Paradice Investment Management LLC	40,898,333	5.11
Cross Ocean Partners	34,079,882	4.26
Neptune Investment Management Limited	29,925,720	3.74
Sterling Strategic Value Fund	25,675,000	3.21

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

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

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors whose names and functions are listed on pages 80 and 81 of the Annual Report confirm that, to the best of their knowledge:

- The parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- The Overview and Strategic Report include a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces;
- There is no relevant audit information of which the Group and parent company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

By order of the Board

P. Griffin-Smith

Philip Griffin-Smith
Company Secretary
24 May 2018

Renewi plc
Registered in Scotland no. SC077438

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI PLC

Report on the audit of the financial statements

OPINION

In our opinion, Renewi plc's Group financial statements and parent company financial statements (the 'financial statements'):

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss and the group's and the parent company's cash flows for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and parent company balance sheet as at 31 March 2018; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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

Other than those disclosed in note 3.2 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 April 2017 to 31 March 2018.

OUR AUDIT APPROACH

Overview

- Overall group materiality: £7.5m (2017: £3.8m), based on 0.5% of revenue.
- Overall parent company materiality: £5.2m (2017: £3.8m), based on 1% of net assets.

Audit scope

- We performed an audit over the complete financial information of five out of the seven reporting units being Hazardous Waste, Netherlands Commercial, Belgium Commercial, UK Municipal and Group Central Services divisions. Additional analytical reviews and specified audit procedures were performed over the remaining reporting units, being Monostreams and Canada Municipal.
- We obtained coverage of approximately 88% of the Group's revenue and 81% of the Group's underlying profit before tax from the audit procedures performed on full scope components.

Key audit matters

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

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, 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 or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and parent company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant component teams. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries of management and review of significant component auditors' work. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Fraud and error in revenue recognition The nature of the Group's performance obligations under revenue contracts varies from business to business and from customer to customer. In Netherlands Commercial and Belgium Commercial a number of contracts give rise to an obligation to process waste received. In the Hazardous Waste division, the majority of the contracts give rise to an obligation to process waste received. Where such obligations exist, revenue is deferred when invoices to customers are raised in advance of processing the waste. The calculation of deferred revenue in the Hazardous Waste Division is based on a number of assumptions and judgements, principally in relation to the quantity of unprocessed material on site at the year end, which impact the quantum of revenue recognised in the year. At 31 March 2018 the Group has £44.6m of deferred revenue on its balance sheet. See note 4.8 to the financial statements. Due to the varying nature of the Group's contractual obligations and the judgemental nature of the amount of unprocessed material on site at the year-end, we have focused effort on this area to address the risk of undetected material errors in the recording of revenue and deferred revenue.	We assessed the accuracy of management's calculation of deferred revenue, which is calculated based on waste tonnages and pricing, by: - Attending year-end inventory counts of unprocessed waste to test the existence and completeness of waste tonnages at year-end; - Considering the reasonableness of management's assumptions included in the calculation of deferred revenue by benchmarking data points used by management to external sources of information; - Performing substantive tests of detail on the pricing of individual waste components by tracing to invoices raised to customers; and - Re-performing management's calculation of deferred revenue at year-end. Having performed the procedures above we were satisfied that the assumptions and judgements taken by management in calculating quantities of unprocessed waste at year-end were supportable and that appropriate prices had been used to calculate the deferred revenue balance.
Impairment of tangible and intangible assets At 31 March 2018, the Group had £606.3m of goodwill and intangible assets and £623.0m of tangible assets on the Group balance sheet. See notes 4.1 and 4.2 to the financial statements respectively. The Group is required to annually assess the carrying value of goodwill by calculating the recoverable amount based on the future cash flow estimates of the relevant cash generating unit (CGU). As a result of performing value in use calculations, no goodwill impairment charges have been recorded by the Group for the year ended 31 March 2018. We focused on this area because the value in use calculations	For all CGUs, we obtained the discounted cash flow forecasts prepared by management. Details of the key assumptions included in the cash flow forecasts prepared by the Group are included in notes 4.1 and 4.2. We evaluated the reasonability of the future cash flow forecasts by comparing them with the latest Board approved budgets and considering the historic accuracy of management's forecasts by comparing prior year forecasts to actual outturn. Further, we challenged management on: - Forecast revenue growth rates and trading margins for the CGUs over the period of the forecasts;

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
include key assumptions and judgements in the calculation of the recoverable amounts, namely forecast revenue growth rates, trading margin, the long term growth rate and discount rate assumptions. Separate to the consideration of the carrying value of goodwill, the Group must also consider whether any indicators of impairment have been identified in relation to other intangible assets subject to amortisation and tangible assets subject to depreciation in CGUs without goodwill. Accordingly, we focused on this area because the consideration of whether indicators of impairment exist in CGUs without goodwill is judgemental. An impairment charge of £3.0m has been recognised against plant and equipment, of which £1.8m relates to the fires in the Netherlands and Belgium and £1.2m in the commercial division as part of the synergy delivery programme. A further £3.2m impairment has been recognised against intangibles, relating to £1.9m of contract right intangibles in UK Municipal as it has been determined they are no longer recoverable, and £1.3m of software intangibles in the Commercial Division due to the integration plans. We focused on these impairments to verify whether the assumptions used in determining the quantum of the asset impairments were appropriate.	- The key assumptions for long term growth rates in the forecasts by comparing them with historical results and economic and industry forecasts; and - The discount rate used. Specifically, we recalculated the Group's weighted average cost of capital using market comparable information and compared it to the rate calculated by management. - We also performed sensitivity analysis on the discounted cash flow forecasts and on the ability of the Group to generate the forecast cash flows. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill, intangible and/or tangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising and whether this would impact the assessment that no impairment is recognised for the year ended 31 March 2018. For all CGUs with goodwill, we were satisfied that the carrying value of goodwill was supported by the value in use calculations and no impairment charge was required.
PFI contract accounting The Group has the operating contracts for seven PFI contracts in the UK – A&B, D&G, Derby, ELWA, Cumbria, Derbyshire, BDR and Wakefield. See below for discussion of onerous contracts. Separately, the Group is the primary obligor in connection with the construction and delivery of a waste management facility in Surrey Canada. The key accounting judgements and estimates that management have applied in accounting for PFI/PPP contracts are disclosed in note 4.4.	We have considered the appropriateness of the additions to the financial asset in Surrey which primarily relate to rectification works that are required to bring the plant into an operable state. We have confirmed that these represent the fair value of construction services and therefore have been appropriately added to the financial asset, in line with IFRC 12.
PFI onerous contracts As disclosed in note 4.9 to the financial statements, the Group has onerous contract provisions of £95.9m in the Municipal division. In 2018 a provision was recognised in relation to Wakefield, and there was an increase to the BDR operating contract provision. There were also further increases to the D&G provision. Due to their nature, these provisions are judgemental. Where an onerous contract provision is recognised, the amount recognised is based on assumptions and estimates to calculate the expected	Our audit work on provisions focused on: - Reading significant contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous; - Reading Board minutes to identify any relevant matters reported to the Board; and

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
returns from the operating agreements over the life of the agreement. These include the level of anticipated operational efficiency, the cost base required, consumer behaviour regarding waste and recycling, and the use of an appropriate risk free discount rate.	▸ Discussions with management to understand the basis of the calculation of the provision. We reviewed the reasonableness of management's models which were used to estimate the expected returns on the operating agreements. We did this by considering the estimation accuracy of management's forecasts in light of actual outturn in the year and our knowledge of current market conditions. Further, we challenged management on the forecast levels of operational efficiency, the estimated level of forecast costs required to deliver that operational performance, their views on future consumer behaviour and the impact that may have on the calculations, as well as the discount rate used. Based on this work, we concluded that management's forecasts were reasonable and that where provisions were recognised, these had been calculated on an appropriate basis.
Accounting for other provisions The Group operates in different jurisdictions and in an industry that is heavily regulated and subject to change. Non-compliance with laws and regulations has the potential to lead to litigation and associated financial or reputational damage. In addition to onerous contracts discussed above, as disclosed in note 4.9 to the financial statements, the Group has long term landfill provisions for site restoration and aftercare of £117.1m at 31 March 2018. Separately the Group has other provisions of £29.8m principally comprising restructuring obligations, dilapidations, long-service employee awards, legal claims, warranties and indemnities. Due to their nature, these provisions are judgemental. Changes to the environment in which the Group operates can impact both the amounts required to settle the provision and the period over which the provision is recognised.	Our audit work on provisions focused on: ▸ Understanding the processes and controls in place to ensure compliance and a discussion of any instances of non-compliance in the year with management; ▸ Reading significant contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous; ▸ Reading Board minutes to identify any relevant matters reported to the Board; ▸ Meeting with in-house legal counsel to determine the status of known claims against the Group and assess the appropriateness of the associated provisions held; and ▸ Discussions with management to understand the basis of the calculation of the provision. In addition to the procedures above, for the Group's long term landfill provisions we specifically: ▸ Considered the estimation accuracy of the forecast spend on which the provision is based on our knowledge of the industry, the sites and contracts involved; and ▸ Considered the appropriateness of the discount rates applied to the forecast future cash flows in light of market risk free rates and the nature of the risks in the future cash flows. Having performed the procedures above we found that the key assumptions applied to each provision, which differed depending on the nature of and duration of the provision, were appropriately supported.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for taxation The Group has recognised £19.0m of a total potential deferred tax asset of £59.2m in respect of historic losses as at 31 March 2018. See note 3.5 to the financial statements. The amount of deferred tax assets recognised is judgemental and is determined by reference to future forecasts of taxable profits. In the current year, the Group has increased the level of deferred tax asset recognised on historic losses with a corresponding change in deferred tax assets on temporary differences mainly due to the changes in the new UK corporate tax loss relief rules. Future forecasts of taxable profits remained largely unchanged.	As part of our work on deferred tax, we have considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets. Specifically we assessed: ▸ Board approved budgets and forecasts against historic performance by legal entity; ▸ Whether taxable differences result in taxable amounts against which unused tax losses can be utilised; and ▸ The historic level of utilisation of deferred tax assets. Having performed the procedures above we consider that the assumptions applied in the recognition of deferred tax assets at 31 March 2018 were reasonable.
Presentation of non-trading and exceptional items The Group presents two measures of performance in the Income Statement; statutory and underlying, the latter after adjusting for certain items of income or expense as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. The determination of which items of income or expense are classified as exceptional or non-trading is subject to judgement and therefore users of the accounts could be misled if amounts are not classified appropriately. A description of the amounts presented as non-trading or exceptional is included in note 3.4 to the financial statements. .	We considered the appropriateness of the amounts classified as non-trading and exceptional. In order to do this we considered: ▸ The Group's accounting policy on exceptional and non-trading items; and ▸ Pronouncements by the Financial Reporting Council on this matter. We challenged management on the appropriateness of the classification of such items being mindful that classification should be even handed between gains and losses, the basis for the classification clearly disclosed, and applied consistently from one year to the next. Our work highlighted certain items that management had classified as exceptional which were judgemental. Having considered the nature and quantum of these items, overall we are satisfied that the presentation of non-trading and exceptional items in the financial statements for the year ended 31 March 2018 is appropriate.

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

How we tailored the audit scope

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

The Group's accounting function is structured into local or regional finance centres for each of the territories in which the Group operates. These functions maintain their own accounting records and controls and reports to the head office finance team in Milton Keynes UK through integrated consolidation system.

The Group financial statements are a consolidation of seven reporting units being Netherlands Commercial, Belgium Commercial, Hazardous Waste, UK Municipal, Canada Municipal, Monostreams and Group Central Services. Of the Group's seven reporting units, we identified Netherlands Commercial, Belgium Commercial, Hazardous Waste, UK Municipal and Group Central Services which, in our view, required an audit of their complete financial information due to their size compared to the Group.

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

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

Materiality

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

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

	Group financial statements	Parent company financial statements
Overall materiality	£7.5m (2017: £3.8m)	£5.2m (2017: £3.8m)
How we determined it	0.5% of revenue.	1% of net assets.
Rationale for benchmark applied	Given the growth of the Group through the acquisition of Van Gansewinkel Groep BV in prior year, we considered that the benchmark applied historically did not adequately reflect the scale of the enlarged Group's operations. In determining materiality for 2018, we considered a range of benchmarks, including underlying profit before tax, EBITDA and revenue. This resulted in an indicative overall materiality ranging up to £14.7m. In our professional judgement, we concluded that an appropriate level of materiality for the 2018 audit would be neither at the upper nor lower end of the range. Therefore, we selected an overall materiality level of £7.5m which equates to 0.5% of revenue for the year.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the parent company, and is a generally accepted auditing benchmark. In determining materiality for 2018, we considered a range of benchmarks including total assets which we felt inflated materiality and as such have chosen a net asset materiality for 2018.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £3.0m and £6.9m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £365,000 (Group audit) (2017: £200,000) and £259,000 (parent company audit) (2017: £200,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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

THE DIRECTORS’ ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

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

- The directors’ confirmation on page 79 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors’ explanation on page 79 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

OTHER CODE PROVISIONS

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

- The statement given by the directors, on page 111, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group’s and parent company’s position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 86 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors’ statement relating to the parent company’s compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors

DIRECTORS’ REMUNERATION

In our opinion, the part of the Directors’ Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors’ Responsibilities Statement set out on page 111, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the audit committee, we were appointed by the members on 11 May 1994 to audit the financial statements for the year ended 31 March 1995 and subsequent financial periods. The period of total uninterrupted engagement is 24 years, covering the years ended 31 March 1995 to 31 March 2018.

Matthew Mullins
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2018

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Note	2018 Trading £m	2018 Non trading & exceptional items £m	2018 Total £m	2017 Trading £m	2017 Non trading & exceptional items £m	2017 Total £m
Revenue	2	**1,565.7**	**–**	**1,565.7**	779.2	–	779.2
Cost of sales	3.4	**(1,276.9)**	**(70.7)**	**(1,347.6)**	(653.3)	(43.3)	(696.6)
Gross profit (loss)		**288.8**	**(70.7)**	**218.1**	125.9	(43.3)	82.6
Administrative expenses	3.4	**(219.7)**	**(30.8)**	**(250.5)**	(89.4)	(32.2)	(121.6)
Operating profit (loss)	2,3.4	**69.1**	**(101.5)**	**(32.4)**	36.5	(75.5)	(39.0)
Finance income	5.4	**12.3**	**–**	**12.3**	10.3	–	10.3
Finance charges	5.4	**(32.2)**	**–**	**(32.2)**	(23.1)	(11.6)	(34.7)
Share of results from associates and joint ventures	4.3	**2.3**	**–**	**2.3**	2.0	–	2.0
Profit (loss) before taxation		**51.5**	**(101.5)**	**(50.0)**	25.7	(87.1)	(61.4)
Taxation	3.5	**(13.0)**	**15.0**	**2.0**	(5.9)	6.4	0.5
Profit (loss) for the year from continuing operations		**38.5**	**(86.5)**	**(48.0)**	19.8	(80.7)	(60.9)
Discontinued operations							
(Loss) profit for the year from discontinued operations	6.2	**(0.1)**	**0.5**	**0.4**	–	(0.5)	(0.5)
Profit (loss) for the year		**38.4**	**(86.0)**	**(47.6)**	19.8	(81.2)	(61.4)
Attributable to:							
Owners of the parent		**38.0**	**(85.8)**	**(47.8)**	20.1	(81.2)	(61.1)
Non-controlling interests	5.9	**0.4**	**(0.2)**	**0.2**	(0.3)	–	(0.3)
		38.4	**(86.0)**	**(47.6)**	19.8	(81.2)	(61.4)
Basic earnings (loss) per share attributable to owners of the parent (pence per share)							
Continuing operations	3.6	**4.8**	**(10.8)**	**(6.0)**	3.7	(15.0)	(11.3)
Discontinued operations	3.6	**–**	**–**	**–**	–	(0.1)	(0.1)
		4.8	**(10.8)**	**(6.0)**	3.7	(15.1)	(11.4)
Diluted earnings (loss) per share attributable to owners of the parent (pence per share)							
Continuing operations	3.6	**4.8**	**(10.8)**	**(6.0)**	3.7	(15.0)	(11.3)
Discontinued operations	3.6	**–**	**–**	**–**	–	(0.1)	(0.1)
		4.8	**(10.8)**	**(6.0)**	3.7	(15.1)	(11.4)

The notes on pages 127 to 180 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**7.3**	14.7
Fair value movement on cash flow hedges	5.5	**7.2**	1.3
Deferred tax on fair value movement on cash flow hedges	3.5	**(1.5)**	(0.7)
Share of other comprehensive income of investments accounted for using the equity method	4.3	**0.7**	0.3
		13.7	15.6
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit pension schemes	7.2	**3.0**	(10.7)
Deferred tax on actuarial gain (loss) on defined benefit pension schemes	3.5	**(0.6)**	1.7
		2.4	(9.0)
Other comprehensive income for the year, net of tax		**16.1**	6.6
Loss for the year		**(47.6)**	(61.4)
Total comprehensive loss for the year		**(31.5)**	(54.8)
Attributable to:			
Owners of the parent		**(32.3)**	(54.3)
Non-controlling interests		**0.8**	(0.5)
Total comprehensive loss for the year		**(31.5)**	(54.8)
Total comprehensive loss attributable to owners of the parent arising from:			
Continuing operations		**(32.7)**	(53.8)
Discontinued operations		**0.4**	(0.5)
		(32.3)	(54.3)

The notes on pages 127 to 180 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2018

	Note	31 March 2018 £m	Restated* 31 March 2017 £m
Assets			
Non-current assets			
Intangible assets	4.1	**606.3**	585.7
Property, plant and equipment	4.2	**623.0**	615.9
Investments	4.3	**16.7**	15.8
Loans to associates and joint ventures	4.3	**13.9**	14.2
Financial assets relating to PFI/PPP contracts	4.4	**166.4**	165.5
Trade and other receivables	4.7	**4.6**	3.1
Derivative financial instruments	5.5	**0.5**	0.3
Deferred tax assets	3.5	**24.9**	31.3
		1,456.3	1,431.8
Current assets			
Inventories	4.6	**23.3**	19.9
Loans to associates and joint ventures	4.3	**5.9**	5.7
Financial assets relating to PFI/PPP contracts	4.4	**13.5**	13.3
Trade and other receivables	4.7	**257.8**	234.7
Derivative financial instruments	5.5	**1.4**	–
Current tax receivable		**0.1**	0.1
Cash and cash equivalents	5.2	**63.9**	74.9
		365.9	348.6
Assets classified as held for sale	6.3	**0.3**	0.3
		366.2	348.9
Total assets		**1,822.5**	1,780.7
Liabilities			
Non-current liabilities			
Borrowings – PFI/PPP non-recourse net debt	5.3	**(81.7)**	(85.0)
Borrowings – Other	5.3	**(489.7)**	(482.4)
Derivative financial instruments	5.5	**(29.1)**	(30.0)
Other non-current liabilities	4.8	**(6.9)**	(5.1)
Deferred tax liabilities	3.5	**(62.9)**	(77.5)
Provisions	4.9	**(201.7)**	(146.9)
Defined benefit pension schemes deficit	7.2	**(22.3)**	(26.9)
		(894.3)	(853.8)
Current liabilities			
Borrowings – PFI/PPP non-recourse net debt	5.3	**(1.2)**	(2.1)
Borrowings – Other	5.3	**(12.9)**	(16.4)
Derivative financial instruments	5.5	**(0.1)**	(0.8)
Trade and other payables	4.8	**(472.1)**	(410.8)
Current tax payable		**(18.4)**	(14.4)
Provisions	4.9	**(41.1)**	(45.0)
		(545.8)	(489.5)
Total liabilities		**(1,440.1)**	(1,343.3)
Net assets		**382.4**	437.4
Equity			
Share capital	5.9	**80.0**	79.9
Share premium	5.9	**377.4**	377.2
Exchange reserve		**46.2**	39.1
Retained earnings		**(126.5)**	(63.3)
Equity attributable to owners of the parent		**377.1**	432.9
Non-controlling interests	5.9	**5.3**	4.5
Total equity		**382.4**	437.4

*The balance sheet as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the Van Gansewinkel Groep (VGG) acquisition.

The notes on pages 127 to 180 are an integral part of these consolidated financial statements.

