ACTING TODAY SUSTAINING TOMORROW

renewi
waste no more

RENEWI PLC ANNUAL REPORT AND ACCOUNTS 2020

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IN THESE CHALLENGING TIMES OF CLIMATE CHANGE, THE PLANET URGENTLY NEEDS OUR HELP. WE HAVE MADE IT OUR MISSION TO TRANSFORM WASTE INTO ESSENTIAL NEW PRODUCTS. BY ACTING TODAY TO REUSE MATERIALS AND PROTECT OUR ENVIRONMENT, WE ARE SUSTAINING TOMORROW.

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

OUR PURPOSE… TO PROTECT THE WORLD BY GIVING NEW LIFE TO USED MATERIALS

Sustaining the future

Our new sustainability strategy ensures we operate our business sustainably. Find out about the strategy's three key themes:

Enable the circular economy
Page 63

Reduce carbon emissions and waste
Page 66

Care for people
Page 70

Our UN Sustainable Development Goals

We have aligned our business operations and new sustainability strategy with the United Nations Sustainable Development Goals (SDGs). We have cross-referenced the strategy with six of the 17 UN SDGs that are most relevant to what we do and how we operate. In this report you will see icons for these SDGs, as we demonstrate how we work to fulfil them wherever and whenever we can.

GOOD HEALTH AND WELLBEING
Keeping employees safe and well is a key objective, and we have the same responsibility to local communities.

CLEAN WATER AND SANITATION
One of our key treatment activities is cleaning waste water to make it available again.

AFFORDABLE AND CLEAN ENERGY
We lower our carbon footprint by using renewable energy and also sell green energy produced on site.

SUSTAINABLE CITIES AND COMMUNITIES
We reduce our carbon and other emissions in waste collection in cities and urban areas.

RESPONSIBLE CONSUMPTION AND PRODUCTION
We enable the circular economy, so support responsible consumption and production.

CLIMATE ACTION
We take action to protect the climate by carbon avoidance and recycling waste instead of sending it for incineration or to landfill.

Learn about Renewi's sustainability efforts with our Sustainability in Action case studies throughout this Report

Key figures

Here is a snapshot of Renewi's financial and sustainability performance for the year. For more information, see the CFO's Review on page 38 and our sustainability strategy focus on page 62

FINANCIAL PERFORMANCE

Revenue*

€1,697m

▲ **2%**

Underlying EBIT*

€72.0m

▼ **10%**

Underlying profit before tax*

€44.5m

▼ **23%**

Statutory loss for the year

€(77.1)m

▲ Prior year **€(97.7)m**

SUSTAINABILITY PERFORMANCE

Carbon avoidance intensity ratio

0.233

▲ **7%**

Recycling rate

64.7%

▼ **2 percentage points**

>3-day accidents

95

▼ **3%**

% Euro 6 trucks

48.5%

▲ **14 percentage points**

*Financial measures are quoted on an ongoing business basis and exclude all sold businesses (both continuing and discontinued operations). All comparatives are quoted on an IAS 17 basis and excluding the positive impact of the implementation of IFRS 16 to enable meaningful comparison. The definition and rationale for the use of non-IFRS measures are on page 208.

Innovative and progressive, we're in step with society's concerns.

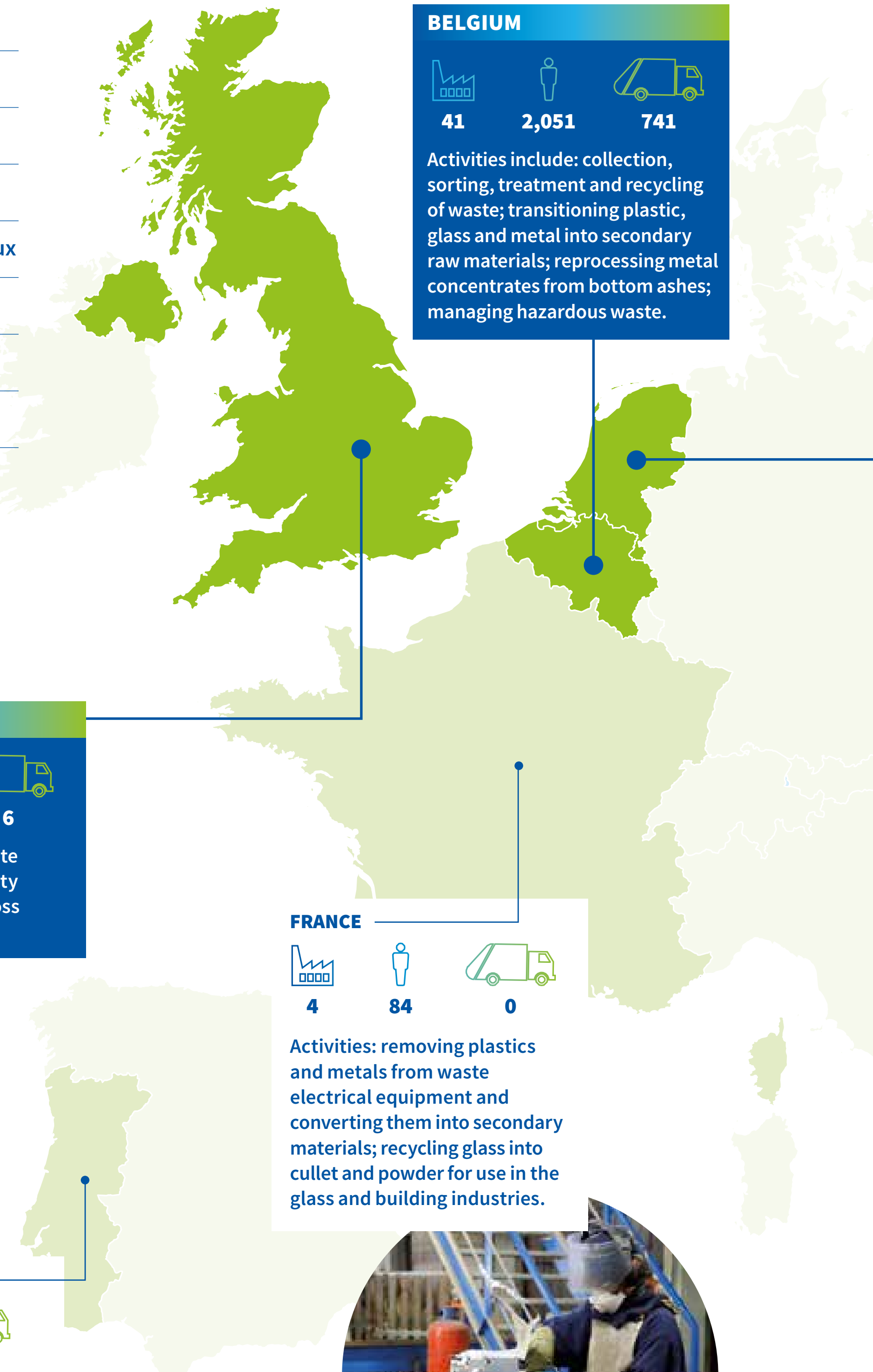
There are an increasing number of low-emission zones in cities in the Benelux where all but the greenest vehicles are banned, which we fully support: 48.5% of our low-emission waste trucks are Euro 6 standard, with the lowest NOx and particulates emissions, and we plan to invest in significantly more. We're also introducing our first zero-emission electric trucks. That's a breath of fresh air for city dwellers…

1/ STRATEGIC REPORT

Renewi at a glance

A corporate snapshot: our Divisions, our people, where they operate and what they do – from waste collection and recycling to creating secondary raw materials

- Pure-play waste-to-product recycling company
- Formed in 2017 from Shanks and Van Gansewinkel
- Listed on London Stock Exchange since 1988
- Secondary listing on Euronext Amsterdam in 2020
- Benelux market leader: c.85% of revenues in Benelux
- 90.8% waste recycling and recovery rate
- 162 operating sites
- 6,550 employees as at 31 March 2020



BELGIUM

Operating sites	Employees	Trucks
41	2,051	741

Activities include: collection, sorting, treatment and recycling of waste; transitioning plastic, glass and metal into secondary raw materials; reprocessing metal concentrates from bottom ashes; managing hazardous waste.

UK

Operating sites	Employees	Trucks
30	598	6

Activities: operating waste treatment facilities for city and county councils across the country.

FRANCE

Operating sites	Employees	Trucks
4	84	0

Activities: removing plastics and metals from waste electrical equipment and converting them into secondary materials; recycling glass into cullet and powder for use in the glass and building industries.

PORTUGAL

Operating sites	Employees	Trucks
1	22	0

Activities: recycling of glass (including jars and bottles) and flat glass (such as mirrors and windows), turning it into cullet and powder to be re-used in the glass, glass wool and building industries.

KEY

Number of operating sites[1]

Number of employees

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 used on site and similar.

NETHERLANDS

85	3,793	1,385

Activities include: collection, sorting, treatment and recycling of waste; handling contaminated soil, water and sludge; transitioning plastic, glass and metal into secondary raw materials.

HUNGARY

1	2	0

Activities: recycling of glass (including jars and bottles) and flat glass (such as mirrors and windows), turning it into cullet and powder to be re-used in the glass, glass wool and building industries.

111,746

megawatt hours of green electricity were generated by Renewi in FY20

13.2m

tonnes of commercial and domestic waste are handled by Renewi annually

OUR NEW STRUCTURE

From 1 April 2020, we reorganised our business from four to three Divisions, giving us a leaner and more effective structure.

Commercial Waste

The Division operates in the Netherlands and Belgium. Activities include waste collection, sorting, treatment and recycling. The Dutch part of Commercial Waste now features organic waste processing business Organics from the disbanded Monostreams Division. Belgian operations remain unaffected by the restructure.

Mineralz & Water

This new Division has been created by merging our Mineralz and ATM businesses, and will increasingly focus on the secondary building materials market.

Specialities

Another new Division, Specialities includes Coolrec, Maltha and Municipal. Among its operations are waste treatment, glass recycling and secondary materials production.

See page 23 for more on our new structure

I THANK THE MEN AND WOMEN OF RENEWI FOR THEIR REMARKABLE DEDICATION AND COMMITMENT...

Ben Verwaayen
Chairman

In these extraordinary times I would like to start by thanking the men and women of Renewi for their remarkable dedication and commitment. Never before have we seen how vital our services are for the communities we serve. And under the difficult circumstances of Covid-19 we have seen the resilience of our organisation. FY20 was a year of successful further transformation, both financially and operationally. We delivered against our targets and made further steps in the restructuring of our Group.

BOARD CHANGES

Colin Matthews stepped down as Chairman on 31 March 2020 after five years that were of great importance for our company. We owe him enormous gratitude for his leadership, wisdom and guidance both during and after the formation of Renewi. We were fortunate to have him as our Chairman. Jacques Petry stepped down in December 2019 after nine years on the Board, with Allard Castelein becoming Senior Independent Director. I would like to thank both Colin and Jacques for their great service and to wish them well in the future. I was appointed Chairman on 1 April 2020.

IMPRESSIONS AND AMBITIONS

It is a great honour to have the opportunity to join Renewi as Chairman at this point in time. The circular economy is taking shape in the strategic plans of our customers, in legislation and in regulations all around Europe. Perhaps most importantly, it is taking shape in the hearts and minds of people. I think that Renewi is well placed to serve these expanding market opportunities. We should be ambitious in our development of new technologies and services. Digital and automation developments will greatly enhance our capacity to serve, helping us provide new solutions for our customers. We have detailed plans regarding how to improve all aspects of our business. I am also delighted to see the passion behind the Renewi 2.0 programme, which will lay the foundation of a much more agile and customer-focused Renewi. Our focus and passion go hand in hand in the delivery of our transformation process.

MANAGING COVID-19

The arrival of Covid-19 at the same time as my appointment means that I have not yet seen as much of the company as I would have wished. I have, on the other hand, been able to appreciate the determined customer focus of our employees and the dynamic response of the management as we have continued to serve our customers and communities flawlessly through the pandemic. With significant liquidity in place, backed by appropriate amendments to our banking facilities, we are well placed to trade with resilience through any difficulties ahead and to emerge from this difficult period as well as any in our industry.

EPS AND DIVIDEND

Total earnings per share from ongoing businesses, and on a comparable basis, fell in line with expectations by 25% to 4.1 cents. As a result of the Covid-19 lockdown, we have decided not to pay a final dividend for the year, thereby preserving €10m of cash during the period of disruption. The Board will keep the dividend under review and looks forward to being able to resume distributions once the impact of Covid-19 is behind us.

SAFETY

Safety remains the first of our six values and a significant focus of this Board. During the year we established an informal Safety Committee

3%

The reduction in the number of greater than three-day accidents

… BECAUSE IN TIMES OF CHALLENGE AND CRISIS THE STRENGTH OF AN ORGANISATION IS ITS PEOPLE

comprising the Chairman and selected Non-Executive Directors to support the Executive Committee in driving change in the safety culture in the business. During the year to 31 March 2020, the number of greater than three-day lost time accidents fell by 3%. This is positive, but significantly less than our ambitions for a step-change improvement. We were also deeply saddened by the death of one of our colleagues when collecting waste.

CORPORATE GOVERNANCE

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

A CIRCULAR FUTURE

Renewi directly acts to support six of the United Nations' Sustainable Development Goals. Our business and sustainability strategies are wholly aligned, supported by our six core values. Our ambitious new sustainability strategy is outlined on pages 26 to 27. The pillars of this sustainability strategy are to enable the circular economy and to reduce our own carbon footprint, as well as to care for people – both our communities and our own employees. Our success in delivering our sustainability strategy will reinforce our success in our growth strategy.

PASSION AND DEDICATION

We see in times of challenge and crisis that the strength of an organisation is its people. And people like to know what type of company they work for. We are proud to be a leader in the circular economy. We are proud to develop new solutions and more efficient ways to operate. We are proud to challenge ourselves to improve on all aspects of our business. Our ambitions are based on the opportunity in the market, the dedication of our people and the continued support of our shareholders. The Board extends its thanks to all our people and our other supportive stakeholders.

Ben Verwaayen
Chairman

OUR SECONDARY LISTING FOR GREEN INVESTMENT

Renewi is the largest waste-to-product company in both the Netherlands and Belgium, which are two of the most advanced circular economies in the world, driven by supportive societal passion for sustainability. Listing on Euronext Amsterdam was therefore an obvious ambition to create a close connection between the communities we serve and an investor base that is focused on sustainability. Since our listing, we have seen an increase in the ownership of Renewi from continental European investors and an overall increase in liquidity for the shares, as illustrated by increased trading volumes. Having our shares traded in Amsterdam raises our profile and visibility for our activities in the region, and cements our position as a national champion of recycling and circularity.

Our business: creating value for stakeholders

DRIVEN BY

Our vision

To be the leading waste-to-product company.

Our purpose

To protect the world by giving new life to used materials.

IMPACTED BY

The world we live in

We meet the challenges of an evolving regulatory landscape where consumers seek climate protection, and governments and international organisations are expanding legislative and policy agendas on climate change and the circular economy. We also remain agile in the changing waste market.

Read about our engagement with society on page 14

The resources we need

- Assets and technology
- People
- Service
- Investment
- Innovation
- Financial

Read more in our Operating Review on pages 46 to 61

The views of our stakeholders

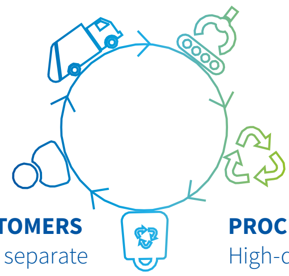
By offering our customers first-class products and services, delivering returns for our investors, looking after our people, contributing to communities, and working closely with governments and regulatory authorities, we will build an even stronger and more successful business.

For more about our stakeholders, see pages 15 to 17

HOW WE CREATE VALUE…

What we do

We generate revenue from collecting and processing waste and by selling the recyclates and energy we produce. Our focus is shifting towards the downstream end of the value chain in line with market value – from collection to processing. We plan to deliver more and higher-quality secondary raw materials and biofuels.



Learn more about Renewi in the CEO's Review on pages 32 to 36

WHAT MAKES US DIFFERENT

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

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

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

4 We're the first FTSE company with a green framework around all borrowings, and link margin of facilities to environmental, social and governance (ESG) targets.

5 We have been recognised for our strong ESG performance. For example, S&P Global Ratings scored Renewi 75 out of 100.

… AT THE HEART OF THE CIRCULAR ECONOMY

Driven by the aims of our new business strategy

LEADER IN RECYCLING
Recycling is central to our waste-to-product mission, and also answers market demand.

LEADER IN SECONDARY MATERIAL PRODUCTION
Improving the quality and 'spread' of the products we produce increases the value of what we recycle.

SELECTIVELY GAIN MARKET SHARE
Selectively increasing our market share helps us to grow the total volume of waste treated.

Our business strategy is underpinned by a strong collection strategy to provide raw materials, and the Renewi 2.0 improvement programme to make the company more efficient and customer-focused.

For more about our new strategy, see pages 18 to 22

Committed to sustainability

Our new sustainability strategy works seamlessly with our enhanced business strategy to enable the circular economy, reduce emissions and care for people and for communities.

Enable the circular economy

Reduce carbon emissions and waste

Care for people

For more about our sustainability strategy, see page 26

Underpinned by our values

SAFE

INNOVATIVE

SUSTAINABLE

CUSTOMER-FOCUSED

ACCOUNTABLE

TOGETHER

For more about our values, see page 71

FOR ALL OUR STAKEHOLDERS

Waste-producing customers

We improve their sustainability by specialist collections and enhanced separation.

Product customers

We collaborate with them to innovate and create new products from waste streams.

Capex and opex suppliers

We enter long-term supply contracts and work to ensure fair treatment in the supply chain.

Communities

We use low-emission collection vehicles to limit the impact of operations on communities.

Employees

We invest in safety and wellbeing, career development and leadership programmes.

Regulators

We engage with them and give expert advice on processing difficult waste streams.

Governments

We engage with them on the effects of changes in regulatory regime on sustainable operations.

Investors

We address market trends and have processes to reduce the impact of adverse events.

Lenders

We have regular, ongoing discussions with the relationship banking group.

For more about our stakeholder engagement, see pages 15 to 17

Our world view

In our mission to sustain tomorrow we actively engage with the world and strive to address the big issues facing society today – from climate change to emissions

CLIMATE CHANGE

The challenge Climate change concerns constantly generate new policy and legislation, by the UN and EU, and at national level, which impact Renewi. The UN Sustainable Development Goals (SDGs) set environmental targets. The EU Circular Economy Action Plan promotes circular processes. The Dutch Government has laws to lessen climate impacts: secondary product targets, taxation on incineration and landfill, and planned carbon taxes.
Our solution Our purpose addresses climate change and we're in step with legislative and policy agendas. Our activities address the UN SDGs (see page 4); driving the circular economy is at our heart; we make secondary products and materials; help customers reduce waste; and we create green energy and biofuels – all of which address climate change.

THE CIRCULAR ECONOMY

The challenge Support for the circular economy is such a compelling priority that it's unstoppable, and waste will need to be turned into product.
Our solution To achieve circularity, business must focus on closing the production loop, where old products are recycled into monostreams, and further refined and reprocessed into high-specification secondary products that can be used in production processes. Since this is our entire waste-to-product focus, we are a linchpin to make the circular economy a reality. This is a key pillar of our sustainability strategy (see page 26): 'Enable the circular economy'. We prioritise waste recycling and secondary material production over energy recovery or landfill disposal for waste we receive.

POLLUTION

The challenge Society is increasingly intolerant of pollution, and improved detection capabilities now identify trace levels in smaller amounts. This gives legislators more opportunity to set a higher sustainability standard on CO_2 and other emissions, and trace residual chemicals in secondary materials to be used in industrial processes.
Our solution We upgrade our operations continually to stay at the forefront of the very best practice standards in our industry, and we work with regulators to tackle pollution and raise standards. At our ATM soil treatment facility, our testing for pollutants assisted the Dutch Human Environment and Transport Inspectorate's (IL&T) study of thermally cleaned soil (TGG) and helped it reopen the TGG market. We also support regulators with advice on treating chemical waste streams, such as PFAS.

URBAN EMISSION REGULATIONS

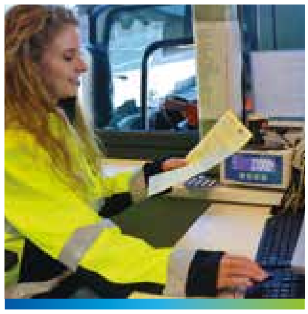
The challenge City authorities issue legislation to tackle carbon emissions and air pollution; low- and zero-emission zones are increasingly popular and a perfect response to this need.
Our solution We minimise our impact from waste truck movements, have increased collection route density, and co-operate with competitors on shared collection schemes; we run a largely low-emission vehicle fleet: already almost half meet the Euro 6 emissions standard – the cleanest in Europe. We have also invested in our first electric trucks.

THE JOB MARKET

The challenge Labour markets are tightening for manual roles in the waste management industry, such as driving, loading and sorting. The pool of people wanting these roles is shrinking and ageing, as younger prospective employees often prefer jobs with less manual work.
Our solution Reducing manual intervention and increasing automation are vital to counter this trend, and there are many instances where we have introduced incremental automation across our operations. These include upgraded optical separation technologies on our sorting lines, which replace historically manual activities.

DIGITISATION

The challenge Many of our stakeholders – customers, suppliers and employees – expect digital access to services and information, and are less tolerant of manual processes.
Our solution The Renewi 2.0 improvement programme (see page 22) has a major focus on automation and digitisation: we're building a front-end digital interface for customers so they can place and amend orders and have clear sight of our services and costs. We want to implement digital waste acceptance, so when trucks arrive at our sites, the manual paperwork is replaced by handheld devices, with a digital workflow from the weighbridge to reception of waste and billing. We're also working on a digital product directory for procurement.



THE WASTE MARKET

The challenge The waste market is in transition, and is now focused on the movement from incineration to recycling and from recycling to secondary products, so value and margins are migrating from collection activities to processing and treatment. Industry leaders will need to invest in innovation, scale processing technologies and clean collection.
Our solution We're focused on circular innovation and new technologies, with partnerships for recycling processes and sustainable products. These include new plastic products from waste plastic wrapping through pyrolysis, cleaning asbestos-contaminated waste steel for re-use in construction, and making gravel, sand and filler for the building industry by treating thermally cleaned soil.

Engaging with stakeholders

From customers to communities, lenders to lawmakers, and of course our employees, we constantly strive to create value for stakeholders by understanding and addressing their priorities and concerns

STAKEHOLDER	HOW WE ENGAGE	THEIR PRIORITIES	HOW WE RESPOND
Waste-producing customers **SDG link**	▸ Contact with the sales force. ▸ Regular engagement through typical daily interactions in the provision of our services. ▸ Customer events. ▸ Educational programmes focused around separation. ▸ Marketing communications activities.	▸ Waste-producing customers are sustainability- and cost-conscious. ▸ Operationally they demand good service that is on time, every time, and want us to be responsive and flexible to their needs.	▸ We offer consulting services to improve customer sustainability outcomes through collections points and separation. ▸ We provide a high-quality, responsive and cost-effective service. ▸ We invest in new sustainable solutions. ▸ We provide reports to customers that demonstrate our sustainability performance.
Product customers **SDG link**	▸ Collaboration to innovate and create new products from waste streams. ▸ Regular engagement through the process of delivering products.	▸ Product specification is critical, along with the certainty of supply in sufficient volumes. ▸ At the innovation stage of the evaluation, customers need input to assess both the technical feasibility and potential commercialisation. ▸ Building capability into the schedule at the pilot stage. ▸ That, at full production scale, quality and consistency are the key requirements against the required volumes.	▸ Dedicated project teams bring expertise to product development. ▸ We manage the innovation funnel actively to ensure new product ideas become actualised. ▸ Product manufacturing lines operate using skilled people and modern manufacturing quality systems. ▸ Detailed testing and certification of outbound product where required.
Capex and opex suppliers **SDG link**	▸ Our procurement team manages relationships with the suppliers by category of spend. ▸ Engaging with these suppliers through face-to-face contact, contracts, meetings, site visits and the course of business.	▸ Understanding Renewi's strategy and how their products fit our needs. ▸ How they can create value through new and existing product innovations. ▸ Creating long-term collaborative and trusting partnerships. ▸ That Renewi acts ethically and lawfully while protecting the environment and benefiting society.	▸ We enter long-term supply arrangements. ▸ We work with our suppliers to ensure fair treatment within our supply chains. ▸ We continually explore innovative solutions to deliver better waste collection, waste separation and waste treatment activities with improved output and environmental impact. >

STAKEHOLDER	HOW WE ENGAGE	THEIR PRIORITIES	HOW WE RESPOND
Communities SDG link	▸ We engage with communities through our websites, media and other external communications channels. ▸ We engage local communities through leafleting, site attendance, meetings and liaison committees with special interest groups. ▸ We hold open days for local communities and families. ▸ At some sites we educate children about recycling and sustainability.	▸ Our communities want the essential services delivered consistently with minimal impact to the local environment. ▸ Our communities are environmentally conscious and support the progression to climate transition and a circular economy. ▸ The communities want clean and green cities free of environmental pollution.	▸ We hold around 150 community events a year. ▸ We have initiated the first white-label collections collaboration to improve the environmental impact of our activities. ▸ We invest in zero- and low-emission vehicles – €60m over the past year (see page 50). ▸ Where there is an adverse event, such as a fire, we communicate intensively with local people.
Employees SDG link	▸ Regular daily interactions with our teams through the management organisation. ▸ Cascade meetings: town halls and leadership calls. ▸ Formal employee relations through human resources and works councils. ▸ Internal communications: leadership team calls about business strategy and performance; newsletters on divisional priorities; news via divisional magazines and site noticeboards. ▸ Employee engagement feedback with Pulse surveys.	▸ Their daily work and interactions with key colleagues. ▸ Rewards, recognition and personal development. ▸ Clarity of communication and organisational objectives. ▸ The overall working environment and conditions, including the best possible standards of safety during their work.	▸ We continue to focus on and invest in safety – on site and on trucks. ▸ Our Fit to the Finish programme is intended to support physical and mental wellbeing (see page 72). ▸ We invest in our LEAD programme in order to improve our group-wide leadership skills. ▸ We are investing in a new talent organisation to open growth pathways for colleagues. ▸ We have a dedicated internal communications team with established channels.
Regulators SDG link	▸ We engage directly with regulators through meetings, site inspections, testing and data submissions. ▸ We engage through trade and industry associations.	▸ Meeting the permitted environmental standards. ▸ Continuing to evolve and define standards and address topical concerns. ▸ Responding to any breaches appropriately.	▸ At ATM, our extensive testing programme has helped the IL&T reopen the thermally cleaned soil market. ▸ We support regulators with expert advice on handling and processing significant waste streams, such as nappies, and dealing with chemicals, such as PFAS.

STAKEHOLDER	HOW WE ENGAGE	THEIR PRIORITIES	HOW WE RESPOND
Governments SDG link	- We engage directly with ministers, politicians and other local and national government officials, often at our sites. - We are keen advocates of the circular economy, recycling, secondary material usage, climate transition, clean cities and other topical areas of legislation, and lobby in support of these. - We engage either directly or through trade and industry associations and lobby groups.	- Further stimulating the circular economy through recycling and secondary products manufacturing and usage. - Meeting national and international climate change targets, including CO_2 reduction and energy transition. - Continually elevating the standards applied across the industry. - A clean environment with pollution minimised from industrial processes and vehicles. - Using fiscal and monetary incentives, and regulation to encourage the desired outcomes.	- We engage directly on the impact of changes in regulatory regime on sustainable operations. This way, we help shape the legislative agenda to ensure the proposals are deliverable and benefit the circular economy. - We provide solicited as well as unsolicited expert advice directly to government, as the national leader in recycling or indirectly through industry associations.
Investors SDG link	- AGM, Annual Report and regulatory news updates. - Full-year and interim results presentations to investors and analysts, followed by investor roadshows. - Responding to investors and prospective investors in bilateral meetings and group meetings and at investor conferences. - Capital Markets Day and site visits.	- Understanding the current performance and future prospects of the Group. - Evaluating comparative performance. - Understanding the key industry trends. - Wanting to see lower risk and fewer exceptional events. - Wanting lower debt levels.	- We dynamically address market trends – for example, our enhanced strategy for success in our markets (see page 18). - Clear reporting and prompt response to investor questions. - Clear processes to reduce the impact of adverse events. - Sharpened focus with fewer businesses and divisions following disposals. - Reducing debt through portfolio management. - Increasing margins through synergy delivery and Renewi 2.0 (see page 22).
Lenders SDG link	- Ongoing financial reporting and covenant compliance reporting obligations. - Ongoing regular discussions regarding the financial products available and deployed.	- Protection of and return on their capital invested in Renewi. - Intermediation of available financial products. - Reduce risks and manage market trends and leverage.	- Ongoing regular discussions with the relationship banking group. - Optimising debt facilities including new issuance, such as the recent Belgian retail bond. - Implementing improved treasury management and cash pooling solutions.

See page 99 for how the Renewi Board considers the interests of stakeholders in its decision-making

Our enhanced strategy

We have enhanced our business strategy – strengthening our vision to be the leading waste-to-product company in the world's most advanced circular economies

Renewi's enhanced new strategy supports its vision to be the leading waste-to-product company. This further differentiates Renewi as a pure-play recycler, a company that focuses on supplying high-quality secondary materials, which we believe is the best way to extract value from waste. The strategy is based on three market-facing priorities to build our leadership position in the circular economy, and two internal improvement strategies to help us perform more smartly.

MARKET-FACING STRATEGIES

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

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

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

INTERNAL IMPROVEMENT STRATEGIES

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

- **Digitisation** of sales and services to improve the customer experience.
- **Simplification** of processes across Renewi's Divisions to boost efficiency and reduce costs and errors.