The Financial Statements on pages 122 to 180 were approved by the Board of Directors and authorised for issue on 24 May 2018. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Note	Share capital £m	Share premium £m	Exchange reserve £m	Retained earnings £m	Restated* Non-controlling interests £m	Total equity £m
Balance at 1 April 2017		**79.9**	**377.2**	**39.1**	**(63.3)**	**4.5**	**437.4**
(Loss) profit for the year		**–**	**–**	**–**	**(47.8)**	**0.2**	**(47.6)**
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		**–**	**–**	**7.1**	**–**	**0.2**	**7.3**
Fair value movement on cash flow hedges	5.5	**–**	**–**	**–**	**6.8**	**0.4**	**7.2**
Actuarial gain on defined benefit pension schemes	7.2	**–**	**–**	**–**	**3.0**	**–**	**3.0**
Tax in respect of other comprehensive income items	3.5	**–**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
Share of other comprehensive income of investments accounted for using the equity method	4.3	**–**	**–**	**–**	**0.7**	**–**	**0.7**
Total comprehensive income (loss) for the year		–	–	**7.1**	**(39.4)**	**0.8**	**(31.5)**
Share-based compensation	7.3	**–**	**–**	**–**	**1.8**	**–**	**1.8**
Movement on tax arising on share-based compensation	3.5	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Proceeds from exercise of employee options	5.9	**0.1**	**0.2**	**–**	**–**	**–**	**0.3**
Own shares purchased by the Employee Share Trust	5.9	**–**	**–**	**–**	**(1.0)**	**–**	**(1.0)**
Dividends	5.10	**–**	**–**	**–**	**(24.4)**	**–**	**(24.4)**
Balance as at 31 March 2018		**80.0**	**377.4**	**46.2**	**(126.5)**	**5.3**	**382.4**
Balance at 1 April 2016		39.8	100.2	24.4	20.4	(2.0)	182.8
Loss for the year		–	–	–	(61.1)	(0.3)	(61.4)
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		–	–	14.7	–	–	14.7
Fair value movement on cash flow hedges	5.5	–	–	–	1.5	(0.2)	1.3
Actuarial loss on defined benefit pension schemes	7.2	–	–	–	(10.7)	–	(10.7)
Tax in respect of other comprehensive income items	3.5	–	–	–	1.0	–	1.0
Share of other comprehensive income of investments accounted for using the equity method	4.3	–	–	–	0.3	–	0.3
Total comprehensive income (loss) for the year		–	–	14.7	(69.0)	(0.5)	(54.8)
Share-based compensation	7.3	–	–	–	0.5	–	0.5
Movement on tax arising on share-based compensation	3.5	–	–	–	(0.1)	–	(0.1)
Proceeds from share issues, net of transaction costs	5.9	21.1	115.2	–	–	–	136.3
Issue of ordinary shares in consideration for a business combination		19.0	161.7	–	–	–	180.7
Proceeds from exercise of employee options		–	0.1	–	–	–	0.1
Non-controlling interest on acquisition of a subsidiary		–	–	–	–	7.0	7.0
Dividends	5.10	–	–	–	(15.1)	–	(15.1)
Balance as at 31 March 2017		79.9	377.2	39.1	(63.3)	4.5	437.4

*The non-controlling interests as at 31 March 2017 have been restated for acquisition accounting adjustments in relation to the VGG acquisition.

The notes on pages 127 to 180 are an integral part of these consolidated financial statements.

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Loss before tax		**(50.0)**	(61.4)
Finance income		**(12.3)**	(10.3)
Finance charges		**32.2**	34.7
Share of results from associates and joint ventures		**(2.3)**	(2.0)
Operating loss from continuing operations		**(32.4)**	(39.0)
Operating profit (loss) from discontinued operations		**0.4**	(0.5)
Amortisation and impairment of intangible assets	4.1	**15.9**	8.6
Depreciation and impairment of property, plant and equipment	4.2	**81.9**	48.6
Loss (gain) on disposal of property, plant and equipment		**2.1**	(0.5)
Impairment of investments	4.3	**0.9**	–
Increase in service concession arrangement receivable		**(10.2)**	(19.6)
Exceptional loss (gain) on disposal of property, plant and equipment		**11.5**	(0.5)
Exceptional loss on disposal of subsidiaries		**–**	0.2
Exceptional gain on insurance proceeds in relation to fires in the Netherlands and Belgium		**(5.1)**	–
Net increase in provisions		**45.6**	29.0
Payments to fund defined benefit pension schemes deficit		**(3.1)**	(3.1)
Share-based compensation	7.3	**1.8**	0.5
Operating cash flows before movement in working capital		**109.3**	23.7
Increase in inventories		**(3.1)**	(1.5)
Increase in receivables		**(17.0)**	(4.1)
Increase in payables		**39.2**	9.8
Cash flows from operating activities		**128.4**	27.9
Income tax paid		**(6.7)**	(5.3)
Net cash inflow from operating activities		**121.7**	22.6
Investing activities			
Purchases of intangible assets		**(7.9)**	(7.0)
Purchases of property, plant and equipment		**(77.3)**	(37.0)
Disposals of property, plant and equipment		**4.2**	2.8
Exceptional disposal of property, plant and equipment		**(3.8)**	–
Insurance proceeds in relation to fires in the Netherlands and Belgium		**3.6**	–
Acquisition of subsidiary, net of cash acquired	6.1	**(5.6)**	53.3
Acquisition of business assets		**(0.2)**	(1.1)
Proceeds from disposal of subsidiary		**–**	1.1
Receipt of deferred consideration		**0.2**	4.6
Payment of deferred consideration		**(0.6)**	(1.3)
Dividends received from associates and joint ventures	4.3	**1.3**	0.1
Loans granted to associates and joint ventures	4.3	**(0.1)**	(18.5)
Repayments of loans granted to associates and joint ventures	4.3	**0.2**	–
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(2.0)**	(2.1)
Capital received in respect of PFI/PPP financial assets		**4.0**	3.5
Finance income		**9.9**	9.9
Net cash (outflow) inflow from investing activities		**(74.1)**	8.3
Financing activities			
Finance charges and loan fees paid		**(26.8)**	(28.9)
Proceeds from share issues	5.9	**0.3**	141.5
Costs in relation to share issues	5.9	**–**	(5.1)
Investment in own shares by the Employee Share Trust	5.9	**(1.0)**	–
Dividends paid	5.10	**(24.4)**	(15.1)
Repayment of the VGG loan and derivatives acquired as part of the business combination		**–**	(289.5)
Proceeds from bank borrowings		**10.2**	211.2
Repayment of PFI/PPP net debt		**(4.2)**	(4.0)
Repayments of obligations under finance leases		**(13.3)**	(3.2)
Net cash (outflow) inflow from financing activities		**(59.2)**	6.9
Net (decrease) increase in cash and cash equivalents		**(11.6)**	37.8
Effect of foreign exchange rate changes		**0.6**	2.4
Cash and cash equivalents at the beginning of the year		**74.9**	34.7
Cash and cash equivalents at the end of the year	5.2	**63.9**	74.9

The notes on pages 127 to 180 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Section 1. Basis of preparation

This section provides general information about the Group and the accounting policies that apply to the consolidated financial statements as a whole. Accounting policies that are specific to a particular note are provided within the note to which they relate. This section also details the new or amended accounting standards adopted during the year as well as the anticipated impact of future changes to accounting standards that are not yet effective.

Renewi plc is a public limited company listed on the London Stock Exchange and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 196. The nature of the Group's operations and its principal activities are set out in section 2.

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

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, share-based payments and assets classified as held for sale, 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 2017. The consolidated financial statements are presented in pounds sterling and all amounts are rounded to the nearest £0.1m unless otherwise stated.

There were no new standards, amendments to standards or interpretations adopted for the first time for the Group's financial year beginning 1 April 2017 that had a significant impact on these financial statements.

Comparative information

The comparative information in the consolidated balance sheet for the year ended March 2017 has been restated for acquisition accounting adjustments in relation to the Van Gansewinkel Groep BV (VGG) acquisition in accordance with IFRS 3 Business Combinations, see note 6.1 for the impact of the restatement.

Changes in presentation

The Group changed the composition of its reporting segments from 1 April 2017, following the VGG acquisition which in the prior year was reported as a separate reportable segment. A new divisional structure has been created as a result of the merger of Shanks and VGG which is both market facing and customer-focused. Accordingly, the segmental information presented in these financial statements has been restated to reflect the information now provided to the chief operating decision maker in order to assess performance and to make decisions on allocating resources. The following changes have been made to the Group's reportable segments as reported at 31 March 2017:

- The Commercial Waste reportable segment comprises the former Shanks Commercial Divisions in the Netherlands and Belgium and the former VGG Collections Division in the Netherlands and Belgium.
- The Hazardous Waste reportable segment comprises the former Shanks Hazardous Waste Division and now includes VGIS (previously Van Gansewinkel Industrial Services) and CFS (previously Van Gansewinkel CFS).
- Monostreams is a new reportable segment which includes the three former businesses of the Recycling Division of VGG and the former Shanks Dutch Orgaworld business previously included in the Commercial Waste reportable segment.
- The Group Central Services reportable segment comprises the former Shanks and former VGG corporate head office functions.
- The Municipal reportable segment is unchanged.

As required under IFRS 8 Operating Segments, the Group has restated the corresponding segment information for the prior year to enable comparisons to the new structure.

Going concern

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

NOTES TO THE FINANCIAL STATEMENTS

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union. At the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

Accounting standard	Requirements	Impact on financial statements
IFRS 9 Financial Instruments	This standard addresses the classification, measurement and recognition approaches for financial assets and liabilities and requires additional disclosures in relation to hedging activities. Effective for periods beginning on or after 1 April 2018.	The Group has performed an initial assessment of the impact of this standard. Following adoption of the standard, increased disclosures on hedging will be required, otherwise we do not expect implementation will have a material impact.
IFRS 15 Revenue Recognition and IFRS 15 (amendment)	IFRS 15 applies to all contracts with customers excluding those covered by other IFRSs such as lease contracts, insurance contracts and financial instruments. Core principle of the standard: Recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Effective for periods beginning on or after 1 April 2018.	The Group has performed an assessment of the impact of this standard. Adoption of the standard will not have a material impact on the Income Statement, operating profit will be unchanged but there will be a relatively minor increase in revenue and cost of sales in relation to non-cash consideration. There will be no impact on the Balance sheet.
IFRS 16 Leases	This standard changes the way leases are recognised, measured, presented and disclosed. Almost all operating leases will be recognised as a liability together with a corresponding "right of use asset". Effective for periods beginning on or after 1 April 2019.	The Group is currently performing an assessment of this standard. It is expected to have a material impact on the Balance sheet as it will result in the Group recognising assets and lease liabilities. The assets will be depreciated and interest charged on the lease liabilities, which replaces the operating lease costs currently recognised in the Income Statement. This may initially result in the Group recognising a higher lease expense than the current operating lease cost. It is not expected to have a material impact on the Income Statement but the exact value will depend on the leases held in the future. The current level of operating leases held by the Group is disclosed in note 3.3.

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

Section 1. Basis of preparation continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Renewi plc (the Company), all its subsidiary undertakings (subsidiaries) and the Group's interests in joint ventures and associates.

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.

Equity investments in entities that are neither associates, joint ventures nor subsidiaries are held at cost, less any provision for impairment.

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 consolidated financial statements are presented in Sterling, which is the Group's presentation currency.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency of the Group as follows:

- assets and liabilities at each balance sheet date are translated into Sterling at the closing year end exchange rate;
- income and expenses in each Income Statement are translated into Sterling at the average rate of exchange for the year; and
- the resulting exchange differences are recognised in the exchange reserve in other comprehensive income.

Cumulative exchange differences are recognised in the Income Statement in the year in which an overseas subsidiary undertaking is disposed of.

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

	Closing rates			Average rates		
Value of £1	**31 March 2018**	31 March 2017	Change	**31 March 2018**	31 March 2017	Change
Euro	**1.14**	1.17	(2.4)%	**1.14**	1.19	(4.7)%
Canadian Dollar	**1.81**	1.67	8.5 %	**1.71**	1.79	(4.1)%

The Group applies the hedge accounting principles of IAS 39 Financial Instruments: Recognition and Measurement relating to net investment hedging to offset the exchange differences arising on foreign currency denominated borrowings with the translation of foreign operations. Net investment hedges are accounted for by recognising exchange rate movements in the exchange reserve, with any hedge ineffectiveness being charged to the Income Statement in the period the ineffectiveness arises.

NOTES TO THE FINANCIAL STATEMENTS

Section 1. Basis of preparation continued

Critical accounting judgements and estimates
The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes. The estimates and associated assumptions are based on factors that are considered to be relevant and are reviewed on an ongoing basis.

Judgements in applying the Group's accounting policies
Underlying business performance – The Group uses 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 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, financing fair value remeasurements and amortisation of acquisition intangibles. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit. 'Underlying EBIT' is defined as continuing operating profit before amortisation of acquisition intangibles and exceptional items. Landfill related expenses and provisioning are no longer an adjusting item in determining the Group's EBITDA as it is part of the underlying business. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out on pages 182 to 183.

PPP contracts in the Netherlands - Following the acquisition of VGG, the Group now participates in PPPs with local governments in the Netherlands with regard to waste collecting activities. The PPP entities are each 100% owned by the local government municipality with the Group wholly responsible for the management of the legal entity. In addition to 100% ownership by the municipality, the considerations taken into account in reaching this conclusion are that the municipality has the ability to direct the activities that significantly affect the investee's returns through approval of budgets, investment plans and business plans and has the ability to terminate the operating agreement. The Group has considered all relevant factors in the contractual arrangements between the parties and has concluded that the municipality has control over the PPPs and therefore the PPP entities are not consolidated within the Group's financial statements.

Non-trading and exceptional items – Management uses judgement to determine items to be classified as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group. Further details are given in note 3.4.

Estimates and assumptions
Impairment of intangible assets – Impairment testing is carried out annually on a cash generating unit (CGU) level. The Group estimates the recoverable amount of a CGU using a value in use model by projecting future cash flows. Further details are given in note 4.1.

Provisions – The Group has landfill related provisions of £117.1m (2017: £113.4m) and onerous contract provisions of £95.9m (2017: £46.1m), of which £89.2m (2017: £35.9m) relates to UK Municipal PPP/PFI long term contracts. These provisions are long term in nature and are based on the best estimate of the likely future cash flows discounted to present value. Further details are given in note 4.9.

Defined benefit pension schemes – The calculation of the present value of the defined benefit pension schemes is determined by using actuarial valuations based on assumptions including discount rate, life expectancy and inflation rates. Further details are given in note 7.2.

Taxation – Deferred tax assets based on unused tax losses are recognised based on management's projections of future profits. Further details are given in note 3.5.

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 set out below. Following the implementation of the new divisional structure on 1 April 2017 the Group's reportable segments are:

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

Segmental reporting

The Commercial Waste reportable segment includes the Netherlands and Belgium operating segments and the Municipal reportable segment includes the UK and Canada operating segments, based on geographical location. Operating segments within the Commercial Waste and Municipal divisions have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer. The Monostreams reportable segment includes three businesses from the former VGG Recycling Division and the former Shanks Dutch Orgaworld business.

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

Revenue

	2018 £m	Restated* 2017 £m
Netherlands Commercial Waste	**648.7**	245.8
Belgium Commercial Waste	**371.7**	142.7
Intra-segment	**(0.8)**	–
Commercial Waste	**1,019.6**	388.5
Hazardous Waste	**203.2**	163.0
Monostreams	**180.0**	30.8
UK Municipal	**176.4**	174.8
Canada Municipal	**16.5**	32.8
Municipal	**192.9**	207.6
Inter-segment revenue	**(30.0)**	(10.7)
Total revenue from continuing operations	**1,565.7**	779.2

*The comparatives have been restated to reflect the new reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

Section 2. Segmental information continued

Results

	2018 £m	Restated* 2017 £m
Netherlands Commercial Waste	**38.8**	15.4
Belgium Commercial Waste	**25.8**	8.1
Commercial Waste	**64.6**	23.5
Hazardous Waste	**17.4**	19.7
Monostreams	**16.0**	3.6
UK Municipal	**(5.8)**	(4.2)
Canada Municipal	**(3.5)**	1.6
Municipal	**(9.3)**	(2.6)
Group central services	**(19.6)**	(7.7)
Total underlying EBIT	**69.1**	36.5
Non-trading and exceptional items	**(101.5)**	(75.5)
Total operating loss from continuing operations	**(32.4)**	(39.0)
Finance income	**12.3**	10.3
Finance charges	**(32.2)**	(23.1)
Finance charges – non-trading and exceptional items	**–**	(11.6)
Share of results from associates and joint ventures	**2.3**	2.0
Loss before taxation and discontinued operations	**(50.0)**	(61.4)

*The comparatives have been restated to reflect the new reportable segments.

Net Assets

	Commercial Waste £m	Hazardous Waste £m	Monostreams £m	Municipal# £m	Group central services £m	Tax, net debt and derivatives £m	Total £m
31 March 2018							
Gross non-current assets	**704.9**	**224.1**	**164.9**	**250.1**	**86.9**	**25.4**	**1,456.3**
Gross current assets	**173.1**	**32.8**	**38.2**	**52.4**	**4.3**	**65.4**	**366.2**
Gross liabilities	**(314.0)**	**(77.2)**	**(132.0)**	**(159.2)**	**(61.7)**	**(696.0)**	**(1,440.1)**
Net assets (liabilities)	**564.0**	**179.7**	**71.1**	**143.3**	**29.5**	**(605.2)**	**382.4**
31 March 2017*							
Gross non-current assets	691.2	196.8	179.4	246.4	86.4	31.6	1,431.8
Gross current assets	152.0	34.7	30.5	51.8	4.9	75.0	348.9
Gross liabilities	(280.5)	(47.2)	(120.6)	(112.6)	(73.8)	(708.6)	(1,343.3)
Net assets (liabilities)	562.7	184.3	89.3	185.6	17.5	(602.0)	437.4

*The comparatives have been restated to reflect the new reportable segments.
#Municipal includes discontinued non-current assets of £0.6m (2017: £0.8m), current assets of £0.2m (2017: £nil) and gross liabilities of £0.1m (2017: £0.2m).

Section 2. Segmental information continued

Other disclosures

	Commercial Waste £m	Hazardous Waste £m	Monostreams £m	Municipal[#] £m	Group central services £m	Total £m
31 March 2018						
Capital expenditure:						
Property, plant and equipment	**55.8**	**13.5**	**8.8**	**1.1**	**3.5**	**82.7**
Intangible assets	**1.7**	**0.8**	**–**	**3.6**	**3.3**	**9.4**
Depreciation charge	**48.5**	**11.6**	**11.2**	**3.2**	**4.4**	**78.9**
Amortisation of intangibles	**4.1**	**0.5**	**3.9**	**0.6**	**3.6**	**12.7**
Impairment charge:						
Intangible assets	**1.2**	**–**	**–**	**1.9**	**0.1**	**3.2**
Property, plant and equipment	**3.0**	**–**	**–**	**–**	**–**	**3.0**
31 March 2017*						
Capital expenditure:						
Property, plant and equipment	23.3	7.3	2.6	0.9	0.2	34.3
Intangible assets	2.1	0.3	–	8.4	0.3	11.1
Depreciation charge	24.4	10.0	3.7	3.3	0.4	41.8
Amortisation of intangibles	3.1	0.6	1.0	0.2	0.5	5.4
Impairment charge:						
Intangible assets	–	–	–	3.2	–	3.2
Property, plant and equipment	0.3	–		6.5	–	6.8

*The comparatives have been restated to reflect the new reportable segments.
[#]Municipal includes impairment of property, plant and equipment of £0.5m for discontinued activities in the year ended March 2017.

Geographical information – continuing operations

The Group's revenue from external customers and information about its segment assets (non-current assets being intangible assets, property plant and equipment, investments in joint ventures, associates and other unlisted investments) by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Netherlands	**911.2**	423.0	**828.8**	802.3
Belgium	**430.5**	145.7	**318.3**	317.4
UK	**176.4**	174.8	**28.5**	36.1
Canada	**16.5**	32.8	**36.9**	28.1
France	**20.4**	1.8	**26.3**	26.8
Portugal	**7.2**	0.9	**5.6**	5.1
Germany	**2.8**	0.2	**1.0**	1.1
Hungary	**0.7**	–	**0.6**	0.5
	1,565.7	779.2	**1,246.0**	1,217.4

*The non-current assets as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Section 3. Operating profit and tax

This section contains the notes that relate to the results and performance of the Group during the year, along with the related accounting policies that have been applied.

3.1 Revenue recognition

Accounting policy

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding sales taxes, discounts and inter-company sales, for goods and services provided in the normal course of business. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue recognition criteria for the key types of transaction are as follows:

- Waste collection services – revenue is recognised once the waste is delivered to the transfer station or processing facility.
- Waste processing services – where the Group's revenue contracts include an obligation to process waste, revenue is recognised as processing occurs.
- Hazardous waste industrial cleaning – revenue is recognised by reference to the stage of completion based on services performed to date.
- Sales of recyclate materials and products from waste – revenue is based on contractually agreed prices and is recognised when the risks and rewards have passed to the buyer.
- Income from power generated from gas produced by processes at anaerobic digestion facilities and landfill sites is recognised at the time of supply based on the volumes of energy produced and an estimation of the amount to be received.
- Construction services under the Canada Municipal service concession arrangement – revenue is recognised based on the stage of completion of the work performed.

Accrued income at the balance sheet date is recognised at the fair value based on services provided and contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable.

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.