See page 22 for further details of the Renewi 2.0 improvement programme

HOW INNOVATION DRIVES OUR STRATEGY

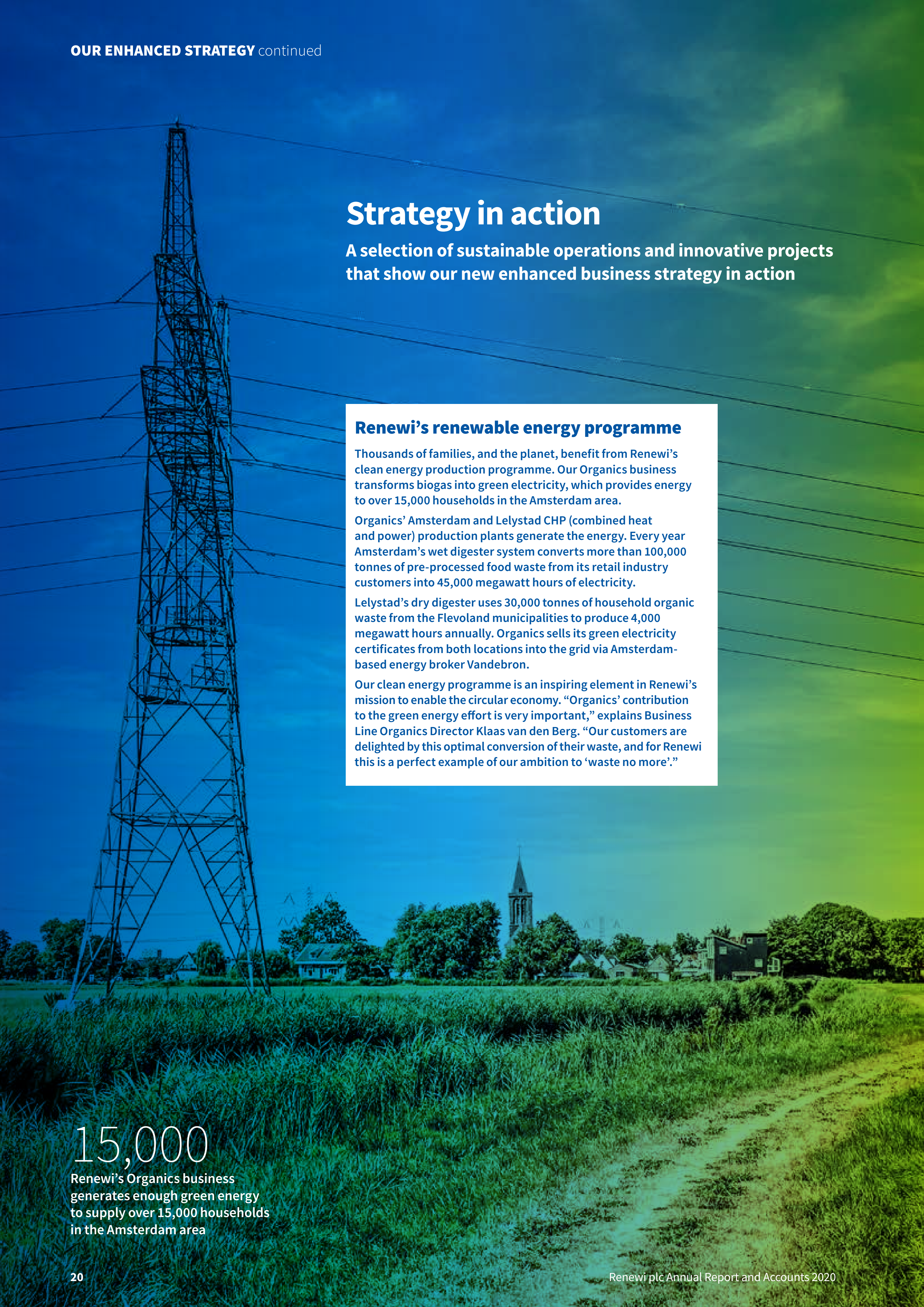
Innovation is one of our core values and we are working on a number of projects to deliver our growth strategy through increasing focus on the creation of secondary products. We now have a promising portfolio of these initiatives in our innovation funnel – a pipeline of projects that we are advancing.

In the future, we will report on the progress of our innovation funnel with our results, demonstrating the range of opportunities for the Group's growth that we are able to pursue. The projects we are undertaking are wide-ranging. For example, Renewi is involved in an operation to create cellulose and polymers from nappies to be re-used in new products, and in the creation of upgraded polyethylene and polypropylene feedstock from the chemical recycling of discarded plastic wrapping.

For further information about the initiatives in our innovation funnel, see the CEO's Review on page 32.

STRATEGIC PRIORITY	WHY IT'S IMPORTANT
1 Leader in recycling	Recycling is key to realise our waste-to-product vision, and there is a strong market need that supports this vision. Customers, society and regulators are focused on increasing diversion from incineration and landfill because recycling and re-use reduce CO_2 emissions, pollution and resource depletion.
2 Leader in secondary material production	To build a circular economy, the usage of secondary raw materials must increase. For production companies currently using primary raw materials, the best way to convert is by using high-quality secondary raw materials that they can 'drop in' – and they will be prepared to pay a higher price for those high-quality secondary raw materials.
3 Selectively gain market share	Renewi operates in markets where volumes are mostly driven by economic activity – an example is GDP. The two strategies above allow us to increase the margin on volumes we treat, while selectively gaining market share. This helps us to grow the total volume of waste treated.

MEASURING SUCCESS	ACHIEVEMENTS TO DATE	RISKS	NEXT OBJECTIVES
Key metrics to track our progress include our recycling rate (ie the percentage of our treated volumes that are diverted from incineration or landfill) and the realised carbon avoidance (ie the amount of CO_2 avoided in the supply chain by recycling). We will track innovation by the amount of waste treated by cutting-edge and upgraded processes.	▶ At present we recycle about 65% of volumes treated, a figure that has declined over the past year as a result of lower production at ATM. ▶ However, Renewi remains well above the European average of 43% and the Benelux average of 60%.	The biggest threats to recycling are alternative treatment methods and alternatives to secondary materials. The biggest competing treatment method for recycling is incineration, which we address by innovation to keep processing costs at a competitive level and recyclates at maximum value. For recyclates the main competition is virgin material, which is dependent on commodity prices and government policy.	▶ We will invest to start or expand production of secondary raw materials out of waste streams currently going to incineration or landfill. We are determined to increase our recycling rate still further, towards 70% in FY23 and 75% in FY25. We do so by innovating with leading partners to find solutions to 'close the loop'. ▶ Some examples of projects that will fuel our growth are the recycling of mattresses and the advanced recycling of waste plastics and wood.
We currently recycle as much of our incoming volumes as possible into secondary materials. A part of that is further treated by Renewi and the remainder is treated by other parties. We aim to significantly increase the value of our products by investing in advanced processing of our materials, which we call 'spread expansion'.	▶ The additional processing of thermally treated soil is carried out at our ATM plant in the Dutch port of Moerdijk. Transitioning it into secondary products – sand, gravel and filler – is a major improvement. These building products are ready for use in their final application and present greater economic value than soil that is simply thermally treated.	Further processing into secondary products requires investment in innovative treatment technology and working alongside partners. It also requires Renewi to operate and compete in new markets – secondary product markets instead of secondary raw material markets.	▶ We aim to continuously improve the quality and 'spread' of the products we produce, by investing in new and innovative treatment technologies.
Our primary focus is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, we will continue to selectively increase volumes through net customer gains, niche acquisitions and, potentially, in the longer term, through geographic expansion.	▶ Renewi has successfully acquired and integrated Rotie, a player in the Dutch organics market for food products. ▶ Through this acquisition, we have increased volumes and have further strengthened our market leadership in Dutch organics.	Renewi is the market leader in the Benelux and a leader in most of the segments in which the company operates, which limits organic growth opportunities. Entering new waste streams or inorganic growth brings inherent risks.	▶ We are continuously evaluating opportunities for growth. ▶ For inorganic growth, in the short term we expect to primarily consider smaller acquisitions, rather than larger transformative ones. **How we achieved the strategic goals we set last year – see page 22**



Strategy in action

A selection of sustainable operations and innovative projects that show our new enhanced business strategy in action

Renewi's renewable energy programme

Thousands of families, and the planet, benefit from Renewi's clean energy production programme. Our Organics business transforms biogas into green electricity, which provides energy to over 15,000 households in the Amsterdam area.

Organics' Amsterdam and Lelystad CHP (combined heat and power) production plants generate the energy. Every year Amsterdam's wet digester system converts more than 100,000 tonnes of pre-processed food waste from its retail industry customers into 45,000 megawatt hours of electricity.

Lelystad's dry digester uses 30,000 tonnes of household organic waste from the Flevoland municipalities to produce 4,000 megawatt hours annually. Organics sells its green electricity certificates from both locations into the grid via Amsterdam-based energy broker Vandebron.

Our clean energy programme is an inspiring element in Renewi's mission to enable the circular economy. "Organics' contribution to the green energy effort is very important," explains Business Line Organics Director Klaas van den Berg. "Our customers are delighted by this optimal conversion of their waste, and for Renewi this is a perfect example of our ambition to 'waste no more'."

15,000

Renewi's Organics business generates enough green energy to supply over 15,000 households in the Amsterdam area

Mattresses make circular dreams a reality

We are helping to recycle millions of old mattresses into furniture filling, gym floors and more as part of our vision to be the leading waste-to-product company. Our investment in RetourMatras, which creates secondary products by recycling mattresses, has allowed the firm to hugely expand its capacity to process them.

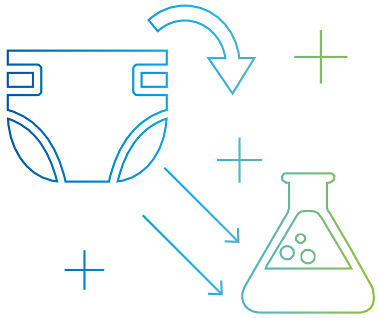
RetourMatras already has two plants in the Netherlands, which recycle 600,000 mattresses each year. This joint investment by Renewi and Ingka Group enables RetourMatras to build a third recycling plant, in Zeeland, and increase annual processing capacity by more than 50%: now one million mattresses a year can be recycled across the three locations, which goes a long way to tackling the Netherlands' waste mattress problem – around 1.5 million mattresses are thrown away there every year.

RetourMatras removes metal parts, textiles and foam from the mattresses, which are used as secondary products in sports mats, gymnasium floors, soft playground surfaces and furniture filling. Around 90% of the mattress materials can be recycled, and the remaining 10% is used to create energy. All of which means a contribution to the circular economy that we can be proud of.

Renewi's investment was accompanied by a similar one made by Ingka Investments (part of the Ingka Group, which includes the 12 IKEA stores in the Netherlands).

Our involvement is, however, more than financial. Our Renewi trucks will be transporting containers of up to 100 discarded mattresses at a time, from hotels, care homes, cruise ships and government-owned accommodation, to RetourMatras. Repurposing one 40m^3 container of mattresses, rather than incinerating them as waste, saves 533kg of CO_2. For RetourMatras's recycling output of one million mattresses a year, this means a CO_2 saving of 48kg of CO_2 equivalent per mattress annually. As Renewi CEO Otto de Bont puts it: "This collaboration fits perfectly with our role as a connecting link in the circular economy."

"This collaboration fits perfectly with our role as a connecting link in the circular economy" **RENEWI CEO OTTO DE BONT**



A nappy ending for waste

Renewi is planning to start changing nappies into valuable raw secondary materials. Initially we plan to recycle 35,000 tonnes of nappies and incontinence pads every year. For the operation, Renewi plans to build recycling plants in the Netherlands, the first of which is set to open in 2022.

The resulting materials – cellulose, plastics and super-absorbent polymers – will be sold to industry. They can be used to make a wide variety of products. Cellulose can be used in adhesives, bioplastics and cat litter. The plastics are useful materials for items such as waste bins, clothes pegs and bottle caps for cleaning products. Super-absorbent polymers can be used to manufacture flood barriers.

During the recycling, the nappies and pads undergo sterilisation in a steam autoclave, in a process that kills off any harmful pathogens. They are then shredded, and the resulting secondary materials separated.

The new business will help tackle the environmental challenge of discarded nappies and incontinence pads – 400,000 tonnes of them are sent to incineration every year in the Netherlands. Creating these secondary materials by recycling, instead of incinerating them, saves carbon emissions at the rate of 500kg per tonne of waste.

35,000

tonnes of nappies and incontinence pads will be recycled every year

Renewi 2.0 improvement programme

Making Renewi more efficient with our simplification and digitisation plan

Renewi is a complex business thanks to its acquisitive history. The Group, the result of a transformational merger three years ago, was created out of two legacy companies coming together – companies that were themselves built on a mix of organic growth and M&A activity. So Renewi has industry-leading scale, market position, know-how and experience, but it has many complexities – in its structure, services offered, systems and processes, and data management. The goal of the Renewi 2.0 programme is to make Renewi more streamlined and more efficient to simplify its overhead, in order to improve customer experience, increase employee engagement and satisfaction and deliver cost benefits. Renewi 2.0 is a three-year transformation plan covering all Divisions and functions. Each 2.0 initiative is designed to address one or several of the complexities in Renewi, and to deliver the above benefits. Renewi 2.0 constitutes the core of our internal strategy to digitise the customer experience and to simplify for efficiency and returns.

SIMPLIFYING SERVICE OFFERING

A service management and portfolio team is in place to simplify our service portfolio and optimise pricing. This entails focusing our offering to include only services that add value to customers. The team will also set guidelines and standards for pricing – optimising the price level per service offered.

DIGITISING PROCESSES

We are doing an end-to-end review of our processes, reducing non-value added activities, automating and digitising. One example is using direct debit or QR codes for invoicing – making it significantly easier for customers to pay an invoice, and for Renewi to collect it.

RATIONALISING SYSTEMS

Key initiatives include digitising our sales and after-sales service activities using online portals, giving customers easy self-service 24/7, and reducing the need for manual input by Renewi employees. Systems rationalisation of our landscape, to reduce the number of systems for the same application, will follow.

OPTIMISING OUR ORGANISATION

We're better organised after consolidating our top structure, going from four to three Divisions, by redistributing our business lines (so that all similar activities fall under the same Division), and by making better use of centralisation and pooling of experts in dedicated teams.

IMPROVED DATA MANAGEMENT

Enhanced data management will deliver better quality data. This will be achieved by implementing master data management, and by introducing a dedicated data and analytics team.

€20m

Expected annual cost benefits after completion of the Renewi 2.0 programme

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Delivering our goals

At a glance: how Renewi achieved its strategic priorities over the past year

This snapshot summarises our performance in meeting the strategic objectives we set ourselves for FY20. Our strategy centred on integration following the merger, strategic expansion, enhancing margins and refining and consolidating our asset portfolio. We have achieved in every aspect: integration and expansion are safely delivered, the margins in our Commercial Waste Divisions are stronger, and we divested Canada and Reym from the portfolio. For more details, see the CEO's Review on pages 32 to 36.

STRATEGIC EXPANSION

We made significant progress developing our innovation pipeline across many different projects, including the completed investments in RetourMatras and Rotie. We made progress with the separation of building materials at ATM, and expanded our innovation funnel, including potential projects for bio-LNG and chemical recycling of plastics.

MARGIN IMPROVEMENT

We have continued to focus on restoring margins in our core Commercial Waste Division, delivering a fifth consecutive year of growth. We passed on significant general cost inflation, including increased incinerator taxes, and dynamically priced our customer contracts to allow the pass through of falling recyclate prices.

INTEGRATION COMPLETED

We have completed our integration of Shanks and Van Gansewinkel, bringing together the operations in each Division to common ways of working and systems and delivering €40m in synergies. This has enabled us to optimise routes, consolidate locations, create consistent billing and management reporting and improve waste flow.

MANAGING THE PORTFOLIO

We sold our two non-strategic assets: our geographically remote Canadian operation and non waste-to-product industrial cleaning business Reym. These divestments have simplified our portfolio, reduced the Group borrowings by 17%, and enabled us to reduce the number of Divisions.

The new structure

We have reorganised our divisional structure to create a more agile, more focused organisation that will deliver on costs and reduce risk

From 1 April 2020 we have been operating with a reorganised divisional structure. The new structure is a logical step after recent disposals and the reorganisation will help us be a leaner company with a sharper eye on cost. We are also centralising Group functions, which will facilitate greater consistency across the business. Since most of our Group Central Services costs are caused by the Divisions' operating requirements, we will allocate to the Divisions all costs except those related to investors, the Board and strategy.

SHARPENING GROUP FOCUS

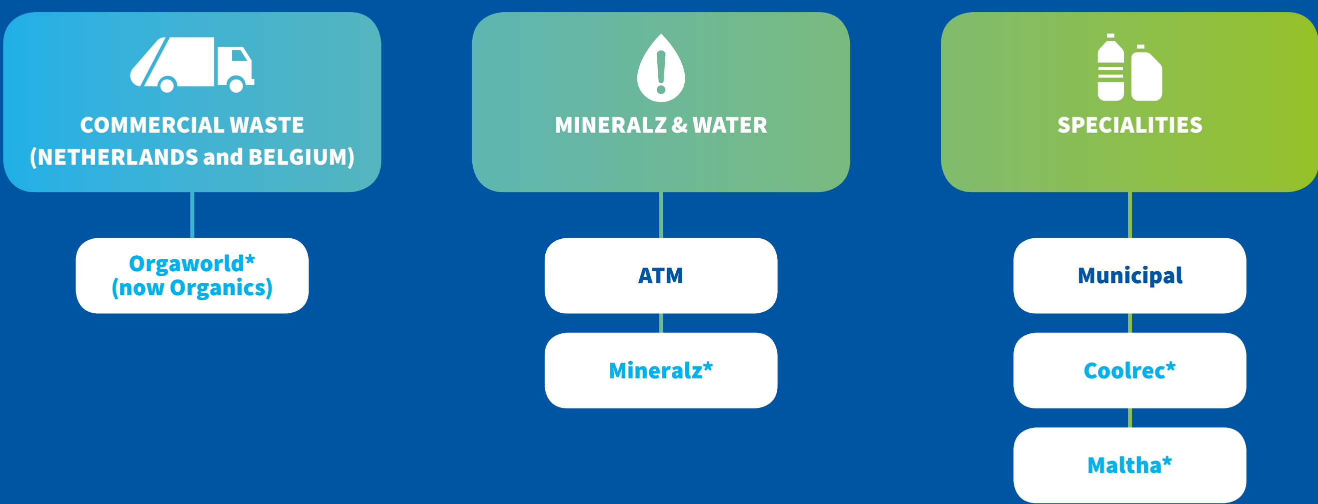
Following the completion of the sale of our Reym and Canada businesses, the residual elements of the three smallest remaining Divisions are being consolidated into two, thereby sharpening the Group focus, and reducing costs and risks. The new Divisions are Specialities and Mineralz & Water. The Monostreams Division has effectively been disbanded, with the four businesses of Orgaworld, Mineralz, Coolrec and Maltha reallocated to the remaining Divisions. Commercial Waste Belgium is unaffected by the reorganisation.

NEW DIVISIONAL LINE-UP

Here's how Renewi is now structured:

- **Orgaworld joins our Commercial Waste Netherlands Division** The Orgaworld organic waste processing activities will combine with the organic waste collection business of Semler, and with the organic waste collection and depackaging activity of the recent Rotie acquisition, to create one integrated Renewi Netherlands organics entity – called Organics. This will create a single end-to-end market leader in organics waste collection and processing, which innovates and invests in technologies for enhanced sustainability.
- **ATM & Mineralz combined into the Mineralz & Water Division** This new Division has a growing focus on the secondary building materials market. ATM and Mineralz activities are centred on decontamination, stabilisation and re-use of highly contaminated materials, including soils, sludges, waters, bottom and fly ash, and packed chemical wastes. The Division produces certified secondary products such as FORZ and the AP4Terra separated production from ATM, creating sand, gravel and filler for the construction industry (see page 55).
- **Coolrec, Maltha and Municipal combined into the Specialities Division** Municipal is joined by Maltha and Coolrec as international businesses in the new Specialities Division. These are dedicated businesses based around processing plants, focusing on recycling and diverting specific waste streams. The businesses in this Division have little or no collection activity. The operations span France, Portugal and Hungary in addition to the Netherlands, Belgium and the UK.

At a glance: Renewi restructured



*Businesses formerly in the now disbanded Monostreams Division.

Measuring performance

Renewi's top-line financial and non-financial results – from revenue and return to recycling, carbon avoidance and our drive to increase the number of low-emission trucks in the fleet

FINANCIAL

Revenue (€m)

How it's measured Ongoing Group revenue, shown for comparative years on a like-for-like basis, reflecting the disposals of our Reym industrial cleaning business and our operations in Canada.

Our performance Revenue has increased slightly, reflecting price rises in the core Commercial Waste Division offset by lower income from recyclates and from the temporary closure of the thermally treated soil market in the Netherlands.

Link to business strategy 1 2 3

EBIT margin (%)

How it's measured Ongoing Group underlying profitability as a percentage of revenue, shown for comparative years on a like-for-like basis, reflective of the disposals of Reym and Canada.

Our performance Overall margin has reduced due to the TGG market closure impacting our soil and water treatment facility ATM – partially offset by an increase in the Commercial Waste Division, including the delivery of merger synergies. Underlying margin excluding ATM has risen, as we have focused on margin enhancement through increased recycling and creation of secondary materials by further refinement of waste.

Link to business strategy 1 2 3

Return on capital employed (%)

How it's measured Based on the past 12 months, ongoing Group underlying EBIT as adjusted for the effective tax rate. Divided by a 13-month average of total net assets. Excluding core debt, lease liabilities and derivatives. FY20 presented on a like-for-like IAS 17 basis.

Our performance The like-for-like ROCE has decreased year on year as a result of the reduced overall profitability at ATM. Looking at both Commercial Waste and Monostreams, underlying return on operating assets increased in the year.

Link to business strategy 1 2 3

Leverage ratio

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

Our performance Overall the Group has a target to reduce leverage through increased profitability, increased cash generation and the now-completed strategic disposals. Net debt has been reduced FY19 to FY20 following the disposals of Reym and Canada. The business was net cash generative (before income from disposals), one year ahead of schedule.

Link to business strategy 1 2 3

Key: link to business strategy

1 LEADER IN RECYCLING

2 LEADER IN SECONDARY MATERIAL PRODUCTION

3 SELECTIVELY GAIN MARKET SHARE

NON-FINANCIAL

Carbon avoidance intensity ratio

How it's measured Avoidance of CO_2 emissions in the supply chain occurs when primary raw materials are replaced by materials from waste, or fossil fuels are replaced by waste-derived fuels. The figures are based on scientifically validated carbon avoidance factors. The intensity ratio is given as a rate per tonne of waste handled.

Our performance Our carbon avoidance intensity ratio rose by 7% compared to FY19, mainly due to an increase in waste-derived fuels produced and sold in the UK.

Link to business strategy 1 2 3

Recycling rate (%)

How it's measured Volumes of waste recycled or prepared for recycling as a percentage of the total volume of waste handled.

Our performance The recycling rate dropped by 2 percentage points to 64.7%, and total waste handled reduced. In both cases, this was due to a decrease in soil cleaning activities at our ATM plant. Our performance was also impacted by a reduction in the total volume of recyclates, and we are committed to improving this ratio substantially over time.

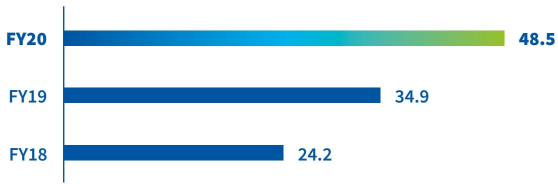
Link to business strategy 1 2 3

Number of >3-day accidents

How it's measured Total absolute number of >3-day accidents involving permanent Group employees. Figures include the number of accidents for Reym and Canada up until the point of their sale.

Our performance Renewi improved performance by 3% over the past year.

EURO 6 trucks in our fleet (%)



How it's measured Number of Euro 6 compliance standard trucks in our fleet as a percentage of the total number of trucks.

Our performance Euro 6 vehicles now account for 48.5% of our total fleet, compared with 34.9% last year. This illustrates our significant commitment to, and investment in, clean and green waste collection – one of the six objectives of our new sustainability strategy (for more details see page 26).

Our new sustainability strategy

Renewi's future-facing plan directly addresses the climate crisis and makes everything we do sustainable – from helping to enable the circular economy to reducing emissions

Welcome to Renewi's green, clean future – enabled by a comprehensive, cohesive new sustainability strategy that drives everything we do: our business operations, commercial partnerships, relations with customers, how we interact with communities, wider society and government, and how we look after the people we work with.

This strategy is so much more than a statement of intent to be sustainable. It is a practical action plan, powered by rigorous metrics, with a purpose that is wide-ranging and far-reaching. Indeed the three main pillars, or themes, of our strategy articulate the scope of its aspirations: to enable the circular economy, to reduce carbon emissions and waste, and to care for people. These aspirations will be fulfilled by six objectives, which are transformational – for example: to help enable the circular economy by creating secondary products and materials instead of using natural resources; and to take the lead in reducing the carbon impact of waste collection. But we are nothing without our people; that's why caring for them, and those in wider society, is fundamental to the strategy.

Of course, the strategy is firmly founded in Renewi's corporate purpose – sustainability – so it seamlessly supports the objectives of our new, enhanced business strategy: to be a leader in recycling and leader in secondary material production (see page 18).

The strategy recognises the urgency of the climate crisis, and the utmost importance of energy transition and circular solutions. As Renewi CFO Toby Woolrych explains: "This is a coherent, compelling sustainability strategy that will improve the way we act, strengthen our voice as a leader for change, and ensure we are genuinely doing all we can to address the climate emergency."

We believe it is time for action. For deeds, not words. That is why our sustainability strategy is a future-facing plan of action. It demonstrates that we are acting today to sustain tomorrow.

At a glance: Renewi's sustainability action plan

THEMES	OBJECTIVES
The new strategy's themes power our plan to tackle the climate crisis – circular solutions, energy transition and reduced emissions – and to look after communities in wider society as well as our own people.	**We set six objectives that are a practical translation of the direction set by our key themes. The progress of these objectives will be measured by a set of key performance indicators and metrics.**
Enable the circular economy We want to be a driving force in the transition towards a circular economy, in which waste is no more but is turned into new products and materials.	**Turn our customers' waste into new products** We want to enable the circular economy and drive waste away from incineration and landfill, turning it into new products and materials instead and providing secondary raw materials that replace natural resources.
Reduce carbon emissions and waste We understand the need not only to reduce our own carbon footprint, but also to decrease the negative impact of carbon emissions and waste on wider society.	**Be a leader in clean and green waste collection** We want to take the lead in reducing the carbon impact and pollution caused by waste collection, with a focus on urban areas and cities. **Reduce the carbon impact of our operations** We want to reduce carbon emissions from our waste processing and recycling activities on site and shift towards the use of renewable energy.
Care for people We have a responsibility to deliver our employees home safe and well, to create a rewarding, equal and inclusive working environment, and to have a positive effect on our communities.	**Positively impact our communities** We want to be a positive force in our communities by engaging in local projects, spreading our 'waste no more' message and reducing our negative environmental impact. **Deliver people home safe and well, every day** We want to make sure people stay healthy and safe during their career at Renewi, both physically and mentally. **Make Renewi a rewarding, diverse and inclusive working environment** We are committed to Renewi being a rewarding place to work – a place where people can develop themselves in an equal and inclusive environment.

Turn to pages 62 to 75 for more details on each of the sustainability strategy themes

300

The Trees for All planting gave a CO_2 compensation of 300 tonnes – the annual electricity usage of over 150 households

SUSTAINABILITY IN ACTION

‘Christmas’ trees: a gift to the planet

Generous Renewi colleagues gave up their company Christmas box and spent the value of the gifts on a tree-planting project to support reforestation and tackle climate change.

The total donation of more than €7,680, from almost 200 employees, to the Trees for All Foundation, paid for 1,230 trees to be planted – half of them at Maarheeze in the Netherlands, and half in Uganda’s Kibale National Park, helping to restore the rainforest there.

It is customary in the Benelux for colleagues to receive a Christmas box. A number of colleagues gave up their box and donated the value of it to a cause that is close to our hearts.

Ten billion trees are lost annually, damaging the environment and communities, so Trees for All has to date planted more than five million trees to help tackle the problem.

Planting these trees in Maarheeze and Kibale will generate a CO_2 compensation of approximately 300 tonnes over 50 years, which equals the annual electricity usage of over 150 households. This donation also supported the Kibale community where 125 villagers are involved in a reforestation project, planting trees and working in the nurseries that grow them.

The tree-planting initiative articulates our mission to protect the planet and the pledges of our new sustainability strategy, to reduce carbon emissions and to care for people.

Our planet is now vulnerable to a wide variety of threats – including deforestation on a massive scale

"CLIMATE DISASTER, ENVIRONMENT EMERGENCY, THE CRISIS OF GLOBAL SUSTAINABILITY...

There are many ways to describe the ecological challenges we face today. But one thing is certain: those challenges urgently need sustainable solutions. And now. That's why I know that our drive to enable the circular economy and energy transition becomes more and more important every day.

By Gilbert de Raad

Renewi circular economy lead

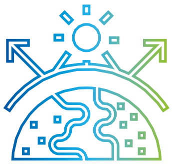
Gilbert de Raad reflects on how the threat of climate change has grown in his lifetime – and why he's working towards a sustainable tomorrow for all

Simply by looking around us, it's clear we have to act today. Deforestation, oceans like plastic soup, melting ice caps, whole species threatened by rapidly disappearing biodiversity. Extremes of weather, yet often no discernible difference between the four seasons, the natural rhythms of our existence fading fast.

It wasn't always like this, of course. At the age of 48, I now look back at the four proper seasons of my youth. The summers were sunny, yet not too dry, not too hot. We had stormy autumns, deep, cold winters and lovely springs. And so I grew up not having to worry about climate change, or how our disposable economy generated waste and emissions that threatened our world.

How things have changed, even in my lifetime. Where are those seasons now? They seem to have been replaced by extremes of weather; even in the Netherlands where I work as Renewi's circular economy lead, we have seen more extreme storms, rain, drought, crop failures and nature fires. Look at what's happening on a global scale, and it's even more extreme, more concerning. No wonder the youth of today are now worrying about the planet, about climate change, about tomorrow: what we humans have done to the planet has now come back to haunt us. We have very limited time to tackle this emergency and find a solution. We cannot, therefore, simply look into the past and despair. We need to look to the future by taking action now.

And that's the great thing about working for Renewi: along with all my colleagues, I am doing something about the emergency – every day. Helping companies reduce their residual waste and create valuable and recyclable waste streams powerfully >



1.5°C

The Paris Agreement aims to limit a global temperature increase to 1.5°C to help combat the impact of climate change

contributes to the circular economy, and therefore the reduction of the impact of climate change. My role also includes creating awareness about the increasing importance of recycling residual waste into secondary materials, and using those secondary materials to manufacture new products.

OUR SUSTAINABILITY MISSION

Although we at Renewi talk about sustaining tomorrow, we don't focus simply on future solutions. We are acting now. And now is our moment: the signatories of the 2016 Paris Agreement pledged to work towards a global temperature rise of below 2°C, and to aim for 1.5°C; on climate protection, citizens and campaigners like Greta Thunberg, with her millions of young followers, now demand more of governments, and governments demand more of business. So we work with businesses to help make their waste management more circular by slashing residual waste, and achieving zero levels of it too. For example, the average office building has 60% to 80% residual waste; with our EcoSmart concept, where we provide experts – dedicated waste coaches – and the right waste bins, we can cut that to under 25% in six to 12 months. Once a business has achieved a residual waste percentage of less than 25%, the route to zero waste is a realistic option. Indeed, this year we realised the first zero-waste office building in the Netherlands.

Campaigners such as Greta demand more of governments, which in turn demand more of business. So we work with businesses to make their waste management more circular

We also now run a programme, called the facility management purchasing coalition, where we bring companies and their suppliers together and coach them on how to reduce their (residual) waste. This is an important consideration, as in our experience suppliers can make a difference to a company's residual waste. They can contribute to those waste levels significantly, but, with the right guidance, they can also help companies limit their waste in terms of the products they supply.

In five workshop sessions, Renewi circular economy experts will help a company's procurement team, facility managers and their suppliers develop a plan to prevent waste, reduce residual waste, and start using secondary materials for products and product packaging. We successfully conducted our first purchasing coalition programme for Utrecht University, one of the Netherlands' biggest with more than 70 buildings, 30,000 students and 7,000 members of staff. Facilitating change for such a large institution was a challenge, but it was also satisfying to help the university find a way to limit its residual waste.

GOING FULL CIRCLE

Consulting to businesses to raise awareness about reducing waste and enabling circular activities is very important to us. But we are also actively engaged in commercial activities to drive the circular economy. These will help us fulfil one of the pillars of our enhanced business strategy – to be a leader in secondary material production. Our PMD (plastic,

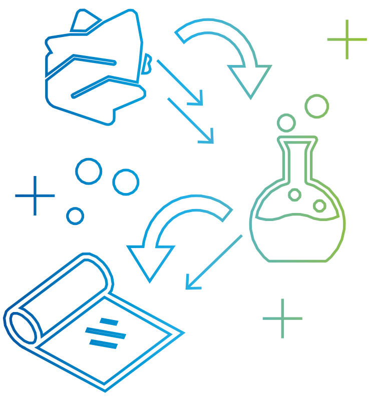
PARTNERSHIP PROJECTS

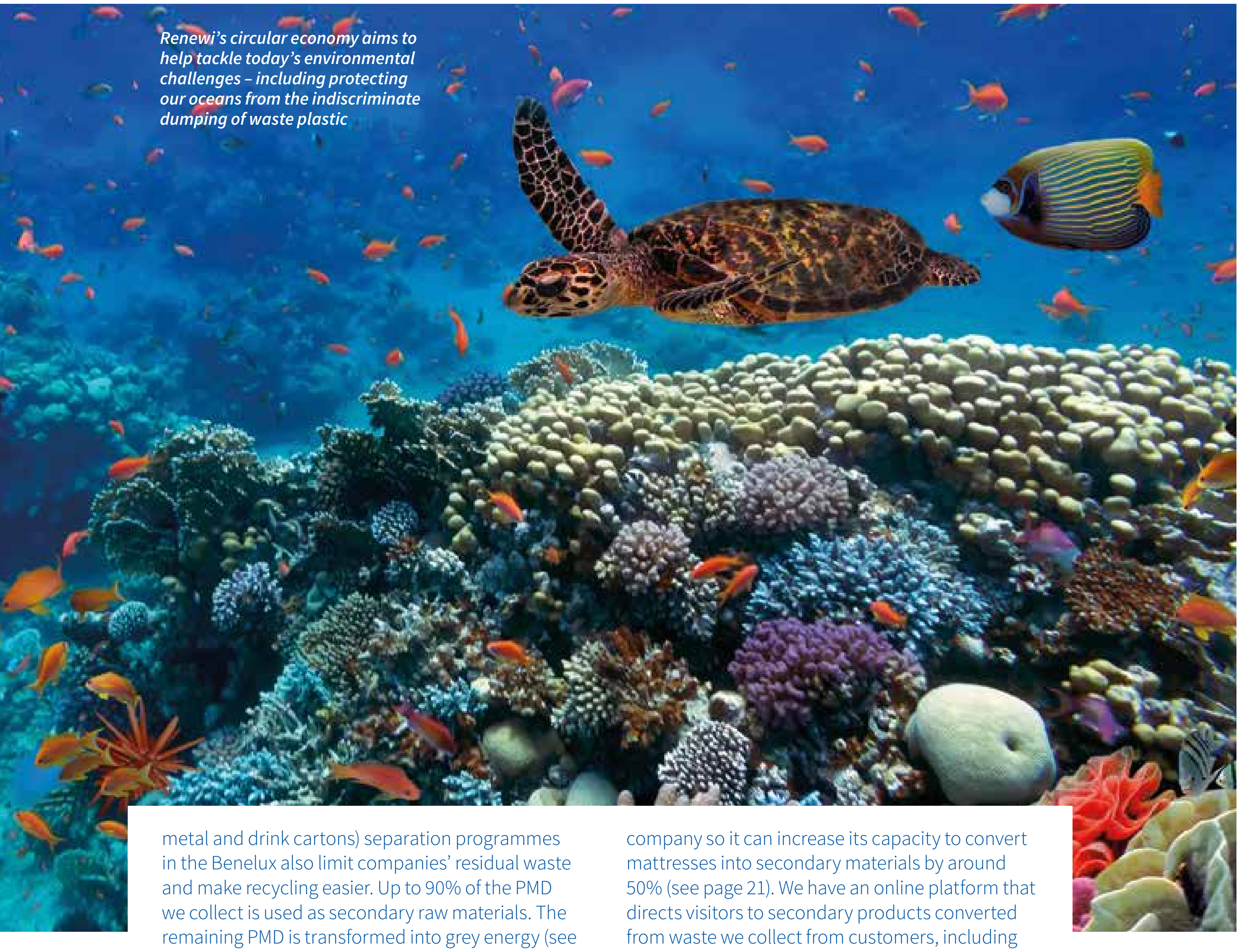
MAKING WASTE PLASTIC FANTASTIC

Renewi is involved in an innovative circular production programme to transform waste plastic into virgin polymers so they can be used to create new products. We have an exclusive arrangement with UK firm Plastic Energy to deliver plastic waste to its plant at Geleen in the Netherlands, where it will be converted into 'Tacoil' by the process of pyrolysis.

The plastic comes from waste streams that are difficult to recycle mechanically and therefore end up in the incinerators or at landfills. Global chemical company Sabic will then convert the Tacoil to polyethylene and polypropylene pellets. These pellets can be used to make a huge variety of products, from food packaging to vehicle parts. This chemical method results in products that are 'purer' than those created by mechanical recycling, where plastic is shredded into flakes: mechanically recycled plastic may contain contaminants, so cannot be used for food packaging.

The plastic feedstock we supply will come from different sources, including our building and demolition lines in the Netherlands, and possibly Belgium and the UK too. Renewi will pre-treat the waste, to remove contaminants such as metal and PVC. We will deliver 20 kilotonnes of feedstock to Plastic Energy every year.





Renewi's circular economy aims to help tackle today's environmental challenges – including protecting our oceans from the indiscriminate dumping of waste plastic

metal and drink cartons) separation programmes in the Benelux also limit companies' residual waste and make recycling easier. Up to 90% of the PMD we collect is used as secondary raw materials. The remaining PMD is transformed into grey energy (see page 51). We are involved in partnership projects to enable the creation of secondary products and materials, and so drive the circular economy – from transforming waste plastic into Tacoil used to make new plastic products, to purifying asbestos-contaminated waste steel so it can be safely redeployed in new construction projects (below). We've invested in a Dutch mattress recycling company so it can increase its capacity to convert mattresses into secondary materials by around 50% (see page 21). We have an online platform that directs visitors to secondary products converted from waste we collect from customers, including compost made from food waste and cat litter made from old wooden pallets.

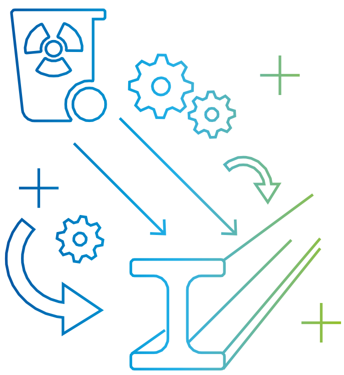
During my circular economy work for Renewi, I often think of today's youth. In many ways they are our conscience, our purpose – and we want them to grow up in a world protected from climate change, free from fear for Earth's future. That's what we aim for at Renewi: a sustainable tomorrow for all.

RECYCLED STEEL TO BUILD THE CIRCULAR ECONOMY

We are helping to keep the environment clean and safe with an exciting new programme to recycle asbestos-contaminated steel. Renewi has an exclusive agreement to transport the scrap to Purified Metal Company (PMC), which will convert it into a premium raw material for the steel industry.

At its plant in Delfzijl, the Netherlands, opening in August 2020, PMC will separate the pollutants by heating the steel to at least 1,500°C, destroying asbestos and other hazardous contaminants such as chromium 6 and mercury. The clean steel is poured into 'purified metal blocks' for re-use in the steel industry. PMC will recycle around 150,000 tonnes of contaminated steel annually, which Renewi will collect from demolished industrial sites, decommissioned ships and office buildings. For every block produced, the equivalent weight in CO_2 is saved – far greener than iron ore-based steel production. The non-hazardous slag resulting from the process can be used in the construction of roads and buildings.

This recycling method stops contaminated steel going to landfill and creating an environmental hazard for future generations. The partnership with PMC supports our sustainability strategy, which aims to enable the circular economy and reduce carbon emissions and waste.



A ROBUST FINANCIAL PERFORMANCE, KEY GOALS DELIVERED, AND THE LAUNCH OF NEW BUSINESS AND SUSTAINABILITY STRATEGIES...

We have enjoyed a successful year, but as ever we are forward-facing in our drive to deliver growth by enabling the circular economy. Together our enhanced business strategy and sustainability action plan will help establish Renewi as a market leader in green collection and the production of secondary materials

Otto de Bont
Chief Executive Officer

OVERVIEW

We made robust progress during the year, delivering financial results in line with our expectations and a number of strategic and financial objectives, including: raising €107m through strategic disposals; receiving permission to resume TGG shipments at ATM; and delivering our cost synergies and other restructuring projects. We also made good progress with a growing pipeline of circular solutions and partnerships.

Renewi provides an essential service in the front line of maintaining vital services to hospitals, businesses and communities, and our dedicated employees have been able to keep serving our customers while we have innovated to ensure a safe working environment. Our specific actions on cost and cash will preserve our liquidity even in an extended crisis, and we have secured amendments to our banking covenants until September 2021. As a result of these actions, we are well placed to mitigate the impact of Covid-19.

Looking forward, the momentum towards a circular economy is unstoppable. Here we announce our enhanced strategy, which will enable us to capture the growth opportunities from the circular economy, and our Renewi 2.0 programme, which will deliver improved customer service as well as €20m of cost benefits through digitisation and optimised internal processes. Aligned with our enhanced strategy, we have defined our ambitious sustainable development goals.

GROUP FINANCIAL PERFORMANCE

IFRS 16 is a new reporting standard that has had a material impact on our reported results. The application of the modified retrospective approach has meant that comparative information has not been restated. For the purpose of like-for-like comparatives, the FY20 results have also been presented in accordance with the previous leasing standard, IAS 17, and all variance analysis shown is on the IAS 17 basis.

Excluding discontinued and disposed operations and on an IAS 17 basis, revenues grew by 2% to €1,697m and, as expected, underlying EBIT decreased by 10% to €72.0m on an IAS 17 basis. Underlying profit before tax from ongoing businesses reduced by 23% to €44.5m on a like-for-like basis and underlying earnings per share fell by 25% to 4.1c (2019: 5.5c).

The Commercial Waste Division grew revenue by 2% to €1,224m and underlying earnings by 1% to €87.6m. This was a positive performance, with stronger inbound pricing and the delivery of synergies more than offsetting weaker markets

Total operations

	REVENUE			UNDERLYING EBIT			
	FY20 IFRS 16 basis €m	FY19 IAS 17 basis €m	Variance %	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m	Variance IAS 17 basis %
Commercial Waste	1,223.6	1,194.4	2%	89.9	87.6	86.5	1%
Hazardous Waste	91.7	95.4	-4%	(0.1)	(1.1)	1.7	N/A
Monostreams	213.6	213.3	0%	14.5	14.1	12.9	9%
Municipal	197.2	195.2	1%	(2.8)	(2.5)	0.8	N/A
Group central services	–	–		(26.0)	(26.1)	(21.7)	-20%
Inter-segment revenue	(29.1)	(27.4)		–	–	–	
Ongoing businesses	**1,697.0**	**1,670.9**	**2%**	**75.5**	**72.0**	**80.2**	**-10%**
Reym	78.4	109.8		12.1	10.0	5.3	
Continuing operations	**1,775.4**	**1,780.7**	**0%**	**87.6**	**82.0**	**85.5**	**-4%**
Discontinued operations	10.8	18.3		3.1	2.5	1.5	
Total	**1,786.2**	**1,799.0**	**-1%**	**90.7**	**84.5**	**87.0**	**-3%**

The underlying figures above are reconciled to statutory measures in note 2 in the consolidated financial statements.
Reym revenue includes inter-segment revenue between Reym and other Group entities and intra-segment revenue between Reym and other Hazardous Waste entities.
Discontinued operations include the results of the Canada Municipal segment, which meets the criteria as set out in IFRS 5.

(including a slowdown in Dutch construction), lower recyclate income and an estimated €4m adverse impact from Covid-19.

The Hazardous Waste Division's revenues fell by 4% to €92m and underlying EBIT reduced, as expected, to a loss of €1.1m due to lower soil volumes processed, especially in the first half. The waterside had a good year with robust volumes and pricing.

The Monostreams Division delivered ongoing benefits from its restructuring programmes, with a particularly strong second-half performance. Revenues were flat at €213m and underlying EBIT increased by 9% to €14.1m.

Municipal performed as expected. Revenues increased by 1% to €197m and the business made a small underlying loss of €2.5m, reflecting a lower contribution from the Derby contract and one-off items.

Group Central Services increased slightly less than expected, to €26m. This was primarily due to the non-recurrence of incentive and other accrual releases in the prior year.

Total exceptional items of €120m (2019: €146m) were incurred in the year, of which €35m were cash. These items included €56m of charges relating to the disposal of Reym and Canada, the majority of which were non-cash. It also included €16m of planned synergy delivery and integration costs. We also recognised a €26m charge at ELWA as a result of additional taxation levied on burnable waste imported into the Netherlands and a €15m legal provision following an EU State Aid claim against the Walloon region in respect of our Cetem facility. As a result, there was a Group statutory loss for the year of €77.1m (2019: loss of €97.7m). We remain focused on reducing the exceptional items incurred by the Group and delivering statutory profits in the future.

The business delivered a positive net cash inflow of €39m before the benefit of disposals and a total net cash inflow of €141m as a result of a strong focus on cash management. Underlying free cash flow on an IAS 17 basis increased from €30m to €93m, with improved working capital and tight control of capital expenditure. Our core net debt at 31 March 2020 was €457m, a 17% reduction on the previous year. Leverage was 2.98x EBITDA (2019: 3.06x), within our covenant of 3.50x. As previously announced, the total dividend for the year is 0.45p (2019: 1.45p), reflecting our prudent decision not to pay a final dividend in light of the Covid-19 crisis.

DELIVERING OUR STRATEGIC AND OPERATIONAL GOALS

During the year we delivered on a wide range of strategic and financial objectives that have strengthened and de-risked the Group, including:

- the €40m synergies promised when we completed the merger three years ago;
- a fifth consecutive year of underlying EBIT growth in the core Commercial Waste Netherlands Division despite numerous market headwinds, including Covid-19;
- the reopening of the TGG market by the authorities and the first shipments from ATM in two years, as well as the installation of capacity to make building materials from cleaned soil;
- the disposal of our Reym and Municipal Canada businesses for €107m in cash, reducing our net debt by 17%;
- strengthening the management team, with four important new hires to lead two of the Divisions, as well as Human Resources and IT; >

2%

Renewi's growth in revenues, excluding discontinued and disposed operations

64.7%

Renewi's recycling rate – the highest in the industry

- transitioning to a new, profitable contract with the Derby City and Derbyshire County Councils to manage their waste;
- €8m investments in our innovation pipeline and in two niche acquisitions in the growing circular economy, Rotie and RetourMatras; and the successful secondary listing on Euronext Amsterdam.

MANAGING THE IMPACT OF COVID-19

We announced a full update relating to Covid-19 on 29 May 2020. In summary:

- We are an essential service and we have continued to provide seamless waste collection and processing throughout the lockdowns, serving communities, businesses and hospitals. We are deeply appreciative of the dedication and determination of our colleagues who have provided this excellent service. We have partnered up with Van Straten Medical/Greencycl for the collection, recycling and returning of sanitised PPE to Benelux healthcare workers.
- Renewi had liquidity of €252m as at 31 March 2020, sufficient to trade through the Covid-19 crisis with no need for additional funding from governments, banks or shareholders. Appropriate covenant amendments have been agreed with our banks for the period to September 2021.
- We have detailed scenarios for the potential economic impact of the lockdowns and subsequent market recovery, and we are currently trading at the positive end of those scenarios.
- We have introduced measures to reduce operating costs (including a voluntary 20% reduction in Board salaries and fees, and 10% reduction in Executive Committee members' salaries) and capital expenditure and optimise cash flows, which will save more than €60m of cash during the next financial year.

OUR ENHANCED STRATEGY FOR LONG-TERM PROFITABLE GROWTH

Our purpose is to protect our planet by giving new life to used materials, and our vision is to be the leading waste-to-product company in the world's most advanced circular economies. This differentiates Renewi as a pure-play recycler, a company that focuses on supplying high-quality secondary materials, which we believe is the best way to extract value from waste.

Our industry is driven by increasing environmental legislation, particularly in the European Union which, on 11 March 2020, published its Circular Economy Action Plan as a progression of proposals outlined in its plan from 2015. It demonstrated the necessity of tackling consumption of resources in the EU and the environmental pressures that such consumption created. More recently, on 28 April 2020, the Dutch Government reconfirmed its intent to impose rising tariffs on CO_2 emitters to encourage the carbon transition. These taxes, to be imposed over the coming decade, are expected to have a significant positive impact on demand for secondary products and will increase the cost of incineration.

After a year of successful repositioning of the Group, we are pleased to outline our enhanced strategy to ensure that Renewi captures the profitable growth opportunities arising from carbon reduction and the transition to a circular economy. This strategy will transition Renewi from a waste collection company to a company focused on production of secondary raw materials to the highest possible quality.

Our enhanced strategy and innovation funnel

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

1. Divert more into products from waste streams currently being incinerated or landfilled We will invest to start or expand production of secondary raw materials out of waste streams currently going to incineration or landfill. This will further increase our recycling rate, which we believe is already the highest in the industry, at 64.7%. Over the next five years we intend to decrease our incineration and landfill rate further by a minimum of 25% and convert this waste into new products. Some examples of projects that will fuel our growth are the recycling of mattresses and nappies and the advanced recycling of waste plastics and wood.

2.Improve the quality of the products we produce To build a circular economy the usage of secondary raw materials must increase. For production companies currently using primary raw materials, the easiest way to convert is by using high-quality secondary raw materials that they can 'drop in'. We aim to significantly increase the value of our products by investing in advanced processing of our materials; which we call 'spread expansion'. Examples include the AP4Terra project at ATM to make clean sand and gravel from contaminated soil, making clean HIPS and ABS plastic from fridges at Coolrec, and manufacturing bio-LNG from food waste in Organics.

3. Selectively gain market share Our primary focus is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, we will continue to selectively increase volumes through net customer gains, niche acquisitions and potentially, in the longer term, through geographic expansion.

Innovation is one of our core values and we are working on a number of initiatives to deliver our growth strategy. Going forward, we will report on this funnel with our results, demonstrating the breadth of opportunities for growth that we are able to pursue. Given that a number of these relate to new products or technologies, we do not expect them all to proceed to commercialisation.

Shifting from collection to secondary material production

We have a large fleet of trucks collecting commercial waste to supply our recycling operations and today Renewi is the clear market leader in the Benelux. The collection provides an essential service to waste producers and it marks the beginning of Renewi's value chain, as we become the owner of the commercial waste. That waste provides the raw materials for Renewi to generate value from the products it makes. Waste collection is expected to transform in the coming years to reduce carbon emissions and traffic congestion in cities. This will include white-label collection collaborations between waste companies to share logistics, as well as a transition to low- and ultimately zero-emission collection vehicles. Renewi will actively drive this transition, securing the waste streams with smart and innovative collection methods. This should ultimately lead to a reduced investment in our own fleet, allowing capital to be deployed in the production of secondary materials.

Our strategy is underpinned by the Renewi 2.0 programme.

Renewi 2.0

As previously announced, while we have successfully delivered the €40m of cost synergies following the merger of Shanks and VGG, we have identified the opportunity to drive further improvement through a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, oriented around two key themes:

- **Digitisation of the business** The waste industry currently lags behind other industries in providing a fully digital solution for its customers. We are developing a new front-end interface for customers that will allow them to place and amend orders and have full visibility on our services and related cost, as well as on the circular benefits their waste is creating. This digitisation will deliver a better 24/7 customer experience, while reducing our cost to serve.
- **Simplification and harmonisation of processes** Our core processes can be simplified and standardised across our divisions to reduce cost, reduce errors, and improve customer, supplier and employee experiences. We are implementing global process owners for our core processes and centres of excellence to simplify our product offering, improve our core data and eliminate wasted activity.

The programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three-year programme (March 2023) for a total cash cost of €40m, which will be split into an exceptional cost (€33m) and capital investment (€7m).

Our focus on a simpler and lower-risk business has included a divisional restructuring. We have created three strong divisions, combining similar activities into one division, and we have disbanded the Monostreams Division, reallocating its four business units. From 1 April 2020, our new divisional structure comprises:

- **Commercial Waste (Belgium and Netherlands)** Unchanged except that Orgaworld is now >

€40m

Cost synergies achieved by the completion of integration

Our innovation pipeline

PROJECT	PARTNER	OPPORTUNITY	STATUS
Sand, gravel and filler at ATM for construction materials	Stand-alone	€€€€€	▸ Successful trials complete and customers engaged ▸ Capacity expansion under way
Expansion in biogas production	Stand-alone	€	▸ Permits awaited to construct expanded food waste processing hall in 2020
Expansion of mattress recycling	IKEA	€€€	▸ Third facility opening May 2020, increasing capacity to one million mattresses
Upgraded feedstock for chemical recycling of plastics	SABIC	€€ – €€€€€	▸ Commercial contracts being negotiated with major plastics producer and technology company ▸ Engineering designs being finalised for 30kt line
Transition biogas from electricity to bio-LNG	Shell	€€	▸ Commercial contracts signed with Shell and technology partner Nordsol ▸ Gas cleaning upgrade under way
Upgraded wood flake supply for low-carbon steel	ArcelorMittal	€€ – €€€€	▸ Technical trials and commercial feasibility alongside major steel producer
Cellulose from nappies and incontinence products	FMCG major	€ – €€€	▸ Transition to new technology and commercial partners ▸ Technical feasibility under way
Next-generation bottom ash conversion to construction materials	Energy-from-waste leader	€€€	▸ Engineering feasibility under way with waste-to-energy partner
Polyurethane	Chemical recycler	€ – €€€	▸ Development project to purify polyurethane from mattresses

included within the combined Organics activities of Commercial Waste Netherlands;
- **Mineralz & Water** This new Division comprises ATM and CFS from Hazardous Waste and Mineralz from the Monostreams Division. The focus of all these units is on the creation of clean mineral products or water, creating commercial and operational synergy; and
- **Specialities, comprising Municipal, Coolrec and Maltha** All three of these businesses are international in nature and have larger-scale process-based facilities focused on operational excellence and recycling. Two of the three businesses have no collection activities. Collection activities at Municipal are minimal.

In addition, we are centralising group functions further to drive consistency across the Group and leverage expertise and optimise capacity. Central Services costs will be increasingly recharged to the Divisions, reflecting that they are the drivers and causes of these charges. Around €10m of central costs relating to the Board, strategy and investor relations will be retained as a separate reported cost.

SUSTAINABILITY IS AT THE CORE OF ALL WE DO

We are also launching Renewi's first long-term sustainability strategy and our new sustainable development objectives for the next three and five years. These have been developed using current best practice, drawing together our input capital sources and our business strategy to develop three key themes for our sustainability strategy, which contribute towards six of the UN Sustainable Development Goals. These are: Enable the circular economy, Reduce carbon emissions and waste, and Care for people. From these three themes, we have developed six key objectives:

- **Turn our customers' waste into new products** By doing so we reduce carbon emissions and reduce depletion of the world's finite natural resources. The key metric for this is the recycling rate.
- **Be a leader in clean and green waste collection** The collection of waste is essential and we aim to reduce the pollution and carbon emissions it causes through deployment of low- and ultimately zero-emission trucks, white-label collection and route optimisation.
- **Reduce the carbon impact of our operations** By their nature, our operations reduce total carbon emissions elsewhere by returning materials for re-use. Nevertheless, we aim to reduce our own energy consumption where we can and increase use of renewable energy.
- **Positively impact our communities** Providing an essential service to our communities as the national champion of recycling and circularity, we seek a positive impact in the locations where we work, engaging closely with communities, supporting them, and minimising any negative aspects of the work that we do.

OUR FOCUS ON CUSTOMERS

We have created a 'customer-centricity' strategy in our Belgian operations to ensure that those we serve receive the very best experience. The aim is to increase customer satisfaction by making our operations as efficient as possible – from handling customer calls to ensuring waste collection teams empty bins as agreed with clients and on time.

We are focusing on customer feedback and have established clear sets of KPIs for operations and processes, so we can monitor progress and constantly improve our service. For example, we have rolled out our automatic call handling distribution system to smartly allocate incoming customer calls to free operators. KPIs will help us reduce the time callers wait to be connected and the number of lost calls.

A monthly net promoter score system has also been set up so we can measure customer advocacy. We email 4,500 SMEs for their opinion of our performance, so increasing our ability to respond with service enhancements.

- **Deliver people home safe and well, every day** Safety is our first value and we continue to strive to improve our accident rates and to avoid all serious incidents. In addition, we wish to support the health and mental wellbeing of all our employees.
- **Make Renewi an even more rewarding, diverse and inclusive working environment** We seek an engaged workforce, drawing on a wide range of backgrounds, all with the opportunity to thrive and achieve their potential in our organisation.

Each of these objectives has challenging targets set against them, which are detailed in full in this Annual Report and in our Sustainability Report.

OUTLOOK

Based on our experience in March and April, we expect Covid-19 to cause a potential earnings and cash shortfall of up to €20m in the first quarter against our previous expectations. This outflow is comfortably contained within our €252m of liquidity as at 31 March 2020 and our revised banking covenants. The outlook for the remainder of the year will be dependent on the speed of recovery of the economy and the extent of ongoing restrictions on certain sectors such as hospitality. Longer term, waste volumes are resilient through cycles and the transition to increased recycling is expected to continue to support our business model. The recovery of earnings at ATM and our Renewi 2.0 programme are expected to further support sustained future earnings growth.

Otto de Bont
Chief Executive Officer

SUSTAINABILITY IN ACTION

Reaching out to people and society

Renewi is connecting with society and building long-lasting relationships through an employee ambassador programme and a campaign to recruit people distanced from the job market. Via the Proudnewi online ambassador platform, colleagues receive an email twice a month, updating them on recent posts about the company, explaining why current ones should be shared and offering tips on how to do so in an interesting way.

Some 200 employees in Belgium can now share information and news about Renewi on their personal social media channels, and so become proud 'narrators' of our sustainable story. Proudnewi encourages colleagues to urge others in society to rethink waste management by giving them a glimpse of life at Renewi – from activity at our many locations and our fleet of vehicles, to how we're helping to give life to new materials and enabling the circular economy.

In fact, many of the relationships we proactively build are with people who have found themselves distanced from the labour market, whether due to continued unemployment, or because they study part-time, or face physical or mental challenges. In February 2019, we received our Level 1 Performance Ladder for Social Enterprise certification. This is a national accreditation in the Netherlands, granted following an audit that demonstrates social contribution through providing these individuals with opportunities in the workplace.

So far, 130 Renewi colleagues have been recruited under this standard, and are deployed all over the company, from loading our vehicles to working in our offices in the HR and Finance teams.

"We have always believed that, as a big employer, we should be a reflection of society," says Wendy Wernert, Renewi's Global Talent Manager. "So many of these people are creative because they've needed to be. They've had to learn to look at things differently, to overcome the challenges they face. They think in solutions, and that really supports the can-do mentality in our organisation."

A SOLID YEAR OF ACHIEVEMENT – WITH A STRONGER BALANCE SHEET, BETTER UNDERLYING MARGINS AND INCREASED CASH FLOW

We made substantial progress on a number of fronts. Our balance sheet was supported by disposals and a bond issue, giving us valuable liquidity in these challenging times of Covid-19. Margins and returns also received a boost. Our Euronext listing connects us with an investor base focused on sustainability and we have received more investment from funds that have a strong environmental mandate

Toby Woolrych
Chief Financial Officer

INTRODUCTION

FY20 was a successful year in which we made good progress in strengthening the balance sheet, improving underlying margins and returns, and increasing free cash flow.

- We successfully strengthened the balance sheet through disposals and the issuance of a new €75m green bond. This resulted in our reducing core net debt from €552m to €457m, and having €252m of liquidity as at 31 March 2020.
- We delivered underlying growth of 30 bps to 7.4% in our operating margin and 180 bps in our return on operating assets to 24.1% (19.8% on an IFRS 16 basis) in our Commercial Waste and Monostreams Divisions (83% of revenue).
- We increased our free cash flow by €85m to €96m and, excluding the benefit of the disposals, we generated net positive cash, a year ahead of schedule.
- We completed our secondary listing on Euronext Amsterdam and we have seen increasing investment by funds with a significant environmental mandate.

Exceptional items were again significant. The majority were non-cash, such as disposals (€56m), or related to value-creating activities, such as synergy delivery (€13m). The introduction in the Netherlands on 1 January 2020 of a €32 per tonne tax on the import of burnable waste from the UK necessitated a €26m charge at our ELWA municipal contract. We have also taken a provision of €15m following the ruling by the European Union in February 2020 that it will be further investigating alleged state aid provided by the Walloon region of Belgium to our landfill site at Cetem in the period 2010-2015. The Walloon region and Renewi remain confident in our case, which is expected to take several years to resolve.

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

- improving margins and returns through increased diversion, higher-value products and more efficient processes, including through the Renewi 2.0 programme;
- increasing free and net cash flows and reducing leverage towards the Board's target of 2x, taking into account the challenge of Covid-19; and
- eliminating unplanned exceptional items.

Financial performance

	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m
Continuing operations			
Revenue	1,775.4	1,775.4	1,780.7
EBITDA	199.7	167.5	177.4
Underlying EBIT	87.6	82.0	85.5
Underlying profit before tax	54.1	54.3	62.5
Non-trading and exceptional items	(113.5)	(113.5)	(151.5)
Loss before tax	(59.4)	(59.2)	(89.0)
Total tax (charge) credit for the year	(1.1)	(1.1)	12.4
Loss for the year from continuing operations	(60.5)	(60.3)	(76.6)
Loss for the year from discontinued operations	(16.6)	(17.0)	(21.1)
Total operations: loss for the year	**(77.1)**	**(77.3)**	**(97.7)**

FINANCIAL REVIEW

IFRS 16 is a new reporting standard that has had a material impact on our reported results: for continuing operations, increasing EBITDA by €32.2m, EBIT by €5.6m and interest costs by €5.8m, as well as increased year-end assets and debt. The full impact is shown in note 9 to the financial statements. As we have applied the modified retrospective approach, prior year comparatives are not restated. The above table shows the reported performance on an IFRS 16 basis along with IAS 17 to provide a comparative with 2019.