The Group's Private Finance Initiative/Public Private Partnership (PFI/PPP) contracts in the Municipal Division are waste management contracts which require the building of new infrastructure and all rights to the infrastructure pass to the local authority at the termination or expiry of the contract. The Group applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators. Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on having considered the extent to which the grantor (the local authority) controls the assets, over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Having considered these factors the Group applies the 'financial asset' model to account for the infrastructure as it has an unconditional right to receive cash. The Group splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. The part of the service element which covers the obligation to undertake major refurbishments and renewals (lifecycle expenditure) to maintain the infrastructure such that it is handed over to the local authority in good working order is deferred and only recognised as revenue when the service is provided. Income and costs relating to specific rights and obligations within the contracts are transferred to deferred revenue or other receivables and either released or charged to the Income Statement over the period of delivery.

Section 3. Operating profit and tax continued

3.2 Operating profit

Detailed below are the key amounts recognised in arriving at operating profit for the year:

Continuing operations	Note	2018 £m	2017 £m
Staff costs	7.1	**368.6**	178.2
Depreciation of property, plant and equipment	4.2	**78.9**	41.8
Amortisation of intangible assets	4.1	**12.7**	5.4
Repairs and maintenance expenditure on property, plant and equipment		**81.7**	42.8
Net loss (profit) on disposal of property, plant and equipment		**2.1**	(0.5)
Non-trading and exceptional items	3.4	**101.5**	75.5
Trade receivables impairment	4.7	**2.2**	1.4
Operating lease costs:			
– Minimum lease payments		**35.6**	15.8
– Less sub-lease rental income		**(0.3)**	(0.3)
		35.3	15.5

The total remuneration of the Group's auditors, PricewaterhouseCoopers LLP and its associates, for services provided to the Group during the year was:

	2018 £m	2017 £m
– Audit of parent company and consolidated financial statements	**0.2**	0.2
– Audit of subsidiaries pursuant to legislation	**1.1**	1.0
Fees payable to the auditors pursuant to legislation	**1.3**	1.2
Corporate finance services	**–**	3.1
Other non-audit services	**–**	0.1
Total fees	**1.3**	4.4

Corporate finance services in the year to March 2017 related to professional services performed in respect of the acquisition of VGG. The Corporate Governance section on page 88 includes an explanation of how the external auditors' objectivity and independence are safeguarded when non-audit services are provided by the external auditors.

3.3 Operating leases

Accounting policy

All leases other than finance leases are treated as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the relevant lease.

Minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 £m	2017 £m
Within one year	**32.2**	31.1
Later than one year and less than five years	**69.7**	70.8
More than five years	**131.5**	140.3
	233.4	242.2
Future minimum lease payments expected to be received under non-cancellable sub-leases	**(0.5)**	(0.6)
	232.9	241.6

NOTES TO THE FINANCIAL STATEMENTS

Section 3. Operating profit and tax continued

3.4 Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items. Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts, profit or loss on disposal of properties or subsidiaries, as these are irregular, and amortisation of acquisition intangibles. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results.

Exceptional items are considered individually and assessed at each reporting period.

	Note	2018 £m	2017 £m
Merger related costs:			
Synergy delivery costs – cash		**12.3**	4.5
Synergy delivery costs – non-cash		**2.3**	–
Integration costs		**7.5**	2.9
		22.1	7.4
Portfolio management activity:			
UK Municipal		**22.5**	–
Acquisition costs		**0.4**	18.9
Industrial Cleaning disposal in Belgium		**–**	0.4
Disposals in the Netherlands		**–**	(0.3)
		22.9	19.0
Other items:			
UK Municipal onerous contract provisions		**52.7**	28.2
ATM soil issues		**2.7**	–
Restructuring charges and employee related costs		**0.1**	2.4
(Income) costs relating to fires		**(2.3)**	1.6
Other UK Municipal contract issues		**(2.5)**	5.3
		50.7	37.5
Exceptional finance costs		**–**	11.6
Impairment of assets		**–**	9.5
Amortisation of acquisition intangibles	4.1	**5.8**	2.1
Non-trading and exceptional items in loss before tax (continuing operations)		**101.5**	87.1
Tax on non-trading and exceptional items		**(8.2)**	(6.4)
Exceptional tax credit		**(6.8)**	–
Non-trading and exceptional items in loss after tax (continuing operations)		**86.5**	80.7
Discontinued operations	6.2	**(0.5)**	0.5
Total non-trading and exceptional items in loss after tax		**86.0**	81.2

The above non-trading and exceptional items include the following:

Merger related costs

Due to the significance of the merger on the Group and the associated synergy delivery projects these costs are considered to be exceptional. Synergy delivery costs of £14.6m (2017: £4.5m) and integration costs of £7.5m (2017: £2.9m) were incurred as the Group executes merger plans for generating value. Synergy delivery costs include £2.3m of non-cash impairments of assets at the Belgium Commercial Zaventem shared service centre and property in Netherlands Commercial identified as part of site rationalisation. The total cost of £22.1m (2017: £7.4m) was split £4.2m (2017: £nil) in cost of sales and £17.9m (2017: £7.4m) in administrative expenses.

Section 3. Operating profit and tax continued

Portfolio management activity

UK Municipal charge of £22.5m (2017: £nil) included the exit of its loss-making anaerobic digestion facility at Westcott Park and the decision to initiate the termination of the D&G PFI operating contract. The Group completed the sale of the Westcott Park facility on 28 March 2018 resulting in a loss on disposal and related costs totalling £14.0m. Discussions are ongoing with the D&G council and other stakeholders with termination of the operating contract expected in the next financial year therefore the onerous contract was increased together with a non-cash write down of the investment totalling £9.0m. Additionally a provision of £0.5m in relation to a previous disposal was released as no longer required.

Further transaction costs of £0.4m (2017: £18.9m) relating to the merger of Van Gansewinkel Groep BV have been incurred in the year, principally comprising legal and other advisory costs. These are considered exceptional as part of the overall total transaction costs.

The total cost of £22.9m (2017: £19.0m) was split £8.3m (2017: £nil) in cost of sales and £14.6m (2017: £19.0m) in administrative expenses.

Other items

UK Municipal onerous contract provisions charge of £52.7m (2017: £28.2m) relates to additional provisions of £27.1m (2017: £8.6m) and £29.5m (2017: £nil) at BDR and Wakefield respectively given the financial and operational performance of these assets this year and specifically the material underperformance in organic throughput, subsidies and off-take pricing compared with the original contractual assumptions made many years ago. This charge is net of a £3.9m release in relation to Cumbria following successful management action to resolve operational and compliance issues. The prior year charge also included increases to the Cumbria and D&G onerous contract provisions, a specific loss-making contract under the ELWA operating contract and provisions for incremental capital works required at BDR and Wakefield to enable the plants to function as intended.

The charge for ATM soil issues of £2.7m (2017: £nil) relates to the soil offset market and includes additional costs of logistics and off-site storage.

Restructuring charges and employee related costs were incurred for structural cost reduction programmes across the Group in place prior to the merger of £0.1m (2017: £1.5m) and reassessment of prior year employee related provisions of £nil (2017: £0.9m).

Net credit of £2.3m (2017: £1.6m charge) as a result of significant fires during the year at two Commercial sites, one in the Netherlands and one in Belgium. At each site property, plant and equipment has been impaired totalling £1.8m and clean-up costs have been incurred. These have been partly offset by the insurance recovery of £5.1m of which £3.6m has been received in cash. In addition insurance funds of £0.6m were received in relation to a prior year claim for a fire at a legacy VGG site. The prior year charge related to incremental operating costs which were unable to be reclaimed under the Group's business interruption insurance following the fire at the UK Municipal East London site in August 2014.

The other UK Municipal contract issues of £2.5m credit (2017: £5.3m charge) includes settlement of a claim with a guarantor in relation to the Wakefield construction contract and a Cumbria settlement offset by the impairment of contract rights in the ELWA contract of £1.9m (2017: £nil). The prior year charge included costs in relation to the Derby contact due to a delay in commissioning, reinstatement of leased land and a legal claim in Canada.

The total charge of £50.7m (2017: £37.5m) was split £51.9m (2017: £32.0m) in cost of sales and £1.2m credit (2017: £5.5m charge) in administrative expenses.

Finance costs

The prior year charge of £11.6m includes the costs of arranging the banking facility, extinguishment of the previous facility together with the settlement of the Pricoa deferred premium.

Impairment of assets

Impairment of assets of £9.5m in the prior year related to plant and equipment at the Westcott Park UK Municipal facility (£6.0m), contract rights in UK Municipal (£3.2m) and Shanks branding on trucks in Netherlands Commercial (£0.3m). The total charge of £9.5m was split £9.2m in cost of sales and £0.3m in administrative expenses.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of £5.8m (2017: £2.1m) is all recorded in cost of sales.

Exceptional tax

The exceptional tax credit of £6.8m (2017: £nil) relates to the change in Belgium tax rate, see note 3.5 for further details.

NOTES TO THE FINANCIAL STATEMENTS

Section 3. Operating profit and tax continued

3.5 Taxation

This section details the accounting polices applied for tax, the current and deferred tax charges or credits in the year, a reconciliation of the total tax expense to the accounting profit and the movements in deferred tax assets and liabilities.

Accounting policy

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements as the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

The Group operates principally in the Netherlands, Belgium, the UK, France and Canada, all of which have their own tax legislation. Deferred tax assets and liabilities have been calculated based on the substantively enacted tax rates in the relevant jurisdictions at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Group has available tax losses, some of which have been recognised as a tax asset and some have not based on management's best estimate of the ability of the Group to utilise those losses.

Income statement

The tax credit based on the loss for the year from continuing operations is made up as follows:

	2018 £m	2017 £m
Current tax:		
UK corporation tax		
– Current year	**1.2**	1.4
Overseas tax		
– Current year	**8.7**	3.7
– Prior year	**0.2**	0.2
Total current tax charge	**10.1**	5.3
Deferred tax		
– Origination and reversal of temporary differences in the current year	**(11.7)**	(5.3)
– Adjustment in respect of the prior year	**(0.4)**	(0.5)
Total deferred tax credit	**(12.1)**	(5.8)
Total tax credit for the year	**(2.0)**	(0.5)

Section 3. Operating profit and tax continued

3.5 Taxation continued

The tax on the Group's loss for the year from continuing operations differs from the UK standard rate of tax of 19% (2017: 20%), as explained below:

	2018 £m	2017 £m
Total loss before taxation	**(50.0)**	(61.4)
Tax credit based on UK tax rate of 19% (2017: 20%)	**(9.5)**	(12.3)
Effects of:		
Adjustment to tax charge in respect of prior years	**(0.2)**	(0.3)
Profits taxed at overseas tax rates	**1.5**	0.8
Non-deductible other items	**1.8**	1.3
Non-deductible transaction costs	**0.2**	1.9
Unrecognised deferred tax assets	**11.4**	6.4
Exceptional credit relating to change in Belgian tax rate	**(6.8)**	–
Change in tax rate	**(0.4)**	1.7
Total tax credit for the year	**(2.0)**	(0.5)

Changes to the UK corporation tax rate were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). This included a reduction in the main corporation tax rate from 19% to 17% by 1 April 2020. As a result the UK deferred tax for the year has been calculated based on the substantively enacted rates.

Exceptional credit relating to change in Belgium tax rate

For the accounting period ended 31 March 2018, the standard Belgian corporate income tax rate is 33.99%. Under the corporate income tax reform as enacted by the Belgian government on 22 December 2017, there will be a phased reduction of this tax rate to 29.58% for accounting periods starting on or after 1 January 2018 and furthermore 25% from 1 January 2020. As a result, the Belgian deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This has resulted in an exceptional tax credit of £6.8m in the current year.

Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using applicable local tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The analysis of the net deferred tax liability and the deferred tax credit in the Income Statement is as set out below:

	Balance sheet		Income Statement	
	2018 £m	Restated* 2017 £m	2018 £m	2017 £m
Retirement benefit schemes	**4.5**	5.3	**(0.5)**	(0.4)
Tax losses	**19.0**	15.0	**4.0**	4.6
Derivative financial instruments	**3.7**	5.2	**–**	–
Capital allowances	**(52.7)**	(56.3)	**4.7**	(1.9)
Other timing differences	**(12.5)**	(15.4)	**3.9**	3.5
At 31 March	**(38.0)**	(46.2)	**12.1**	5.8

*The deferred tax balance as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Section 3. Operating profit and tax continued

3.5 Taxation continued

The movement in the deferred tax balance during the year is:

	2018 £m	Restated* 2017 £m
Net deferred tax liability at 1 April	**(46.2)**	(11.7)
Acquisitions through business combination (note 6.1)	**(0.7)**	(38.7)
Credited to Income Statement	**12.1**	5.8
(Charged) credited to equity	**(2.3)**	0.9
Exchange	**(0.9)**	(2.5)
	(38.0)	(46.2)
Analysed in the balance sheet, after offset of balances within countries, as:		
Deferred tax assets	**24.9**	31.3
Deferred tax liabilities	**(62.9)**	(77.5)
	(38.0)	(46.2)

*The deferred tax balance as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

The majority of the £24.9m (2017: £31.3m) deferred tax asset and the majority of the £62.9m (2017: £77.5m) deferred tax liability are expected to be recovered after more than one year.

As at 31 March 2018, the Group had unused trading losses (tax effect) of £59.2m (2017: £61.2m) available for offset against future profits. A deferred tax asset has been recognised in respect of £19.0m (2017: £15.0m) of such losses and recognition is based on management's projections of future profits in the relevant companies. No deferred tax asset has been recognised in respect of the remaining £40.2m (2017: £46.2m) due to the uncertainty of future profit streams. Tax losses may be carried forward indefinitely in the relevant companies with the exception of the Netherlands where the losses expire after 9 years (£2.6m recognised and £21.6m unrecognised).

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 2018 amounted to £218.0m (2017: £194.3m) and the unrecognised deferred tax on the unremitted earnings is estimated to be £0.1m (2017: £0.3m) which relates to taxes payable on repatriation and dividend withholding taxes levied by overseas jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exemptions.

Section 3. Operating profit and tax continued

3.6 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent entity by the weighted average number of ordinary shares outstanding at the year end.

Diluted earnings per share is calculated by dividing profit for the year attributable to the owners of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of any commitments made by the Group to issue shares in the future.

Underlying basic and diluted earnings per share excludes amortisation of acquisition intangibles, the change in fair value of derivatives, non-trading and exceptional items net of related tax. Exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business in managed and measured on a day to day basis.

Continuing operations

	2018			2017		
	Earnings £m	Weighted average number of shares million	Earnings per share pence	Earnings £m	Weighted average number of shares million	Earnings per share pence
Underlying profit after tax	38.5			19.8		
Non-controlling interests	(0.4)			0.3		
Underlying earnings per share	38.1	799.9	4.8	20.1	536.3	3.7
Adjustments:						
Non-trading and exceptional items	(101.5)			(87.1)		
Tax on non-trading and exceptional items	8.2			6.4		
Exceptional tax	6.8			–		
Non-controlling interests	0.2			–		
Basic loss per share	(48.2)	799.9	(6.0)	(60.6)	536.3	(11.3)
Dilutions	–	0.5	–	–	0.9	–
Diluted loss per share	(48.2)	800.4	(6.0)	(60.6)	537.2	(11.3)
Underlying earnings per share	38.1	799.9	4.8	20.1	536.3	3.7
Dilutions	–	0.5	–	–	0.9	–
Underlying diluted earnings per share	38.1	800.4	4.8	20.1	537.2	3.7
Discontinued operations						
Basic earnings (loss) per share	0.4	799.9	–	(0.5)	536.3	(0.1)
Diluted earnings (loss) per share	0.4	800.4	–	(0.5)	536.3	(0.1)
Underlying loss per share	(0.1)	799.9	–	–	536.3	–
Underlying diluted loss per share	(0.1)	800.4	–	–	536.3	–

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities

This section contains balance sheet notes showing the assets and liabilities used to generate the Group's results and the related accounting policies.

4.1 Intangible assets

Accounting policy

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets at the date of acquisition and is measured at cost less accumulated impairment losses. Goodwill arising on acquisitions prior to the date of transition to IFRS (31 March 2004) has been retained at the previous UK GAAP net book value following impairment tests.

For the purpose of impairment testing, goodwill is allocated to those cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to the Income Statement and is not reversed in a subsequent period. In conducting the impairment review on goodwill and intangibles, management is required to make estimates of pre-tax discount rates, future profitability and growth rates.

Landfill void represents the acquisition of a landfill operation in the Netherlands in 2006, the landfill void was capitalised based on the fair value of the void acquired. This asset is amortised over its estimated useful life on a void usage basis and measured at cost less accumulated amortisation. The estimated remaining useful life is 17 years.

Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation. They are amortised over the estimated useful life on a straight-line basis, as follows:

Contract right relating to leasehold land	Term of the lease
Contract right relating to PFI/PPP contracts in Municipal	Term of the contract
Computer software	1 to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships	Up to 14 years

Section 4. Operating assets and liabilities continued

4.1 Intangible assets continued

Intangible assets are analysed as follows:

	Goodwill £m	Landfill void £m	Computer software and others £m	Acquisition related intangibles £m	Total £m
Cost					
At 1 April 2016	219.5	20.3	21.4	26.0	287.2
Acquisition through business combination – VGG (note 6.1)	337.2	–	9.1	44.0	390.3
Acquisition through business combination – other	0.2	–	–	0.8	1.0
Additions	–	–	11.1	–	11.1
Exchange	17.6	1.6	1.0	2.2	22.4
At 31 March 2017	574.5	21.9	42.6	73.0	712.0
Purchase price allocation adjustment (note 6.1)	(9.4)	–	1.2	(9.4)	(17.6)
At 31 March 2017 - restated	565.1	21.9	43.8	63.6	694.4
Additions	–	–	9.4	–	9.4
Acquisition through business combinations (note 6.1)	13.0	–	–	0.2	13.2
Disposals	–	–	(1.3)	–	(1.3)
Exchange	13.9	0.5	0.6	1.4	16.4
At 31 March 2018	**592.0**	**22.4**	**52.5**	**65.2**	**732.1**
Accumulated amortisation and impairment					
At 1 April 2016	50.5	11.9	8.3	22.0	92.7
Amortisation charge	–	1.4	1.9	2.1	5.4
Impairment charge	–	–	3.2	–	3.2
Exchange	4.0	1.0	0.6	1.8	7.4
At 31 March 2017	54.5	14.3	14.0	25.9	108.7
Amortisation charge	–	1.3	5.6	5.8	12.7
Impairment charge	–	–	3.2	–	3.2
Disposals	–	–	(1.3)	–	(1.3)
Exchange	1.4	0.3	0.2	0.6	2.5
At 31 March 2018	**55.9**	**15.9**	**21.7**	**32.3**	**125.8**
Net book value					
At 31 March 2018	**536.1**	**6.5**	**30.8**	**32.9**	**606.3**
At 31 March 2017	510.6	7.6	29.8	37.7	585.7
At 31 March 2016	169.0	8.4	13.1	4.0	194.5

The additions of £9.4m (2017: £11.1m) include £6.0m (2017: £3.0m) of software and £3.4m (2017: £8.1m) contract rights in relation to Municipal contracts.

Of the total amortisation charge of £12.7m (2017: £5.4m), £5.8m (2017: £2.1m) related to intangible assets arising on acquisition. Of the remaining amortisation expense of £6.9m (2017: £3.3m), £2.2m (2017: £1.9m) has been charged in cost of sales and £4.7m (2017: £1.4m) has been charged in administrative expenses.

The impairment charge of £3.2m (2017: £3.2m) related to £1.9m (2017: £3.2m) of contract right intangibles in UK Municipal as it has been determined that they are no longer recoverable and £1.3m (2017: £nil) of software in the Commercial Division as part of the synergy delivery programme.

The net book value of acquisition related intangibles of £32.9m (2017: £37.7m) included customer relationships of £20.2m (2017: £21.5m), permits of £6.3m (2017: £7.3m) and licences of £5.8m (2017: £8.2m).

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities continued

4.1 Intangible assets continued

Goodwill impairment

Impairment testing is carried out at a cash generating unit (CGU) level on an annual basis.

The Group has revised the CGUs for the year ended March 2018 in line with the operating segments. The significant CGUs are Netherlands Commercial Waste, Belgium Commercial Waste, Hazardous Waste and Monostreams which are in line with the operating segments explained in section 2. The following is a summary of the goodwill allocation for each reporting segment:

	2018 £m	Restated* 2017 £m
Commercial Waste	**322.3**	314.5
Hazardous Waste	**125.5**	109.9
Monostreams	**72.3**	70.5
Municipal	**16.0**	15.7
Total goodwill	**536.1**	510.6

*The comparatives have been restated as a result of purchase price accounting adjustments as included in section 6.1 and to reflect the new reportable segments from 1 April 2017.

The Group estimates the recoverable amount of a CGU using a value in use model by projecting cash flows for the next five years together with a terminal value using a growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and underlying EBIT. The forecast revenues in these models are based on management's predictions of overall market growth rates, including both volume and price. Underlying EBIT margin is the average EBIT margin as a percentage of revenue over the five-year forecast period. The five-year plans used in the impairment models are based on management's past experience and future expectations of performance and reflect the planned changes in the CGUs as a result of restructuring programmes and actions instigated in the current year together with limited recovery and improvement in general market and economic conditions.

For each of the CGUs with significant goodwill in comparison with the total carrying value of goodwill of the Group, the key assumptions, long-term growth rate and discount rate used in the value in use calculations are shown below.

31 March 2018	Netherlands Commercial Waste	Belgium Commercial Waste	Hazardous Waste	Monostreams
Revenue (% annual growth rate)	3.4%	3.8%	3.4%	1.7%
Underlying EBIT margin (average % of revenue)	7.9%	6.2%	11.0%	7.6%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	8.7%	9.1%	8.6%	9.1%

31 March 2017	Netherlands Commercial Waste	Hazardous Waste	VGG
Revenue (% annual growth rate)	3.6%	1.2%	1.0%
Underlying EBIT margin (average % of revenue)	7.8%	14.1%	4.7%
Long-term growth rate	2.0%	2.0%	2.0%
Pre-tax discount rate	8.6%	8.7%	8.9%

The recoverable amounts of all CGUs were in excess of the carrying values and it is considered unlikely that any reasonably possible change to key assumptions would result in an impairment charge.

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. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided to write off cost (less the expected residual value) on a straight line basis over the expected useful economic lives as follows:

Buildings	Up to 30 years
Fixtures and fittings	Up to 10 years
Plant and installations	Up to 20 years
Cars and service vehicles	5 to 10 years
Trucks	Up to 12 years
Other items of plant and machinery	5 to 15 years
Computer equipment	3 to 5 years
Landfill site development costs including engineering works	Up to 30 years (over the operational life of the site)

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 2016	252.8	39.9	493.8	786.5
Acquisition through business combination (note 6.1)	140.4	3.9	140.8	285.1
Additions	7.8	0.1	26.4	34.3
Disposals	(4.4)	–	(18.7)	(23.1)
Exchange	20.4	3.1	37.7	61.2
At 31 March 2017	417.0	47.0	680.0	1,144.0
Purchase price allocation adjustment (note 6.1)	31.5	–	(3.0)	28.5
At 31 March 2017 - restated	448.5	47.0	677.0	1,172.5
Acquisition through business combination (note 6.1)	4.9	–	2.8	7.7
Additions	16.5	0.7	65.5	82.7
Disposals	(9.8)	(0.8)	(36.1)	(46.7)
Exchange	6.4	0.9	17.0	24.3
At 31 March 2018	**466.5**	**47.8**	**726.2**	**1,240.5**
Accumulated depreciation and impairment				
At 1 April 2016	101.9	37.3	350.3	489.5
Depreciation charge	10.0	0.4	31.4	41.8
Impairment charge	0.5	–	6.3	6.8
Disposals	(2.6)	–	(17.0)	(19.6)
Exchange	8.1	2.7	27.3	38.1
At 31 March 2017	117.9	40.4	398.3	556.6
Depreciation charge	16.2	1.1	61.6	78.9
Impairment charge	2.6	–	0.4	3.0
Disposals	(3.8)	(0.4)	(28.8)	(33.0)
Exchange	1.6	1.0	9.4	12.0
At 31 March 2018	**134.5**	**42.1**	**440.9**	**617.5**
Net book value				
At 31 March 2018	**332.0**	**5.7**	**285.3**	**623.0**
At 31 March 2017	330.6	6.6	278.7	615.9
At 31 March 2016	150.9	2.6	143.5	297.0

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities continued

4.2 Property, plant and equipment continued

Depreciation expense of £76.4m (2017: £40.0m) has been charged in cost of sales and £2.5m (2017: £1.8m) in administrative expenses.

The impairment charge of £3.0m (2017: £6.8m) includes £1.8m in relation to the fires in the Netherlands and Belgium and £1.2m in the Commercial Division as part of the synergy delivery programme. The prior year charge related principally to plant and machinery at the UK Municipal anaerobic digestion facility as a result of adverse market developments. The impairment charge was split £2.8m (2017: £6.0m) cost of sales, £0.2m (2017: £0.3m) administrative expenses and in the prior year £0.5m in discontinued cost of sales.

Plant and machinery includes assets under construction of £10.1m (2017: £9.8m) and land and buildings includes assets under construction of £9.6m (2017: £2.7m).

Included in plant and machinery are assets held under finance leases with a net book value of £38.0m (2017: £55.2m) and in land and buildings are assets under finance leases with a net book value of £4.8m (2017: £8.9m).

4.3 Investments and loans to joint ventures and associates

Accounting policy

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in other comprehensive income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group.

The carrying amount of investments and loans to associates and joint ventures is represented as follows:

	Loans	Investments			
	Loans to associates and joint ventures £m	Joint ventures £m	Associates £m	Other unlisted investments £m	Total investments £m
At 1 April 2016	1.3	4.2	3.9	2.7	10.8
Additions	18.5	–	–	–	–
Acquisitions through business combinations (note 6.1)	0.1	0.4	1.1	1.0	2.5
Share of retained profits	–	1.5	0.5	–	2.0
Dividend income	–	–	(0.1)	–	(0.1)
Fair value adjustment on cash flow hedges	–	–	0.3	–	0.3
Exchange	–	–	–	0.3	0.3
At 31 March 2017	19.9	6.1	5.7	4.0	15.8
Additions	0.1	–	–	–	–
Share of retained profits	–	1.5	0.8	–	2.3
Dividend income	–	(0.7)	(0.6)	–	(1.3)
Fair value adjustment on cash flow hedges	–	–	0.7	–	0.7
Impairment charge	–	(0.2)	(0.7)	–	(0.9)
Repayments	(0.2)	–	–	–	–
Exchange	–	–	–	0.1	0.1
At 31 March 2018	**19.8**	**6.7**	**5.9**	**4.1**	**16.7**

The impairment charge of £0.9m (2017: £nil) relates to UK Municipal investments and has been recorded in administrative expenses.

Where investments in joint ventures are held at nil as the Group's share of losses exceeds the carrying amount, the Group's share of profits in the year was £3.4m (2017: £1.7m losses), cumulatively losses of £8.4m (2017: £11.8m) are unrecognised.

In the prior year the loans to joint ventures and associates increased by £18.5m which included £17.5m in relation to the subordinated debt injection into Resource Recovery Solutions (Derbyshire) Limited. The loans to joint ventures and associates is split £5.9m current (2017: £5.7m) and £13.9m non-current (2017: £14.2m).

Where the associate or joint venture holds non-recourse PFI/PPP debt there is a restriction on payment of dividends, which is due to the terms of the financing facility agreements and as such requires lender approval.

Details of joint ventures and associated investments are shown in note 8.1. No joint venture or associate is considered individually material to the Group for further disclosure.

Section 4. Operating assets and liabilities continued

4.4 Financial assets relating to PFI/PPP contracts

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK and Canada PFI/PPP Municipal contracts.

Accounting policies and key judgements
Financial assets relating to PFI/PPP contracts are classified as loans and receivables and are initially recognised at the fair value of consideration receivable and subsequently at amortised cost. These service concession arrangements under IFRIC 12 represent the present value of the future cash flows of the contract. These cash flows are dependent on, amongst other things, tonnages, indexation, recycling rates and labour costs.

UK PFI/PPP contracts
The Group's UK PFI/PPP arrangements involve the construction of waste management facilities to be provided to local authorities. The building of the facilities is governed by the engineer, procure and construct contract entered into by the Group. The construction work is undertaken by third party contractors with drawdowns of financing from the UK PFI/PPP funders used to pay the subcontractor for the construction works.

The Group has considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acts as agent or principal during the construction phase of the contracts. The considerations taken into account in reaching this conclusion are:

- The Group obtains quotes for the fixed price construction contract from a number of contractors as part of the preparation to submit a bid to the municipality. Once the Group has been selected as preferred bidder it has no further opportunity to vary the prices it has bid other than indexation for inflation following delay to financial close. The detailed specification and prices of the works are agreed in advance and milestone payments are only made against works to the agreed specification. In the event that a revision to the specification of works is required these and the pricing adjustment are jointly agreed with the municipality and the funders.
- At the date of financial close direct agreements are signed between the municipality, the funders and the construction contractors which govern the procedures for the completion of the waste management facilities.
- The Group has an obligation to pay the construction contractor from the non-recourse bank debt regardless of any non-payment by the municipality. In the event that the municipality fails to pay tonnage fees after the construction period there is a termination procedure which calculates the amount of damages due to all parties including fully repaying the debt. We consider that the likelihood of the risk of the municipality becoming insolvent is remote. Therefore in our view the weight of this factor in coming to our overall judgement is reduced.
- In the event that the construction contractor fails to perform under the terms of the contract the Group holds performance and retention bonds which guarantee the obligations of the contractor. Any additional costs arising from having to replace the contractor, should they arise, would be satisfied by payments from the bonds.
- The Group earns certain fixed fees in connection with UK PFI/PPP arrangements. These fees represent consideration for services delivered before financial close or for ongoing project management.

In summary we consider that, on the basis that the construction contractor is known to the municipality at the date of financial close and in view of the negligible credit risk taken by the Group, on balance, despite some overall risk residing with the Group for delivery of services, we consider that we act as agent versus principal in the provision of construction services. Accordingly, revenue and costs for the construction are not recognised gross in the Income Statement.

In light of these conclusions and the presentation of the revenue and costs associated with the construction services net in the Income Statement, we consider that the most appropriate classification of the PFI/PPP non-recourse debt cash flows associated with the construction of the waste management facilities in the Statement of Cash Flows is as financing and investing cash flows respectively and not as operating cash flows. This classification has been consistently applied to all periods presented in the financial statements.

The Group is the operator for one class of service concession arrangements, that of the provision of waste treatment and waste treatment facilities, and these are classified as service concession arrangements in accordance with IFRIC. If the Group underperforms, including failure to divert waste from landfill, the contract can be terminated before the end of its term.

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities continued

4.4 Financial assets relating to PFI/PPP contracts continued

Canadian PPP contract

The Group's Canadian PPP arrangement involves the construction of waste management facilities to be provided to the City of Surrey. The building of the facilities is governed by the design-build agreement entered into by the Group. The construction work is undertaken by third party contractors with the financing provided from the Group's core bank facilities. All relevant factors in the contractual arrangements between the parties have been considered to determine whether the Group acts as agent or principal during the construction phase of the contracts. Given the level of risks and rewards borne by the Group it has been concluded that we act as principal in this contract. Revenue and costs for the construction are therefore recognised gross in the Income Statement and the cash flows associated with the construction of the waste management facilities are classified as operating cash flows in the Statement of Cash Flows. For the year ended March 2018 the construction revenue recognised was £5.9m (2017: £20.8m).

Other information for PFI/PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2018.

Contract	Financial close	Full Service Commencement (actual or forecast)	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: 49.99%
City of Surrey (Canada)	February 2015	Mid 2018	May 2043	Renewi: 100%
Barnsley, Doncaster and Rotherham	March 2012	July 2015	June 2040	Renewi: 75% SSE Generation Limited: 25%
Derby City and Derbyshire	August 2014	Mid 2018	March 2042	Renewi: 50% Interserve Developments No 4 Limited: 50%
Dumfries and Galloway	November 2004	February 2007	November 2029	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%

The City of Surrey service concession arrangement has experienced commissioning delays as a result of contractor issues in construction. These have now been addressed and first waste was accepted in December 2017. The facility was formally opened in March 2018 and full service commencement is expected later in the year.

Negotiations commenced with the SPV owners and the Council at the Dumfries and Galloway PFI contract with a view to exiting the operating contract. This contract was not capable of meeting the waste regulations in Scotland requiring full diversion from landfill and long-running negotiations were unable to agree the required amendments without materially increasing risk to Renewi, see note 3.4 for further details.

There have been no changes to the other arrangements during the year ended 31 March 2018. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 54 to 59 of the Municipal operating review.

4.4 Financial assets relating to PFI/PPP contracts continued

The movements in financial assets during the year are as follows:

	£m
At 1 April 2016	158.6
Income recognised in the Income Statement: Interest Income (note 5.4)	9.6
Advances	21.4
Repayments	(13.1)
Exchange	2.3
At 31 March 2017	178.8
Income recognised in the Income Statement: Interest Income (note 5.4)	9.7
Advances	8.1
Repayments	(13.4)
Exchange	(3.3)
At 31 March 2018	**179.9**
Current	**13.5**
Non-current	**166.4**
At 31 March 2018	**179.9**
Current	13.3
Non-current	165.5
At 31 March 2017	178.8

4.5 Capital commitments

	2018 £m	2017 £m
Contracts placed for future capital expenditure on financial assets	**0.7**	1.9
Contracts placed for future capital expenditure on property, plant and equipment	**16.8**	18.9
Contracts placed for future intangible assets	**0.3**	1.3
Joint venture contracts placed for future capital expenditure including financial assets	**3.0**	10.4

4.6 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

Inventories are analysed as follows:

	2018 £m	2017 £m
Raw materials and consumables	**12.3**	9.8
Finished goods	**11.0**	10.1
	23.3	19.9

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities continued

4.7 Trade and other receivables

Accounting policy

Trade receivables do not carry interest and are recognised initially at their fair value and are subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the value of estimated future cash flows. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a monthly basis. Trade receivables subject to these arrangements are derecognised when the Group's rights to receive cash flows and substantially all the risks and rewards of ownership have been transferred. For trade receivables where the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards of the financial asset. This is determined by the extent to which the Group remains exposed to changes in the value of the transferred asset being the remaining late payment risk and is included within trade receivables and other payables. The Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Deferred consideration receivable is provided for at the NPV of the Group's expected receipt at the date of disposal. The likelihood of receipt for deferred consideration where conditional on meeting certain performance targets is considered on disposal.

Trade and other receivables are analysed as follows:

	2018 £m	2017 £m
Non-current assets		
Deferred consideration	**0.6**	0.8
Prepayments	**4.0**	2.3
	4.6	3.1
Current assets		
Trade receivables	**162.2**	144.5
Provision for impairment of receivables	**(7.2)**	(8.5)
Trade receivables – net	**155.0**	136.0
Accrued income	**56.1**	53.0
Deferred consideration	**0.2**	–
Other receivables	**30.4**	30.7
Prepayments	**16.1**	15.0
	257.8	234.7

As at 31 March 2018, the carrying amount included in trade and other receivables representing the Group's continuing involvement in trade receivables, subject to invoice finance facilities, totalled £3.8m (2017: £4.0m) in trade receivables and £12.9m (2017: £12.9m) in other receivables.

Movement in the provision for impairment of receivables:

	2018 £m	2017 £m
At 1 April	**8.5**	7.5
Charged to Income Statement	**2.2**	1.4
Utilised	**(3.5)**	(1.0)
Exchange	**–**	0.6
At 31 March	**7.2**	8.5

The allowance for bad and doubtful debts is equivalent to 4.4% (2017: 5.9%) of gross trade receivables.

4.7 Trade and other receivables continued

Ageing of trade receivables that are past due but not impaired:

	2018 £m	2017 £m
Neither impaired nor past due	**124.4**	99.6
Not impaired but overdue by less than three months	**26.1**	31.5
Not impaired but overdue by between three and six months	**1.8**	1.7
Not impaired but overdue by more than six months	**2.7**	3.2
Impaired	**7.2**	8.5
Impairment provision	**(7.2)**	(8.5)
	155.0	136.0

Past due and current amounts are not impaired where collection is considered likely. The Group considers that the carrying amount of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of customers internationally dispersed with no individual customer owing a significant amount.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**34.9**	34.8
Euro	**224.9**	201.6
Canadian Dollar	**2.6**	1.4
	262.4	237.8

NOTES TO THE FINANCIAL STATEMENTS

Section 4. Operating assets and liabilities continued

4.8 Trade and other payables and other non-current liabilities

Accounting policy

Trade and other payables are not interest bearing and are measured initially at fair value and subsequently held at amortised cost.

Trade and other payables and other non-current liabilities are analysed as follows:

	2018 £m	2017 £m
Current liabilities		
Trade payables	**196.5**	177.1
Other tax and social security payable	**37.9**	34.9
Other payables	**56.2**	46.4
Accruals	**140.3**	121.1
Deferred revenue	**41.1**	30.6
Deferred consideration	**0.1**	0.7
	472.1	410.8
Non-current liabilities		
Other payables	**2.9**	2.9
Deferred revenue	**3.5**	1.6
Deferred consideration	**0.3**	0.4
Government grants	**0.2**	0.2
	6.9	5.1

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**65.7**	73.5
Euro	**409.0**	336.8
Canadian Dollar	**4.3**	5.6
	479.0	415.9

4.9 Provisions

Accounting policy

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. A discount is applied to recognise the time value of money and is unwound over the life of the provision. The discount rates are reviewed at each year end with consideration given to appropriate market rates and the risk in relation to each provision. The unwinding of the discount to present value is included within finance costs.

The Group's policies on provisions for specific areas are:

Site restoration and aftercare provisions are recognised at the net present value (NPV) of the estimated future expenditure required to settle the Group's restoration and aftercare obligations at its landfill and mineral extraction sites. Full provision is made for the Group's unavoidable costs in relation to restoration liabilities. Provision is made for the NPV of post closure costs (aftercare) as the aftercare liability arises. Costs are charged to the Income Statement based on the quantity of waste deposited in the year and when the obligation recognised as a provision gives access to future economic benefits an asset is recognised in property, plant and equipment.

Onerous contract provisions are recognised when under a contract the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.

Provision for restructuring costs is recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

4.9 Provisions continued

Provisions are analysed as follows:

	Site restoration and aftercare £m	Restructuring £m	Onerous contracts £m	Other £m	Total £m
At 1 April 2017	115.2	6.4	40.6	26.0	188.2
Purchase price allocation adjustment (note 6.1)	(1.8)	–	5.5	–	3.7
At 31 March 2017 – restated	113.4	6.4	46.1	26.0	191.9
Provided in the year	0.3	8.8	65.6	3.4	78.1
Released in the year	–	(0.2)	(3.9)	(0.6)	(4.7)
Finance charges – unwinding of discount (note 5.4)	4.1	–	1.4	0.1	5.6
Utilised in the year	(3.6)	(7.6)	(13.4)	(3.8)	(28.4)
Reclassified to deferred revenue	–	–	–	(3.5)	(3.5)
Exchange	2.9	0.5	0.1	0.3	3.8
At 31 March 2018	**117.1**	**7.9**	**95.9**	**21.9**	**242.8**
Current	**4.8**	**7.9**	**20.2**	**8.2**	**41.1**
Non-current	**112.3**	**–**	**75.7**	**13.7**	**201.7**
At 31 March 2018	**117.1**	**7.9**	**95.9**	**21.9**	**242.8**
Current	5.0	6.4	23.0	10.6	45.0
Non-current	108.4	–	23.1	15.4	146.9
At 31 March 2017	113.4	6.4	46.1	26.0	191.9

Site restoration

The site restoration provision at 31 March 2018 related to the cost of final capping and covering of the landfill sites and mineral extractions sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 33 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology.

Aftercare

Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Restructuring

The restructuring provision relates to redundancy and related costs incurred as part of previous structural cost programmes in the legacy businesses and more recently, restructuring initiatives including the delivery of merger related synergies. As at 31 March 2018 the provision is expected to be spent in the following year as affected employees leave the business.

Onerous contracts

Onerous contracts are provided at the net present value of either exiting the contracts or fulfilling our obligations under the contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040. Further details of the additions in the year principally relate to the UK Municipal business and are shown in note 3.4.

Other

Other provisions principally cover dilapidations, long-service employee awards, legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments.

NOTES TO THE FINANCIAL STATEMENTS

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.

Net debt reflects the Group's cash and cash equivalents, core borrowings and PFI/PPP non-recourse net debt.

Core net debt includes cash and cash equivalents but excludes the non-recourse net debt relating to the UK PFI/PPP contracts.

5.1 Movements in core net debt and total net debt

	At 1 April 2017 £m	Cash flows £m	Other non-cash changes £m	Exchange movements £m	**At 31 March 2018 £m**
Cash and cash equivalents	74.9	(11.6)	–	0.6	**63.9**
Bank loans and overdrafts	(283.4)	(10.2)	0.9	(1.2)	**(293.9)**
Retail bonds	(170.2)	–	(0.2)	(4.2)	**(174.6)**
Finance leases	(45.2)	13.3	(1.0)	(1.2)	**(34.1)**
Total core net debt	(423.9)	(8.5)	(0.3)	(6.0)	**(438.7)**
PFI/PPP non-recourse net debt	(87.1)	4.2	–	–	**(82.9)**
Total net debt	(511.0)	(4.3)	(0.3)	(6.0)	**(521.6)**

	2018 £m	2017 £m
Net decrease in cash and cash equivalents	**(11.6)**	(40.4)
Net decrease in borrowings and finance leases	**7.3**	72.9
Capitalisation of loan fees	**1.0**	–
Cash and borrowings acquired through the VGG business combination	**–**	(240.4)
Total cash flows in net debt	**(3.3)**	(207.9)
Finance leases entered into during the year	**(1.0)**	(1.1)
Amortisation of loan fees	**(0.3)**	(1.8)
Exchange loss	**(6.0)**	(16.5)
Movement in net debt	**(10.6)**	(227.3)
Net debt at beginning of year	**(511.0)**	(283.7)
Net debt at end of year	**(521.6)**	(511.0)

5.2 Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Where the Group has a legal right to offset with a financial institution and the intention to settle net, then bank overdrafts are offset against the cash balances.