As well as IFRS 16, the performance in the year has been impacted by the disposals. Reym is recorded as part of continuing operations with seven months in FY20 compared to the full year in 2019. The Canadian business, however, met the definition of a discontinued operation. Group revenue on a continuing operations basis increased marginally to €1,775m. Underlying EBIT from continuing operations decreased by €3.5m or 4% to €82.0m on an IAS 17 basis.

IFRS 16 also has a significant impact on underlying EBITDA given the depreciation on right-of-use assets, which amounted to €27m in the year. The table overleaf sets out the EBITDA by Division on both an IFRS 16 and IAS 17 basis for the current year.

As both disposed businesses were reported as assets held for sale at March 2019, the current year results have been favourably impacted by the suspension of depreciation at Reym and Canada for the periods up to sale. The table overleaf bridges the year on year performance excluding IFRS 16. This shows that for the ongoing businesses, underlying EBIT fell by €8.2m or 10%, in line with our expectations, primarily due to reduced output at ATM, the profitable legacy Derby contract last year and the reinstatement of bonus and LTIP provisions as forecast.

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 before tax due to their size, nature or incidence. The Group reported significant non-trading and exceptional items, under the main headings as follows:

- Merger and integration costs: items that were known and planned for in relation to the costs of integrating Renewi. These costs are one-off relating to the merger with VGG and exceptional in nature
- Portfolio costs: items associated with the acquisition or disposal of assets, including profit or loss on sale, goodwill impairments and transaction costs
- UK Municipal contract issues: including onerous contract provisions and impairments
- Other changes in long-term provisions, including significant legal provisions and changes in discount rates
- Other items

Total non-trading and exceptional items amounted to €120.2m (2019: €146.0m) as set out in the table on page 41 with cash items of €35m. Further details are provided in note 3.3 to the consolidated financial statements.

The portfolio management activity charge of €29.8m includes the final charge for the loss on >

disposal of the Reym business. Credits of €6.1m were recorded relating to previous transactions.

As previously announced, €25.9m relates to an impairment and onerous contract provision for the ELWA contract in UK Municipal, and €17.9m relates to the reduction in discount rates used for long-term provisions and a €15.1m legal provision for the recent Belgian state aid litigation. The exceptional finance costs include a current year credit for ineffectiveness of interest rate derivatives.

At merger completion we announced total expected merger-related cash costs of €50m for synergy delivery, €20m for other integration costs and €12m for rebranding capital spend. The table opposite shows how this has been incurred since the merger date and is in line with initial indications. As noted previously, branding spend has been expensed rather than capitalised. A final €4m of spend will be incurred in FY21 to complete outstanding IT integration.

The discontinued operations charge of €18.9m reflects the final loss on disposal of the sale of the Municipal Canada business. In line with accounting requirements as a result of uncertainty of receipt, the contingent proceeds from this disposal will only be recognised if more certain.

EBIT from continuing operations, after taking account of all non-trading and exceptional items, was a loss of €28.1m (2019: €56.6m loss).

Net finance costs

Net finance costs from continuing operations, excluding exceptional items, increased by €11.0m to €34.4m (2019: €23.4m). The largest driver was the adoption of IFRS 16 from 1 April 2019, resulting in a €5.8m increase in lease interest. Interest payable on borrowings increased by €2.2m due to higher levels of debt compared to the prior period and a higher margin payable due to higher leverage in the first part of the year. Other finance costs increased by

Underlying EBITDA

	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m	Variance IAS 17 basis %
Commercial Waste Netherlands	107.3	93.8	92.5	1%
Commercial Waste Belgium	60.7	53.8	53.6	0%
Commercial Waste	168.0	147.6	146.1	1%
Hazardous Waste (excluding Reym)	10.7	7.1	9.9	-28%
Monostreams	28.1	25.5	24.1	6%
Municipal	(0.9)	(1.8)	1.9	N/A
Group Central Services	(18.3)	(20.9)	(16.5)	-27%
Ongoing businesses	**187.6**	**157.5**	**165.5**	**-5%**
Reym	12.1	10.0	11.9	
Continuing operations	**199.7**	**167.5**	**177.4**	**-6%**
Discontinued operations	3.1	2.5	3.9	
Total	**202.8**	**170.0**	**181.3**	**-6%**

Underlying EBIT

	FY20 €m	FY19 €m	Variance €m	Variance %
Underlying EBIT: Continuing operations	**87.6**	**85.5**	**2.1**	**2%**
Impact of Reym	(12.1)	(5.3)	(6.8)	
Underlying EBIT: Ongoing businesses excluding IFRS 16 impact	**75.5**	**80.2**	**(4.7)**	**-6%**
Impact of IFRS 16	(3.5)	-	(3.5)	
Underlying EBIT: Ongoing businesses	**72.0**	**80.2**	**(8.2)**	**-10%**

€1.1m, principally due to higher interest charges on invoice financing as referenced at the half year.

Share of results from associates and joint ventures
An increased profit of €0.9m (2019: €0.4m) due to one-off income, which is not expected to recur.

Loss before tax
Loss before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was €59.4m (2019: €89.0m).

Taxation
Total taxation for the year on continuing operations was a charge of €1.1m (2019: credit of €12.4m). The effective tax rate on underlying profits from continuing operations was 24.5% at €13.3m, lower than last year's 25.0% and driven by enactment of lower tax rates in Belgium. A tax credit of only €12.2m is attributable to the non-trading and exceptional items of €113.5m given a significant proportion of these are non-taxable.

As reported previously, both the Dutch and Belgian Governments implemented a number of corporate tax reforms in recent periods which have resulted in exceptional tax credits from reductions in future tax rates. In the current year, the Dutch Government has made further revisions and reversed some of the planned tax rate falls, which has resulted in an exceptional tax charge of €1.6m being recorded this year. The total exceptional tax credit of €2.4m also includes a credit for the release of provisions in relation to pre-merger tax issues (€2.5m) and an enacted lower tax rate in the UK (€1.5m).

Looking forward, we anticipate the underlying tax rate may fall slightly to around 24% in the next few years as no further tax rate changes are anticipated.

The Group statutory loss after tax, including all discontinued and exceptional items, was €77.1m (2019: €97.7m). >

Non-trading and exceptional items

	FY20 €m	FY19 €m
Merger-related costs	16.3	56.8
Portfolio management activity	29.8	8.7
UK Municipal contract issues	25.9	64.3
Other changes in long-term provisions	33.0	-
Other items	4.3	5.9
Amortisation of acquisition intangibles	6.4	6.4
Exceptional finance costs	(2.2)	9.4
Non-trading and exceptional items in loss before tax	113.5	151.5
Tax on non-trading and exceptional items	(9.8)	(12.4)
Exceptional tax	(2.4)	(15.6)
Discontinued operations	18.9	22.5
Total	**120.2**	**146.0**

Merger-related P&L charges

	FY17 €m	FY18 €m	FY19 €m	FY20 €m	Total €m	Original €m	Difference €m
Integration costs*	3.4	8.5	12.5	2.3	26.7	20.0	(6.7)
Synergy delivery	5.3	13.4	22.1	13.8	54.6	50.0	(4.6)
Branding capex	–	–	–	–	–	12.0	12.0
Initial merger programme	8.7	21.9	34.6	16.1	81.3	82.0	0.7
Monostreams restructuring	–	0.5	10.0	(0.5)	10.0		
Non-cash costs	–	2.6	12.2	0.7	15.5		
Total	**8.7**	**25.0**	**56.8**	**16.3**	**106.8**		

*Including branding capex now expensed rather than capitalised.

Earnings per share (EPS)
Underlying EPS from ongoing businesses, excluding non-trading and exceptional items, was 3.9 cents per share, a decrease of 25% on a like-for-like basis. Basic EPS from continuing operations was 7.7 cents loss per share compared to a loss of 9.0 cents per share in the prior year.

Dividend
As announced previously, and in response to Covid-19, the Board has decided not to pay a final dividend for the year ended 31 March 2020. The interim dividend of 0.45 pence per share was paid on 10 January 2020.

CASH FLOW PERFORMANCE

A summary of the total cash flows is shown in the table (right). Free cash flow conversion on an IAS 17 basis was strong at 110% compared to the 35% in FY19. Working capital was an inflow of €22.9m based on the timing of payables, recovery on receivables delayed in the last quarter last year and increased efficiency on the sale of receivables programme. Some of this benefit is expected to reverse in the new financial year. Replacement capital spend, excluding new IFRS 16 leases, was well controlled at €64.2m (2019: €88.1m), representing c.75% of depreciation. Capital spend was restricted in the first half pending the completion of the disposals of Canada and Reym, which has resulted in a lower spend across the full year. In addition, a number of leases previously considered operating leases before the introduction of IFRS 16 totalling €61.8m have been entered into, and these are now recorded as right-of-use assets and are shown separately in the above cash flow. As previously reported, we are investing in a rejuvenation of our truck fleet through leases that spread the cash costs of the trucks over a six-year period.

UK Municipal contracts reflect the cash spend on UK onerous contracts of €23.6m, including a significant amount for the final months of the legacy

Cash flow

	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m
EBITDA	202.8	170.0	181.3
Working capital movement	22.9	22.9	(22.2)
Movement in provisions and other	(4.5)	(4.5)	(9.8)
Net replacement capital expenditure	(64.2)	(64.2)	(88.1)
Interest, loan fees and tax	(37.1)	(31.2)	(30.9)
Underlying free cash flow	**119.9**	**93.0**	**30.3**
UK Municipal contracts	(23.6)	(25.2)	(19.0)
Free cash flow	**96.3**	**67.8**	**11.3**
Growth capital expenditure	(10.1)	(10.1)	(11.7)
Synergy, integration and restructuring spend	(24.3)	(24.3)	(38.7)
Other	(8.4)	(9.6)	(9.5)
Disposals net of acquisitions	95.7	95.7	24.1
Dividends paid	(8.6)	(8.6)	(27.4)
Net core cash flow	**140.6**	**110.9**	**(51.9)**
Net debt disposed/acquired	(6.4)	(12.8)	–
Replacement capital expenditure – new IFRS 16 leases	(61.8)	–	–
Total	**72.4**	**98.1**	**(51.9)**
Opening net debt excluding UK PPP net debt	(552.0)	(552.0)	(500.6)
Loan fee amortisation	0.9	0.9	2.2
Transfer to disposal group	–	–	4.2
IFRS 16 transition adjustment	(177.3)	–	–
Net debt movement excluding UK PPP net debt	72.4	98.1	(51.9)
Exchange	(3.9)	(4.2)	(5.9)
Closing net debt excluding UK PPP net debt	**(659.9)**	**(457.2)**	**(552.0)**
Free cash flow conversion	**132%**	**110%**	**35%**

All numbers above include both continuing and discontinued operations.
Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.

Derby contract before it was terminated, along with spend on the ELWA contract, which is onerous as from 1 January 2020. The cash outflow on all other contracts was as expected.

The growth capital spend includes the Ottawa expansion (now disposed of) and the completion of the expansion of the Maasvlakte landfill site.

Synergy, integration and restructuring spend of €24.3m included €22.3m for synergy delivery and merger-related integration costs. In addition, €2m of spend has arisen for initial restructuring and fees relating to Renewi 2.0.

Other cash flows include the ATM spend on additional logistics and other associated costs of €4m, €3.5m funding for the closed UK defined benefit pension scheme and €2.4m relating to the purchase of short-term investments in the insurance captive.

The disposals and acquisitions inflow includes the net proceeds from the sale of our Canadian and Reym businesses, along with €4.3m spend on the acquisition of the Rotie organic waste collection business and the 32% stake in RetourMatras B.V., a mattress recycler, alongside IKEA.

Net cash generated from operating activities increased from €73.6m in the prior period to €157.7m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 8.3 in the consolidated financial statements.

RENEWI 2.0

As reported in the CEO's Review, we have launched our Renewi 2.0 programme, which is intended to complete the creation of a modern waste-to-product company with digital interfaces to customers and suppliers, supported by modern, lean and efficient core processes. These include the introduction of a cloud-based source-to-pay system and the creation of global process owners for core processes to standardise and reduce inefficiency.

We believe that Renewi 2.0 will deliver cost benefits at an annualised run rate of €20m by March 2023. The cost of the programme is expected to be €40m, split between capital and an exceptional charge as shown in the table (above right).

INVESTMENT PROJECTS

Expenditure in FY21

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. This level may from time to time be supplemented with larger-scale replacement projects. As a result of the current pandemic, total capital spend for FY21 is now estimated to be c.€75m, similar to the previous year and lower than our previous expectations. This spend will include the new infrastructure for the construction materials at ATM and a new de-packaging hall in Organics in Commercial Waste Netherlands.

Renewi 2.0: expected costs and benefits

	FY21 €m	FY22 €m	FY23 €m	FY24 €m
Net benefit	1	5	12	20
Exceptional costs	(14)	(10)	(6)	-
Capital spend	(1)	(4)	(2)	-
Net cash flow	**(14)**	**(9)**	**4**	**20**

In addition to the above cash spend certain non-cash impairments of c.€3m are anticipated.

Return on assets

The Group return on operating assets (excluding debt, tax and goodwill) from ongoing businesses increased from 26.7% at 31 March 2019 to 27.5 at 31 March 2020 on an IAS 17 basis. IFRS 16 adoption has increased assets by c.€175m, with a significant proportion reflecting very long-term leaseholds of Dutch waterside locations which cannot be owned under Dutch law. Under IFRS 16 the Group return on assets as at 31 March 2020 was 19.0%. The reported Group post-tax return on capital employed from ongoing businesses was 6.6% (31 March 2019: 6.9%).

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) and excludes IFRS 16 related leases. Core net debt at €457.2m (2019: €552m) was better than management expectations, with working capital and capital expenditure well controlled and cash received from the disposals. Liquidity was also very strong with cash balances of €195m and total liquidity of €252m. Net debt to EBITDA was 2.98x, comfortably within our covenant limit of 3.5x. On 29 May 2020 we announced a new structure of higher covenant test levels to ensure solvency through the Covid-19 crisis. These peak at 6.0x during 2020, falling steadily back to 3.5x in September 2021.

Debt structure and strategy

Borrowings, excluding PFI/PPP non-recourse borrowings, are mainly long-term as set out in the table overleaf.

The facility has been hedged with five cross currency swaps totalling €243.1m at fixed euro interest rates of between 1.27% and 1.41%, which expire between July 2022 and December 2022.

A €100m retail bond with a coupon of 4.23% was repaid in July 2019 and replaced by a €75m five-year green retail bond with a coupon of 3.00%. The remaining €100m green retail bond has a coupon of 3.65%. All of our borrowings are now >

green financed. As at 31 March 2020, 99% of our core net debt was fixed or hedged.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2020 was €88.0m (March 2019: €68.2m).

The introduction of IFRS 16 on 1 April 2019 brought €177.3m of additional lease liabilities onto the balance sheet with an associated increase in assets. Additional leases have been entered into during the year and mostly relate to the truck replacement programme. Covenants on our main bank facilities remain on a frozen GAAP basis.

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 2020 this debt amounted to €90.0m (31 March 2019: €95.4m).

Treasury initiatives

During the year we issued a new €75m bond at 3% to 2024 and repaid the previous €100m 4.23% bond at maturity. This completed our transition to become entirely green financed across all our main banking facilities. After the year end we adjusted the banking covenants of our facilities to reflect the potential impact from Covid-19. We entered into various cross currency swaps during the year consistent with our hedging strategy, both to manage interest cost and fix our exposure to interest rates across a large proportion of the variable rate borrowings. We also extended the use of an invoice discounting programme as we integrated the IT systems supporting the Commercial Waste Division. We established and utilised additional green leasing facilities to fund our ongoing investment in our Clean and Green Fleet, increasing the proportion of Euro 6 trucks substantially, which are right-of-use assets under IFRS 16.

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with the onerous contract provisions in the UK Municipal being utilised over 20 years and landfill provisions for many decades longer. As referenced earlier, the Group has completed its detailed triennial review of long-term discount rates this year, which has resulted in a decrease of discount rates and an associated increase of €18m in the carrying value of provisions at 31 March 2020. The current provisions amount to €38m, including €4m for exceptional restructuring, €16m for Municipal onerous contracts and €5m for landfill-related spend. Municipal cash outflows are expected to reduce in subsequent years.

Details of contingent liabilities are set out in note 8.4 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Debt structure

	Drawn €m	Term
€100m Belgian Green retail bond	100.0	June 2022
€75m Belgian Green retail bond	75.0	July 2024
€495m Green RCF and term loan	437.1	May 2023/2024
Green EUPP	25.0	December 2023/2025
	637.1	
Historic IAS 17 finance leases and other	19.3	
Loan fees	(4.7)	
Cash and money market funds	(194.5)	
Core net debt (as per covenant definitions)	457.2	
IFRS 16 finance leases	202.7	
Net debt excluding UK PPP net debt	**659.9**	

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees, which has been closed to new entrants since September 2002 and was closed to future benefit accrual on 30 November 2019. At 31 March 2020, the scheme had moved into an accounting surplus of €16.0m (31 March 2019: €3.7m deficit). The move into surplus was a result of a change in the scheme's investment strategy, which led to a higher return on assets along with a decrease in the discount rate assumption and lower inflation. During the year, pension increase exchange exercises were actioned which resulted in a past service saving of €1.4m. The latest actuarial valuation of the scheme was at 5 April 2018 and the future funding plan has been maintained at the current level of €3.5m per annum until February 2022.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium, which had a retirement benefit deficit of €7.5m at 31 March 2020, a €0.7m decrease from 31 March 2019.

Toby Woolrych
Chief Financial Officer

Our sustainable business

Sustainability is at the heart of everything we do – and that goes for the financials as well as protecting the environment and people

Sustainability is our purpose and a core value. We seek to protect the planet by giving new life to used materials. Everything we do is focused on delivering our vision to be the leading waste-to-product company in the world's most advanced sustainable economies. We are proud of our contribution to sustainability and our ambitious new sustainability objectives (see page 26) across the scope of environmental, social and governance (ESG) topics. This is rightly an area of increased focus and attention from investors, communities and governments and across the broad range of our stakeholders.

STRONG S&P ESG RATING

ESG was an important consideration in our recent listing on Euronext Amsterdam. Many investors have adopted the UN Principles for Responsible Investment and look to positive impact, green, ESG and sustainability-focused investments such as Renewi. We are increasingly seeing our investor base coming from thematic funds dedicated to these principles, which themselves are expected to generate superior long-term investor returns.

In January 2020 we were awarded an ESG rating of 75 from S&P Global, including its highest rating to date for assessment around the environmental component. Its report (free to access from our website) was published after S&P Global Ratings completed detailed consultation with the company to understand our policies and the management focus on all ESG aspects. Given the reputation for independence of S&P Global's ratings, this is a distinguished recognition for Renewi.

FULLY GREEN-FUNDED

During FY20 we completed our transition to become entirely green-financed, encompassing all our core borrowing of bonds and loans. This followed the issuance of our latest green bond in line with our best practice perpetual Green Finance Framework, which applies the Green Bond and Green Loan principles. The framework links Renewi's activity to the UN Sustainable Development Goals and we report against our key green performance indicators each year. Our main banking facility was one of the first RCFs to be green principles-based and to apply a pricing that varies directly with our sustainability performance, thereby aligning our sustainability interests with our relationship lending banks. The financing structure continues to be a benchmark that has inspired other green bonds and loans.

AWARD-WINNING PERFORMANCE

Our dedication to sustainability and the green economy has been broadly recognised with many industry awards, index inclusions and other recognitions. During the year we were awarded several sustainability and sustainability finance awards, and we were also awarded the prestigious Green Economy Mark from the London Stock Exchange, which is in addition to our FTSE4Good inclusion and a Level 4 certification with the Dutch CO_2 Performance Ladder, demonstrating our strong commitment to reduce carbon emissions directly and more broadly in our sector.

Expert recognition for sustainability

GREEN ECONOMY MARK

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

FTSE4Good

FTSE4GOOD

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

S&P Global Ratings

S&P ESG REPORT

S&P assessed our ESG strategy and our preparedness for ESG risks and opportunities, and awarded us a score of 75/100.

RENEWI'S OPERATIONS AND PERFORMANCE ACROSS THE DIVISIONS, FROM WASTE COLLECTION AND TREATMENT TO RECYCLING AND CIRCULAR PRODUCTS

In FY20 we operated four Divisions covering a range of activities related to the collection, treatment and recycling of waste materials

COMMERCIAL WASTE page 47
Collection, sorting, treatment and recycling of waste materials from a range of sources

HAZARDOUS WASTE page 53
Treatment of contaminated soil and water and disposal of a broad range of hazardous wastes

MONOSTREAMS page 56
Four businesses producing materials for specific markets from waste streams

MUNICIPAL page 59
Operating waste treatment facilities for local authorities in the UK

The Operating Review reports on the business using the historic divisional structure. A reconciliation of the historic performance to the new divisional structure, including a reallocation of central services cost, is shown on our website. All percentage comparatives to the prior year in the following section exclude the positive impact of IFRS 16, which amounted to €3.5m EBIT in the year to March 2020 for the ongoing businesses.

Commercial Waste

HIGHLIGHTS

- **Revenues increased by 2% to €1,224m and EBIT increased by 1% to €87.6m**
- **Invested €1.7m in RetourMatras, a company that has technology to recycle mattresses**
- **Successfully completed our synergy programme, with the €40m target delivered on time**

TECHNOLOGIES

- Balers
- Composting
- Crushers
- Eddy current separators
- Float baths
- Magnets
- Optical sorters
- Shredders
- Processing lines
- Trommels

NEW (still in progress):

- Circular plastic project
- Nappy recycling

PRODUCTS

- Biogas
- Essential oils
- Digestate/compost
- Glass
- Granules
- ICOPOWER® pellets
- Metal
- Metal blocks
- Paper
- Plastic
- Recovered fuels
- Wood chips

NEW OUTLETS

- Mattress recycling
- PMD separation
- Decontaminating steel
- Sterilising medical face masks

The Commercial Waste Division is located in the Netherlands and Belgium. It provides a wide range of waste-to-product solutions and represents around 72% of Renewi's revenues. The commercial waste market covers the collection, sorting, treatment and recycling of waste materials from a range of sources. It also includes the production of quality secondary materials and the ultimate disposal of waste streams that cannot be recycled.

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

Our market is divided into four segments: Industrial and Commercial (I&C); Domestic; Construction and Demolition (C&D) within Netherlands only; and Hazardous within Belgium only. In each segment our unique business model allows us to focus on the value that we can recover from specific waste streams.

Our process begins using our clean and green Euro 6 fleet to collect a large proportion of our inbound waste, thereby securing volumes as a valuable source of future materials. Our customers increasingly support the re-use potential by source segregating waste, encouraged by legislation, society, corporate sustainability targets and good practice.

The waste is then processed through one of our 108 sites where we have dedicated capacity to sort and treat specialist waste such as paper, cardboard, wood, plastics, metals and rubble among others, in addition to mixed waste processing and sorting capacity. This enables us to produce high-quality secondary materials and recyclates.

We are the market leader in recycling and production of secondary materials. We optimise reuse based upon the quality of the waste we collect, and we dispose only of the residues that we are unable to convert into products or recyclates. In this way, we 'waste no more', which increases margins and makes a significant environmental contribution by minimising the depletion of the natural resources to extract and refine virgin materials. Our general business model is set out in the graphic on page 48.

MARKETS

The I&C segment meets the needs of specific markets, sectors and businesses covering the broad activities of the total economy, including hospitals, factories, offices, shops and restaurants among others. Waste streams, such as segregated paper or plastic, food waste or glass, are preferably separated at the source to retain quality. However, within this sector there is still a significant flow of mixed waste.

For specific situations such as office buildings we have developed specific concepts such as EcoSmart in the Netherlands, which provides collection bins and services to maximise source separation, supplemented by workforce education activities.

Overall recyclate prices have been challenging with several recyclates reaching historic lows, particularly paper, which was at its lowest levels at the end of our financial year. Plastics prices have also decreased since the alternative virgin plastic prices are correlated with oil prices, which have fallen. Ferrous metals prices have been broadly flat. However, non-ferrous aluminium prices have fallen as a result of international trade disputes. The wood market is dominated by regional supply and demand imbalances that have driven down the market price of wood, particularly in Belgium, which fell to €30 a tonne, significantly lower than the beginning of the year. Despite this, Renewi generated positive margins through the application of relatively high gate fees.

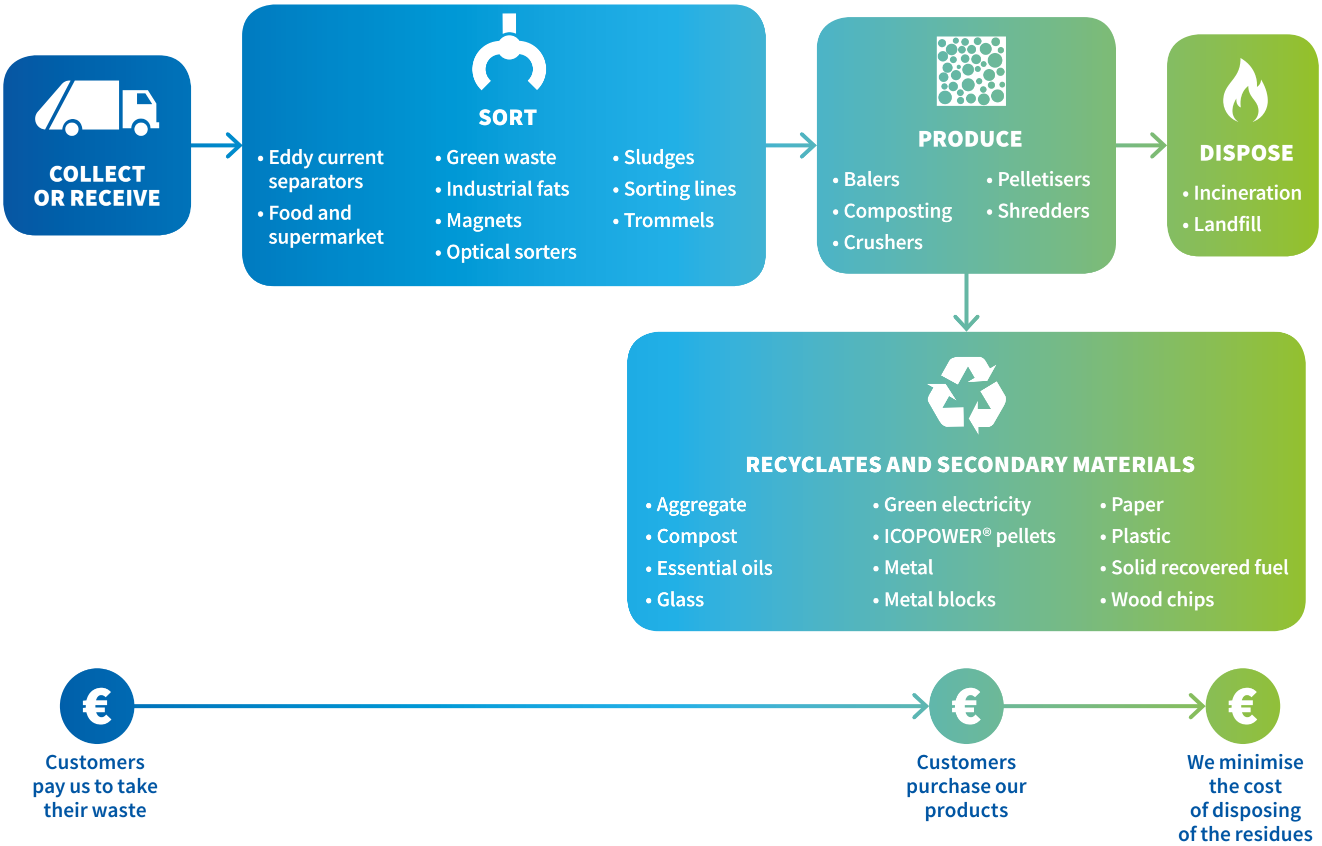
In the future we expect an increase in demand as a result of additional processing capacity for subsidised energy production and increased interest in recycling by the panel board industry. Earlier this year OVAM, the public waste agency of Flanders, announced a new residual biomass action plan that includes waste wood, encouraging recycling of wood before using it for energy production. Commercial Waste Belgium will adapt its processes to align with the new strategy and expectations of customers.

Increasing use of dynamic pricing contracts has reduced risk to the business operating model. We pass on monthly movements in the value of paper, for example, by changing the gate fee. Otherwise our standard annual contracts to small- and medium-sized customers are repriced on an annual basis to reflect the underlying changes experienced in the market.

The Commercial segment relies on waste-to-energy companies to recover energy from the c.20% residual waste generated. The pricing of incineration capacity is linked to supply and demand dynamics both regionally and internationally, mitigated by long-term supply agreements. During the year there was significant disruption to the regional market following an extended shutdown of the AEB incinerator in Amsterdam, in addition to the extension of Dutch domestic incineration taxation being applied to imported burnable waste streams. The market adapted to the AEB shutdown with alternative outlets and storage sites secured, and the market is returning to normal as stockpiled inbound waste inventory is cleared.

The Domestic segment provides clean and efficient 'hands and wheels' services in door-to-door >

Commercial Waste business model



We aim to process, sort and make products from waste but there is a small residual amount that has to be landfilled or sent to incineration.

Commercial Waste financial performance

	REVENUE			UNDERLYING EBIT			
	FY20 IFRS 16 basis €m	FY19 IAS 17 basis €m	Variance %	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m	Variance IAS 17 basis %
Commercial Waste Netherlands	786.0	764.7	3%	56.0	54.3	53.2	2%
Commercial Waste Belgium	439.1	430.8	2%	33.9	33.3	33.3	0%
Intra-segment revenue	(1.5)	(1.1)		–	–	–	
Total	**1,223.6**	**1,194.4**	**2%**	**89.9**	**87.6**	**86.5**	**1%**

	UNDERLYING EBIT MARGIN			RETURN ON OPERATING ASSETS		
	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis
Commercial Waste Netherlands	7.1%	6.9%	7.0%	15.9%	19.0%	18.7%
Commercial Waste Belgium	7.7%	7.6%	7.7%	29.5%	38.8%	37.3%
Total	**7.3%**	**7.2%**	**7.2%**	**19.2%**	**23.6%**	**23.1%**

Note
The return on operating assets for Belgium excludes all landfill related provisions.

municipal collection, before delivering the waste as instructed by the authority, which retains responsibility for the sorting, treatment and disposal. This can be through a direct service agreement or partnerships in which Renewi also manages the service provision for a fee. The Hazardous segment in Belgium is comparable to the combined Reym and ATM activities, on a smaller scale.

The C&D segment is core for Renewi in the Netherlands and arises from residential, commercial or infrastructure construction. After strong growth since 2014, the C&D market slowed significantly in 2019, driven by two environmental challenges. The first related to a ruling on the levels of per- and polyfluoroalkyl substances (PFAS) that were permitted. These levels were amended in December 2019, resolving the majority of the issue. The second related to concerns over nitrogen deposition. This is expected to continue to slow the market until the Dutch Government can issue a broader approach to manage national nitrogen emissions.