Cash and cash equivalents are analysed as follows:

	2018 £m	2017 £m
Cash at bank and in hand	**63.8**	74.8
Short-term deposits	**0.1**	0.1
	63.9	74.9

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**12.3**	18.1
Euro	**50.8**	56.2
Canadian Dollar	**0.8**	0.6
	63.9	74.9

5.3 Borrowings

Accounting policy

Interest bearing loans and retail bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs. When the Group exchanges with an existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the Group accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Where the Group has substantially all the risks and rewards of ownership of a leased asset, the lease is treated as a finance lease. Leased assets are included in property, plant and equipment at the total of the capital elements of the payments during the lease term and the corresponding obligation is included in borrowings. Depreciation is provided to write down the assets over the shorter of the expected useful economic life and the lease term, unless there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful economic life.

Borrowings are analysed as follows:

	2018 £m	2017 £m
Current borrowings		
Bank overdraft	**3.1**	4.0
Finance lease obligations	**9.8**	12.3
Other loans	**–**	0.1
Core borrowings	**12.9**	16.4
PFI/PPP non-recourse net debt	**1.2**	2.1
	14.1	18.5
Non-current borrowings		
Retail bonds	**174.6**	170.2
Term loan	**118.8**	123.0
Revolving credit facility	**172.0**	156.2
Finance lease obligations	**24.3**	32.9
Other loans	**–**	0.1
Core borrowings	**489.7**	482.4
PFI/PPP non-recourse net debt	**81.7**	85.0
	571.4	567.4

The table below details the maturity profile of non-current borrowings:

	2018			2017		
	Core borrowings £m	**PFI/PPP non-recourse net debt £m**	**Total £m**	Core borrowings £m	PFI/PPP non-recourse net debt £m	Total £m
Between one and two years	**94.2**	**2.5**	**96.7**	9.5	2.5	12.0
Between two years and five years	**388.1**	**11.1**	**399.2**	379.0	9.3	388.3
Over five years	**7.4**	**68.1**	**75.5**	93.9	73.2	167.1
	489.7	**81.7**	**571.4**	482.4	85.0	567.4

The carrying amounts of borrowings are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**202.9**	132.1
Euro	**320.2**	398.7
Canadian Dollar	**62.4**	55.1
	585.5	585.9

NOTES TO THE FINANCIAL STATEMENTS

Section 5. Capital structure and financing continued

5.3 Borrowings continued

Core borrowings

The Group's core bank loans and retail bonds are unsecured and have cross guarantees from members of the Group.

At 31 March 2018, the Group had a core Euro denominated multicurrency bank facility of €575m (2017: €600m) consisting of a €143.8m (2017: €143.8m) term loan and €431.2m (2017: €456.2m) revolving credit facility. The facility matures on 29 September 2022 following the exercise of the first one year extension option and is subject to a further one year extension option. At 31 March 2018 the term loan was fully drawn at £118.8m (2017: £123.0m) and £172.0m (2017: £156.2m) of the revolving credit facility was drawn for borrowings in Euros, Canadian dollars and Sterling. The remaining £205.0m (2017: £233.9m) was available for drawing under the revolving credit facility of which £46.1m (2017: £69.7m) was utilised for ancillary guarantee facilities.

At 31 March 2018 the Group had two issues of retail bonds to investors in Belgium and Luxembourg which are listed on the London Stock Exchange. The retail bonds due July 2019 of £87.5m (€100m) (2017: £85.2m (€100m)) have an annual coupon of 4.23% and the green retail bonds due June 2022 of £87.1m (€100m) (2017: £85.0m (€100m)) have an annual coupon of 3.65%.

Included within core borrowings are capitalised loan fees of £1.5m (2017: £0.8m).

The Group's finance lease liabilities are payable as follows:

	2018			2017		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Within one year	**10.4**	**(0.6)**	**9.8**	13.4	(1.1)	12.3
Between one and five years	**20.2**	**(1.7)**	**18.5**	25.9	(2.0)	23.9
More than five years	**7.4**	**(1.6)**	**5.8**	10.7	(1.7)	9.0
	38.0	**(3.9)**	**34.1**	50.0	(4.8)	45.2

The Group has an option to purchase leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

PFI/PPP non-recourse net debt

The PFI/PPP non-recourse debt is held in three PFI/PPP companies: Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham with maturities on 15 January 2023, 30 September 2032 and 30 June 2037 respectively. Each UK Municipal PFI/PPP company has non-recourse loan facilities which are secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PFI/PPP company.

PFI/PPP cash and cash equivalents are offset against the non-recourse gross debt as they are subject to offsetting arrangements under the debt facilities.

	2018	2017
	Bank Loans PFI/PPP non-recourse net debt £m	Bank Loans PFI/PPP non-recourse net debt £m
PFI/PPP non-recourse gross debt	**99.2**	102.7
PFI/PPP cash and cash equivalents	**(16.3)**	(15.6)
PFI/PPP non-recourse net debt	**82.9**	87.1

5.3 Borrowings continued

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group primarily manages liquidity risk by monitoring forecast cash flows to ensure that revolving credit facility drawdowns are arranged as necessary and an adequate level of headroom is maintained. The way the Group manages liquidity risk has not changed from the previous year.

Unutilised committed borrowing facilities:

	Core borrowings		PFI/PPP non-recourse net debt		Total	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Expiring between one and two years	**–**	21.4	**–**	–	**–**	21.4
Expiring in more than two years	**158.9**	161.6	**1.9**	1.9	**160.8**	163.5
	158.9	183.0	**1.9**	1.9	**160.8**	184.9

In addition, the Group had access to £3.8m (2017: £4.3m) of undrawn uncommitted working capital facilities.

In the majority of cases subsidiaries holding non-recourse PFI/PPP debt and financial assets are restricted in their ability to transfer funds to the parent in the form of cash dividends or to repay loans and advances. This is due to the terms of the financing facility agreements and require lender approval to make such transfers.

The following table analyses the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Group is obliged to pay.

	Within one year £m	Between one and five years £m	Over five years £m
At 31 March 2018			
Retail bonds	**6.9**	**191.8**	**–**
Bank loans – core borrowings	**11.1**	**317.0**	**–**
Bank loans – PFI/PPP non-recourse net debt	**6.7**	**28.7**	**102.7**
Finance lease liabilities	**10.4**	**20.2**	**7.4**
Net settled derivative financial instruments	**1.8**	**10.9**	**17.9**
Trade and other payables	**393.1**	**0.6**	**2.6**
	430.0	**569.2**	**130.6**
At 31 March 2017			
Retail bonds	6.7	105.2	88.6
Bank loans – core borrowings	11.6	307.6	–
Bank loans – PFI/PPP non-recourse net debt	6.8	26.2	108.4
Finance lease liabilities	13.4	25.9	10.7
Net settled derivative financial instruments	3.1	12.2	23.0
Trade and other payables*	345.3	0.6	2.7
	386.9	477.7	233.4

*The trade and other payables value as at March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Section 5. Capital structure and financing continued

5.4 Net finance charges

Accounting policy

Finance charges, including direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. Interest receivable on financial assets relating to PFI/PPP contracts is added to the financial asset based on the rate implied at the start of the PPP/PFI project.

Net finance charges are analysed as follows

	2018 £m	2017 £m
Finance charges		
Interest payable on borrowings wholly repayable within five years	**16.6**	7.9
Interest payable on borrowings repayable after five years	–	2.9
Interest payable on PFI/PPP non-recourse net debt	**7.0**	7.3
Unwinding of discount on provisions (note 4.9)	**5.6**	2.6
Interest charge on the retirement benefit schemes (note 7.2)	**0.6**	0.3
Amortisation of loan fees	**0.3**	1.0
Other finance costs	**2.1**	1.1
Total finance charges	**32.2**	23.1
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts (note 4.4)	**(9.7)**	(9.6)
Unwinding of discount on deferred consideration receivable	**(0.2)**	(0.2)
Interest receivable on other loans and receivables	**(2.4)**	(0.5)
Total finance income	**(12.3)**	(10.3)
Exceptional finance charges (note 3.4)	–	11.6
Net finance charges	**19.9**	24.4

5.5 Derivative financial instruments and hedging activities

Accounting policy

In accordance with its treasury policy, the Group only holds derivative financial instruments to manage the Group's exposure to financial risk. The Group does not hold derivative financial instruments for trading or speculative purposes.

The exposure to financial risk includes:

- Interest risk and foreign exchange risk on the Group's variable rate borrowings;
- Commodity risk in relation to diesel consumption; and
- Foreign exchange risk on the Group's off-take contacts in the UK Municipal business.

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives.

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. Such hedges are expected at inception to be highly effective and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated. 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. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge. Certain derivative financial instruments do not quality for hedge accounting. Changes in the fair value of such instruments are recognised immediately in the Income Statement as a non-trading income or 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.

Section 5. Capital structure and financing continued

5.5 Derivative financial instruments and hedging activities continued

Derivative financial instruments are analysed as follows:

	2018		2017	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Relating to core financing				
Cross-currency interest rate swaps – cash flow hedges	0.4	5.3	–	1.1
Cross-currency interest rate swaps – at fair value through profit or loss	–	0.1	–	–
Fuel derivatives – cash flow hedges	1.5	–	–	0.8
Forward foreign exchange contracts – cash flow hedges	–	0.1	–	0.1
Interest rate cap – cash flow hedge	–	–	0.3	–
Relating to PFI/PPP contracts				
Interest rate swaps – cash flow hedges	–	23.6	–	28.6
Interest rate swaps – at fair value through profit or loss	–	0.1	–	0.2
Total	1.9	29.2	0.3	30.8
Current	1.4	0.1	–	0.8
Non-current	0.5	29.1	0.3	30.0
Total	1.9	29.2	0.3	30.8

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.

Cumulative losses recognised in equity on the derivative financial instruments at 31 March 2018 were £22.2m (2017: £29.4m) with a gain of £7.2m recognised in the current year (2017: £1.3m) in the Statement of Comprehensive Income. There was no ineffectiveness to be recorded for the cash flow hedges (2017: £nil). The foreign exchange gain on translation of the borrowings under the cross currency interest rate swaps of £2.3m (2017: £0.9m) is included within the £7.2m (2017: £1.3m) gain recognised in other comprehensive income.

Cross-currency interest rate swaps

The notional principal amount of the outstanding forward cross currency interest rate swaps at 31 March 2018 was £147.6m (2017: £75.0m). The Group holds three contracts: a floating rate term loan borrowing of Canadian dollar $50.0m swapped to €36.1m at a fixed interest rate of 2.18% expiring February 2020, a floating rate revolving credit facility (RCF) borrowing of Sterling £45m swapped to €53.0m at a fixed interest rate of 2.17% expiring February 2020 and a RCF borrowing of Sterling £75m swapped to €85.0m at a fixed rate of 1.71% expiring September 2019.

Interest rate cap

The notional principal amount of the outstanding interest rate cap contract at 31 March 2018 was £109.6m (2017: £106.9m). Under this contract the 3-month Euribor interest rate payable on £109.6m (2017: £106.9m) (€125m) of term loan and RCF borrowings is capped at 0.25% until February 2020.

Fuel derivatives

The value of wholesale fuel covered by fuel derivatives at 31 March 2018 amounted to £12.6m (2017: £12.6m). The combined Group has annual usage across the Netherlands and Belgium of approximately 53m litres of diesel per annum of which approximately 33m litres has been fixed at an average of €0.36 per litre for the year to 31 March 2019 and a further 7m litres has been fixed at an average of €0.37 per litre for the year to 31 March 2020.

Forward foreign exchange contracts

The notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2018 was £11.4m (2017: £10.1m). Under these contracts the UK Municipal business has fixed the Sterling rate of underlying Euro off-take contracts on a monthly basis at an average GBP:EUR rate of 1.12 expiring March 2019.

Interest rate swaps relating to PFI/PPP contracts

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2018 was £97.1m (2017: £100.4m). Under these contracts the Libor rate of PPP/PFI non-recourse borrowing for Argyll & Bute, Cumbria and Barnsley Doncaster & Rotherham projects are fixed at rates of 5.8%, 4.8% and 3.4% respectively from inception to expiry on 16 January 2023, 30 September 2032 and 30 June 2037 respectively. The gains and losses recognised in the Statement of Comprehensive Income for cash flow hedges will be released to the Income Statement within finance costs until the repayment of the non-recourse borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Section 5. Capital structure and financing continued

5.6 Fair value hierarchy, fair values and carrying values of financial instruments

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 2018, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3.

Valuation techniques used to derive Level 2 fair values

The fair values of interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives are determined by discounting the future cash flows using the applicable period-end yield curve. For the retail bonds, the fair value is based on indicative market pricing.

The table below presents the Group's assets and liabilities measured at level 2 fair values:

	2018 £m	2017 £m
Assets		
Derivative financial instruments (note 5.5)	**1.9**	0.3
	1.9	0.3
Liabilities		
Derivative financial instruments (note 5.5)	**29.2**	30.8
Retail bonds	**176.6**	177.4
	205.8	208.2

Carrying value of financial assets and financial liabilities

Financial assets	Note	2018 £m	2017 £m
Loans and receivables			
Loans to associates and joint ventures	4.3	**19.8**	19.9
Trade and other receivables excluding prepayments*	4.7	**242.3**	220.5
Cash and cash equivalents	5.2	**63.9**	74.9
Financial assets relating to PFI/PPP contracts	4.4	**179.9**	178.8
Derivative financial instruments			
Fuel derivatives	5.5	**1.5**	–
Interest rate cap	5.5	**–**	0.3
Cross-currency interest rate swaps	5.5	**0.4**	–
Available for sale financial assets			
Unlisted investments	4.3	**4.1**	4.0
		511.9	498.4

*The trade and other receivables excluding prepayments value as at March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

5.6 Fair value hierarchy, fair values and carrying values of financial instruments continued

The Group considers that the fair value of financial assets is not materially different to their carrying value. For unlisted investments the carrying value is measured at cost as the range of possible fair values is significant and the Group has no current plans to dispose of these investments.

Financial liabilities	Note	2018 £m	2017 £m
Financial liabilities at amortised cost			
Bank overdraft	5.3	**3.1**	4.0
Term loan, revolving credit facility and other loans	5.3	**290.8**	279.4
Retail bonds	5.3	**174.6**	170.2
Finance lease obligations	5.3	**34.1**	45.2
Trade and other payables excluding non-financial liabilities*	4.8	**396.3**	348.6
Bank loans – PFI/PPP non-recourse net debt	5.3	**82.9**	87.1
Derivative financial instruments			
Cross-currency interest rate swaps	5.5	**5.4**	1.1
Fuel derivatives	5.5	**–**	0.8
Forward foreign exchange contracts	5.5	**0.1**	0.1
Interest rate swaps relating to PFI/PPP contracts	5.5	**23.7**	28.8
		1,011.0	965.3

*The trade and other payables excluding non-financial liabilities value as at March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

The Group considers that the fair value of bank loans, trade and other payables and finance lease obligations are not materially different to their carrying value.

5.7 Financial risk management objectives and policies

The Group is exposed to market risk (interest rate risk and commodity price risk), foreign exchange risk, liquidity risk and counterparty credit risk. The Group's Treasury Committee is charged with managing and controlling risk relating to the financing and liquidity of the Group under policies approved by the Board of Directors. The Group does not enter into speculative transactions.

Interest rate risk

Changes in interest rates could have an impact on the interest cover covenant of the Group's core facilities and on the interest charge in the Income Statement. In order to monitor and manage the risk, borrowings and the expected interest cost for the year are frequently forecasted and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, fixed rate finance leases, cross currency interest rate swaps and an interest rate cap. The proportion of the Group's core borrowing that was fixed or hedged at 31 March 2018 was £466.6m (2017: £387.1m) or 93% (2017: 78%). Additionally the PFI/PPP non-recourse floating rate borrowings are hedged using interest rate swaps which hedge the interest cash flows.

The interest rate swaps and cross currency swaps are accounted for under IAS 39 with changes in the fair value of interest rate swaps being recognised directly in reserves, as they are effective hedges. The interest rate swap in relation to Argyll & Bute has not been designated as a hedge by the Group therefore it is classified as held for trading in accordance with IAS 39.

NOTES TO THE FINANCIAL STATEMENTS

Section 5. Capital structure and financing continued

5.7 Financial risk management objectives and policies continued

Interest rate sensitivity for core borrowings

Interest on the floating rate term and revolving credit facilities will vary as interest rates increase or decrease. If rates had moved by 1% the impact on profit before tax would have been a loss or gain of £1.1m (2017: £0.8m) based on the average core bank borrowing during the year.

The fair values of cross currency interest rate swaps for hedging the core borrowing are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate hedge liabilities and resulted in a pre-tax gain in other comprehensive income of £2.7m (2017: £2.3m). A 1% decrease in interest rates would have increased the fair value of the interest rate hedge liabilities and led to a pre-tax loss in other comprehensive income of £2.7m (2017: £2.4m).

The fair value of the interest rate cap used for hedging the core borrowing was determined with reference to floating market interest rates. A 1% increase in interest rates would have increased the fair value of the interest rate cap asset and resulted in a pre-tax gain in other comprehensive income of £1.0m (2017: £1.6m). A 1% decrease in interest rates would not have impacted the fair value of the interest rate cap asset in the current year, in the prior year a 1% decrease would have reduced the fair value of the interest rate cap and led to a pre-tax loss in other comprehensive income of £0.2m.

Interest rate sensitivity for PFI/PPP non-recourse borrowings

There is no unhedged amount of the PFI/PPP facilities. The fair values of interest rate swaps used for hedging of PFI/PPP non-recourse borrowings are determined with reference to floating market interest rate. A 1% increase in interest rates would have reduced the fair value of the interest rate swap liabilities and resulted in a pre-tax gain in other comprehensive income of £9.6m (2017: £11.0m). A 1% decrease in interest rates would have increased the fair value of the interest rate swap liabilities and led to a pre-tax loss in other comprehensive income of £10.9m (2017: £12.6m).

Foreign exchange risk

The Group operates in Europe and Canada and is exposed to translation risk on the value of assets denominated in Euros and Canadian Dollars into Sterling. This exposure is reduced by borrowing in Euros and Canadian Dollars. The Group applies hedge accounting principles to net investments in foreign operations and the related borrowings.

The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe which is managed through the use of forward exchange contracts.

The Group has designated the carrying value of Euro borrowings (excluding finance leases) of £283.3m (2017: £349.8m) (fair value of £285.3m (2017: £357.0m)) as a net investment hedge of the Group's investments denominated in Euros. The hedge was 100% effective for the year ended 31 March 2018 (2017: 100%) and as a result the related exchange loss of £9.8m (2017: £17.2m) on translation of the borrowings into Sterling has been recognised in the exchange reserve.

Foreign exchange sensitivity

The impact of a change in foreign exchange rates of 10% on the Group's profit before tax would be £3.6m (2017: £2.3m) and the impact on underlying profit before tax would have been £6.0m (2017: £3.4m).

The fair values of cross currency interest rate swaps for hedging the core borrowing are determined with reference to spot foreign exchanges rates. A 10% increase in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have increased the fair value of the cross currency interest rate swap liabilities and resulted in a pre-tax loss in other comprehensive income of £13.9m (2017: £7.3m). A 10% decrease in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have reduced the fair value of the cross currency interest rate swap liability or created an asset and led to a pre-tax gain in other comprehensive income of £17.0m (2017: £8.9m).

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 £0.9m (2017: £0.4m).

5.7 Financial risk management objectives and policies continued

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. At 31 March 2018 the amount of credit risk on cash and short-term deposits totalled £63.9m (2017: £74.9m).

Trade and other receivables mainly comprise amounts due from customers for services performed. Management considers that the exposure of any single customer is not significant and that where credit quality is in doubt, adequate provision has been made for probable losses. At 31 March 2018 the amount of credit risk on trade and other receivables amounted to £242.3m (2017: £220.5m). The Group does not hold any collateral as security.

The financial assets relating to PFI/PPP contracts are recoverable from the future revenues relating to these contracts. Management consider that as the counterparties for the future revenues are local authorities or councils, there is minimal credit risk. At 31 March 2018 the amount of credit risk on financial assets amounted to £179.9m (2017: £178.8m).

5.8 Capital management

The Group actively manages the capital available to fund the Group, comprising equity and reserves together with core debt funding. In order to make decisions over where capital is allocated, the Group monitors the return on capital employed. The Group has a funding strategy to ensure there is an appropriate debt to equity ratio as well as an appropriate debt maturity profile. The strategy is based on the requirements of the Company's Articles of Association, which state that borrowings should be limited to three times the level of capital and reserves, which is the equity attributable to the owners of the parent.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as core net debt divided by total capital. The gearing ratios at 31 March 2018 and 2017 were as follows:

	Note	**2018 £m**	2017 £m
Total core borrowings	5.3	**502.6**	498.8
Less: cash and cash equivalents	5.2	**(63.9)**	(74.9)
Core net debt		**438.7**	423.9
Total equity		**382.4**	437.4
Total capital		**821.1**	861.3
Gearing ratio		**53%**	49%

The Group has to comply with a number of banking covenants which are set out in the core bank facility agreements including interest cover and the ratio of debt to EBITDA of the Group. There are other restrictions in the loan documentation concerning acquisitions, disposals, security and other issues. The Group has complied with its banking covenants during the year.

5.9 Equity

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Share capital and share premium

	Share capital – Ordinary shares of 10p each		Share premium
	Number	£m	£m
Share capital allotted, called up and fully paid			
At 1 April 2016	398,189,557	39.8	100.2
Issued under rights issue and firm placing	211,201,962	21.1	115.2
Consideration shares issued as consideration for acquisition of subsidiary	190,187,502	19.0	161.7
Issued under share option schemes	233,202	–	0.1
At 31 March 2017	799,812,223	79.9	377.2
Issued under share option schemes	321,029	0.1	0.2
At 31 March 2018	**800,133,252**	**80.0**	**377.4**

NOTES TO THE FINANCIAL STATEMENTS

Section 5. Capital structure and financing continued

5.9 Equity continued

During the year 321,029 (2017: 233,202) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £232,475 (2017: £156,017). Further disclosures relating to share-based options are set out in note 7.3.

The Renewi plc Employee Share Trust owns 1,308,652 (0.2%) (2017: nil) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement.

In the prior year a firm placing of 45,000,000 shares was completed at a price of 100p per share and a 3 for 8 rights issue of 166,201,962 shares to qualifying shareholders was completed at 58p per share. The Company raised £136.3m net of £5.1m issuance costs. On 28 February 2017 the Group issued 190,187,502 shares as part of the purchase consideration for 100% of the ordinary share capital of Van Gansewinkel Groep B V. The ordinary shares issued have the same rights as the other shares in issue.

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.

	2018			2017*		
	Maltha Groep BV £m	**Others £m**	**Total £m**	Maltha Groep BV £m	Others £m	Total £m
Revenue	47.9	36.7	84.6	4.2	18.3	22.5
Profit after tax	1.0	(0.3)	0.7	(0.1)	(1.2)	(1.3)
Other comprehensive income	–	1.9	1.9	–	(0.7)	(0.7)
Total comprehensive income	1.0	1.6	2.6	(0.1)	(1.9)	(2.0)
Total profit (loss) allocated to the non-controlling interests	0.3	0.3	0.6	–	(0.5)	(0.5)
Non-current assets	28.8	71.9	100.7	28.6	73.6	102.2
Current assets	17.2	10.0	27.2	14.0	9.5	23.5
Non-current liabilities	(4.5)	(60.5)	(65.0)	(5.3)	(62.1)	(67.4)
Current liabilities	(22.3)	(23.7)	(46.0)	(19.6)	(24.6)	(44.2)
Net assets (liabilities)	19.2	(2.3)	16.9	17.7	(3.6)	14.1
Accumulated non-controlling interests	6.4	(1.1)	5.3	5.8	(1.3)	4.5
Net (decrease) increase in cash and cash equivalents	(0.3)	0.5	0.2	0.3	(0.3)	–

*The balance sheet as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the VGG acquisition.

5.10 Dividends

Accounting policy

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

Dividends recognised and proposed:

	2018 £m	2017 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2017 of 2.1p per share (2016: 2.35p)	**16.8**	9.4
Interim dividend paid for the year ended 31 March 2018 of 0.95p per share (2017: 0.95p)	**7.6**	5.7
	24.4	15.1
Proposed final dividend for the year ended 31 March 2018 of 2.1p per share (2017: 2.1p)	**16.8**	16.8
Total dividend per share	**3.05p**	3.05p

Section 6. Acquisitions and disposals

The Group completed a major acquisition on 28 February 2017 for the Van Gansewinkel Groep BV (VGG) and the purchase price accounting has been completed in the current year. Two small acquisitions were made in the current year and there were no business 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.

Van Gansewinkel Groep (VGG) acquisition

On 28 February 2017, the Group acquired 100% of the share capital of Van Gansewinkel Groep BV (VGG) for £204.9m being £24.9m cash paid, consideration shares of £180.7m net of £0.7m received subsequently in accordance with the terms of the Purchase agreement. The fair value of the 190,187,502 shares issued was based on the published share price on the date of acquisition of 95p per share.

The fair value of the identifiable assets and liabilities acquired in respect of the VGG acquisition were:

	£m
Intangible assets: Customer relationships	20.9
Intangible assets: Licenses	8.2
Intangible assets: Permits	5.5
Intangible assets: Software	8.6
Intangible assets: Leasehold title	1.7
Property, plant and equipment	313.6
Investments	2.5
Trade and other receivables	107.8
Assets held for sale	0.3
Inventory	11.1
Deferred taxation	5.6
Current tax receivable	0.1
Cash and cash equivalents	78.2
	564.1
Trade and other payables	(188.4)
Provisions	(100.2)
Defined benefit pension schemes deficit	(8.1)
Deferred tax liability	(44.3)
Current tax payable	(7.8)
Derivatives	(12.6)
Borrowings – Syndicated facility	(276.9)
Borrowings – Finance leases, overdraft and other loans	(41.7)
	(680.0)
Net identifiable assets acquired	(115.9)
Less: Non-controlling interests	(7.0)
Add: Goodwill arising on acquisition	327.8
Net assets acquired	**204.9**

NOTES TO THE FINANCIAL STATEMENTS

Section 6. Acquisitions and disposals continued

6.1 Acquisitions continued

At 31 March 2017 the fair values of the identifiable assets and liabilities acquired in respect of the VGG acquisition were provisional. These have now been retrospectively adjusted to reflect new information obtained about the facts and circumstances that existed as of the acquisition date. The impact of the restatement has been to increase property, plant and equipment by £28.5m, other intangibles by £1.2m, trade and other receivables by £0.7m, trade and other payables by £1.5m, provisions by £3.7m, deferred tax liability by £3.9m and corporation tax liability by £3.2m with a reduction in goodwill of £9.4m, acquisition intangibles of £9.4m and non-controlling interests of £0.7m. The goodwill arising on the acquisition is attributable to management's expectations in regard to VGG's growth prospects and margin improvements as well as synergies to be achieved post acquisition. None of the goodwill on this acquisition is expected to be deductible for tax.

Other acquisitions

In December 2017 ATM in the Hazardous Waste division acquired MVO Moerdijk BV, subsequently renamed ATM Terra BV, for a consideration of £6.3m. The business comprises a waterside quay and warehousing under a long-term lease from the Dutch authorities and a permit together with soil offset and deferred tax liabilities. The provisional fair value of the total identifiable net liabilities acquired was £6.7m resulting in goodwill of £13.0m representing the possibilities for strategic expansion.

In March 2018 the Netherlands Commercial division made a small tuck in business combination comprising of plant and equipment and customer relationships for a consideration of £0.2m.

6.2 Discontinued operations

The table below show the results of the UK Solid Waste discontinued operations which are included in the Income Statement.

	2018 £m	2017 £m
Administrative expenses	**(0.1)**	–
Trading loss before exceptional and non-trading items	**(0.1)**	–
Exceptional and non-trading items	**0.5**	(0.5)
Operating profit before tax on discontinued operations	**0.4**	(0.5)
Taxation	**–**	–
Profit after tax on discontinued operations	**0.4**	(0.5)

The £0.5m non-trading item related to profit on sale of an unused piece of land which was impaired in the previous year. The net cash inflow generated from the discontinued operations included in the consolidated cash flow statement was £0.4m (2017: £0.4m).

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.

Assets classified as held for sale

At 31 March 2018 the Group had £0.3m (2017: £0.3m) of property, plant and equipment held for sale. These assets were acquired through the VGG acquisition and consist of a piece of land on the Maarheeze site in the Netherlands which was formerly used as a waste collection site.

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	2018 £m	2017 £m
Wages and salaries		**286.6**	139.5
Social security costs		**52.5**	25.4
Share-based benefits	7.3	**1.8**	0.5
Other pension costs	7.2	**27.7**	12.8
Total staff costs		**368.6**	178.2

	2018	Restated* 2017
The average number of employees by reportable segment during the year was:		
Commercial Waste	**4,742**	2,099
Hazardous Waste	**943**	773
Monostreams	**461**	71
Municipal	**700**	665
Group central services	**254**	37
Total average number of employees	**7,100**	3,645

*For 2017 the average number of VGG employees was reported as 309 and this has been restated to reflect the new reportable segments. The actual number of VGG employees for the month of March 2017 was 3,709.

7.2 Retirement benefit schemes

The Group operates defined benefit and defined contribution schemes in the UK and overseas. For the defined benefit schemes actuarial valuations are carried out as determined by the trustees at intervals of not more than three years.

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 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. The Group participates in several multi-employer schemes in the Netherlands and Belgium. With the exception of certain schemes in Belgium, these are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies, and 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

	2018 £m	2017 £m
UK defined contribution scheme	**1.1**	1.1
UK defined benefit scheme	**0.3**	0.3
Overseas defined benefit schemes	**2.1**	0.2
Other overseas pension schemes	**24.2**	11.2
	27.7	12.8

NOTES TO THE FINANCIAL STATEMENTS

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) covers eligible UK employees and is closed to new entrants. The defined benefit plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. Plan assets are managed by the trustees. There are four trustees, two appointed by the Company and two nominated by members, who are responsible for ensuring the scheme is run in accordance with the members' best interests and the pension laws of the UK (which are overseen by The Pensions Regulator).

The most recent triennial actuarial valuation of the Scheme, which was performed by independent qualified actuaries for the trustees of the Scheme, was carried out as at 5 April 2015. The Group has agreed that it will aim to eliminate the pension plan deficit with an agreed annual deficit contribution of £3.1m for a further four years. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2019 are £3.3m.

The scheme's assets of £168.3m (2017: £174.0m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Hewitt Risk Management Services Limited. The delegated mandate is split into a growth and a hedging component and the allocation to each is determined by the investment objectives set by the trustees. The growth component of £108.1m (2017: £97.0m) comprises the following asset classes: equities, fixed income, debt, property, infrastructure and hedge funds. The hedging component of £60.2m (2017: £77.0m) comprises a mix of leveraged gilt funds and cash.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2018 % p.a.	2017 % p.a.
Discount rate	**2.7**	2.6
Rate of price inflation	**3.2**	3.3
Consumer price inflation	**2.1**	2.2

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 if they are male and for a further 25 years if they are female. For a member who retires in 2038 at age 65 the assumptions are that they will live on average for around a further 25 years after retirement if they are male or for a further 27 years after retirement if they are female. The weighted average duration of the defined benefit obligation is approximately 20 years.

The sensitivity of the net defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on net defined benefit obligation		
	Change in assumption %	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25	8.7	(9.0)
Rate of price inflation	0.25	(4.9)	4.9
Consumer price inflation	0.25	(4.9)	4.9

	Increase by 1 year in assumption £m	Decrease by 1 year in assumption £m
Life expectancy	(6.6)	6.7

The above 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.

7.2 Retirement benefit schemes continued

Overseas defined benefit schemes

The overseas net defined benefit obligation relates to funded plans, mainly insurance contracts managed by insurers, in both the Netherlands and Belgium. There are various schemes which are based on final salaries and in some cases on average salaries. The assets consist of qualifying insurance policies which match the vested benefits. The vested benefits will be financed immediately for the pension plan. The build-up of rights for inactives are indexed on the basis of additional interest and rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans. The total estimated contributions expected to be paid to the schemes in the year ending 31 March 2018 are £2.4m.

The significant actuarial assumptions adopted at the balance sheet date for the most significant scheme were as follows:

	2018 % p.a.	2017 % p.a.
Discount rate	**2.2**	2.2
Rate of salary inflation	**2.5**	2.5
Rate of price inflation	**2.0**	2.0

The discount rate assumption is based on interest rates applying to high quality corporate bonds with a term approximately equal to the term of the related pension liability. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2038 at age 65 the assumptions are that they will live on average for around a further 24 years after retirement if they are male or for a further 26 years after retirement if they are female.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on net defined benefit obligation		
	Change in assumption %	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25	2.7	(2.9)
Rate of price inflation	0.25	(0.2)	0.2

The above sensitivity analysis is 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.

The amounts recognised in the financial statements for the defined benefit schemes are as follows:

Income Statement	2018			2017		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current service cost	**0.3**	**2.1**	**2.4**	0.3	0.2	0.5
Interest expense on scheme net liabilities	**0.5**	**0.1**	**0.6**	0.3	–	0.3
Net retirement benefit charge before tax	**0.8**	**2.2**	**3.0**	0.6	0.2	0.8

Statement of comprehensive income	2018			2017		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Actuarial gain (loss) on scheme liabilities	**4.6**	**1.3**	**5.9**	(33.2)	–	(33.2)
Actuarial (loss) gain on scheme assets	**(2.8)**	**(0.1)**	**(2.9)**	22.5	–	22.5
Actuarial gain (loss)	**1.8**	**1.2**	**3.0**	(10.7)	–	(10.7)

Cumulative actuarial gains and losses recognised in the statement of comprehensive income since 1 April 2004 are losses of £33.4m (2017: £36.4m).

NOTES TO THE FINANCIAL STATEMENTS

Section 7. Employee benefits continued

7.2 Retirement benefit schemes continued

Balance sheet	2018			2017		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Present value of funded obligations	**(182.6)**	**(55.7)**	**(238.3)**	(192.7)	(52.8)	(245.5)
Fair value of plan assets	**168.3**	**47.7**	**216.0**	174.0	44.6	218.6
Pension scheme deficit	**(14.3)**	**(8.0)**	**(22.3)**	(18.7)	(8.2)	(26.9)
Related deferred tax asset (note 3.5)	**2.4**	**2.1**	**4.5**	3.2	2.1	5.3
Net pension liability	**(11.9)**	**(5.9)**	**(17.8)**	(15.5)	(6.1)	(21.6)

The movement in the pension scheme deficit recognised in the balance sheet for total defined benefit schemes:

	UK £m	Overseas £m	Total £m
At 1 April 2016	(10.7)	–	(10.7)
Acquisition through business combination (note 6.1)	–	(8.1)	(8.1)
Current service cost	(0.3)	(0.2)	(0.5)
Interest expense	(0.3)	–	(0.3)
Net actuarial losses recognised in the year	(10.7)	–	(10.7)
Contributions from employer	3.3	0.1	3.4
At 31 March 2017	(18.7)	(8.2)	(26.9)
Current service cost	(0.3)	(2.1)	(2.4)
Interest expense	(0.5)	(0.1)	(0.6)
Net actuarial gains recognised in the year	1.8	1.2	3.0
Contributions from employer	3.4	1.5	4.9
Exchange	–	(0.3)	(0.3)
At 31 March 2018	**(14.3)**	**(8.0)**	**(22.3)**

Reconciliation of the defined benefit obligation:

	UK £m	Overseas £m	Total £m
At 1 April 2016	(161.5)	–	(161.5)
Acquisition through business combination	–	(52.4)	(52.4)
Current service cost	(0.3)	(0.2)	(0.5)
Interest expense	(5.5)	(0.1)	(5.6)
Remeasurements:			
Actuarial loss on scheme liabilities arising from changes in financial assumptions	(33.3)	–	(33.3)
Actuarial gain on scheme liabilities arising from changes in experience	1.1	–	1.1
Actuarial loss on scheme liabilities arising from changes in demographic assumptions	(1.0)	–	(1.0)
Contributions from plan participants	(0.1)	(0.1)	(0.2)
Benefit payments	7.9	–	7.9
At 31 March 2017	(192.7)	(52.8)	(245.5)
Current service cost	(0.3)	(2.1)	(2.4)
Interest expense	(4.9)	(1.1)	(6.0)
Remeasurements:			
Actuarial gain on scheme liabilities arising from changes in financial assumptions	5.2	0.7	5.9
Actuarial (loss) gain on scheme liabilities arising from changes in experience	(0.6)	0.6	–
Contributions from plan participants	(0.1)	(0.7)	(0.8)
Benefit payments	10.8	1.1	11.9
Exchange	–	(1.4)	(1.4)
At 31 March 2018	**(182.6)**	**(55.7)**	**(238.3)**

Section 7. Employee benefits continued

7.2 Retirement benefit schemes continued

Reconciliation of plan assets:

	UK £m	Overseas £m	Total £m
At 1 April 2016	150.8	–	150.8
Acquisition through business combination	–	44.3	44.3
Interest income	5.2	0.1	5.3
Remeasurements:			
Return on plan assets excluding interest expense	22.5	–	22.5
Contributions from employer	3.3	0.1	3.4
Contributions from plan participants	0.1	0.1	0.2
Benefit payments	(7.9)	–	(7.9)
At 31 March 2017	174.0	44.6	218.6
Interest income	4.4	1.0	5.4
Remeasurements:			
Return on plan assets excluding interest expense	(2.8)	(0.1)	(2.9)
Contributions from employer	3.4	1.5	4.9
Contributions from plan participants	0.1	0.7	0.8
Benefit payments	(10.8)	(1.1)	(11.9)
Exchange	–	1.1	1.1
At 31 March 2018	**168.3**	**47.7**	**216.0**

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 Company so that any ongoing improvements in the scheme's funding position would trigger movements from growth assets to non-growth assets in order to protect and consolidate such improvements. The assets in the overseas pension schemes consist of qualifying insurance policies which match the benefits that will be paid to employees.

Inflation risk - The majority of benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. For the UK scheme caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy - The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities.

Changes in bond yields - A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

NOTES TO THE FINANCIAL STATEMENTS

Section 7. Employee benefits continued

7.2 Retirement benefit schemes continued

Other overseas schemes

The total cost in the year for other overseas pensions was £24.2m (2017: £11.2m).

In the Netherlands in particular, most employees are members of either a multi-employer pension scheme or other similar externally funded schemes, including Government funded schemes. These schemes are treated as defined contribution plans as it is not possible to separately identify the Group's share of the assets and liabilities of those schemes. The Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit. In addition there are a number of pension schemes in Belgium which are considered as defined benefit schemes under IAS 19. At 31 March 2018 the potential liability to the Group was estimated and determined as not significant.

7.3 Share-based payments

As described in the Remuneration Report, the Group issues equity-settled share-based payments under a Savings Related Share Option Scheme (SRSOS), a Long Term Incentive Plan (LTIP) and a Deferred Annual Bonus (DAB) arrangement. Further details and performance metrics of both LTIPs and DABs can be found in the Directors' Remuneration Report on pages 92 to 107.

Accounting policy

The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Group's estimate of the shares that will eventually vest. At each balance sheet date the Group revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market-related performance conditions.

Outstanding options

	SRSOS		LTIP	DABS
	Number of options	Weighted average exercise price	Number of options	Number of options
Outstanding at 1 April 2016	1,333,467	77p	10,597,000	158,313
Rights issue adjustment*	198,294	(10p)	1,595,447	23,836
Granted*	537,060	83p	4,710,000	364,372
Forfeited*	(277,833)	69p	(598,288)	–
Expired *	(86,679)	67p	(4,868,019)	–
Exercised*	(233,202)	66p	–	–
Outstanding at 31 March 2017	1,471,107	73p	11,436,140	546,521
Granted	1,003,765	76p	4,812,000	191,041
Forfeited	(236,988)	75p	(311,581)	–
Expired	(70,198)	75p	(3,161,724)	–
Exercised	(321,029)	73p	–	–
Outstanding at 31 March 2018	1,846,657	74p	12,774,835	737,562

Exercisable at 31 March 2018	9,364	73p
Exercisable at 31 March 2017	35,143	63p
Weighted average share price at date of exercise		103p
At 31 March 2018:		
Range of price per share at exercise		65.2p to 82.6p
Weighted average remaining contractual life		1 – 2 years

*All information is given as if the Rights Issue in 2016 occurred on 1 April 2016 to enable comparison.

7.3 Share-based payments continued

Fair value of options granted during the year

	SRSOS		LTIP			
Valuation model	**2018 Black-Scholes**	2017 Black-Scholes	**2018 Share price**	2017 Share price	**2018 Monte Carlo**	2017 Monte Carlo
Weighted average fair value	**22p**	19p	**95p**	89p	**31p**	34p
Weighted average share price	**95p**	92p	**95p**	89p	**95p**	89p
Weighted average exercise price	**76p**	71p	**–**	–		–
Expected volatility	**29%**	25%	**–**	–	**28%**	27%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**0.3%**	0.1%	**–**	–	**0.3%**	0.3%
Dividend yield	**3.5%**	3.9%	**–**	–	**–**	–

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 in 2016/17 vest after three years, three and a half years and four and a half years. The awards granted during 2015/16 and 2017/18 vest after three years, four years and five years. There is no service condition after three years on any of the awards granted, just a holding period of between half a year and two years.