The Commercial Waste Division also operates in several niche segments, many of which are complementary to the principal segments outlined above. These include the collection, separation and aggregation for treatment of small-packed hazardous waste such as batteries, paint and out-of-date pharmaceuticals, the collection of organic waste streams from restaurants, a wood chip manufacturing segment, a landfill, mattress recycling, confidential paper management, as well as a leading position collecting medical waste from hospitals.

DIVISIONAL STRATEGY

The Commercial Waste Division creates value from its leadership position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, density, operational scale and advantaged technology position it strongly in its core markets. The Division will deliver long-term growth and attractive returns by increasing diversion from incineration and landfill and through increasing demand for its wide range of recycling services and products. This will be reinforced through the delivery of the benefits of Renewi 2.0 and the application of margin-enhancing initiatives such as commercial effectiveness and continuous improvement.

FINANCIAL PERFORMANCE

The Commercial Waste Division performed well in FY20, given weaker markets and the €4m estimated impact of Covid-19 in the second half of March. Revenues increased by 2% to €1,224m and underlying EBIT increased by 1% to €87.6m. Margins were constant at 7.2% and the return on operating assets rose a further 50 basis points to 23.6% on an IAS 17 basis (19.2% on an IFRS 16 basis).

Revenues in the Netherlands grew by 3% to €786.0m and underlying EBIT by 2% to €54.3m. Margins fell by 10 basis points to 6.9%. Return

on operating assets increased by 30 basis points to 19.0% (15.9% on the IFRS 16 basis).

As previously reported, the core market has been softer this year. Dutch construction was slower after four strong growth years and was further impacted from July 2019 by regulatory rulings about the chemical PFAS in soil, an issue partially resolved in December, and by limitations being imposed to manage nitrogen deposition near sites of environmental importance. Recyclate markets have also been weaker, with generally lower volumes and prices. The Covid-19-related lockdown in the second half of March has primarily affected roller bins (commercial waste) and food waste. Core volumes fell by 2% in the year, with construction and bulky waste down by 3.5%. Recyclate volumes fell by 1%, with paper down 1.6% and metals down 11%. Other volumes were down by 5%, mainly lower value rubble and soil/sludges. Pricing per tonne for inbound waste increased by more than 12% as we successfully passed on significant increases in incinerator taxes, other disposal costs and higher than usual labour cost increases, and saw the positive impact of dynamic pricing adjustments to offset lower recyclate income, which fell by 23%.

The stable operating margin was encouraging, particularly given the headwind from lower volumes, lower recyclate prices, the increasing costs of disposal of residues and a €1m year-end provision for potential Covid-19-related bad debts. Total synergies were €17.7m, with additional synergies of €6.4m delivered during the year.

Belgium revenues increased by 2% to €439.1m and underlying EBIT was flat at €33.3m. Margins were >

2%

Growth in revenues, to €1,224m, despite weaker markets and the impact of Covid-19 at the end of the year

broadly flat at 7.6%, which was encouraging given the cost pressures and the closure in the year of the landfill at Cetem. Underlying volumes were flat, in line with the market. Market trends were similar to those in the Netherlands, with price increases offsetting inflation in disposal and labour costs and a reduction in recyclate income. The impact of Covid-19 in March was greater than in the Netherlands as a result of a more severe lockdown. Total synergies were €10.6m, with additional synergies of €2.8m delivered during the year.

OPERATIONAL REVIEW

Our Commercial Waste Division has made good progress in all its market-facing strategies and also in completing integration and preparing for Renewi 2.0.

Clean and green collection

The efficient collection of waste provides an essential service to customers and provides us with the raw materials from which to create new products. However, the process of collection creates pollution and traffic. We expect that waste collection will transform in the coming years to be cleaner, greener and more efficient. Renewi will be a leader in that transformation.

It starts with reducing pollution using today's technologies. During the past year we invested €64m in purchasing 423 trucks with the latest Euro 6 emission technologies. Euro 6 trucks reduce pollutants by over 90% compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. Over 45% of our fleet is now Euro 6 and we are targeting 100% by 2025. Our route optimisation software further minimises the number of collection kilometres driven and in the past year our lifts/km metric improved by 27% in the Netherlands. We expect that governments will soon ban or fine more polluting trucks in inner cities and that our investments will give us a strong operating position.

Over the next decade, we expect a step change in the reduction of carbon emissions from waste collection through two approaches. The first is a requirement that waste companies combine to collect waste in single white-label truck fleets per town, increasing route efficiency and reducing the number of vehicles operating in urban areas. Initial trials in Gouda and Haarlem have now been expanded in the areas of Roosendaal and Bergen op Zoom in the Netherlands and Oost-Vlaanderen in Belgium, and several projects in other city centres in the Netherlands are in the preparation phase. The second will be a transition to use of zero-emission vehicles (ZEVs), likely electric- or hydrogen-powered. During the past year we ordered the first two ZEV waste trucks in the Netherlands for trials. We will continue working with all major truck manufacturers to develop this technology. Given that ZEVs are much more expensive than current diesel models, we anticipate that, once the technology is proven, governments will need to mandate their use in order to stimulate the transition.

Increasing diversion from landfill and incineration

Waste volumes overall are relatively flat, with modest further growth for Renewi expected from share gain or tuck-in acquisitions. We expect to continue to drive our margin expansion by increasing the diversion of waste we collect away from landfill and incineration.

An example of this was our €1.7m investment in June 2019 in RetourMatras, a company that has technology to recycle mattresses. Mattresses are difficult to handle, prone to cause fires, and are expensive to transport and to incinerate. The RetourMatras technology separates mattresses into textiles, foam and metals for recycling, creating a full circular solution. We were pleased to co-invest in this technology with IKEA, a leading seller of mattresses with a strong commitment to sustainability. Our initial goal is to complete coverage in the Netherlands by installing sufficient capacity to recycle all waste mattresses – at which point we anticipate that regulators will mandate that they should no longer be incinerated. In parallel, we are assessing international expansion opportunities.

In Belgium we have an unparalleled range of sorting capabilities. In the past year, we have installed a new 60kt sorting line in Liège to cycle waste into 11 different product streams and our wood sorting line at Eeklo is separating up to 35% to 40% of waste wood for re-use in furniture instead of as biomass.

Investing in added-value secondary materials production

Having diverted waste from landfill and incineration, our second strategy is to increase the value we add from the products we make through increased quality. We call this 'spread expansion'. Examples of spread expansion include the final commissioning of our Wateringen stone crusher and the wood treatment line in Vlaardingen. We have also consolidated some of our materials processing capabilities to our Gent master plant, including a new, higher-quality plastics sorting line. A new baling press in Vilvoorde is improving the quality and value of our recycled paper and cardboard streams.

Our innovation funnel contains numerous other projects to increase the value-add from our materials. For example, at RetourMatras we are

'We expect to continue to drive our margin expansion by increasing the diversion of waste we collect away from landfill and incineration'

SUSTAINABILITY IN ACTION

PMD separation – a circular solution

We have launched an exciting venture to turn tonnes of waste into new products. This circular economy solution is the first time we have been able to recycle the plastic bottle, metal packaging and drink carton (PMD) waste we handle in the Netherlands. Now all the PMD waste Renewi collects is transported to German recycling company Hubert Eing where it is transformed into secondary materials for manufacturing.

This ensures that the Dutch companies and other organisations we serve can hugely limit their residual waste and, like Renewi, play a part in enabling the circular economy.

We supply businesses with containers and bags for the collection of PMD, and support them with a digital toolkit that explains how to sort and separate the different kinds of waste. We then collect the PMD and take it to Hubert Eing, as part of the deal we signed with Eing in October 2019. Renewi has been transporting an average of 65 tonnes of PMD a month, but this is rising as more customers buy into the project. No less than 80% to 90% of the PMD is recycled, and the rest is recovered to generate energy.

In Germany, the PMD is separated using techniques such as water baths, blowers, infrared devices and vibrating sieves. The metal – including tins and cans – is used again as a raw material, and the recycled drink cartons are bought by paper manufacturers to turn into new products. The plastic is washed and, depending on the grade, converted into agglomerate or regranulate. Agglomerate is used for items such as children's play equipment and garden benches, while regranulate can be used to make items such as hosepipes, cable sheathing and injected moulded products.

See pages 28 to 31 for more details of our circular economy projects

undertaking research to extract additional value by bonding the foam to create carpet underlay or, alternatively, reprocessing the foam to create polyurethane. We have signed a commercial contract to repurpose part of our anaerobic digestion site in Amsterdam to produce bio-LNG for Shell as a higher value-add alternative to green electricity. We are also in commercial discussions to build a sorting line near Eindhoven to produce a high-quality plastics feedstock for chemical plastics recycling in partnership with a leading global plastics manufacturer.

Integration, synergies and Renewi 2.0

FY20 also saw the successful completion of our synergy programme with the €40m target delivered on time. Most of the synergy benefits in the year were the full-year effects of major projects from the year before, especially site rationalisation and route optimisation. New projects that were completed towards the end of the year included the harmonisation of collective labour agreement (CLA) terms and conditions in Belgium, the roll-out of the E-hour time registration system across all employees, and the implementation of digital acceptance of waste. Site migration of the former Shanks construction business onto the Renewi operations platform and the harmonisation of Dutch CLA terms and conditions are expected to take place during 2020, completing the integration with a final further exceptional cost of €4m.

Focus turned in the second half towards projects that would form part of Renewi 2.0, the Group-wide programme to modernise Renewi. A large part of Renewi 2.0 focuses on the customer and in Belgium a customer-centric project has been rolled out to engage and enthuse our employees in how to look after customers, and to measure customer satisfaction more deeply. At the heart of the new customer experience will be MyRenewi – a portal where customers can place, amend and review orders, and manage >

their accounts. This meets a clear demand in terms of service, while improving the data quality that flows into our systems.

Internally we will be investing in automation of many core processes. We will be implementing a Renewi source-to-pay system, starting with the shared service centre and preparation for Commercial Waste Belgium during the next year. We are also creating a global process management team, centres of excellence for product management and reporting, and a team to improve data quality. These teams, funded by other efficiencies, are expected to transform the efficiency of our core processes over the coming three years, improving customer and employee satisfaction and reducing cost.

Managing headwinds

As reported earlier, the year has contained its headwinds. Recyclate prices hit multi-year lows, especially paper, which has fallen by 75% from peak to trough. There have also been significant inflationary pressures from the increased incinerator taxes, higher disposal costs and increased labour costs. We have successfully mitigated these headwinds, passing on these cost pressures in full in the form of higher prices for inbound waste. Dynamic pricing contracts for recyclates provide a mechanism to automatically adjust for changes in paper, plastic and metal prices for up to 75% of our volumes.

The year was also made more complex when AEB, one of the largest incinerators in the Netherlands, closed unexpectedly for four months in the summer of 2019 for technical reasons. This sudden loss of capacity could have caused a severe disruption to our customer service and a material economic loss for Renewi. However, using our crisis protocols, we were able to react swiftly to lobby governments to open new outlets and storage, to communicate with customers and to redirect waste to new locations. A €3m provision for uncovered costs taken at the half year was not required as all additional costs were settled and our business and our customers were unaffected.

DIVISIONAL OUTLOOK

As stated previously, during the lockdown period waste volumes have fallen by up to 35% in Belgium and up to 15% in the Netherlands, the latter supported by resilience in construction waste volumes. We anticipate a gradual recovery from these lows after lockdowns eased through the first quarter. We predict that volumes for the remainder of the next financial year will be lower than previously expected, dependent upon the easing of lockdown restrictions, including in specific sectors such as hospitality, and the speed of economic recovery. Construction may also reduce somewhat in the near future in response to lower GDP. Recyclate prices are expected to remain low as a result of reduced demand and lower oil and commodity prices, but other inbound and outbound pricing has remained stable. Swift cost actions have been taken to reduce any impact and additional plans are in place should volumes reduce further. Longer term, waste volumes are historically resilient and we expect governments to continue to stimulate recycling and the use of secondary materials.

€40m

Total amount of synergies delivered, on target and on time

Hazardous Waste

HIGHLIGHTS

- Resolved regulatory issue affecting ATM's ability to process thermally treated soil in the Netherlands
- Installed capacity to make building materials
- Successfully sold the Reym industrial cleaning business in October 2019

TECHNOLOGIES

- Biological
- Chemical
- Gasification
- Pyrolysis
- Separation
- Thermal treatment

PRODUCTS

- Cleaned water
- Clean soil
- Metal
- Gravel
- Sand
- Filler

The Hazardous Waste Division includes our soil and water treatment activities at ATM and, prior to its divestment on 31 October 2019, the industrial cleaning business Reym.

ATM is one of Europe's largest sites for the treatment of contaminated soil and water, as well as for the treatment of a broad range of hazardous waste such as waste paints and solvents. In addition CFS provides comparable services at Weert, and together they give the Hazardous Waste Division a leading position in the market. The business model is shown in the graphic on page 54.

ATM is a leader in water and soil treatment and packed hazardous waste 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 in this section, ATM has been heavily impacted during the year by specific discussions with the regulators on constraints in the soil cleaning process.

MARKETS

The typical underlying market drivers for inbound waste to ATM arise from industrial activity in Benelux, including the oil and gas sectors, which drive the waterside activities, coupled with construction and site remediation activity across Europe, which drives the inbound and outbound soil materials.

During 2019, the market for ATM was materially impacted by an investigation by the Human Environment and Transport Inspectorate (IL&T) into the characteristics of thermally treated soil (TGG) and the process capability to remove potentially harmful contaminants. Following this investigation, the market was reopened with regulations unaltered. Typically, TGG is an attractive material with an attractive price differential to alternatives and we expect this market to recover from 2020 onwards.

ATM also has scale capability to separate TGG into three building materials: gravel, sand and filler. There are substantial end markets for these products and the production process is expected to meet the customers' specifications.

As a result of the market closure there is a backlog of road surfaces and other contaminated soils domestically and across Europe, which are expected to provide significant feedstock for our processes going forwards.

DIVISIONAL STRATEGY

Our initial focus is to return ATM to normal operation on the soil line. In the future we intend to refine soil outputs further into higher-value secondary raw materials. Following the successful sale of the Reym industrial cleaning business, we are merging ATM (and the smaller treatment site CFS) with our Mineralz business to create the Mineralz & Water Division from 1 April 2020.

FINANCIAL PERFORMANCE

ATM performed as expected as a result of the ongoing restrictions on the shipments of thermally cleaned soil in the Dutch market, which ended in December 2019. Revenues fell by 4% to €92m and underlying EBIT fell to a loss of €1.1m. An exceptional item of €3.1m (2019: €6.5m) was additionally reported in relation to the ATM soil issue. Now that the TGG market has been reopened, the cost of storing TGG stocks (currently €3m per annum) will in future be taken in ordinary trading.

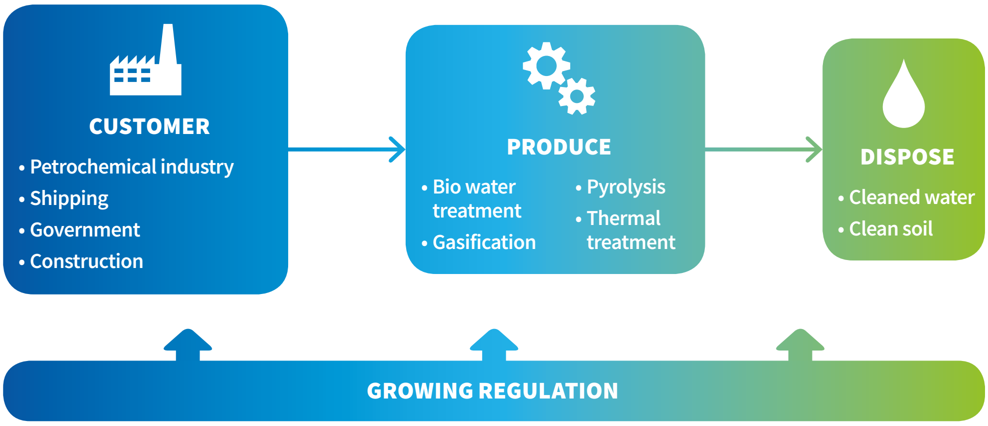
OPERATIONAL REVIEW

FY20 has been an important year of turnaround for ATM. During the year, ATM worked closely with IL&T and other local regulators such as DCMR to specify and then conduct detailed tests on our stockpiles in order to fully characterise the soil beyond the usual norms of the industrial code (BRL) under which it was shipped. These tests demonstrated clearly that our TGG can be applied in the right industrial locations and poses no risk to health or to the environment. The IL&T confirmed these results and in December 2019 reported that they provide a thorough representation of the TGG quality and that the TGG can be applied in industrial locations, subject to the usual review for the intended application by the local regulators. At the end of the year, we started shipment of up to >

200kt of TGG for a project in Amsterdam. We maintain an encouraging pipeline of potential customers for TGG, both domestically and internationally, and we are working through permitting requirements with respective local authorities to allow its shipment. At the same time, we are reviving the inbound soil pipeline, which will take some time to recover to historic levels as it is generally project/contract based.

ATM has also been investing in a new process to convert TGG, hot from the kiln, into gravel, sand and a filler that can be used in the manufacture of asphalt, concrete and cement. Following successful pilot-scale trials, a full-size separator was installed at the end of 2019 which is being progressively commissioned. The quality of the products appears to be in line with expectations and customer trials have gone well. Product certification is also under way for different grades of product. We believe that a market for these secondary construction materials exists that will, over time, absorb most or all of ATM's production, at a positive selling price compared to the negative consideration for placing TGG. Production of these construction materials is constrained by a lack of logistics and storage, for the filler in particular, and a lack of space on site pending the shipment of more TGG. We are investing during 2020 to increase functional capacity.

Hazardous Waste business model



Hazardous Waste financial performance

	REVENUE			UNDERLYING EBIT			
	FY20 IFRS 16 basis €m	FY19 IAS 17 basis €m	Variance %	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m	Variance IAS 17 basis %
ATM and others	91.7	95.4	-4%	(0.1)	(1.1)	1.7	N/A
Reym	81.3	115.9	-30%	12.1	10.0	5.3	89%
Total	**173.0**	**211.3**	**-18%**	**12.0**	**8.9**	**7.0**	**27%**

	UNDERLYING EBIT MARGIN		
	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis
ATM and others	-0.1%	-1.2%	1.8%
Reym	14.9%	12.3%	4.6%
Total	**6.9%**	**5.1%**	**3.3%**

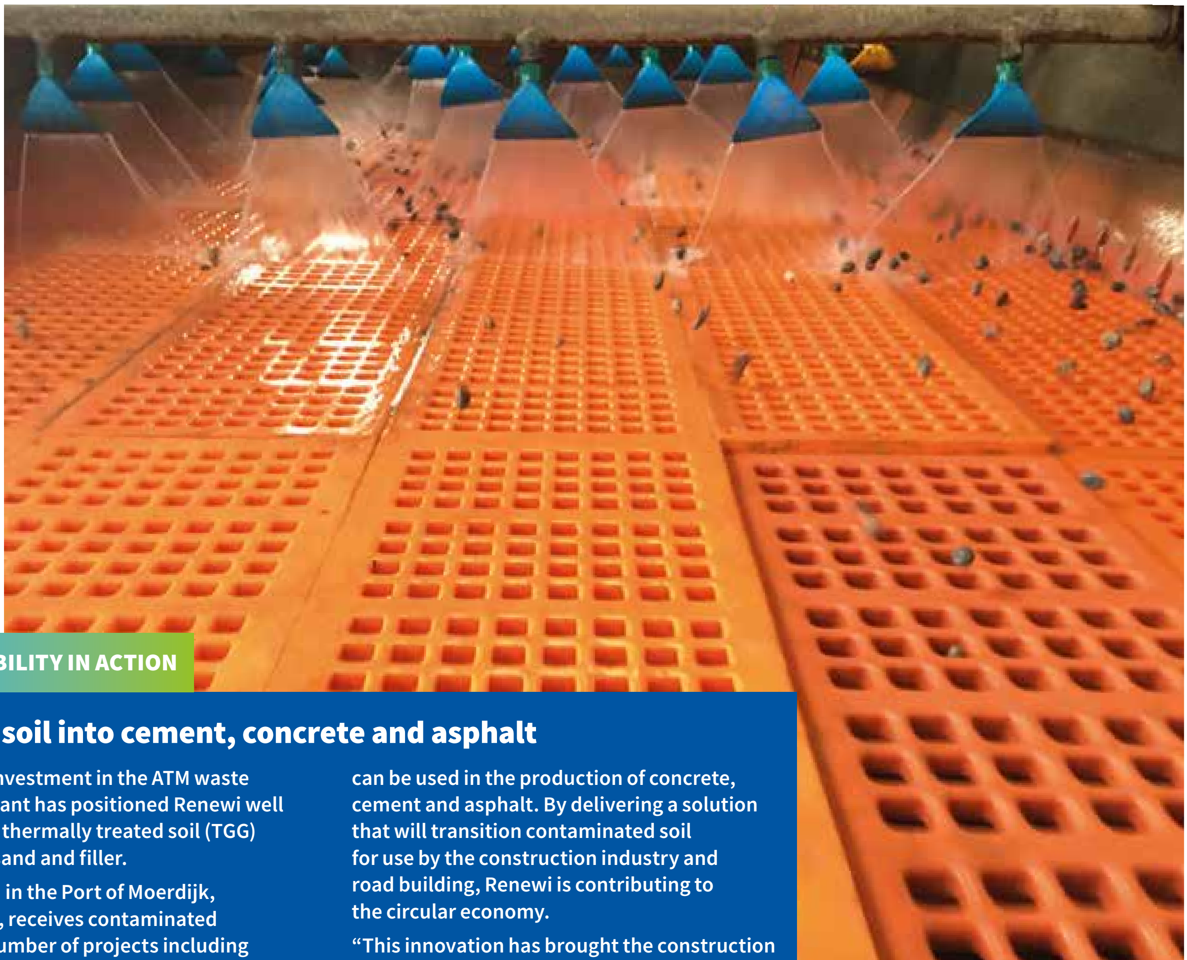
RETURN ON OPERATING ASSETS		
FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis
-0.2%	**-8.6%**	**9.5%**

Note
Reym revenue includes intra-segment revenue between Reym and other Hazardous Waste entities.

The other core waste treatment processes for the Division performed well. Water intake and treatment at ATM increased slightly compared to the previous year. Treatment of packed chemical waste through the ATM pyro plant was slightly lower than the previous year due to significant maintenance activities, and the new inbound warehouse was commissioned during the second half of the year. The CFS water treatment facility in the southern part of the Netherlands did well, maintaining flat revenue against lower volumes.

DIVISIONAL OUTLOOK

We expect to increase throughput on the TRI line from 20% to circa 40% of capacity, as previously forecast, mainly supported by increased offtake of the new products to construction customers. Capacity will continue to be constrained for these products during FY21 as additional silos and handling capacity are being installed. We expect TGG outlets to be secured during the year, which will initially be used to reduce excess inventory, particularly of soil produced before 2018. Following the reopening of the end market, the €3m of annual storage costs for this inventory will now be accounted for in ordinary trading rather than as an exceptional item. Covid-19 has had a lower impact on ATM as water volumes are not directly affected by the lockdown and we have soil stocks sufficient to keep processing. However, the low oil price is expected to reduce water volumes during the year and we anticipate delays in some construction projects, slowing the recovery of inbound contaminated soil volumes. Over the longer term we continue to target a recovery to historic levels of profitability at ATM.



SUSTAINABILITY IN ACTION

Turning soil into cement, concrete and asphalt

Significant investment in the ATM waste treatment plant has positioned Renewi well to transition thermally treated soil (TGG) into gravel, sand and filler.

ATM, located in the Port of Moerdijk, Netherlands, receives contaminated soil from a number of projects including industrial building, site reclamation and road reconstruction. Through our AP4Terra project, we are now in a good position to process one million tonnes of soil a year into gravel, filler and sand. Gravel and filler can be used in the production of concrete, cement and asphalt. By delivering a solution that will transition contaminated soil for use by the construction industry and road building, Renewi is contributing to the circular economy.

"This innovation has brought the construction sector an opportunity to replace primary raw materials with high-quality secondary materials. This is a real waste-to-product success story for Renewi and ATM," says Teus Brand, Project Manager at AP4Terra.

Monostreams

HIGHLIGHTS

- Underlying EBIT increased by 9% to €14.1m, on flat revenues at €213.6m
- Coolrec, Maltha, Mineralz and Orgaworld all delivered strong earnings growth
- The Monostreams Division has been disbanded as part of a reorganisation and the separate businesses have been reallocated to other Divisions

TECHNOLOGIES

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

PRODUCTS

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

The Monostreams Division comprises four businesses: Coolrec, Mineralz, Orgaworld and Maltha. The Division operated throughout the year, but these four business segments have been reallocated to new Divisions and the Monostreams Division has been disbanded effective from April 2020 (see page 23).

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

Coolrec is a recycler of electrical and electronic appliances, producing recycled plastics and both ferrous and non-ferrous metals. Inbound supply comes from so-called producer schemes on long-term supply contracts, and outbound products provide industry partners with secondary materials to make closed-loop circular products.

The **Mineralz** business produces building materials from incinerator bottom ashes, extracting both minerals and metals as part of the process. It provides services to incinerators to enable their compliance with the Dutch Green Deal requirement to recycle bottom ashes. Mineralz produces building materials such as concrete tiles. It also continues to operate unique landfill services to manage specialist waste streams such as fly ashes at the Maasvlakte landfill site in Rotterdam.

Orgaworld is a leader in organic waste treatment and produces green electricity and soil enhancing materials. Its facilities deploy tunnel composting, anaerobic digestion and waste water treatment technologies. During the year the Group acquired the out-of-date food waste collections and depackaging business Rotie at the adjacent site to our Greenmills facility. This vertical integration secures the inbound feedstock for the digester and is complementary to our Semler business within Commercial Waste Netherlands, where the Organics business is managed from April 2020.

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

MARKETS

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

In Coolrec we have focused our activities on the segments of fridges and small domestic appliances. Both inbound markets were stable during the year. Outbound pricing saw continued pressure, in particular with falling prices for non-ferrous metals.

The Mineralz business saw stable markets in the year, with one-off projects offsetting margin pressure from lower market prices for landfill due to regulatory rulings announced last year.

The Orgaworld business saw ongoing steady growth in volumes.

Our Maltha glass recycling business sources flat and container glass across Europe. Glass supply was broadly stable. The cullet and powders produced are sold to leading glass manufacturers, including our partner Owens-Illinois, where demand is also broadly stable. Offtake markets for ceramic stone and porcelain (CSP) have improved, allowing inventories to be reduced.

DIVISIONAL STRATEGY

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

Monostreams business model

	INPUT	PROCESSES	OUTPUT
COOLREC	• Electronics • Fridges • Plastics • Washing machines • WEEE plastics	• De-pollution • De-gassing • Shredding • Sorting • Reprocessing of plastic	• Granulates • Metals • Plastics • Plastic flakes • Raffinates • Recovered gas
MINERALZ	• Ashes • Industrial waste • Soil	• Soil washing • Metal extraction • Cleaning and grading • Immobilisation • Landfill	• Aggregate • Binder • Clean soil • Landfill locations
ORGAWORLD	• Food waste • Green waste	• Composting • Anaerobic digestion	• Digestate/compost • Green electricity • Industrial organics
MALTHA	• Flat glass • Packaging glass	• Cleaning • Drying • Milling • Shredding • Sorting	• Glass cullet • Glass powder

Monostreams financial performance

	REVENUE			UNDERLYING EBIT			
	FY20 IFRS 16 basis €m	FY19 IAS 17 basis €m	Variance %	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m	Variance IAS 17 basis %
Total Monostreams	213.6	213.3	0%	14.5	14.1	12.9	9%

	UNDERLYING EBIT MARGIN			RETURN ON OPERATING ASSETS		
	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis
Total Monostreams	6.8%	6.6%	6.0%	17.9%	21.3%	18.1%

Note
The return on operating assets excludes all landfill-related provisions.

segregated input streams. Following acquisitions and disposals during FY20, the Monostreams Division was disbanded on 31 March 2020. Maltha and Coolrec form part of the new Specialities Division, Mineralz joins ATM as the Mineralz & Water Division and Orgaworld becomes part of an Organics business unit in Commercial Waste Netherlands.

FINANCIAL PERFORMANCE

Monostreams recovered well in FY20, particularly with a strong second half as restructuring benefits were realised. Underlying EBIT increased by 9% to €14.1m, on flat revenues at €213.6m. Margins increased by 60 basis points to 6.6% with return on operating assets up by 320 basis points from 18.1% to 21.3% (17.9% on an IFRS 16 basis). Coolrec, Maltha and Orgaworld all delivered strong earnings growth, offset by an expected decline in Mineralz due to previously announced margin pressures in the landfill sites.

OPERATIONAL REVIEW

The Coolrec business recycles e-waste and white goods into plastics and metals. As announced last year, we have significantly simplified the business offering, exiting loss-making product lines and territories. Profits increased as a result, while revenues were significantly reduced. We are investing to improve quality and capacity in the core fridge recycling lines and in improving plastic quality at our Waalwijk facility.

Maltha, jointly owned with Owens-Illinois, also made good progress in recovering margin in the year. New management has driven a sustained improvement in commercial and operational performance, especially at the Dintelmond site. The overall glass market is set for growth due to a shift from plastic packaging towards glass products.

Mineralz showed a decline in margins, as expected, following the increased landfill tax in the Netherlands, which could not fully be passed on to customers, as well as lower volumes in soil cleaning following the nitrogen deposition concerns in the Netherlands.

Orgaworld had another strong year, with organic revenue growth boosted by the acquisition of Rotie, a collection and depackaging business adjacent to our Amsterdam digester. Good volumes were supported by increased electricity generation at improved prices.

DIVISIONAL OUTLOOK

All business units were significantly impacted in April by the lockdown, due to a combination of lower volumes, lower demand for product and loss of production capacity, but performance was expected to improve through May. Thereafter performance will be driven by the speed of economic recovery and easing of lockdown restrictions. No long-term impact is expected on any of the business units.

9%

Increase in underlying EBIT, to €14.1m, on flat revenues at €213.6m

SUSTAINABILITY IN ACTION

New life for old fridges – very Coolstar

From the wreckage of old fridges, Renewi salvages waste plastic and transforms it into a secondary material suitable for a huge variety of applications. The high-impact polystyrene (HIPS) regranulate, called Coolstar, is made by our subsidiary Coolrec. With a purity of more than 98%, HIPS is providing a sustainable economic solution to reduce the use of virgin plastics, and is currently used in the manufacturing of toys and tokens.

After collecting discarded fridges from across Europe, Coolrec dismantles them, separating metal and plastic. It uses sink/float techniques to sort different polymers according to their density, which are then converted into three types of high-quality regranulate: Coolstar Circular, which can be used for most injection moulding applications; Coolstar Plus, further purified and so ideal for thin wall applications as sheet extrusion and 3D printing filament; and Coolstar Master, which features enhanced impact strength and can be tailor-made to customer specifications.