Charge for the year

The Group recognised a total charge of £1.8m (2017: £0.5m) relating to equity-settled share-based payments. The DAB awards for the year ended March 2018 have not yet been granted and therefore the charge is based on an estimate.

NOTES TO THE FINANCIAL STATEMENTS

Section 8. Other notes

8.1 Subsidiary undertakings and investments at 31 March 2018

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 2018 is disclosed. All are wholly-owned by the Group and have a 31 March year end, unless otherwise stated, and all operate in the waste management sector and have been consolidated in the Group's financial statements. Those subsidiaries owned by Renewi plc, the parent company, are indicated with an asterix.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
AB Civiel Beheer B.V.	Valgenweg 7, 9936HV, Farmsum, Netherlands
ATM B.V. (previously Afvalstoffen Terminal Moerdijk B.V.)	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
ATM Terra B.V.	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
A&G Holding B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
B.V. Twente Milieu Bedrijven	Flight Forum 240, 5657 DH Eindhoven, Netherlands
CFS B.V. (previously Van Gansewinkel CFS B.V.)	Wetering 14, 6002 SM Weert, Netherlands
Coolrec B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Coolrec Nederland B.V.	Grevelingenweg 3, 3313 LB Dordrecht, Netherlands
Coolrec Plastics B.V. (previously Plastic Herverwerking Brakel 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.	Columbusstraat 20, 7825 VR Emmen, Netherlands
IMMO CV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Maltha Glasrecycling Nederland B.V. (67%)	Glasweg 7-9, 4794 TB Heijningen, Netherlands
Maltha Glassrecycling International B.V. (67%)	Glasweg 7-9, 4794 TB Heijningen, Netherlands
Maltha Groep B.V. (67%)	Glasweg 7-9, 4794 TB Heijningen, Netherlands
Mineralz B.V. (previously Van Gansewinkel Milieutechniek B.V.)	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Mineralz Maasvlakte B.V. (previously Van Gansewinkel Maasvlakte B.V.)	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Mineralz Zweekhorst B.V. (previously Van Gansewinkel Zweekhorst B.V.)	Doesburgseweg 16, 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 69, 1044 AN Amsterdam, Netherlands
Orgaworld WKK II B.V.	Hornweg 69, 1044 AN Amsterdam, Netherlands
Orgaworld WKK III B.V.	Hornweg 69, 1044 AN Amsterdam, Netherlands
Renewi Beheer B.V.(previously Smink Beheer B.V.)	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Commercial BV (previously Shanks Nederland B.V.)	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Contrans B.V. (previously Transportbedrijf Van Vliet B.V.)	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
Renewi Hazardous Waste B.V. (previously Shanks Hazardous Waste B.V.)	Computerweg 12D, 3821 AB Amersfoort, Netherlands
Renewi Icopower B.V. (previously Icopower B.V.)	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Renewi Icova B.V. (previously Icova B.V.)	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Renewi Klok B.V. (previously Klok Containers B.V.)	Molenvliet 4, 3076 CK Rotterdam, Netherlands
Renewi Nederland B.V. (previously Van Gansewinkel Nederland B.V.)	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Netherlands Holdings B.V. (previously Shanks Netherlands Holdings B.V.)	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Overheidsdiesten B.V. (previously Van Gansewinkel Milieuservices Overheidsdiensten B.V.)	Touwslagerstraat 1, 2984 AW Ridderkerk, Netherlands
Renewi Smink B.V. (previously Smink Afvalverwerking B.V.)	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
Renewi Van Vliet Groep B.V. (previously B.V. van Vliet Groep Milieu-Dienstverleners)	Grote Wade 45, 3439 NZ Nieuwegein, Netherlands
Renewi Vliko B.V. (previously Vliko B.V.)	Industrieweg 24c, 2382 NW Zoeterwoude, Netherlands
Reym B.V.	Computerweg 12, 3821 AB Amersfoort, Netherlands
Robesta Vastgoed Acht B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Semler B.V.	Ockhuizenweg 5-A, 5691 PJ Son, Netherlands
Shanks Belgium Holding B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Shanks B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Shanks European Investments 1 Coop WA	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks European Investments 2 Coop WA*	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks Netherlands Investments B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Van Gansewinkel Industrie B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel International B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel Recycling B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) CV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
VGIS B.V. (previously Van Gansewinkel Industrial Services B.V.)	Theemsweg 32, 3197 KM Botlek Rotterdam, Netherlands
Incorporated in Belgium	
Belgo-Luxembourgeoise de Services Publics SA	Rue de Rolleghem 381, 7700 Mouscron, Belgium
Coolrec Belgium NV	Baeckelmansstraat 125, 2830 Tisselt, Belgium
EcoSmart NV	Nijverheidsstraat 2, 2870 Puurs, Belgium
Enviro+ NV	John Kennedylaan 4410, 9042 Gent, Belgium
Maltha Glasrecyclage Belgie BVBA	Fabrieksstraat 114, 3920 Lommel, Belgium
Mineralz ES Treatment NV (previously Van Gansewinkel ES Treatment NV)	Berkebossenlaan 7, 2400 Mol, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Renewi Belgium NV (previously Shanks Belgium NV)	Gerard Mercatorstraat 8, B-3920, Lommel, Belgium
Renewi Logistics NV (previously Shanks Logistics NV)	John Kennedylaan 4410, 9042 Gent, Belgium
Renewi NV (Van Gansewinkel NV)	Berkebossenlaan 7, 2400 Mol, Belgium
Renewi Valorisation & Quarry NV (previously Shanks Valorisation & Quarry SA)	Gerard Mercatorstraat 8, B-3920, Lommel, Belgium
Renewi Wood Products NV (previously Shanks Wood Products NV)	John Kennedylaan 4410, 9042 Gent, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Reym GmbH	Hansestrasse 14-16, 49685 Schneiderkrug, Germany
Coolrec Deutschland GmbH (Year end 31 December)	Donatusstraße 127-129, 50259 Pulheim, Germany
Ocean Combustion Services NV	Terlindenhofstraat 36, B-2170 Meerksem, Antwerpen, Germany

NOTES TO THE FINANCIAL STATEMENTS

Section 8. Other notes continued

Subsidiary	Address of the registered office
Incorporated in France	
Coolrec France SAS (90%)	Rue Iéna Parcelle 36, 59810 Lesquin, France
Maltha Glass Recycling France SAS (67%)	Zone Industrielle, 33450 Izon, France
Incorporated in Hungary	
Maltha Hungary Uvegujrahasznosito Kft. (67%)	1214 Budapest, Orion utca 14, Hungary
Incorporated in Luxembourg	
Renewi Luxembourg SA (previously Van Gansewinkel Luxembourg SA)	z.a. Gadderscheier, B 64008, Luxembourg
Incorporated in Portugal	
Maltha Glass Recycling Portugal L.D.A. (67%)	Parque Industrial da Gala, Lotes 26 e 27, 3081-801 Figueira da Foz, Portugal
Incorporated in the UK	
Renewi European Holdings Limited (previously Shanks European Holdings Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Financial Management Limited (previously Shanks Financial Management Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Holdings Limited* (previously Shanks Holdings Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi PFI Investments Limited* (previously Shanks PFI Investments Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi SRF Trading Limited (previously Shanks SRF Trading Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi UK Services Limited* (previously Shanks Waste Management Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Safewaste Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Section 8. Other notes continued

Subsidiary	Address of the registered office
Incorporated in Canada	
Orgaworld Canada LTD	2940 Dingman Drive, London ON N6N 1G4, Canada
Orgaworld Design-Builder General Partner LTD	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Orgaworld Design-Builder Limited Partnership	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Orgaworld Surrey General Partner LTD	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Orgaworld Surrey Limited Partnership	20th Floor, 250 Howe Street, Vancouver, BC VGC 3R8, Canada
Subsidiary undertakings holding UK PFI/PPP contracts	
Renewi Argyll & Bute Limited (previously Shanks Argyll & Bute Limited)	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Argyll and Bute Holdings Limited* (previously Shanks Argyll & Bute Holdings Limited)	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Cumbria Limited (previously Shanks Cumbria Limited)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Cumbria Holdings Limited) Shanks Cumbria Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Holdings Limited (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Limited (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS

Section 8. Other notes continued

Joint ventures, joint operations and associates

At 31 March 2018 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, joint operations and associates	% Group holding	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Afval Loont Holding B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Barendrecht B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Exploitatie 1 B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Rotterdam B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Shared Service Centre B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
Afval Loont Spaarders B.V.	22%	31 December 2017	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
AMP B.V.	33%	31 December 2017	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Baggerspecieverwerking Noord-Nederland V.O.F.	50%	31 December 2017	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Dorst B.V.	50%	31 December 2017	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
Hydrovac V.O.F.	50%	31 December 2017	Graafsebaan 67, 5248 JT Rosmalen, Netherland
Induserve V.O.F.	67%	31 December 2017	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Octopus V.O.F.	50%	31 December 2017	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
PQA B.V.	50%	31 December 2017	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld B.V.	50%	31 December 2017	Coevorderweg 48, 7737 PG Stegeren, Netherlands
Reym HMVT B.V.	50%	31 December 2017	Maxwellstraat 31, 6716 BX Ede, Netherlands
Smink Boskalis Dolman V.O.F.	50%	31 December 2017	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
SQAPE B.V.	50%	31 December 2017	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Tankterminal Sluiskil B.V.	40%	31 December 2017	Oostkade 5 4541 HH Sluiskil, Netherlands
TOP Leeuwarden V.O.F.	50%	31 December 2017	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Zavin B.V.	33%	31 December 2017	Baanhoekweg 42, 3313 LA Dordrecht, Netherlands
Zavin C.V.	33%	31 December 2017	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in Belgium			
Marpos NV	45%	31 December 2017	L. Coiseaukaai 43 8380 Dudzele, Belgium
Recypel BVBA	50%	31 December 2017	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2018	Regenbeekstraat 7C 8800 Roeselare, Belgium
SUEZ PCB Decontamination NV	23%	31 December 2017	Westvaartdijk 95, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2017	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium

Joint ventures, joint operation and associates	% Group holding	Most recent year end	Address of the registered office
Incorporated in Austria			
EARN Elektrogeräte Service GmbH	33%	31 December 2017	Albert Schweitzer-Gasse 11,1140 Wien, Austria
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2017	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2017	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
ELWA Limited	20%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Energen Biogas Limited	50%	31 March 2018	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Resource Recovery Solutions (Derbyshire) Holdings Limited	50%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Resource Recovery Solutions (Derbyshire) Limited	50%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Dumfries And Galloway Holdings Limited	20%	31 March 2018	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Shanks Dumfries And Galloway Limited	20%	31 March 2018	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2018	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

8.2 Related party transactions

Transactions between the Group and its associates and joint ventures

The Group had the following transactions and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Sales	**63.4**	64.1	**79.9**	74.6
Purchases	**1.7**	1.5	**1.1**	0.4
Management fees	**0.7**	0.7	**0.8**	0.8
Interest on loans to associates and joint ventures	**–**	–	**2.3**	0.1
Receivables at 31 March	**4.8**	7.2	**5.7**	4.1
Payables at 31 March	**0.2**	0.3	**0.2**	0.2
Loans made by Group companies at 31 March	**0.8**	1.0	**19.0**	18.9
Loans made to Group companies at 31 March	**–**	–	**0.5**	0.5

The receivables and payables are due one month after the date of the invoice and are unsecured in nature and bear no interest.

NOTES TO THE FINANCIAL STATEMENTS

Section 8. Other notes continued

8.2 Related party transactions continued

Remuneration of key management personnel

Key management personnel comprises the Board of Directors and the members of the Group's Executive Committee. The disclosures required by the Companies Act 2006 and those specified by the Financial Conduct Authority relating to Directors' remuneration (including retirement benefits and incentive plans), interests in shares, share options and other interests, are set out within the Directors' Remuneration Report on pages 92 to 107, and form part of these financial statements. The emoluments paid or payable to key management personnel were:

	2018 £m	2017 £m
Short-term employee benefits	**5.2**	3.9
Post-employment benefits	**0.2**	0.2
Share-based payments	**0.8**	0.2
	6.2	4.3

8.3 Contingent liabilities

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.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to the disposed operations for which appropriate provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling £206.3m (2017: £216.4m).

8.4 Events after the balance sheet date

On 22 May 2018 the Group announced that it had signed an amendment and extension to its multicurrency bank facility, converting it to a €550m Green Loan. The €550m loan has been extended until May 2023 with options to extend to 2025.

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Consolidated income statement					
Revenue[1]	**1,565.7**	779.2	614.8	601.4	633.4
Underlying EBIT from continuing operations[1]	**69.1**	36.5	33.4	34.3	45.6
Finance charges – interest	**(12.1)**	(8.3)	(9.7)	(10.6)	(11.7)
Finance charges – other	**(7.8)**	(4.5)	(3.7)	(2.8)	(4.1)
Share of results from associates and joint ventures	**2.3**	2.0	1.0	0.8	0.3
Profit from continuing operations before exceptional items and tax (underlying profit)	**51.5**	25.7	21.0	21.7	30.1
Non-trading and exceptional items	**(101.5)**	(87.1)	(23.5)	(42.2)	(22.5)
(Loss) profit before tax from continuing operations	**(50.0)**	(61.4)	(2.5)	(20.5)	7.6
Taxation	**(13.0)**	(5.9)	(2.3)	(1.7)	(7.2)
Exceptional tax and tax on exceptional items	**15.0**	6.4	0.8	4.0	1.4
(Loss) profit after tax from continuing operations	**(48.0)**	(60.9)	(4.0)	(18.2)	1.8
Profit (loss) after tax from discontinued operations	**0.4**	(0.5)	0.1	1.3	(30.0)
Loss for the year	**(47.6)**	(61.4)	(3.9)	(16.9)	(28.2)
(Loss) profit attributable to:					
Owners of the parent	**(47.8)**	(61.1)	(3.9)	(17.0)	(28.3)
Non-controlling interests	**0.2**	(0.3)	–	0.1	0.1
	(47.6)	(61.4)	(3.9)	(16.9)	(28.2)
Consolidated balance sheet					
Non-current assets	**1,456.3**	1,431.8	670.4	737.3	744.4
Other assets less liabilities	**(552.3)**	(483.4)	(203.9)	(170.6)	(166.8)
Net debt	**(521.6)**	(511.0)	(283.7)	(377.6)	(304.1)
Net assets	**382.4**	437.4	182.8	189.1	273.5
Equity attributable to owners of the parent					
Share capital and share premium	**457.4**	457.1	140.0	139.8	139.7
Reserves	**(80.3)**	(24.2)	44.8	51.1	134.0
	377.1	432.9	184.8	190.9	273.7
Non-controlling interests	**5.3**	4.5	(2.0)	(1.8)	(0.2)
Total equity	**382.4**	437.4	182.8	189.1	273.5
Financial ratios					
Underlying earnings per share – continuing operations[2]	**4.8p**	3.7p	4.2p	4.4p	5.1p
Basic (loss) earnings per share – continuing operations[2]	**(6.0)p**	(11.3)p	(0.9)p	(4.1)p	0.4p
Dividend per share	**3.05p**	3.05p	3.45p	3.45p	3.45p

[1] Revenue and underlying EBIT from continuing operations is stated before non-trading and exceptional items as set out in note 3.4.
[2] Underlying earnings and basic (loss) earnings per share for continuing operations have been restated to reflect the bonus factor within the 2016 equity raise.

EXPLANATION OF NON-IFRS MEASURES

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Underlying EBIT (previously referred to as trading profit)	Operating profit from continuing operations excluding amortisation of intangible assets arising on acquisition, fair value remeasurements, non-trading and exceptional items	Provides insight into ongoing profit generation and trends
Underlying EBIT/Trading margin (previously referred to as trading profit margin)	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
EBITDA	Underlying EBIT before depreciation, amortisation and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance
Underlying profit before tax	Profit before tax from continuing operations before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Return on operating assets	Last 12 months underlying EBIT divided by a 13 month average of total net assets excluding core net debt, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13 month average of total net assets excluding core net debt and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Underlying free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of underlying free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Core net debt	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts	The borrowings relating to the UK PFI/PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group
Net debt to EBITDA	Core net debt divided by an annualised EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition
Pro forma information	11 months to 28 February 2017 for VGG as extracted from unaudited management accounts are added to 11 months of legacy Shanks plus the month of March 2017 for the combined Group to give the pro forma 2017 numbers	Provides a comparable measure of performance across both periods
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate

Reconciliations of certain non-IFRS measures are set out below:

Reconciliation of underlying EBIT to EBITDA from continuing operations

	2018 £m	Restated* 2017 £m
Underlying EBIT	**69.1**	36.5
Depreciation of property, plant and equipment	**78.9**	41.8
Amortisation of intangible assets (excluding acquisition intangibles)	**6.9**	3.3
Non-exceptional loss (gain) on disposal of property, plant and equipment	**2.1**	(0.5)
EBITDA from continuing operations	**157.0**	81.1

*The definition of EBITDA excludes an adjustment for landfill related expense and provisioning and consequently the comparatives have been restated.

Reconciliation of underlying free cash flow as presented in the CFO Review

	2018 £m	2017 £m
Net cash inflow from operating activities	**121.7**	22.6
Exclude provisions, working capital and restructuring spend	**36.0**	25.5
Exclude payments to fund UK defined benefit pension scheme	**3.1**	3.1
Exclude increase in service concession arrangement	**10.2**	19.6
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(25.3)**	(19.4)
Include finance income received	**9.9**	9.9
Include purchases of replacement items of intangible assets	**(7.9)**	(3.1)
Include purchases of replacement items of property, plant and equipment	**(71.6)**	(37.9)
Include proceeds from disposals of property, plant and equipment	**3.7**	2.8
Underlying free cash flow	**79.8**	23.1

PARENT COMPANY BALANCE SHEET

As at 31 March 2018

	Note	31 March 2018 £m	31 March 2017 £m
Assets			
Non-current assets			
Intangible assets	6	**–**	0.2
Property, plant and equipment	7	**0.3**	0.3
Investments	8	**376.2**	411.2
Trade and other receivables	9	**276.4**	272.6
Deferred tax assets	10	**9.4**	7.0
		662.3	691.3
Current assets			
Trade and other receivables	9	**184.7**	183.5
Derivative financial instruments	13	**0.6**	–
Cash and cash equivalents	11	**11.8**	18.1
		197.1	201.6
Total assets		**859.4**	892.9
Liabilities			
Non-current liabilities			
Borrowings	12	**(174.6)**	(170.2)
Derivative financial instruments	13	**–**	(0.1)
Defined benefit pension scheme deficit	16	**(14.3)**	(18.7)
		(188.9)	(189.0)
Current liabilities			
Derivative financial instruments	13	**(0.1)**	(0.8)
Trade and other payables	14	**(147.7)**	(120.2)
Current tax payable		**(0.4)**	–
Provisions	15	**(0.6)**	(0.9)
		(148.8)	(121.9)
Total liabilities		**(337.7)**	(310.9)
Net assets		**521.7**	582.0
Equity			
Share capital	17	**80.0**	79.9
Share premium	17	**401.4**	401.2
Retained earnings*		**40.3**	100.9
Total equity		**521.7**	582.0

*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 loss for the year ended 31 March 2018 of £38.3m (2017: £111.8m).

The notes on pages 186 to 194 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 2018. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £m	Share Premium £m	Retained Earnings £m	Total Equity £m
Balance at 1 April 2017		**79.9**	**401.2**	**100.9**	**582.0**
Loss for the year		**–**	**–**	**(38.3)**	**(38.3)**
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	16	**–**	**–**	**1.8**	**1.8**
Tax in respect of other comprehensive income items		**–**	**–**	**(0.3)**	**(0.3)**
Total comprehensive loss for the year		**–**	**–**	**(36.8)**	**(36.8)**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**1.8**	**1.8**
Movement on tax arising on share-based compensation		**–**	**–**	**(0.2)**	**(0.2)**
Proceeds from exercise of employee options	17	**0.1**	**0.2**	**–**	**0.3**
Own shares purchased by the Employee Share Trust	17	**–**	**–**	**(1.0)**	**(1.0)**
Dividends	5	**–**	**–**	**(24.4)**	**(24.4)**
Balance at 31 March 2018		**80.0**	**401.4**	**40.3**	**521.7**
Balance at 1 April 2016		39.8	124.2	236.4	400.4
Loss for the year		–	–	(111.8)	(111.8)
Other comprehensive loss:					
Actuarial loss on defined benefit pension scheme	16	–	–	(10.7)	(10.7)
Tax in respect of other comprehensive income items		–	–	1.7	1.7
Total comprehensive loss for the year		–	–	(120.8)	(120.8)
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	0.5	0.5
Movement on tax arising on share-based compensation		–	–	(0.1)	(0.1)
Proceeds from exercise of employee options	17	–	0.1	–	0.1
Proceeds from share issues, net of transaction costs		21.1	115.2	–	136.3
Issue of ordinary shares in consideration for a business combination		19.0	161.7	–	180.7
Dividends	5	–	–	(15.1)	(15.1)
Balance as at 31 March 2017		79.9	401.2	100.9	582.0

PARENT COMPANY STATEMENT OF CASH FLOWS

	Note	2018 £m	2017 £m
Cash flows from operating activities	19	**10.8**	1.2
Income tax received (paid)		**0.2**	(0.4)
Net cash inflow from operating activities		**11.0**	0.8
Investing activities			
Investment in subsidiaries		**–**	(43.4)
Finance income		**18.2**	6.9
Net cash inflow (outflow)from investing activities		**18.2**	(36.5)
Financing activities			
Finance charges and loan fees paid		**(10.4)**	(13.2)
Proceeds from share issues		**0.3**	141.5
Costs in relation to share issues		**–**	(5.1)
Investment in own shares by the Employee Share Trust		**(1.0)**	–
Dividends paid		**(24.4)**	(15.1)
Repayment of bank borrowings		**–**	(56.9)
Net cash (outflow) inflow from financing activities		**(35.5)**	51.2
Net (decrease) increase in cash and cash equivalents		**(6.3)**	15.5
Cash and cash equivalents at the beginning of the year		**18.1**	2.6
Cash and cash equivalents at the end of the year		**11.8**	18.1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies

General information
Renewi plc is a public limited company listed on the London Stock Exchange and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 196. The nature of the Company's principal activity is a head office corporate function.

Basis of preparation
The separate financial statements of the Company are presented in compliance with the requirements for companies whose shares are listed on the London Stock Exchange. They have been prepared on the historical cost basis, except for derivative financial instruments and share-based payments, which are stated at fair value. The policies set out below have been consistently applied. The Company has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2017.

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

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

Adoption of new and revised accounting standards and interpretations
There were no new standards, amendments to standards or interpretations adopted for the first time for the Company's financial year beginning 1 April 2017 that had a significant impact on these financial statements.

New standards and interpretations not yet adopted
Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union.

At the date of approval of these financial statements, the following standard was in issue but not yet effective:

IFRS 9 Financial Instruments, effective for annual periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition approaches for financial assets and liabilities and requires additional disclosures in relation to hedging activities. The Company has performed an initial assessment of the impact of this standard and does not expect a material impact.

There are no other IFRSs or IFRS IC 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.

1. Accounting policies – Company continued

Property, plant and equipment

Property, plant and equipment, except for freehold land, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided on fixtures and fittings to write off their cost (less the expected residual value) on a straight line basis over an expected useful life of up to 10 years.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company's balance sheet less any provision for impairment in value.

Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Retirement benefits

The Company accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due.

Share-based payments

The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest. At each balance sheet date the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies – Company continued

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 rate. 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 less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less.

External borrowings

Interest bearing loans and retail bonds are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

When the Company exchanges with an existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Amounts owed to subsidiary undertakings

Amounts owed to subsidiary undertakings are initially recognised at fair value and subsequently held at amortised cost.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Group's exposure to financial risk. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's derivatives financial instruments are not designated as hedges and the changes in fair value are recognised in the Income Statement. Details of the fair values of the derivative financial instruments are disclosed in note 5.5 and 5.6.

1. Accounting policies – Company continued

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. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

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 estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related note.

Defined benefit pension scheme

The Company operates a defined benefit scheme in the UK for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. The principal assumptions in connection with the retirement benefit schemes are set out in note 7.2 of the Group financial statements.

Impairment of investments in subsidiary undertakings

Investments in subsidiary undertakings are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is estimated based on projected cash flows which may be long term in nature.

3. Employees

Staff costs	**2018 £m**	2017 £m
Wages and salaries	**3.9**	3.4
Social security costs	**0.5**	0.4
Share-based benefits	**1.8**	0.5
Other pension costs	**0.1**	0.1
Total staff costs	**6.3**	4.4

The average number of people (including executive directors) employed by the Company was 17 employees (2017: 18).

See pages 92 to 107 of the Directors' Remuneration report for details of the remuneration of executive and non-executive Directors and their interest in shares and options of the Company.

See note 7.3 of the Group financial statements for details of share based payments.

4. Auditors' remuneration

The auditors' remuneration for audit services to the Company was £0.1m (2017: £0.1m). Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services for the Company are disclosed in note 3.2 of the Group financial statements.

5. Dividends

See Note 5.10 of the Group financial statements for details of the dividends of the Company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

6. Intangible assets

	Computer Software £m
Cost	
At 1 April 2016 and 31 March 2017	**1.2**
Disposal	**(0.2)**
At 1 April 2016, 31 March 2017 and 31 March 2018	**1.0**
Accumulated amortisation and impairment	
At 1 April 2016	0.9
Amortisation charge	0.1
At 31 March 2017	1.0
Amortisation charge	0.1
Impairment	0.1
Disposal	(0.2)
At 31 March 2018	**1.0**
Net book value	
At 31 March 2018	**–**
At 31 March 2017	0.2
At 31 March 2016	0.3

7. Property, plant and equipment

	Land £m	Fixtures and fittings £m	Total £m
Cost			
At 1 April 2016, 31 March 2017 and 31 March 2018	**0.1**	**0.2**	**0.3**
Accumulated amortisation and impairment			
At 1 April 2016, 31 March 2017 and 31 March 2018	**–**	**–**	**–**
Net book value			
At 31 March 2018	**0.1**	**0.2**	**0.3**
At 31 March 2017	0.1	0.2	0.3
At 31 March 2016	0.1	0.2	0.3

8. Investments

	Investments in subsidiary undertakings £m
At 1 April 2016	498.8
Additions	43.4
Disposals	(29.4)
Impairment	(101.6)
At 31 March 2017	411.2
Impairment	(35.0)
At 31 March 2018	**376.2**

The impairment of £35.0m (2017: £101.6m) related to the investment in Renewi UK Services Limited (previously Shanks Waste Management Limited) as a result of the difficult trading conditions being encountered in the UK Municipal division. The prior year addition of £43.4m related to a loan to Renewi UK Services Limited which was capitalised on 31 March 2017 and the disposal of £29.4m related to investments in dormant non-trading subsidiaries which were placed into voluntary liquidation.

9. Trade and other receivables

	2018 £m	2017 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**276.4**	272.6
Current assets		
Amounts owed by subsidiary undertakings	**183.9**	183.0
Other receivables	**0.3**	0.4
Prepayments	**0.5**	0.1
	184.7	183.5

Interest on amounts owed by subsidiary undertakings is received at rates of between 0% and 14% (2017: 0% and 13%), the balances are unsecured and repayable either on demand or in accordance with the loan agreement with the final repayment due on 30 September 2039.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**64.0**	62.3
Euro	**368.1**	362.8
Canadian Dollar	**29.0**	31.0
	461.1	456.1

10. Deferred tax asset

Deferred tax is provided in full on temporary differences under the liability method using the applicable tax rate.

	Retirement benefit schemes £m	Tax losses £m	Derivative financial instruments £m	Other timing differences £m	Total £m
At 1 April 2016	1.9	–	0.6	0.6	3.1
(Charge) credit to Income Statement	(0.4)	2.9	(0.4)	–	2.1
Credit to equity	1.7	–	–	0.1	1.8
At 31 March 2017	3.2	2.9	0.2	0.7	7.0
(Charge) credit to Income Statement	(0.5)	3.5	(0.3)	0.1	2.8
(Charge) credit to equity	(0.3)	–	–	(0.1)	(0.4)
At 31 March 2018	**2.4**	**6.4**	**(0.1)**	**0.7**	**9.4**

The majority of the £9.4m (2017: £7.0m) deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2018, the Company has unused tax losses (tax effect) of £6.4m (2017: £6.6m) available for offset against future profits. A deferred tax asset has been recognised in respect of £6.4m (2017: £2.9m) 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 £11.8m (2017: £18.1m) was denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**11.7**	10.0
Euro	**0.1**	8.1
	11.8	18.1

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

12. Non-current borrowings

	2018 £m	2017 £m
Retail bonds	**174.6**	170.2

The table below details the maturity profile of non-current borrowings:

	2018 £m	2017 £m
Between two years and five years	**87.5**	85.2
Over five years	**87.1**	85.0
	174.6	170.2

The carrying amounts of borrowings are denominated in Euros.

The terms of the retails bonds are detailed in the Group financial statements note 5.3. The retail bonds are carried at amortised cost and are not subject to the consolidated hedging arrangements.

13. Derivative financial instruments

The Company held a fuel derivative current asset of £0.6m (2017: £0.7m current liability and £0.1 non-current liability). The notional value of the wholesale fuel covered by fuel derivatives as at 31 March 2018 amounted to £4.2m (2017: £12.6m). Forward foreign exchange contracts were held with a current liability of £0.1m (2017: £0.1m) and a notional value of £11.4m (2017: £10.6m).

14. Trade and other payables

	2018 £m	2017 £m
Trade payables	**0.2**	7.5
Other tax and social security payable	**0.6**	0.3
Other payables	**0.2**	0.1
Accruals	**8.6**	12.4
Amounts owed to Group undertakings	**138.1**	99.9
	147.7	120.2

Interest on amounts owed to Group undertakings is charged at rates of between 0% and 2.65% (2017: 0% and 2.15%) and these balances are unsecured and repayable upon demand.

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	**59.3**	82.9
Euro	**88.4**	37.3
	147.7	120.2

15. Provisions

	Restructuring £m	Other £m	Total £m
At 1 April 2017	0.2	0.7	0.9
Utilised in the year	(0.2)	(0.1)	(0.3)
At 31 March 2018	**–**	**0.6**	**0.6**

The restructuring provision related to redundancy and related costs incurred as part of the delivery of merger related synergies.

Other provisions principally cover warranties, under the terms of the agreements for the disposal of certain businesses, the Company has given warranties to the purchasers which may give rise to payments.

16. Retirement benefit scheme

The Renewi plc defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants. The defined benefit plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. See note 7.2 of the Group financial statements for further details.

17. Share capital and share premium

	Number	Ordinary shares of 10p each £m	Share premium £m
Share capital allotted, called up and fully paid			
At 1 April 2016	398,189,557	39.8	124.2
Issued under rights issue and firm placing	211,201,962	21.1	115.2
Consideration shares issued	190,187,502	19.0	161.7
Issued under share option schemes	233,202	–	0.1
At 31 March 2017	799,812,223	79.9	401.2
Issued under share option schemes	321,029	0.1	0.2
At 31 March 2018	**800,133,252**	**80.0**	**401.4**

During the year 321,029 (2017: 233,202) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £232,475 (2017: £156,017).

In the prior year a firm placing of 45,000,000 shares was completed at a price of 100p per share and a 3 for 8 rights issue of 166,201,962 shares to qualifying shareholders was completed at 58p per share. The Company raised £136.3m net of £5.1m issuance costs. On 28 February 2017 the Group issued 190,187,502 shares as part of the purchase consideration for 100% of the ordinary share capital of Van Gansewinkel Groep B V. The ordinary shares issued have the same rights as the other shares in issue.

Renewi plc Employee Share Trust

The Renewi plc Employee Share Trust owns 1,308,652 (0.2%) (2017: nil) 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 includes ordinary shares held by the Trust to satisfy future share awards which are recorded at cost. During the year ended 31 March 2018 1,308,652 shares were purchased by the Trust at a cost to £1.0m.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

18. Financial instruments

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	2018 £m	2017 £m
Financial assets			
Trade and other receivables excluding prepayments	9	**460.6**	456.0
Cash and cash equivalents	11	**11.8**	18.1
Fuel derivatives	13	**0.6**	–
		473.0	474.1
Financial liabilities			
Retail bonds	12	**174.6**	170.2
Trade and other payables excluding non-financial liabilities	14	**147.1**	119.9
Fuel derivatives	13	**–**	0.8
Forward foreign exchange contracts	13	**0.1**	0.1
		321.8	291.0

The fair value of financial assets and financial liabilities is not materially different to their carry value except for the retail bonds which have a fair value of £176.6m (2017: £177.4m).

19. Notes to the statement of cash flows

	2018 £m	2017 £m
Loss before tax	**(41.0)**	(113.9)
Fair value gain on financial instruments	**(1.5)**	(2.1)
Finance income	**(20.7)**	(8.4)
Finance charges	**10.2**	14.8
Operating loss from continuing operations	**(53.0)**	(109.6)
Amortisation and impairment of intangible assets	**0.2**	0.1
Exceptional provision against investment in subsidiary	**35.0**	101.6
Exceptional loss on disposal of subsidiaries	**–**	29.4
Net (decrease) increase in provisions	**(0.3)**	0.1
Payments to fund defined benefit pension scheme deficit	**(3.1)**	(3.1)
Share-based compensation	**1.8**	0.5
Exchange gain	**(1.9)**	1.9
Operating cash flows before movement in working capital	**(21.3)**	20.9
Decrease (increase) in receivables	**4.8**	(1.5)
Increase (decrease) in payables	**27.3**	(18.2)
Cash flows from operating activities	**10.8**	1.2

20. Contingent liabilities

In addition to the contingent liabilities in Note 8.3 of the Group financial statements the Company has given guarantees in respect of the Group's subsidiary and joint venture undertakings' borrowing facilities totalling £344.2m (2017: £338.4m). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £1.6m (2017: £1.4m).

21. Related party transactions

A list of the Company's subsidiaries is set out in note 8.1 of the Group financial statements. Transactions with subsidiaries relate to interest on intercompany loans and management charges. Net interest income was £20.0m (2017: £7.9m) and management charges were £6.7m (2017: £7.3m). Total outstanding balances are listed in notes 9 and 14.

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS AS AT 31 MARCH 2018

	Holders	%	Shares held	%
Private shareholders	1779	73.8	9,668,614	1.2
Corporate shareholders	632	26.2	790,464,638	98.8
Total	**2411**	**100.0**	**800,133,252**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1-5,000	1527	63.3	2,796,779	0.4
5,001 - 25,000	520	21.6	5,592,835	0.7
25,001 - 50,000	96	4.0	3,277,038	0.4
50,001 - 100,000	58	2.4	4,246,296	0.5
100,001 - 250,000	53	2.2	9,006,493	1.1
250,001 - 500,000	36	1.5	13,171,391	1.7
over 500,000	121	5.0	762,042,420	95.2
Total	**2,411**	**100.0**	**800,133,252**	**100.0**

FINANCIAL CALENDAR

28 June 2018
Ex-dividend date for final 2018 dividend

29 June 2018
Record date for final 2018 dividend

12 July 2018
Annual General Meeting

27 July 2018
Payment of final 2018 dividend

November 2018
Announcement of interim results and dividend

31 March 2019
2019 financial year end

May 2019
Announcement of 2019 results and dividend recommendation

For updates to the calendar during the year, please visit the Company website: www.renewiplc.com

Registrar services
Administrative enquiries concerning shareholdings in the Company should be made to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Computershare can also be contacted by telephone on 0370 707 1290. Shareholders can also manage their holding online by registering at www.investorcentre.co.uk.

General Data Protection Regulation
New regulations are now in force giving individuals more control over their personal data and providing greater protections. Shareholders' personal data is maintained in accordance with the Companies Act 2006 and processed by Renewi's Registrars, Computershare Investor Services PLC. The security of shareholders' data is of the utmost importance to Renewi and Computershare, neither of whom will use shareholders' data for marketing purposes. Computershare's Privacy Policy and Terms and Conditions can be found at www.investorcentre.co.uk.

Dividends
Shareholders are strongly encouraged to receive their cash dividends by direct transfer as this ensures dividends are credited promptly and efficiently. Shareholders who do not currently have their dividends paid directly to a bank or building society account, and who wish to do so, should complete a mandate form obtainable from Computershare. Overseas shareholders wishing to receive their dividend payment in local currency can now do so using Computershare's Global Payments Service.

Dividend tax allowance
The announcement made by the Chancellor in the 2017 Spring Budget that the annual dividend tax allowance will be reduced from £5,000 to £2,000 per annum came into effect April 2018. For the financial year 2018/19 dividends received amounting to less than £2,000 are tax free. Dividends in excess of this allowance will continue to be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Renewi plc will continue to provide registered shareholders with a confirmation of the dividends paid by the Company. Any dividends received from Renewi plc should be added to all other dividend income received by shareholders for the respective year when calculating and reporting their total dividend income for tax purposes. It is the responsibility of the shareholder to include all dividend income from all shares held in all companies, when calculating any tax liability.

ShareGift
If shareholders have only a small number of shares, the value of which makes it

COMPANY INFORMATION

PRINCIPAL OFFICES

Netherlands Commercial Division
Renewi Nederland B.V.
Flight Forum 240
5657 DH Eindhoven
The Netherlands

Belgium Commercial Division
Renewi Belgium S.A./N.V.
Gerard Mercatorstraat 8
B-3920
Lommel
Belgium

Monostreams Division
Van Gansewinkel Recycling B.V.
Flight Forum 240
5657 DH Eindhoven
The Netherlands

Hazardous Waste Division
Renewi Hazardous Waste B.V.
Vlasweg 12
4782 PW Moerdijk
The Netherlands

Municipal Division
Renewi UK Services Limited
Dunedin House
Auckland Park, Mount Farm
Milton Keynes
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Registered Office
Renewi plc
16 Charlotte Square
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EH2 4DF
Registered in Scotland
No.SC077438

Corporate Head Office
Renewi plc
Dunedin House
Auckland Park, Mount Farm
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Buckinghamshire MK1 1BU
Tel: 00 44 (0)1908 650580

Company Secretary
Philip Griffin-Smith, FCIS

Email:
info@renewi.com

Websites:
For investors:
www.renewiplc.com
For customers:
www.renewi.com

CORPORATE ADVISORS

Independent Auditors
PricewaterhouseCoopers LLP

Principal Bankers
ING Bank N.V.
Coöperatieve Rabobank U.A.
ABN Amro Bank N.V.
KBC Bank N.V.
BNP Paribas Fortis S.A./N.V.
HSBC Bank plc

Financial Advisers
Greenhill & Co International LLP

Corporate Brokers
Investec
Peel Hunt

Solicitors
Ashurst LLP
Dickson Minto W.S.

PR Advisers
FTI Consulting

uneconomic to sell, they may wish to consider donating them to the charity ShareGift (registered charity no. 1052686). Further information may be obtained from their website at www.sharegift.org or by calling 020 7930 3737.

Electronic shareholder communication
Shareholders may elect to receive future shareholder documents and information by email or via the Company's website. This is intended to help the environment by reducing paper and transport as well as enabling the Company to save on administration, printing and postage costs. Please contact the Company Registrar for details.

Share fraud warning
Fraudsters use persuasive and high pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.
While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid fraud
Firms authorised by the Financial Conduct Authority (FCA) will rarely contact you out of the blue with an offer to buy or sell your shares. If you feel that the person contacting you is not legitimate, note their name and the firm they work for; you can check the Financial Services Register at www.fca.org.uk to see if the person and firm is authorised by the FCA. Call the FCA on 0800 111 6768 if the firm does not have contact details on the register or they are out of date. You can search the list of unauthorised firms to avoid at www.fca.org.uk/scams. If you buy or sell shares from an unauthorised firm, you will not have access to the Financial Ombudsman or Financial Services Compensation Scheme. You should always consider getting independent financial advice before any transaction.

Report a scam
If you are approached by a fraudster please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

GLOSSARY

A&B	Argyll & Bute
AD	Anaerobic Digestion
AGM	Annual General Meeting
BDR	Barnsley, Doncaster and Rotherham
BENELUX	The economic union of Belgium, the Netherlands and Luxembourg
C&D	Construction and Demolition
CE	Commercial Effectiveness
CER	Constant Exchange Rate
CFS	A brand in the legacy Van Gansewinkel portfolio
CI	Continuous Improvement
CORE NET DEBT	Borrowings less cash from core facilities excluding PFI/PPP non-recourse debt
CSR	Corporate Social Responsibility
DAB	Deferred Annual Bonus
D&G	Dumfries & Galloway
EBITDA	Trading profit before Interest, Tax, Depreciation and Amortisation
ELWA	East London Waste Authority
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
ESG	Environment, Social and Governance
EU	European Union
EXCOM	Executive Committee
FCA	Financial Conduct Authority
GFF	Green Finance Framework
I&C	Industrial and Commercial
IBA	Incinerator Bottom Ash
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IMO	Integration Management Office
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
M&A	Mergers and Acquisitions
MBT	Mechanical Biological Treatment
NORM	Naturally Occuring Radioactive Materials
OEM	Original Equipment Manufacturer
PPA	Purchase Price Accounting
PFI	Private Finance Initiative
PPP	Public Private Partnership
RDF	Refuse Derived Fuel
ROCE	Return on Capital Employed
SHEQ	Safety, Health, Environment and Quality
SPV	Special Purpose Vehicle
SRF	Solid Recovered Fuel
SSC	Shared Service Centre
TOM	Target Operating Model
TSR	Total Shareholder Return
VGG	Van Gansewinkel Groep B.V.
VGIS	Van Gansewinkel Industrial Services

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