The many applications of HIPS include: fridge linings, vending cups, bathroom cabinets, instrument panels and control knobs, buttons and computer housings. This 100% recycled compound brings new life to materials that would otherwise have been discarded, helping to create a cleaner, greener future. As Director at Coolrec Dieter Avonds explains: "Coolrec has reached an important circular milestone with the introduction of Coolstar, which demonstrates our sustainability vision at the heart of the circular economy."

Our circular economy lead offers powerful insights into the climate crisis: see pages 28 to 31

Municipal

HIGHLIGHTS

- Current year performance saw underlying improvement
- Successful transition to a new contract directly with Derby City and Derbyshire County Councils
- Municipal has been combined with Coolrec and Maltha to create the new Specialities Division

TECHNOLOGIES

- Anaerobic digestion
- In-vessel composting
- Magnets
- Mechanical biological
- Optical sorters
- Shredding
- Sorting lines
- Trommels

PRODUCTS

- Digestate/compost
- Glass
- Green electricity
- Metal
- Paper
- Plastic
- Refuse-derived fuel
- Solid recovered fuel

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

In September the Group completed the disposal of the discontinued Canadian activities, with the remaining divisional activities being the five UK contracts. These PPP contracts are with Argyll and Bute, Cumbria, Barnsley, Doncaster and Rotherham (BDR), East London (ELWA) and Wakefield councils. All of these contracts are in full operation. Within the year, following the insolvency of the EPC contractor, Interserve, the PPP contract for Derby City and Derbyshire County Councils was terminated, and Renewi was separately re-contracted to provide ongoing waste processing service for the councils for two years.

These contracts provide guaranteed volumes under agreed terms, typically with some form of price indexation. However, the contracts are not always linked to the variable offtake cost of the disposal for sorted and treated materials. Changes in these offtake markets can result in margin pressure.

The Municipal Division is focused on running and optimising these existing contracts, rather than bidding for new ones. The business model is shown in the graphic on page 60.

MARKETS

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

The offtake for residual fuels for our ELWA facility is exported to continental European incinerator capacity, given the current structural lack of domestic capacity in the UK. The European market was impacted by the reduced capacity at AEB following the extended maintenance shutdown, and alternative capacity was found, often at higher prices. Additionally, these exports to the Netherlands became more expensive with the extension of Dutch burnable waste taxation, which included imported waste from January 2020. This increases offtake costs until domestic UK incineration capacity is increased or alternative, cost-effective European outlets can be sourced.

The Division also supplies various recyclate materials into the offtake market. Typically,

pricing for these waste and product streams is secured against market indices. The prices for paper and plastic recyclate remain suppressed following the Chinese import policy changes in the prior year.

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

DIVISIONAL STRATEGY

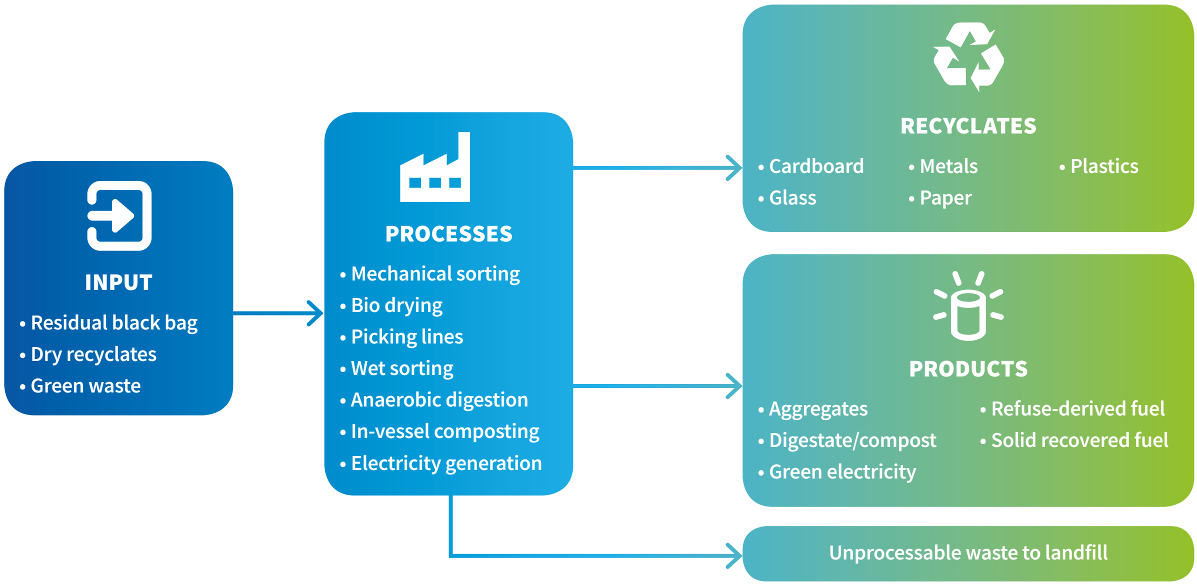
We have greatly simplified the Municipal portfolio, including the disposal of our Canadian assets during FY20. The core focus is on continuing to improve the operating performance of the remaining assets to reduce cash losses and create a platform for future growth. Municipal has been combined with Coolrec and Maltha to create the new Specialities Division going forward, an international division with a strong focus on operational and margin improvement.

FINANCIAL PERFORMANCE

The Municipal Division made a small underlying loss of €2.5m, as expected, compared to a profit of €0.8m in the prior year, on revenues 1% higher at €197m. The prior year included higher profits on the original Derby contract before it was terminated, and one-off items such as rates rebates.

Current year performance saw underlying improvement, particularly at Cumbria, BDR and ELWA. The introduction of a €32 per tonne import tax on burnable waste to the Netherlands from 1 January 2020 added significantly to the cost base of ELWA, resulting in an exceptional charge of €25.9m reflecting an onerous contract provision of €15.5m and an asset impairment of €10.4m. >

Municipal business model



Municipal financial performance

	REVENUE			UNDERLYING EBIT		
	FY20 IFRS 16 basis €m	FY19 IAS 17 basis €m	Variance %	FY20 IFRS 16 basis €m	FY20 IAS 17 basis €m	FY19 IAS 17 basis €m
Total UK Municipal	**197.2**	**195.2**	**1%**	**(2.8)**	**(2.5)**	**0.8**

	UNDERLYING EBIT MARGIN		
	FY20 IFRS 16 basis	FY20 IAS 17 basis	FY19 IAS 17 basis
Total UK Municipal	**-1.4%**	**-1.3%**	**0.4%**

Note
Underlying EBIT includes utilisation of €12.2m (2019: €10.0m) from onerous contract provisions.

OPERATIONAL REVIEW – UK

Municipal delivered significant operational improvements and a successful transition to a new contract with Derby City and Derbyshire County Councils. The impact of the Dutch import tax on ELWA cast a shadow over what was otherwise a positive year.

Improving operational performance

Achieving stable operations gives Renewi a platform to drive continuous improvement through all contracts. This includes optimising operating costs, eliminating cost of failure and reducing exposure to difficult offtake markets. In the past year we have delivered 36 projects across our contracts, including a project increasing the gas generation and performance of our AD composting process in BDR; and in ELWA, a focus on asset maintenance delivered a reduction in spend on parts, decreased our reliance on third-party contractors and improved the condition and performance of our assets. Looking forward, an expanding continuous improvement programme will deliver further improvements.

New contract at Derby

We had for some years a contract to be the long-term operator of Sinfin Lane, a gasification facility, as part of a PPP contract between Renewi and the constructor, Interserve, and Derby City and Derbyshire County Councils. Last year, we wrote

off our investment in the contract as Interserve was more than two years behind schedule delivering the project, and in August 2019 the contract was terminated by the lenders. We have continued to work with and support Derby City and Derbyshire County Councils and have entered into a continuity services contract directly with them to manage their waste. This contract no longer carries the long-term operational or financial risk associated with the original contracts.

Incinerator taxes, Brexit and ELWA

Our ELWA facility has for many years exported the majority of its 200,000 tonnes of burnable waste per year to the Netherlands. The unexpected introduction of a €32 per tonne import tax on burnable waste from 1 January 2020 has added up to €6m per annum of extra costs, which makes the ELWA contract onerous. An exceptional charge of €25.9m was announced in January to address the increased future costs of disposal. We have also included expected additional future costs of haulage and tariffs relating to Brexit once the transition period ends.

DIVISIONAL OUTLOOK

Covid-19 had a moderate impact on Municipal during the lockdown period due to the closure of household waste recycling centres (HWRCs) and lower recyclate income. This loss of profitability should be restored to previous levels as HWRCs reopen, with no long-term impact expected.

WE'RE ALWAYS IMPROVING

Municipal's continuous improvement (CI) programme helps ensure operations are as efficient as possible. CI is not simply a one-off project Municipal colleagues run before returning to the 'day job' – it's about challenging the way they work every day and everywhere in the UK business. Indeed, at any one time, Municipal is running up to 10 projects around the country.

In the past year, the Division has completed 36 CI projects across three contracts; these included a scheme that enhanced the performance of our anaerobic digestion composting process at the BDR (Barnsley, Doncaster and Rotherham) site. This resulted in an increased capacity to accept third-party tonnage and a higher yield per tonne of green gas for the on-site CHP plant.

In our ELWA (East London Waste Authority) operation, our focus on the maintenance of assets boosted their condition and performance, delivered a reduced spend on parts and decreased our reliance on third-party contractors.

DRIVE THE CIRCULAR ECONOMY, REDUCE WASTE, LOOK AFTER OUR PEOPLE AND WIDER SOCIETY… HERE'S OUR PLAN TO PROTECT EVERYONE'S TOMORROW

Discover how the three pillars of our sustainability strategy will help fulfil the goals of our environmental mission:

Enable the circular economy
Page 63

Reduce carbon emissions and waste
Page 66

Care for people
Page 70

Enable the circular economy

OBJECTIVES

- Turn our customers' waste into new products

HIGHLIGHTS

- 2020 recycling and recovery rate target exceeded
- Carbon avoidance intensity ratio target exceeded
- Commercial partnerships formed to create secondary materials and products and help drive the circular economy

SDG LINK

Our purpose is to protect the world by giving new life to used materials. We recognise the value of waste. We collect it and create something new out of it. Turning residual materials into secondary raw materials helps protect the world's natural resources and preserve the planet for future generations. This puts us at the heart of the circular economy, while creating value for our stakeholders.

That's why one of the three central themes of our new sustainability strategy, working together with our enhanced business strategy, is to 'enable the circular economy'. The business strategy also affirms our support for the circular economy: two of its main objectives are for Renewi to be a leader in recycling and in secondary material production.

Our purpose is entirely in step with developments in the countries where Renewi operates and beyond: the circular economy is growing, and more businesses are exploring sustainability, driven by the wider economy, legislation and social pressure. There is growing market demand for more sustainable products and services and increasing government incentives in the form of legislation and regulations. This means more businesses are taking sustainability seriously and realise they should be contributing to society. Much more needs to happen, however, to tackle the big challenges the world is facing. Large businesses play an important role here and need to upscale and accelerate changes in their production, sourcing and output.

But it's not just a business issue; we need a wider system change towards an economy that is driven by purpose and by profit. For that, we need active involvement and co-operation between business and industry, politics, science and the public.

At Renewi, we're helping customers design their products, to make it easy for materials to be extracted for re-use or recycling at the end of product life. We also work with them to develop their own circular business models, so that scarce materials stay within the chain for as long as possible. In this way we want to enable the circular economy.

TRANSFORMING WASTE INTO NEW PRODUCTS

The single focus of our sustainability strategy's enabling the circular economy theme is to turn our customers' waste into new products, for we believe that today's waste materials are tomorrow's resources. After products have been used for as long as possible, the loop needs to be closed and valuable raw materials must be brought back into the product value cycle. More businesses are looking to us for guidance and advice about circular thinking and practices – on how, for example, their own used materials can be used again for new products, or how customers can make their own procurement practices more circular. By giving such guidance, we promote greater environmental responsibility, both within our supply chain and in society as a whole.

We prioritise waste recycling over energy recovery or landfill disposal for all the waste we receive. We plan to divert more residual waste from energy recovery to recycling solutions in the coming years. We do this first by communicating with our upstream clients, encouraging them to sort and separate their waste streams so that we can provide the highest recycling output. One example is our commercial PMD (plastic bottles, metal packaging and drink cartons) collection. Our Commercial Waste Division in Belgium and the Netherlands deploys part of its own sorting and recycling operations for, among other things, paper, cardboard, wood, plastics, metals, and construction and demolition waste. We have partnerships with other recyclers to make sure that we can offer our customers the solutions that are best suited to their specific waste streams. Specific recycling activities for glass, electric and electronic waste, and hazardous waste are clustered within our Specialities and Mineralz & Water Divisions.

More and more low-quality residual waste gets a new life instead of being incinerated – and we invest in innovative technologies and business models for circular products, and place these products into markets where their sustainability benefits can be maximised. For example, together with IKEA, we have invested in Dutch company RetourMatras, which transforms old mattresses into secondary products, so it can expand its recycling operations (see page 21); we have an exclusive delivery partnership with Purified Metal Company, which decontaminates waste steel for re-use in the construction industry (see page 31); we have a similar arrangement to transport waste plastic to chemical recycling specialists, who transform it into oil that can be used to make new plastic products (see page 30).

Waste streams that can't be recycled are given a useful purpose as high-quality fuel products such as refuse-derived fuel (RDF) or solid recovered fuel (SRF), biomass fuels and Renewi's ICOPOWER® pellets. We also expect the amount of waste to landfill to further drop as more landfill sites are decommissioned.

CARBON AVOIDANCE FROM RECYCLING AND RECOVERY

Our recycling and recovery activities also have a carbon avoidance benefit. By recycling materials and making them available as a secondary raw material, the use of primary raw materials is avoided. By doing so, less carbon is emitted in the life cycle of these materials, hence carbon avoidance in the supply >

chain of products made out of these materials. And, of course, when waste materials are used as fuel, carbon emissions that would otherwise occur by using fossil fuels are partly avoided. Finally, we turn landfill gas into electricity at our biggest landfill sites, partly avoiding so-called diffuse carbon emissions (CO_2 and methane) to air. We expect these emissions to decrease over time as less landfilling takes place. Our sustainability objective here is measured by these headline metrics, each with a target for 2025:

- **Recycling rate** (% of all handled waste recycled or prepared for recycling). **Target** 75.0%
- **Carbon avoidance** (kg CO_2 per tonne waste handled). **Target** 275

PERFORMANCE (OVER THREE YEARS)

Next to carbon avoidance, recycling and recovery rates have always been key indicators of our sustainability performance. In the past we set ourselves objectives for our combined recycling and recovery rate, as well as our recycling rate. For both measures, the higher the percentage, the better our performance (see table, top). Carbon avoidance benefit has been reported in total and as an intensity ratio per tonne of waste handled. This ratio accounts for the weight of waste we handle, and tracks our performance. The higher the number, the better our performance (see table, right).

In FY20 our overall recycling and recovery rate continued to increase, ending the reporting cycle with an achievement of the target. The improvement was mainly caused by a decrease of landfill in the UK. The recycling rate dropped two percentage points to 64.7% and so our 70% target wasn't achieved. The amount of materials recycled in million tonnes reduced from 9.27 to 8.53, mainly due to a decrease in soil cleaning activities at our ATM plant in the Netherlands and less waste sent to recycling from our Commercial Waste Belgium Division and the Municipal UK Division. This counteracted the increase of recyclate volumes in our Commercial Waste Netherlands Division and Monostreams Division. Another driver was the rise of volumes of waste sent to energy recovery, mainly caused by an increase in RDF/SRF production in the UK and more residual waste sent to incineration in the Netherlands.

By increasing the volumes of waste sent to recycling and producing waste-derived fuels, we can create a positive carbon benefit in the supply chain. Our carbon avoidance intensity ratio rose by 7% compared to FY19, clearly achieving our 2020 objective target. The strong growth of this intensity ratio was mainly due to an increase in waste-derived fuels produced and sold in the UK. The decrease in waste used as a fuel at our ATM site in the Netherlands and increase in volumes of residual waste sent to incineration – which has a negative carbon avoidance effect – counteracted part of the positive development in the UK.

Recycling and recovery performance

Indicator	FY18	FY19	FY20	2020 target
Total waste handled at sites (million tonnes)	14.02	13.85	**13.18**	
Materials recycled (million tonnes)[1,2]	9.30	9.27	**8.53**	
Materials recovered for energy production from waste (million tonnes)[1,2]	3.19	3.20	**3.44**	
Total materials recycled and recovered for energy production (million tonnes)	12.49	12.47	**11.97**	
Recycling as % of total waste handled	66.3%	66.9%	**64.7%**	**70.0%**
Recycling and recovery as % of total waste handled	89.1%	90.0%	**90.8%**	**89.9%**

1. Recycling 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, biomass and similar.
2. Includes water recovery and moisture loss during treatment for some technologies employed.

Carbon avoidance performance

CARBON AVOIDANCE AS A RESULT OF OUR ACTIVITIES[1]

Source	FY18	FY19	FY20
Renewable energy generated	56	47	**42**
Waste-derived fuels produced and sold	946	970	**1,081**
Materials separated for re-use/recycling	1,699	1,764	**1,749**
Energy from waste used on site as a fuel	305	241	**201**
Total potential avoided emissions	**3,006**	**3,022**	**3,073**

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding. Data based on carbon 'factors'. These vary from country to country and are periodically updated – as by government agencies, for example.

CARBON AVOIDANCE INTENSITY RATIO

Ratio	FY18	FY19	FY20	2020 target
Million tonnes greenhouse gases avoided by our activities (CO_2 equivalent) per million tonnes waste handled	0.214	0.218	**0.233**	**0.217**

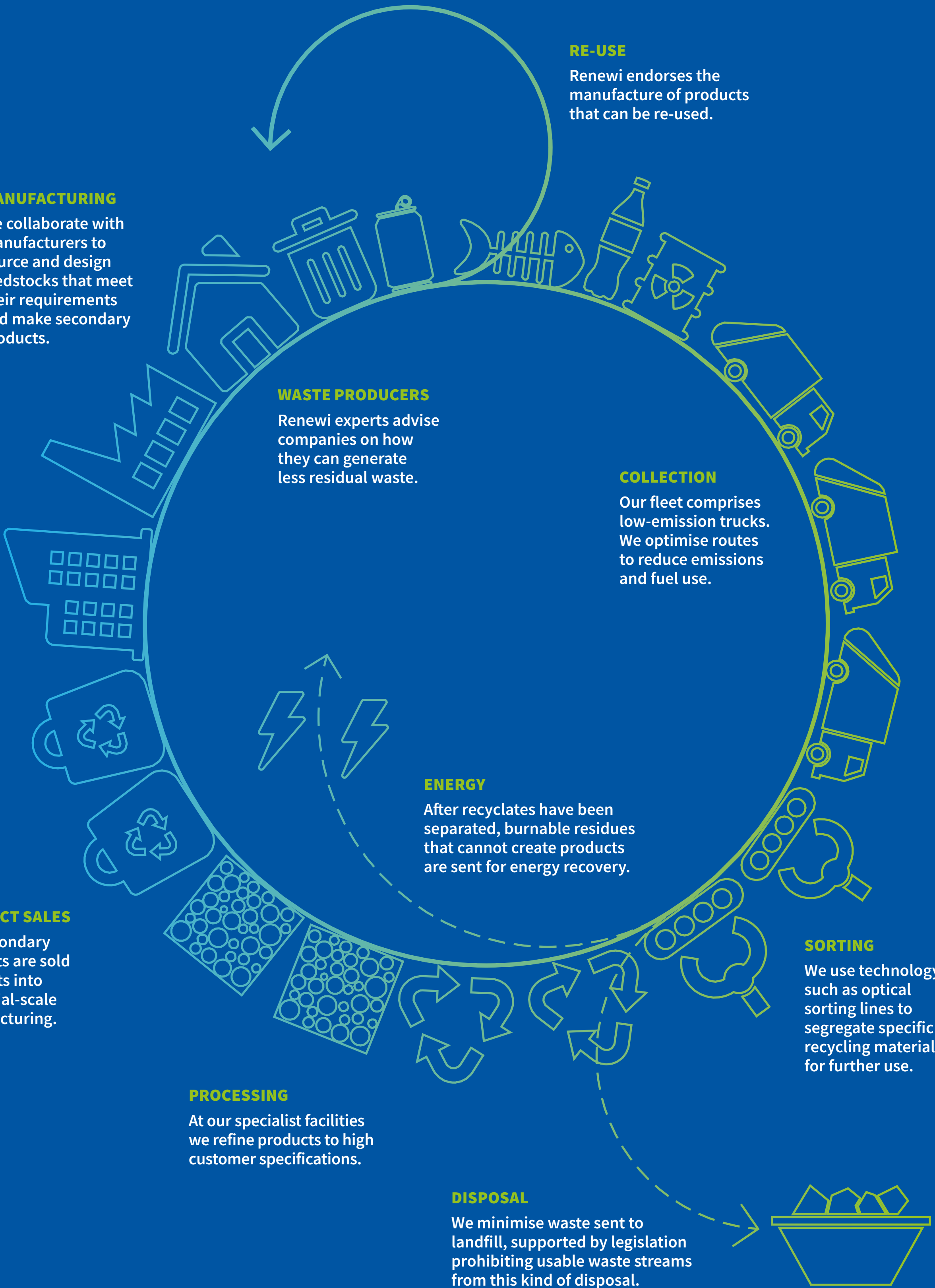
CONCLUSION AND OUTLOOK

We hit the recycling and recovery rate and carbon avoidance intensity ratio targets, but not the recycling rate target. We expect a further decrease in waste sent to disposal, due mainly to more landfill sites closing down. That's why we are dropping the recycling and recovery rate metric, and are focusing on increasing our recycling rate, in line with strategy. We aim to do this by reducing volumes of residual waste incinerated. We will still supply waste-derived fuel. We expect an increase in the carbon avoidance benefit from our activities. We will continue to measure this parameter, aiming to increase it in the years to come.

90.8%

Renewi's recycling and recovery rate as a percentage of all waste handled

The circular economy – how Renewi plays its part



RE-USE
Renewi endorses the manufacture of products that can be re-used.

MANUFACTURING
We collaborate with manufacturers to source and design feedstocks that meet their requirements and make secondary products.

WASTE PRODUCERS
Renewi experts advise companies on how they can generate less residual waste.

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

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

PRODUCT SALES
Our secondary products are sold as inputs into industrial-scale manufacturing.

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

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

DISPOSAL
We minimise waste sent to landfill, supported by legislation prohibiting usable waste streams from this kind of disposal.

Reduce carbon emissions and waste

OBJECTIVES

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

HIGHLIGHTS

- Euro 6 low-emission truck goals exceeded so far, but not finished
- Transport energy efficiency objective achieved

SDG LINK

Time is running out for us to change the way we live. Our climate is on the verge of changing irreparably, with enormous consequences for our wellbeing – indeed, our very existence. In addition, the ongoing destruction and pollution of natural habitats turns our world into a hostile place to live for a lot of species, including our own. As a company, our purpose is wholly aligned to being a part of the solution: reducing carbon emissions through the re-use of secondary materials and reducing contamination in our eco-systems.

Our business model is oriented around sustainability by improving the carbon and waste footprint of our customers, and naturally we carefully consider our own environmental impact and behaviour. But we face challenges: our waste collection is performed by a fleet of diesel trucks which, while complying with European emissions standards, also send nitrogen and particulate matter into the air, as well as using carbon. The collected waste is then stored or treated at our sites – activities that use energy, mostly electricity. Moreover, some of the waste treatment activities also cause direct process carbon emissions. In addition, events such as fires and environmental spills can cause unwanted emissions of substances to soil, water and air. This is why we have identified 'reduce carbon emissions and waste' as one of the three pillars of our new sustainability strategy.

So while we strive to maximise the carbon avoidance benefit in our value chain, simultaneously we want to reduce our own environmental impact and carbon footprint as much as possible – and make sure our emissions to soil, water and air stay well within the legally permitted boundaries. We have identified three areas of improvement:

WASTE COLLECTION

Collection remains an important part of our activities, and we need to reduce its carbon, nitrogen and particulate matter emissions. Thus our objective here is to be a leader in clean and green waste collection. Looking forward, we expect our collection fleet to become smaller and cleaner. Given the public focus on nitrogen deposition because of environmental and health concerns, the conversion of the fleet to Euro 6 emission standards – the highest in Europe – is itself an important goal, one for which we already have publicly declared targets. But we want to take this a step further and focus on zero-emission vehicles (ZEVs) for waste collection in inner cities, though this presents a greater challenge both operationally and financially. Our current research and development on this issue is limited, so we are going to step up our engagement with the major vehicle manufacturers to ensure that we are at the front of the queue for prototypes to test. In fact, our first zero-emission electric collection trucks take to the road in Amsterdam in August 2020 (see page 68). We will also develop a lobbying and marketing strategy to ensure that the roll-out of ZEVs is either mandated or subsidised by customers and government.

Next to growing the number of clean, Euro 6 standard trucks or ZEVs in our fleet, we are continually optimising our collection routes, reducing the amount of kilometres driven. Additionally, white-label collection trials are under way for many inner-city customers. These use non-branded trucks operated by multiple waste management companies, reducing urban traffic and kilometres driven as well.

Our objective to be a leader in clean and green collection is measured by the following headline metric, with a target for 2025:

- **Carbon intensity of collection** (kg CO_2 per tonne waste collected). **Target** <9.00

Besides this strategy and target, other projects are also expected to have the potential to positively impact the carbon reduction of waste collection. Among these are the revitalisation of our eco-drive programme, and researching the use of alternative fuels such as bio-LNG and hydrogen.

SITE OPERATIONS

Secondly, our aim is to reduce the carbon impact of our operations. Carbon and energy use are inextricably linked. For most organisations, carbon sustainability means energy use reduction and efficiency. For us the situation is more complex. Our main goal is to move our activities up the waste hierarchy ladder, creating more secondary products from waste. But the higher up we move, the more energy we will need for operating plants and machinery and for on-site transport. This is the same whether energy use is considered overall, or as an intensity ratio such as per tonne of waste managed.

While recycling and recovery activities have a carbon avoidance benefit (see box, right), we acknowledge the need to reduce the carbon impact of our own operations as much as possible – hence its importance in our sustainability strategy. We want to achieve this mainly by investing in renewable energy production at our sites, displacing fossil energy use. We are investing in solar panel roofs, and are investigating the placement of wind turbines at our sites. Where this is not sufficient, we will purchase green energy. For this we aim to collaborate with frontrunner green energy providers.

Another area of development is the electrification of our company car fleet. Renewi managers need to travel between our sites, many of which are remotely located far from public transport hubs – hence the need for company cars. Renewi has a fleet of about 800 cars, so the carbon impact is considerable. That's why we encourage the use of electric and hybrid cars (fuelled by green energy). We have therefore made arrangements with lease car suppliers, and are also going to increase the number of charging stations at our sites.

This second objective, to reduce the carbon impact of our operations, is also measured by a headline metric with a 2025 target:

- **Carbon intensity of our sites** (tonnes CO_2 per tonne waste handled). **Target** 9.42

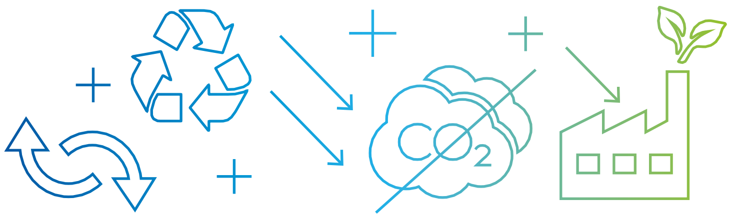
Although we have identified energy efficiency as a challenging area for improvement, we will continue to invest in this. We have already conducted independent, external energy efficiency audits at our largest plants, and continue to pursue the outcomes and recommendations. Examples include replacing traditional lighting with LED lights, improving energy efficiency of our static and mobile plant, and replacing diesel motors and aggregates with efficient electrical ones. We will also promote efficient energy use behaviour.

RECYCLING AND RECOVERY – DRIVERS OF CARBON AVOIDANCE

Recycling and recovery activities result in carbon avoidance. For example:

- **Sorting centres and materials recycling facilities separate waste into individual components such as paper, card, plastics and metals. This allows these components to be used again in products, so avoiding the resource use and emissions associated with extraction and virgin raw material use. Waste is also diverted from incineration – another environmental advantage, as incineration also directly causes carbon emissions.**
- **Mechanical biological treatment facilities shred residual waste and then dry it to produce a solid recovered fuel. This is used to power production and industrial processes, displacing fossil fuels and so resulting in an emissions avoidance benefit.**
- **Organic treatment facilities such as anaerobic digestion plants and composting plants take food, green and other similar waste and turn it into green compost, reducing emissions associated with chemical and similar fertiliser production. Anaerobic digestion plants also produce green electricity directly.**

So while energy use may have increased from the reduction of waste to landfill and more sustainable methods, this is more than offset by the amount of carbon avoidance benefit obtained by recycling or recovering the waste instead. This is why we concentrate on carbon avoidance in the supply chain as a key measure.



48.5%

of Renewi's truck fleet comprises Euro 6 low-emission vehicles

RESIDUAL WASTE ON SITES AND SITE ENVIRONMENTAL IMPACT

Finally, our purpose, vision and strategy also oblige us to practise what we preach. And that includes eliminating or reducing residual waste at our sites, and limiting the environmental impact the sites have. We have set into motion some 'just do it' actions to demonstrate that we intend to shift gear on our own waste footprint:

- End the use of single-use plastics on our sites: not selling or providing drinks in disposable PET bottles and replacement of plastic coffee cartons by recyclable paper ones
- Improve and make consistent our own recycling policy across all sites, reducing the amount of residual waste and sorting organics, PMD (plastic bottles, metal packaging and drink cartons), paper and cardboard among other items. We >

SUSTAINABILITY IN ACTION

Electric trucks – a breath of fresh air

New emission-free electric trucks take to the roads in summer 2020 as part of our mission to lead the way in environmentally friendly collection operations. Renewi's Commercial Waste Netherlands Division has invested €700,000 in two electric trucks – our first – for industrial waste collection in Amsterdam.

The Volvo FE Electric 6x2s will be deployed by the end of August. This places Renewi ahead of the curve regarding future environmental regulations: Amsterdam's Clean Air Action Plan will only allow emission-free vehicles in built-up areas of the city by 2025, with even wider restrictions by 2030. And with the likelihood of an increasing number of zero-emission areas in the Netherlands, we are gaining important early experience of collecting waste with electric vehicles.

Each 27-tonne truck is equipped with four 50kW lithium-ion batteries. The batteries are powered up overnight or with DC fast charging, as well as during braking, which makes the vehicles particularly suitable for collection in cities.

The Commercial Waste Netherlands fleet of 1,385 vehicles is already impressively green; 48.5% of the Group's trucks meet the highest emissions standard – Euro 6. All the trucks now purchased by Renewi are second-generation Euro 6s. Euro 4 vehicles make up just a small fraction, and they are being phased out.

Renewi is also considering using DAF hydrogen-electric trucks, which can very efficiently store energy, enabling greater range. "We believe in sustainable trucks," says Commercial Waste Netherlands Asset Manager Adrie van Duyvenboden, who manages the Volvo truck project. "We see them as the future."

€700,000

Renewi's investment in electric waste collection trucks to date

1,385

Total vehicles in the Commercial Waste Netherlands fleet also continually focus on avoiding environmental impacts from fires and spills. This area is also highlighted in more detail in our Care for people section on page 70.

PERFORMANCE (OVER THREE YEARS)

Although electricity and fuel use decreased, the increase in gas use – together with a decrease in the total amount of waste handled – caused the site energy used rate per tonne of waste handled to increase compared to last year, bringing us no closer to achieving the target we set for this objective. Site efficiency will continue to be an area of importance. At the same time, however, we know that improving site energy will be hard, given the fact that with increasing recycling activities, the amount of energy needed per tonne of waste handled will also rise. That's why we decided to drop this measurement as a key sustainability metric.

As for our truck fleet efficiency, the route optimisation initiatives and continuous investment in Euro 6 waste collection vehicles have helped us meet our transport energy efficiency objectives from last year. This year, truck fuel use improved further by 0.3%. With Euro 6 vehicles now accounting for 48.5% of our total fleet, compared with 34.9% last year, we have continued to increase the proportion of cleaner vehicles and retire older collection trucks. This has also meant that we have now beaten our 2020 target of 34.4% Euro 6 fleet compliance.

Green electricity production reduced over the past year, largely as a result of the continuing decrease in energy production in the UK and a steady level of energy production in the other Divisions. We had expected a positive contribution from our new Derby plant this year, which will no longer occur. Our target of 213,170 megawatt hours for 2020 included this likely contribution. We expect positive developments again as we are increasingly investing in additional methods of renewable energy production on site, via wind turbines and the installation of solar panels.

CONCLUSION AND OUTLOOK

Renewi fulfilled its fuel efficiency and percentage Euro 6 truck targets, but didn't achieve the energy efficiency on site and electricity production targets. While we continue our efforts to increase the energy efficiency of our waste collection and site activities, we also acknowledge that future improvements are likely to be marginal. And above all, the main concern for the future is carbon emissions. That's why we are shifting our focus to efforts to decrease our total carbon impact from our activities, regardless of how much energy we use. We want to accomplish this by investing more in renewable energy production and purchase, and further increase the share of fuel-efficient and zero-emission trucks in our fleet.

Carbon footprint performance

EMISSIONS FROM OUR ACTIVITIES (CO_2 EQUIVALENT 000 TONNES)[1]

Source	FY18	FY19	FY20
Process-based emissions			
Emissions from green composting	76	90	**42**
Emissions from hazardous waste treatment	256	204	**199**
Emissions from landfill	101	91	**85**
Other emissions (mechanical biological treatment – MBT – and anaerobic digestion – AD)	67	50	**45**
Transport-based emissions			
Fuel used by waste collection and transport vehicles	120	120	**108**
Business travel (cars, trains, flights and similar)	5	5	**6**
Energy use emissions			
Electricity used on sites and in offices	121	117	**110**
Gas used on sites and in offices	16	17	**23**
Fuel used on sites for plant/machinery and equipment/heating	36	36	**35**
Total emissions from significant sources	**799**	**732**	**653**

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding.

GREENHOUSE GAS EMISSIONS INTENSITY RATIO

Ratio	FY18	FY19	FY20
Million tonnes greenhouse gases emitted (CO_2 equivalent) per million tonnes waste handled	0.057	0.053	**0.050**

Resource use and spills performance

SITE AND VEHICLE RESOURCE USE AND SPILLS PERFORMANCE

Indicator	FY18	FY19	FY20	2020 target
Electricity consumption (megawatt hours)	195,735	192,091	**176,935**	
Gas used at sites and offices (megawatt hours)	81,820	90,082	**118,525**	
Fuel such as diesel used at sites and offices (megawatt hours)[1]	118,962	120,238	**116,102**	
Total energy use at sites (megawatt hours)	396,517	402,411	**411,563**	
Energy use on sites in kWh per tonne of waste handled	28.3	29.1	**31.2**	**26.6**
Fuel used by waste collection vehicles (000 litres)	34,296	34,042	**33,141**	
Litres of fuel used per tonne of waste collected/transported	3.15	3.12	**3.11**	**3.12**
% of waste collection/transport truck fleet compliant with Euro 6 standard	24.2%	34.9%	**48.5%**	**34.4%**
Green electricity generated (megawatt hours)	143,462	124,582	**111,746**	**213,170**
Significant spills at sites – number of reported spills required by permits[2]	50	34	**43**	

1. Includes diesel used in heavy mobile plant and static plant and machinery, plus oil etc used for heating.
2. Spills are those as required to be reported by environmental permits.

Care for people

OBJECTIVES

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

HIGHLIGHTS

- Programme launched to develop inspiring leaders who drive results
- Education schemes in UK and Benelux teach children sustainability

SDG LINK

Ensuring colleagues are healthy, happy and safe at work is a key objective of 'Care for people', the third pillar of our new sustainability strategy. The plan also aims to make Renewi a rewarding workplace, where a diverse workforce feels included, listened to and valued. This overview of the past year's progress shows that even as the strategy was being developed, we were helping our people to progress and thrive.

RENEWI PEOPLE

Our people are core to achieving our ambition. Every day, no matter what the circumstances, our front-line teams keep communities and businesses waste-free by going out to collect waste and bring it 'home' to our 162 operating facilities. Their colleagues on site work to ensure collected waste is efficiently separated and stored ready for recycling. Behind our front-line heroes are innovative teams who come up with new ways to get value from waste. In some cases, this transformation occurs in situ at Renewi – as is the case at ATM in the Netherlands where our 211-strong workforce receives waste from customers and converts it into thermally treated soil or new high-grade gravel, sand and filler (see page 55).

In other parts of the business our people identify partners such as RetourMatras, which recycles discarded mattresses into secondary materials. Renewi has invested in the business, which will allow RetourMatras to expand its recycling capacity. We also collect the discarded mattresses from a variety of locations and deliver them to the RetourMatras facilities for processing (see page 21).

HELPING OUR PEOPLE THRIVE

As our business develops, so too should our people. To this end, we work closely with our leaders to give them the tools needed to take Renewi into the future and help them support our wider talent pool to embrace our 'new normal' – agility.

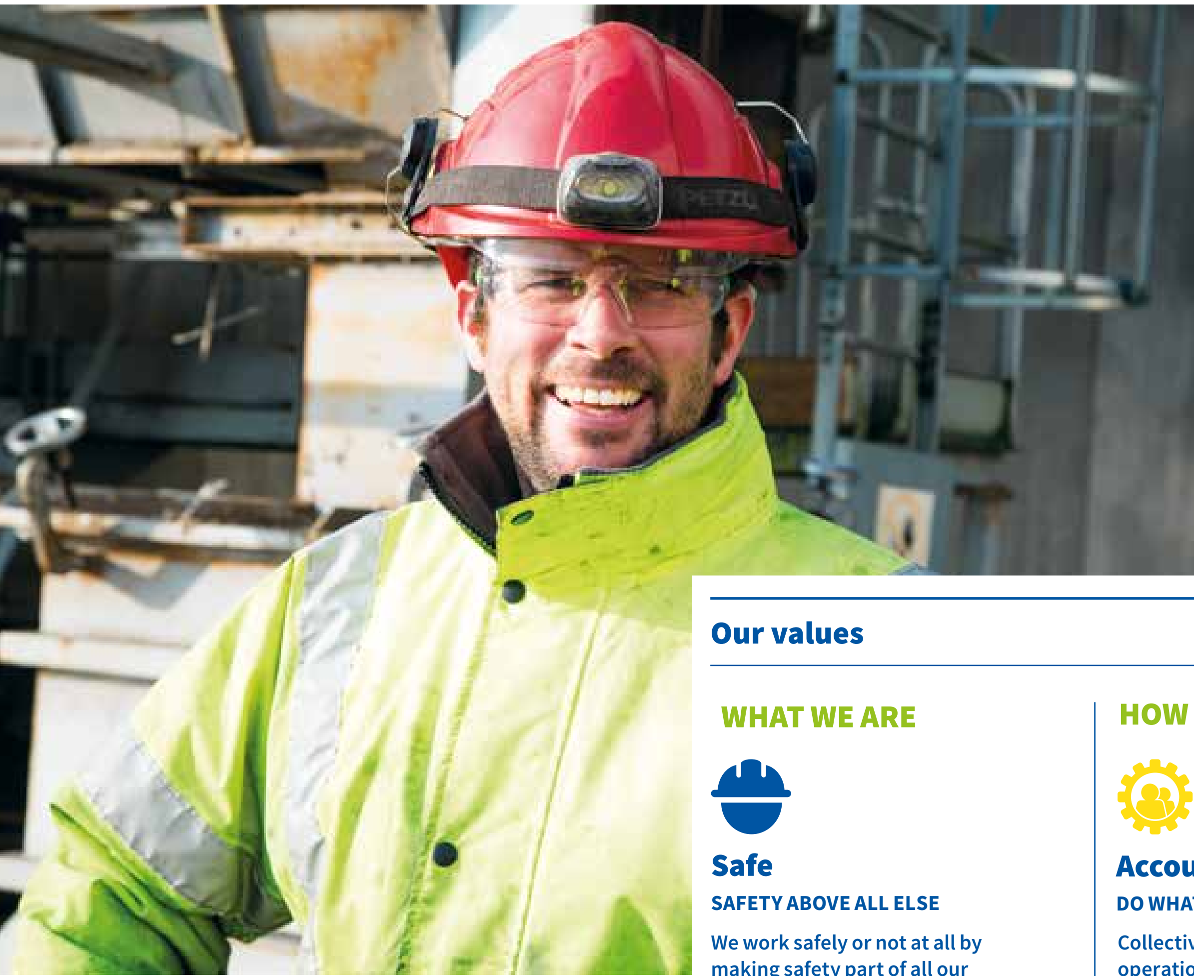
Over the past 12 months, we rolled out a programme that clearly outlines what is expected of leaders. Through this training, 139 leaders in the Netherlands learned more about how to be role models. These leaders will live and breathe our Renewi values and behaviours and promote them to their team. They will also provide direction by translating our strategy, creating a vision for the team and inspiring its members, developing them by drawing on their diverse strengths and perspectives.

They also learned that a prerequisite to lead successfully at Renewi is to develop yourself – through self-awareness, authenticity and openness – while also driving for results in a way that is fast and agile but in line with Renewi values. Another 90 leaders in Belgium and the UK will undertake this training in the coming financial year.

In FY20 we changed the way we listen to our people. Historically we conducted one lengthy Pulse/people survey per year. Last year, we introduced multiple shorter surveys that are giving leaders faster, real-time insight into what is important to employees, and to make it easier for managers to create a plan to increase engagement in their team. By listening and acting, we aim for improved employee satisfaction, greater productivity and better retention rates, and we hope to put ourselves in a stronger position to recruit. For these reasons, two of the most important questions on the Pulse surveys are: "How do you feel at Renewi?" and "How likely is it that you would recommend Renewi as an employer?"

Rebalancing our workforce

Attracting and retaining talent is a priority. Balancing our ageing workforce with young talent remains key to our future success. As our business evolves, we are moving from a history of waste management towards a future focused on recycling and the production of secondary raw materials, which help to address the climate crisis. We will find it easier to attract recruits from all walks of life into our business, as people across career bands are increasingly choosing to work in companies and sectors that make a difference to society and the world. To this end, each year we have more success in attracting bright young graduates – from engineers to computer scientists, financiers to marketers.



Our values

WHAT WE ARE

Safe

SAFETY ABOVE ALL ELSE

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

Innovative

DO IT BETTER EVERY DAY

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

Sustainable

MAKE A DAILY DIFFERENCE TO OUR PLANET

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

HOW WE ACT

Accountable

DO WHAT WE SAY WE'LL DO

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

Customer-focused

ADD VALUE FOR OUR CUSTOMERS

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

Together

ALWAYS OPEN AND RESPECTFUL

Co-operation 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.

Ethics, compliance and people

One of our sustainability strategy 'people' objectives is to make Renewi a rewarding, diverse and inclusive working environment, and we can state with pride that we employ a diverse workforce, people from a wide range of backgrounds and cultures. They are attracted by our code of conduct, which prioritises the creation of a safe and healthy work environment, diversity, equality, non-discrimination and accountability and doing the right thing even when nobody is watching. Behaving in a way that keeps our people and our company safe online is an element of our IT code of conduct. Renewi is also an equal opportunities employer; for example, full and fair consideration is given to applications from disabled people, their continuing employment, career development and training.

Our UK trading entity, Renewi UK Services Ltd, is obliged to disclose annual male and female pay details under the UK gender pay gap reporting legislation. It looks at average pay based on gender, regardless of job role, geographic location, market forces, grade or other influences on rates of pay. While we employ significantly more men than women, our female employees are concentrated in non-manual support and managerial roles that are typically paid more than the broader-based manual roles. It also shows we have more men in senior leadership positions, and that their salaries balance out the data, which may otherwise show higher >

average pay for the female section of our workforce. Our overall pay gap is not significant, but we recognise that we must continue to address the gender balance across the business.

With regard to human rights, we have embraced a policy to combat the possibility of human trafficking and slavery in our business and supply chain. In compliance with the UK Modern Slavery Act 2015, our statement on this matter is considered and approved by the Board annually, and is on our website, renewi.com.

This objective is tracked by the following headline metric, with a target for 2025:

- **Employee satisfaction** (Pulse survey employee net promoter score). **Target** +30

NURTURING HEALTH AND WELLBEING

Safety is a key value and a top priority for Renewi. There is nothing more important than getting our people home safely at the end of each working day, and this is a key objective of our new sustainability strategy. Two years ago, we launched a new safety culture initiative – and over the past year rolled it out to all employees through our leadership teams. During the year we have focused on engagement: as a result, the number of incident reports made by colleagues increased by 67%, indicating a heightened sense of risk awareness and employee engagement. Beyond safety we also prioritise health and wellbeing. Our Fit to the Finish programme (see box, below), launched a year ago in

SUSTAINABILITY IN ACTION

Care for colleagues' health and happiness

In 2019 Renewi engaged in programmes to support and help improve employees' physical and mental health in the UK and Benelux. Colleagues at Renewi's UK offices took part in Mental Health Awareness Week in May, which included a psychologist-led session on mindfulness, outdoor games and activities, and a quiz, which is now a weekly event.

We also promoted our 24-hour mental health support helpline (the Employee Assistance Programme) and the Renewi YOU portal, an online platform with an area dedicated to mental health. The platform features videos on a wide range of topics, from stress, anxiety and breathing and sleep techniques to advice on managing your money.

"We gave colleagues an environment in which to talk and highlighted the fact that mental health is being experienced by many, many people," explains Angela Banks, Training Co-ordinator at Renewi UK. In Belgium, colleagues formed teams to compete in the Global Challenge programme, which, in a fun atmosphere, encourages people to improve their physical and psychological wellbeing with a healthy and active lifestyle.

In September 2019, Commercial Waste Netherlands launched the Fit to the Finish health programme, which is based on six key themes: more moving, no smoking, no alcohol, eat healthy food, relax and better sleep. Employees receive updates on activities taking place, online and in person. So far 234 employees have participated, and we have plans to expand the programme into the UK and Belgium.

"We want to keep our employees healthy because we value them, and we want them to have a healthy and happy life," says Marjet van Vroenhoven, Manager Health Management. "And, of course, colleagues who are fitter and happier contribute to Renewi's success."

the Netherlands, has actively supported our people to increase their levels of fitness and health to reduce levels of sickness. In the UK, our online platform Renewi YOU offers a wealth of resources to support our employees' wellbeing (see box, below). Colleagues are able to access a variety of exercise classes, videos and blogs on mental health and resilience, and a range of resources on healthy eating and diet. In addition, Renewi YOU is a platform where employees can access discount schemes and information on benefits, and we can recognise people for their exceptional contributions. This objective is tracked by the following metric, with a target for 2025:

- **>3-day accident rate** (number of 3-day accidents / total number of FTE x 100,000). **Target** 600

ENABLING POSITIVE CHANGE

Renewi is on a journey to become the leading European waste-to-product company. To achieve our goal, our business continues to evolve and change remains a constant. It is therefore important to bring our people on the change journey with us.

From continuous improvement to integration programmes and Renewi 2.0, change is far-reaching across Renewi. During the past financial year, we created Renewi 2.0, a programme to simplify Renewi's overhead, to improve our customer experience, to increase employee satisfaction and to deliver cost benefits. This three-year programme covers all divisions and functions (see page 22). To help leaders deliver change effectively, we will continue to deliver change management training and support change through internal communications.

As part of our post-merger integration programme, which is now in its final stages, 18 months ago we undertook to harmonise our reward structure in order to remunerate our people fairly and in a way that can stand up to scrutiny. During the past year we worked closely with a Central Union delegation in Belgium and the Central Works Council in the Netherlands to harmonise blue collar pay. During FY21 we will complete the harmonisation of white collar pay across the Group and in the Divisions.

PERFORMANCE (OVER THREE YEARS)

Although the total number of accidents with more than three days' absence has dropped 3% from 98 to 95, the greater than three-day accident rate, which is the 12-month rolling rate per number of FTEs, increased. However, the general lost-time injury frequency rate did decrease significantly, which shows that our efforts to reduce the average number of accidents per employee are paying off. A continuing matter of concern is the severity rate, which again moved negatively. This means that the absence as an effect of the injuries our people suffer has grown, urging us to continue our journey to raise safety awareness and to increasingly

Health and safety performance

OUR ACCIDENT AND NEAR-MISS RESULTS PERFORMANCE

Indicator	FY18	FY19	FY20	2020 target
Number fatal accidents	1	0	**1**	
Number >3-day accidents	108	98	**95**	
>3-day accident rate	1,505	1,404	**1,504**	**1,355**
Number lost time injuries (LTI)	172	168	**147**	
LTI frequency rate	12.5	10.8	**9.6**	**8.7**
Severity rate	17.4	18.8	**20.8**	**13.1**
Number near-misses raised	10,934	17,927	**29,898**	
Number near-misses closed-out	9,097	12,293	**23,911**	
Near-miss close-out rate	83%	69%	**80%**	**85%**

Key
>3-day accident: Accident that 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 that 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 that 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 %.

shield our people from the dangers around them. A positive development has been near-miss reporting. This year we have reported more than 29,898 near misses – a 67% rise; at the same time we have increased the close-out rate by 11% to a total of 80%.

CONCLUSION AND OUTLOOK

Renewi is all about new beginnings. Our HomeSafe campaign, which started this year, is a new beginning for our SHEQ (safety, health, environment and quality) efforts. It's a move away from traditional methods of solely tracking accident rates and incident numbers; it emphasises potential reporting hazards and closing them out as a team. By doing this, we are raising risk perception and closing out minor events before they turn into a major situation. We also have a new global system that gives every employee the ability to report any incident instantaneously.

We are disappointed that we weren't able to achieve all of the ambitious 2020 objective targets. We do, however, see improvements in our fundamental approach to safety, which convinces us that we are also going to see improvement in our headline metric, greater than three-day accident rate, over the coming years. For this reason, our long-term ambition – to reduce our accident level across the business to 'zero accidents', not merely to an 'acceptable level' – still stands. We are only at the beginning of this safety journey, but taking our people with us ensures that we are very much heading in the right direction. >

1,173
The number of women employed by Renewi

23%
of senior managers at Renewi are female

Start them young: a Renewi teaching package on recycling; Renewi's safety day in the Netherlands

COMMUNITY

Being a positive force in communities is also a fundamental part of our sustainability strategy's 'Care for people' pillar. As well as ensuring we minimise the environmental impact of our operations, we take part in community engagement projects and spread the message of 'waste no more'. One of the new strategy's metrics will be to log the number of community projects undertaken and report on progress.

ENGAGING WITH LOCAL PEOPLE

Working in partnership with the communities is a foundation for success at Renewi. That's why we actively engage with communities, providing them with insight into our activities, educating them about our purpose and our mission, and showing how these fit into the evolving circular economy.

During the year we opened up our facilities to the public. We welcomed 1,750 people onto our Vlaardingen site in the Netherlands and sought to inspire young and old on recycling opportunities.

In the UK, where we collect household waste, we partner with local authorities to inform and educate schoolchildren on the importance of pre-sorting waste at home, reducing waste and recycling. We also partner with environmental charity Keep Britain Tidy to deliver workshops to schools and youth groups in East London on recycling awareness, waste prevention and composting. In the Netherlands and Belgium we have also developed lessons for pupils. We entered into a co-operative scheme with five primary schools in Zeeuws-Vlaanderen, the Netherlands, to help reduce the volume of residual waste and pollution in their area. Renewi created teaching packages on recycling and tackling waste for primary and secondary schools in the Netherlands, one of which was adapted for Belgium. Renewi also created waste management plans for school leaders in the Netherlands, so education institutions could 'practise what they preach'.

KEEPING COMMUNITIES SAFE

We also work tirelessly to minimise the impact of our operations on local communities and remain committed to managing and reducing emissions to air, land and water, and pollution of any kind. There are times when we must proactively protect communities from the impact of our work on our sites. This may be due to odours, fires or leakages and spills of contaminants.

Fires are a major issue in our industry. Often these occur as a result of inadequate sorting of waste before arrival on site. Common offenders are batteries thrown into general waste. We have invested in high-tech fire equipment across all sites, to minimise the risk of fire in the community.

However, from time to time fires can have an impact, as was the case at the Forest site in Belgium in 2019, when a blaze caused disruption to the nearby railway service. In another case, fire extinguishing water flowed into the public sewer. While we respond swiftly and responsibly when such safety issues occur, we work hard to prevent hazards happening in the first place. We actively engage with the public to alert them to potential dangers caused by waste. For example, in October 2019 Renewi attended a safety day at Naaldwijk in the Netherlands to highlight the hazards of batteries in waste, as well as cycling in the blind spots of waste collection trucks. Lithium-ion batteries are found in hundreds of items, from toys to phones, and when damaged can combust and ignite waste around them. Our experts' advice received a very positive response from visitors to the safety day.

This objective is tracked by the headline metric below, with a target for 2025:

- **Community engagement projects** (total number of projects annually). **Target** 180

PERFORMANCE (OVER THREE YEARS)

Although we managed to lower the average number of complaints per site down to 2.7, we didn't achieve our 1.4 target. The main focus area was the amount of odour complaints received at some of our UK operational sites. We did see positive developments in this area, however – an improvement partly due to the relatively stable amount of complaints received in the other Divisions.

CONCLUSION AND OUTLOOK

While we reduced the average number of complaints per site received last year compared to the previous year, we weren't able to achieve our 2020 target. This is all the more reason to continue our efforts. By doing this, we want to increase our active engagement, which will improve our positive relations with our neighbours and positively impact our communities.

For full details of our sustainability strategy, please see our dedicated Sustainability Report at renewi.com

139

colleagues took part in Renewi's new leadership programme

234

Number of participants in Renewi's Fit to the Finish health scheme

Community performance

OUR COMMUNITY COMPLAINTS PERFORMANCE[1]				
Indicator	FY18	FY19	FY20	2020 target
Number environmental complaints received by our sites/operations	306	576	**443**	
Average number of complaints per site	1.5	2.9	**2.7**	**1.4**

1. Includes all complaints, both substantiated and unsubstantiated.

SUSTAINABILITY IN ACTION

Protecting healthcare heroes

Courageous Renewi colleagues supported health workers battling to save lives in the Covid-19 crisis by delivering protective face-masks to hospitals. Despite the dangers, our people stayed calm and professional as they collected used masks from hospitals and nursing homes in the Netherlands, and transported them to a sterilisation centre to be made safe to wear again. Renewi truck teams then ferried tens of thousands of sterilised masks back to medical centres every day.

The operation was a collaboration between Renewi and medical equipment supplier Van Straten Medical/GreenCycl, which manufactures, repairs and sterilises surgical instruments. Our Commercial Waste Division set up the dedicated transportation operation in April 2020, to tackle the shortage of face-masks that followed the Covid-19 outbreak. Renewi logistics colleagues worked to strict safety procedures when collecting and handling the masks, as they could potentially be infected by Covid-19.

The teams collected containers of worn masks and took them to the Van Straten Medical/GreenCycl facility in De Meern-Utrecht for sterilisation. There the company has a capacity to handle 48,000 masks a day, sterilising them at 121°C to deactivate any virus present. This method follows tests by the Delft University of Technology on the benefits of mask sterilisation.

Renewi's support during the Covid-19 outbreak powerfully demonstrates its pledge to care for people as part of its sustainability strategy. Recycling masks, instead of sending them for medical incineration, is also an excellent example of collaboration between partners who share the same ambition – to increase circularity and reduce carbon emissions: Van Straten/GreenCycl refurbishes medical instruments, and they are also leased out. This reduces the need to make more instruments, and therefore decreases the carbon footprint associated with industrial production. The data collected from the face-mask operation is also being used for further research on sustainability.

Risk management

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

INTEGRATED RISK MANAGEMENT

Risk is continually reviewed by the Board and the Executive Committee, who recognise they have a critical responsibility to anticipate potential threats. Such threats could impact our operational activities – our working environment, customers and employees – and thereby influence the company's ability to deliver against its strategy.

The Board and Executive Committee are closely aligned on our strategy and risks that may impact it and, where required, work quickly to mitigate against them. Key risks and mitigations are cascaded into the business and form the foundation for the divisional risk assessment and risk management processes.

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

During the year we have completed a risk assessment across the Group. Our most significant risks remain output-market related, such as recyclate pricing, incinerator costs and capacity. Key adverse developments to our risk profile include changes in laws and policies, talent development, input volumes and cyber threats. Starting in early 2020, a key risk was driven by the public health crisis of Covid-19 and the uncertainties it has created.

RISK APPETITE

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

Other risks are reviewed on an ongoing basis. For each risk, controls and mitigations are aligned within Renewi's risk appetite.

OUR RISK FRAMEWORK

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

- our schedule of matters reserved for the Board and our strict adherence to it. This ensures that all significant issues affecting strategy, structure, viability and financing are appropriately managed by Renewi's leaders;
- our risk management framework. This ensures that each business adopts the appropriate risk culture, identifies the risks, recognises the importance of them, designs and implements effective mitigations to control those that are key, and monitors effectiveness. The output of this process is a summary of all significant strategic, operational, financial and compliance risks, our current mitigating controls and the action plans necessary to reduce risks to a level aligned with our risk appetite. Formal

Five objectives of our risk management framework

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

→

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

→

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

→

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

→

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

responsibility for risk management is positioned with divisional management teams and is co-ordinated by Divisional Finance Directors. Risk registers, mitigations and alignment with risk appetite are reviewed by divisional management, our Risk Committee, Audit Committee and the Board to ensure the appropriateness of the risks identified and that controls and actions are reported effectively;
- the management of change through project management and approval processes, with embedded risk management in project management activities;
- risk management systems embedded in our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems. These include divisional registers that ensure all risks are considered and ranked appropriately and that mitigations are informed and practical;
- enhanced risk assessment for all major capital requests. Capital requests follow a dedicated capital committee review and approval procedure. This ensures we allocate funds in a risk-aware manner to maximise the value of our investments and minimise the risk of under-performance; and
- key risk review undertaken at each divisional review meeting, ensuring that key risks are monitored and mitigations taken at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

REVIEW OF THE RISK ENVIRONMENT DURING FY20

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

Covid-19

The health and wellbeing of our people is our key priority. We initiated a full range of measures to mitigate the impact of Covid-19 on our people, customers and operations. These are aligned with guidance given by national governments. The impact of this public health crisis cannot be accurately quantified as of the date of this Annual Report. However, we recognise it will have a material impact on Renewi, our revenues and financial position. We have prepared cost reduction measures and plans to preserve cash for progressive implementation.

The main risk factors related to the pandemic are being monitored and are included in our key strategic risks. They are primarily related to:

- health and safety;
- product pricing, demand and quality;
- residue pricing and capacity;
- labour availability;
- input volumes; and
- cyber threat.

Shortly after virus measures were undertaken by governments in our operating countries, we established a Renewi Virus Response Team consisting of senior leaders across the group. We set up clear response principles to protect our company and ensure:

- business continuity;
- protection of our people;
- continued collection of customers' waste to cause minimal disruption to society;
- alignment (timing and nature of response) with the advice of governments and experts;
- acting as one company, sensitive to different infection levels in different areas;
- responses are timely, measured and proportionate; and
- effective communication.

The Group Virus Response Team additionally supports the Divisional response teams who managed the implementation and daily management of Covid-19 implications and measures.

ATM soil restrictions lifted

The Dutch Human Environment and Transport Inspectorate (IL&T) imposed a ban on the use of thermally treated soil (TGG) in 2018. This was pending a period of testing by market participants in order to understand its full chemical composition. This external process was completed alongside an extensive testing programme undertaken by ATM. The testing has demonstrated that TGG is safe to use in an industrial environment. As a result, in December 2019 IL&T lifted the ban on the use of TGG in the Dutch market.

ATM has maintained a strong pipeline of customers who intend to use TGG at their locations. These specific uses will require approval by local regulators, as before.

AEB crisis

In June 2019, four out of six incinerator lines of one of our key offtakers, AEB in the Netherlands, ceased operation. The next day we secured some buffer capacity to store our waste streams in the very short term. During the next month, we signed several contracts with alternative offtakers to ensure our production was not jeopardised.

In August 2019, the Dutch Government restricted the importation of waste into the Netherlands and the problem became international. Due to a swift response, and close collaboration across our Commercial Waste and UK Municipal Divisions, we overcame the challenges this presented, although we incurred substantial costs that were settled with AEB.

RISK COMMITTEE

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

- produces and proposes risk management processes and policies for consideration and approval by our Audit Committee and Board;
- ensures the Board-approved Group Risk Management framework is implemented and effective;
- promotes an awareness of the risk culture in Renewi and the management of risk in all its forms through daily activities;
- supports the Renewi risk culture through the sharing of learnings and best practices and review of risk failures;
- reviews selected risks from risk registers to ensure consistency of risk appetite being borne and mitigations in place;
- reviews occurrences of risk management failure to identify root cause, and identifies and shares lessons learned to mitigate risk of repetition;
- drives consistency in approach, use of tools and risk appetite across Renewi; and
- provides access to expertise in managing risks, where appropriate, from across Renewi or from outside specialists.

Our Risk Committee continues to consist of internal senior people from a wide spectrum of specialisms, from finance, commercial and operations to environmental permitting, insurance and health >

and safety disciplines. This broad composition ensures we capture all of our potential risks and can rank them effectively, no matter what risk area they fall into.

OUR RISK RESPONSIBILITIES AND ARCHITECTURE

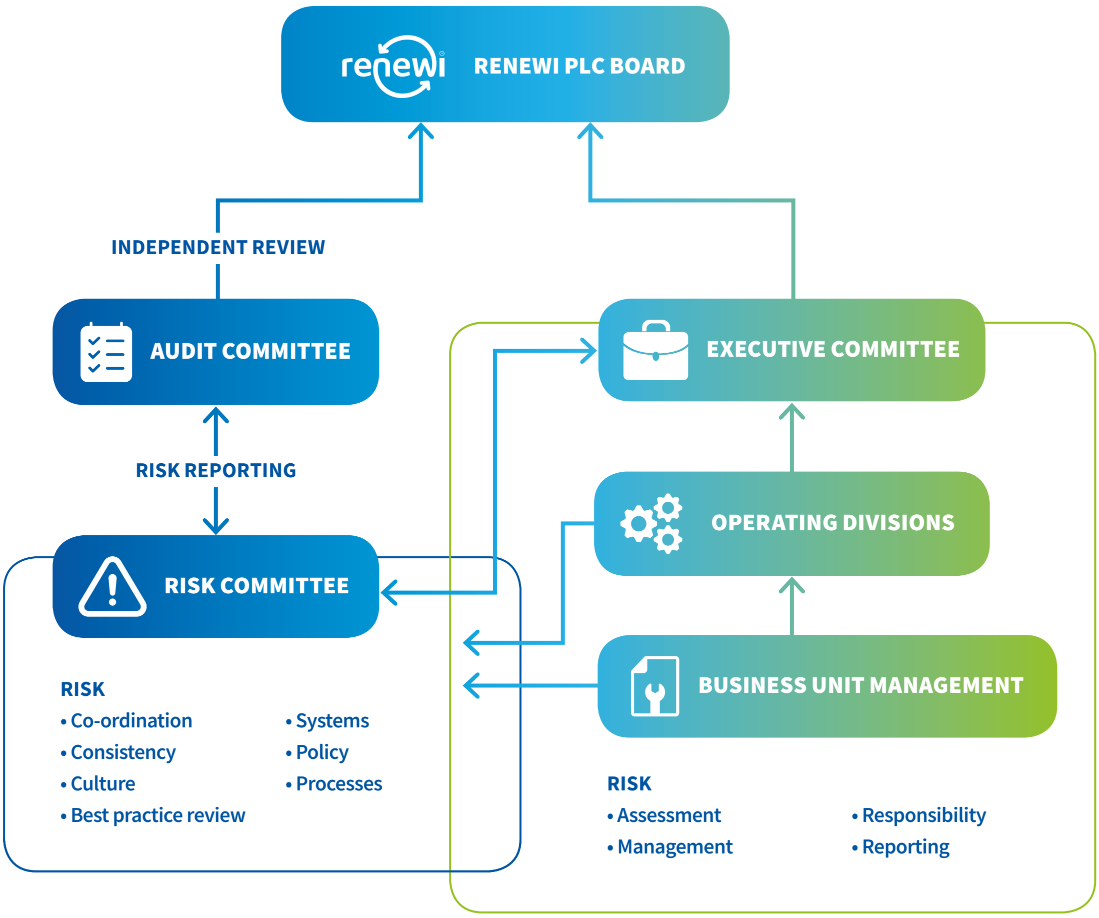
Our operating divisions and business unit management have responsibility for the assessment and management of risk, with formal responsibility assigned to the Divisional Finance Directors.

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

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

Toby Woolrych and **Baukje Dreimuller**
Risk Committee Co-Chairs

Risk management responsibilities



OUR PROGRESS AGAINST 2019 OBJECTIVES AND THE FUTURE

In our 2019 Annual Report we committed to further actions to improve our risk management processes in FY20. Despite the potential distractions of integration, good progress has been made. A summary of this progress as well as our objectives for FY21 is shown below.

WHAT WE SAID WE WOULD DO IN FY20	HOW WE DID
Further improve our Divisional Risk Registers and revise more frequently	Risk Registers and related processes are well established and revision intervals are formalised. Key control is in place and adhered to in order to monitor the revision interval.
Reduce major fires by additional investments in fixed fire systems improvements and conduct fire standards audit which covers, among other things, the processes and checks involving acceptance of waste	Additional investments made across several sites. Fire standards are covered in internal audits. Separate taskforce Safety and Compliance completed within SHEQ. Dedicated fire management audit programme in progress.
Introduce the structured use of key risk indicators for the first selected areas of risk	We have made limited progress with key risk indicators (KRIs). Key macro-economic indicators such as GDP, unemployment and consumer confidence are considered and reported. Further investigation into the structured use of KRIs will be continued.
Create and embed divisional authorisation documents that sit within and below Group authorisation document	All Divisions except Commercial Waste Belgium have completed and implemented their divisional authorisation document. Commercial Waste Belgium is progressing well to create its divisional authorisation document.
Monthly webinars to deliver structured learnings for Risk Committee and senior management by executing post investment reviews, sharing outcomes and making improvements in investment processes and decisions	Post investment, post closure and post issue review calendar established and complied with, including pipeline and planning for upcoming reviews.
Structured learnings for Risk Committee and senior management through other risk-focused learning exercises, such as on inventory, being shared through monthly webinars	Operating rhythm for the Risk Committee established with two full-day meetings this year and monthly calls started in the second half.
Roll out risk-based decision-making training	Risk training completed at the Renewi Senior Leadership Conference. Limited availability for further training. We can now integrate this with fundamentals put in place over the past half year, such as the Finance Academy and the HR training programme.
Broaden the scope of internal audits to cover key business risks in addition to core processes	Key business risks included in the approved audit plan for FY20.
Complete the roll-out of a key control framework and implementation of supporting software	Key control framework implemented, supported by our track and trace software.

In summary, we have made an important step forward with completion of most of our risk management objectives and carried over the risk training objective. The risk indicators will be considered based on availability of tooling and improved data capture capabilities.

Risk management objectives for FY21

Based on Audit Committee, Executive Committee and Risk Committee evaluations, we have identified a list of risk management topics. We have selected our priorities for next year and will keep this list up to date, prioritising our resources and initiatives by level of importance. For next year we have selected the following items from the list and set out what we will set as objectives.

PRIORITY	OBJECTIVE
Risk culture framework	Embed the risk culture model into the organisation where key decisions are made and/or key reviews take place (investment decisions, post investment reviews and internal audits).
Risk training	Develop structural risk training, aligned with existing training platforms such as HR Learning & Development and the Finance Academy.
Communication	Further improve communication of Risk Committee output such as key learnings from risk reviews.
Crisis management	Refine our crisis management protocol and appoint crisis managers across the Divisions.

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KEY RISKS AND MITIGATIONS

Our key risks are outlined in the heat diagram below and in the table on the following pages. For FY20 our key risks were discussed in detail by both our Risk Committee and senior leaders and include revisions and additions to risk ratings. The final version has been approved by the Board and commented on by our Audit Committee.

Overarching key risks

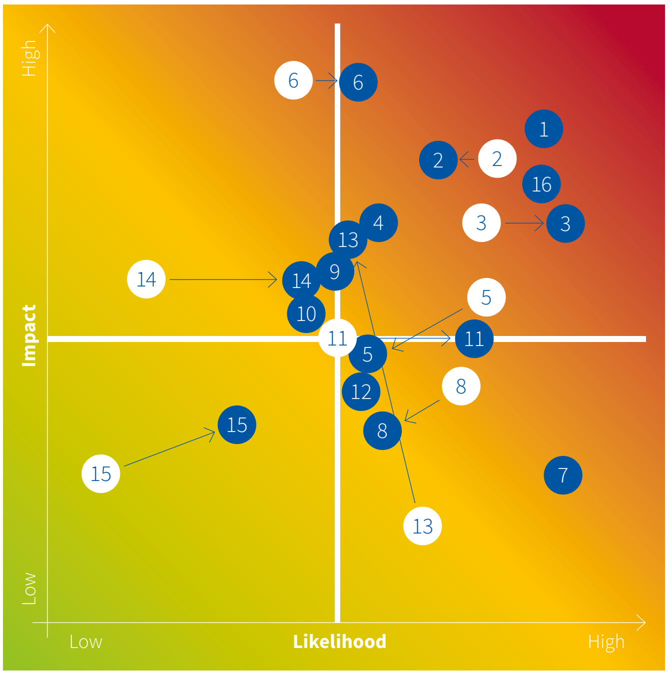
All risk levels shown in the heat diagram are net risks and therefore include the current levels of mitigation. A description of each risk can be found in the table on the next page.

Key risks

1. Product pricing, demand and quality
2. Residue pricing, capacity and specification
3. Changes in law and policy
4. Environmental compliance
5. Long-term contracts
6. Unsustainable debt
7. Labour availability and cost
8. Brexit
9. Input pricing
10. Digitisation
11. Talent development, leadership and diversity
12. Health and safety
13. Major plant failure or fire
14. Input volumes
15. ICT failure and cyber threat
16. Covid-19

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

Risk position: Last year This year



SUMMARY OF KEY RISKS

Reference numbers are consistent with those used in the heat diagram

Risk direction key: Increase Stable Decrease

KEY RISK	KEY MITIGATION	COMMENTARY

1. Product pricing, demand and quality

That the value we receive |for recycled product falls, the markets contract, reducing demand for our product, or we become unable to produce to the required quality.

RISK DIRECTION

- By focusing on improving product quality we optimise the value we receive for our products.
- Investments in technologies that fit with market needs for products.
- Sustainable technologies used align with market needs and international and national policy.
- Renegotiation of long-term and fixed-price offtake contracts where appropriate.
- We apply dynamic pricing that aligns between input and output prices, which leads to better margins.
- We thoroughly understand and closely monitor the capacity-driven markets to mitigate risk and leverage opportunities that are presented.
- We use multiple product offtakers to spread the risk where appropriate.

Product pricing, demand and quality remains a stable but high risk.

The impacts have partly been offset through dynamic pricing and targeted price rises, increasing our margins compared to last year and demonstrating that our mitigations are broadly effective.

KEY RISK	KEY MITIGATION	COMMENTARY
2. Residue pricing, capacity and specification		
Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues. **RISK DIRECTION**	‣ We have experienced employees dedicated to product offtake markets. ‣ We apply cost control measures to offset the impact of lost revenue. ‣ A diversity of residue offtakers is used to spread the risk. ‣ Quality control systems are in place to ensure specification of residues is as required. ‣ Revised and improved offtake strategy process is designed and implemented.	Growing input volumes are putting increased pressure on outlets that are largely full. As a result, there is increased focus on the calorific value of residues. Balancing input and output volumes is an ongoing risk to short-term profits that Renewi is working to mitigate. New long-term offtake contracts are signed to guarantee capacity remains available to us. Recent input volume drops due to Covid-19 effects result in a slightly lower pressure on outlets.
3. Changes in law and policy		
Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes, including changes in regulatory attitude and behaviours as a result of shifts in public opinion. **RISK DIRECTION**	‣ 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. We perceive incremental pressure on law- and policy-makers for new laws and policies and on regulatory bodies to adhere to existing laws and policies. The dialogue with governing bodies becomes increasingly important.
4. Environmental compliance		
That we fail to comply with environmental permits and/or environmental laws and regulations. **RISK DIRECTION**	‣ Effective management of all environmental matters arising through environment management systems and regular inspections and audits. ‣ Monthly environmental issues reporting across all levels of organisation with adequate follow-up. ‣ Experienced and competent environmental specialist employees in place. ‣ Community environmental engagement performance in place as a key business objective.	Internal management of compliance through competent specialists is recognised as key. Pressure on environmental permits through increasingly strict regulation has grown over recent years. Compared to last year, environmental compliance remains a stable but high risk.
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**	‣ Selective bidding on contracts, combined with strict Board controls on entering into any new major contracts, are in place. ‣ Detailed risk assessments and due diligence on contracts are conducted. ‣ Tight controls and reviews on build programmes to ensure they remain on track.	The Board's caution with regard to complex long-term contracts remains. Selected long-term PPP/PFI contracts exited. Ongoing operational improvements for remaining contracts continue.
6. Unsustainable debt		
That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding. **RISK DIRECTION**	‣ Our treasury programmes are reducing our financing cost, continuously improving cash control and increasing headroom. ‣ Re-invest only where profitable. ‣ Strong budget control on capital projects. ‣ Good balance of leased and owned assets. ‣ We apply a diverse range of financing options and timings. ‣ Quality external advice. ‣ An EUPP is in place. ‣ Credit facilities have been extended and improved.	We are strategically planning to ensure we have access to existing and new forms of capital. We have successfully completed a secondary listing on Euronext Amsterdam. Trading commenced on 30 January 2020.

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KEY RISK	KEY MITIGATION	COMMENTARY
7. Labour availability and cost		
That there are shortages of certain labour types, leading to unavailability or severe wage inflation. **RISK DIRECTION**	▸ We measure employee engagement and satisfaction through surveys. ▸ We offer competitive wages. ▸ Successful recruitment programmes for drivers continued. ▸ Renewed HR and recruitment leadership.	General economic conditions and macro-economics, combined with a relative unwillingness of the younger generation to undertake certain forms of physical labour, are the main drivers of this risk. Our Renewi brand is becoming increasingly better known and our efforts in shaping Renewi as an attractive place to work partly mitigated the potential impact.
8. Brexit		
That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in UK and over-capacity of incineration in the Benelux. **RISK DIRECTION**	▸ Scenario planning for hard Brexit capacity management. ▸ Flexible/prudent approach to hedging strategies. ▸ Identified potential new offtake solutions in the UK.	Brexit has limited impact on export of waste and recyclates. We have successfully put in place mitigators, including a revised and improved offtake strategy to significantly bring down the Brexit-related risks for Renewi.
9. Input pricing		
That market pricing may put pressure on our margins. **RISK DIRECTION**	▸ Prices are constantly monitored and reported on via operational systems. ▸ To deliver cost leadership in core markets we effectively manage our costs, both structural and operational. ▸ Where appropriate, we use longer-term contracts to limit exposure. ▸ Targeted price increases and dynamic pricing are used to optimise margins.	We have delivered reduced costs and increased price competitiveness and margins. We are increasingly moving towards pricing new business for margin over volume and in line with product offtake demand.
10. Digitisation		
That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete. **RISK DIRECTION**	▸ A newly appointed CIO, part of the Executive Committee with a remit to identify future opportunities and risks. ▸ Active monitoring across the Divisions and Group of new digital entrants, technology or services from competitors. ▸ Renewi takes a fast follow approach to emerging threats to keep expenditure proportionate to threat. ▸ Diversification of business, core operational services and products limits threat and impact from disruptive business models and technology. ▸ Renewi's innovation programme identifies opportunities ahead of competitive threats and generates competitive advantage proactively. ▸ Renewi has several digital developments under investigation to retain a competitive leading position and mitigate threats (AI, big data, robotics, online/digital services, platform services). ▸ Increased integration across the group to align data and increased efficiency through digital automation. ▸ Partnerships in place and continue to increase, which allow for collaboration on industry innovations with key existing, as well as new, players in the industry.	Integration continues to optimise and digitise Renewi as per plan. Monitoring of competitor threats and fast follower principle has already identified opportunities and active projects being investigated within Renewi. Numerous digitisation pilots are active within Renewi to establish their viability, value and disruptive capability. We remain alert and proactive to changes seen in the markets around us and also those emerging in the global waste-to-product markets.
11. Talent development, leadership and diversity		
That we fail to meet the (future/anticipated) required management capabilities. **RISK DIRECTION**	▸ Key objectives set for employee development. ▸ Performance appraisal processes are in place. ▸ Engagement surveys are conducted and followed up. ▸ Leadership development programmes in place. ▸ Newly implemented software brings increased structure and capabilities to learning and development management and initiatives.	The recovering economy, as well as elevated uncertainty around the impacts of Covid-19, means that talent is in increasingly short supply. Our reinforced HR department drives retention and optimisation of internal talent and the recruitment of external talent.

KEY RISK	KEY MITIGATION	COMMENTARY
12. Health and safety		
Injury or loss of life. That we incur reputational loss, or civil and criminal costs. **RISK DIRECTION**	‣ Corporate Health and Safety Managers and competent internal specialists in place. ‣ Safety is the top agenda item at all management meetings. ‣ Defined and tracked health and safety priorities plan under way and delivering. ‣ We actively and openly engage with regulators. ‣ Safety leadership programme in place. ‣ Coherent targets in place for accident, near-miss and other key safety performance parameters.	Safety remains top priority for management and the Board. We have competent internal specialists in place and continue to fortify our SHEQ teams. A Group SHEQ Compliance Manager was appointed to drive the safety culture and ensure compliance.
13. Major plant failure or fire		
Operational failure and/or fire at a key facility leading to business interruption and other costs. **RISK DIRECTION**	‣ Effective insurance programmes supported by experienced brokers. ‣ Improvements in fire control through new and stricter fire control standards. ‣ Fire risk survey process in place including engagement with insurers, and with competent external advice. ‣ Business continuity planning in place at all major sites. ‣ Mechanical breakdown insurance in place for at-risk facilities and reviewed on a regular basis for adequacy. ‣ Highly experienced operational teams with in-depth knowledge of processes. ‣ Regular annual and other shutdowns at key facilities to ensure they remain well invested and maintained. ‣ Business continuity planning includes breakdown risk and mitigation measures.	We are optimising the insurance captive which we introduced in the previous financial year. Resilience at our major unique facilities remains our concentration, with high-quality maintenance and life cycle programmes in place. Across our general recycling and recovery plants, our larger company provides flexibility to divert waste and retain value internally in the event of a breakdown.
14. Input volumes		
That incoming waste volumes in the market may fall. **RISK DIRECTION**	‣ Strong reporting of incoming waste volumes across the Group for rapid response to market changes. ‣ Continued investment to secure new waste streams and volumes. ‣ Market-facing, customer-focused organisation. ‣ Major capital deployed only if backed by long-term contracts.	We handle 14 million tonnes of waste each year. Our wide geographical spread provides access to multiple markets. The public health crisis of Covid-19 has resulted in dropping input volumes. There is increased uncertainty to volumes in the short term. Public opinion continues to shift towards increased recycling rather than incineration, which is favourable for Renewi given our assets and partnerships.
15. ICT failure and cyber threat		
That ICT failure and/or cyber crime causes business interruption or loss. **RISK DIRECTION**	‣ Business continuity planning and testing in place for ICT. ‣ Assessment of ICT resilience conducted by insurers with high-quality results. ‣ Continued investment in upgraded systems and infrastructure. ‣ Regular external security tests and improvements throughout the year. ‣ Security planned for at design stage in all projects/programs. ‣ Cyber resilience software in place.	The internal risk for ICT failure is limited. However, the external cyber threat landscape continues to rise and the related risks increase. We continuously introduce new security measures to mitigate.
16. Covid-19		
That the recent outbreak of Covid-19 has severe consequences for our incoming waste streams and workforce, causing business interruption or loss. **RISK DIRECTION** **N/A**	Group Virus Response Team in place with weekly reporting to the Executive Committee. Key highlights include but not limited to: ‣ Monitor changes in government and health adviser advice within our operating countries. ‣ Dedicated risk register of key Covid-19 risks and mitigations and assigned mitigation owners able to execute in the Divisions. ‣ Response matrix developed so we have plans in place ahead of a worsening situation. ‣ Business continuity plans in place. ‣ Scaled-down operations and staff where required.	We have identified the potential threats Covid-19 brings to Renewi at an early stage and have a structured approach to address the evolving situation. As we expect prolonged effects, we have multiple scenarios in place to respond and mitigate. In parallel, we are planning ahead for scaling operations and offices back up when the situation changes favourably.

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FINANCIAL RISKS

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

Interest rate risk

Renewi has continued to limit its exposure to interest rate risk on core borrowings by using fixed rate retail bonds, fixed rate finance leases and cross currency interest rate swaps. At the end of March 2020, circa 99% of core borrowings were fixed or hedged. Additionally, the PFI/PPP non-recourse floating rate borrowings are hedged for the duration of the contracts using interest rate swaps entered into as part of financial close of the project.

Foreign exchange risk

Renewi operates in the UK and is exposed to translation risk on the value of assets denominated in sterling into euros; this exposure is reduced by borrowing in sterling. Up to 30 September 2019 the Group also operated in Canada and any associated translation risk was reduced by borrowing in Canadian dollars. The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in euros on the export of processed waste from the UK to Europe, which is managed through the use of forward exchange contracts.

Commodity price risk

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

Credit risk

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

Fraud risk

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

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a period of more than 12 months and has adopted a period of three years for the assessment. This assessment was considered in the context of the Group's strategic planning process. The annual strategic planning cycle includes a five-year forecast model; however, for this viability assessment only the first three years are used, as this is the period over which the Group's risks would have the most adverse impact and is the period that the Group gives most focus to in the forecasting process. These financial models and assessments have been updated to include an estimated impact of Covid-19 based on our experiences in the last two weeks of March and in the month of April, along with volume indicators in May. This revised base case plan incorporating the impact of Covid-19 does reduce profitability in the short term but it is expected to be temporary and does not affect the longer-term growth assumptions, cash flow and resilience of the business.

The key assumptions made in Renewi's long-term financial model are: continuing growth opportunities and the transition to a circular economy, leading to further margin improvements in the Commercial Waste Division; returning to full soil production levels at ATM along with the development of soil outputs into higher-value secondary raw materials; and the delivery of Renewi's 2.0 three-year programme, which will deliver a minimum of €20m of annual cost benefits in FY23 for a total cash cost of €40m.

The Board assessed the principal risks to the business as set out in the preceding pages and concluded that five severe but plausible risk scenarios should be explicitly modelled separately and as a combination of two happening together. The scenario modelling initially included further challenges in the offtake markets, a sustained period of shutdown at ATM due to delays in finding offset solutions for products, an economic slowdown and the impact of a disruptive and hard Brexit. In addition, a Covid-19 related scenario was included, which assumed the possibility of further country lockdowns later in FY21 and into FY22, and a slow economic recovery given delays in vaccine availability.

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 scenarios assume that external debt is repaid as it becomes due and committed facilities renewed as they become due. A €100m retail bond matures in June 2022.

The Group's liquidity and financial headroom have been assessed and incorporated within the risk-scenario modelling. Based on the consolidated financial impact of the sensitivity analysis and associated mitigating actions that are either in place or could be implemented, it has been demonstrated that the Group maintained headroom in the event of the scenarios occurring. It should be noted that, in the case of the severe Covid-19 scenario with subsequent lockdown periods and weak economic growth, despite the Group maintaining a high level of liquidity, it would be necessary to seek a further period of leverage amendment from lenders in September 2021. This is considered achievable, as in the recent refinancing process a number of lenders had already offered increased leverage levels to June 2022, but with others a five-quarter extension period was preferred given the current uncertainties around the Covid-19 pandemic.

Having considered all of the elements of the assessment, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the period of assessment, assuming the anticipated impact of Covid-19 and the ability to refinance and obtain increased covenant headroom in the later periods.

Non-financial information statement

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

REPORTING REQUIREMENT	ANNUAL REPORT AND ACCOUNTS PAGE REFERENCE
Environmental matters	Chairman's Statement – environment **p10** CEO's Review – circular economy **p32** Our role at the heart of the circular economy **p28** Engaging with, and delivering value for, our stakeholders **p15-17** Environment and sustainability **p62**
Employees	Chairman's Statement – people **p10** CEO's Review – people **p32** Engaging with, and delivering value for, our stakeholders **p15-17** Being a sustainable employer **p70**
Social matters	Business model – purpose **p12** Chairman's Statement – purpose **p10** Our role at the heart of the circular economy **p28** CEO's Review – partnerships and communities **p32** Engaging with, and delivering value for, our stakeholders **p15-17** Society and community **p74**
Human rights	Engaging with, and delivering value for, our stakeholders **p15-17** Care for people, ethics, compliance and people **p71**
Anti-bribery and corruption	Engaging with, and delivering value for, our stakeholders **p15-17**
Business model	Business model **p12**
Non-financial KPIs	KPIs **p25**
Principal risks	Principal risks and uncertainties **p76-83** Viability statement **p84** Audit Committee Report **p102-105**

Section 172(1) statement

When making decisions, the Directors of Renewi plc must act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) requires a Director to have regard to, among other matters, the:

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

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

The Group engaged with key stakeholders throughout the year to understand the issues and factors that are significant for these stakeholders, and a number of actions were taken as a result of this engagement. How we engage with stakeholders at the operational level is set out within the Strategic Report from page 15. The Board's interactions with stakeholders, and the impacts of these interactions, is set out in the Connecting with our stakeholders section on page 99 of the Corporate Governance Report. Examples of how Directors discharged their section 172(1) duties when making principal decisions during FY20 are set out on page 99 of the Corporate Governance Report.

Renewi is a waste-to-product company and so environmental and sustainability matters are at the heart of what we do. The consideration and impact of the Group's operations on the environment are contained throughout the Sustainability Report found on our website.

Our Sustainability Report contains case studies about the positive impact of our operations on the environment and our stakeholders:

- Turn our customers' waste into new products
- Be a leader in clean and green waste collection
- Reduce the carbon impact of our operations
- Positively impact our communities

As demand grows for sustainability, we’re always ready to deliver.

The European Union’s 2022 recycling rate target is 55% – thanks to our innovation, the Renewi rate is already 64.7%, so we are close to achieving the EU’s 2030 target of 65%. And as Benelux landfill regulations have become more stringent, we have been perfectly placed to prioritise recycling over landfill – great news for the environment…

2/ GOVERNANCE

The Board of Directors

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

Ben Verwaayen, MSC

Chairman

N

Appointed April 2020.

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

Allard Castelein, MD

Senior Independent Director

N R

Appointed January 2017.

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

Marina Wyatt, MA, FCA

Non-Executive Director

A N

Appointed April 2013.

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

Jolande Sap, MSC

Non-Executive Director

A

Appointed April 2018.

Skills and experience Between 2008 and 2012, Jolande represented the Dutch Green Party, GroenLinks, in the lower house of the Dutch parliament, leading the party from 2010. Before that she worked as an economist in the fields of science, policy and business. Between 1996 and 2003 Jolande worked at the Dutch Ministry of Social Affairs and Employment and among 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, and 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 – a mental healthcare institution, and Fairfood International, and chairs the Board of the Dutch Sustainable Fashion Week. Jolande graduated from Tilburg University in Economics having specialised in political economy and philosophy.

Luc Sterckx, MSC, PHD

Non-Executive Director

A N R

Appointed September 2017.

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

Neil Hartley, MA, MBA

Non-Executive Director

A N R

Appointed January 2019.

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

Otto de Bont, MSC

Chief Executive Officer

Appointed April 2019.

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

Toby Woolrych, MA, ACA

Chief Financial Officer

Appointed August 2012.

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

Key: Board Membership Committee A AUDIT N NOMINATION R REMUNERATION ● CHAIR

The Executive Committee

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

Helen Richardson

Human Resources Director

Appointed April 2019.

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

Maarten Buikhuisen

Chief Information Officer

Appointed Jan 2020.

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

Patrick Deprez

Product Sales Director

Appointed Dec 2012.

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

Baukje Dreimuller

General Counsel

Appointed Sep 2017.

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

Bas Van Ginkel

Strategy and Business Development Director

Appointed Sep 2018.

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

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

Meinderdjan Botman

Managing Director, Commercial Waste Netherlands

Appointed Oct 2020.

Skills and experience
Meinderdjan joined Renewi on 1 October 2019 as Managing Director, Commercial Waste Netherlands. He has more than 20 years' experience in supply chain and logistics management. He's had global responsibility for multiple work streams, including business development, key account management, sales, marketing and product development. Prior to Renewi, he had roles in engineering, project management, IT, operations and regional management. He was logistics manager Benelux at Nutricia and senior project manager at Frans Maas, where he progressed to director of logistic operations, becoming a key member of the team involved in the merger to DSV A/S. He holds a Master's degree in Logistics Engineering and Distribution Management from the Technical University of Eindhoven.

Wim Geens

Managing Director, Commercial Waste Belgium

Appointed Nov 2012.

Skills and experience
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 worked for VGG from 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. He has an MBA and Master's degree in Commercial and Financial Sciences.

Theo Olijve

Managing Director, Mineralz & Water

Appointed June 2019.

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

James Priestley

Managing Director, Specialities

Appointed Nov 2016.

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

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

Otto de Bont

Chief Executive Officer

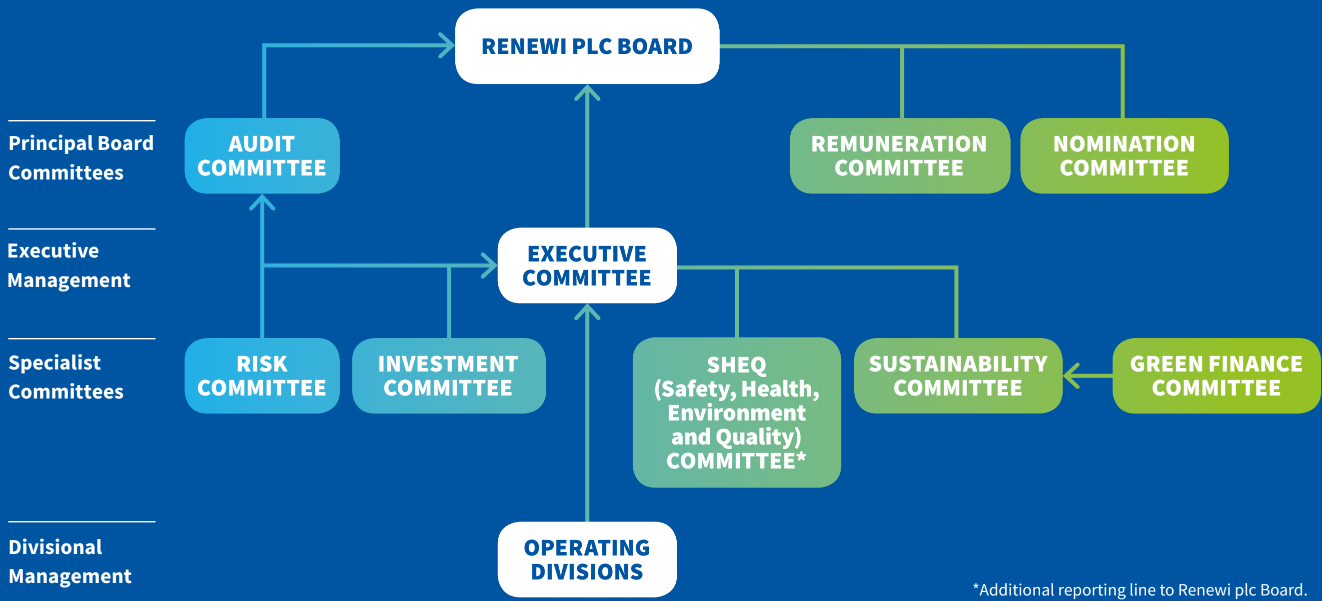
Toby Woolrych

Chief Financial Officer

Governance at a glance

A snapshot guide to corporate governance at Renewi – committee reporting to the Board of Directors, and Board membership, attendance and meetings calendar during FY20

Our corporate governance reporting management framework



*Additional reporting line to Renewi plc Board.

Board membership

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

Board meeting attendance FY20

Colin Matthews (Chair)	**12 (12)**
Allard Castelein	**12 (12)**
Jacques Petry	**8 (8)**
Marina Wyatt	**12 (12)**
Jolande Sap	**11 (12)**
Luc Sterckx	**12 (12)**
Neil Hartley	**12 (12)**
Otto de Bont	**12 (12)**
Toby Woolrych	**12 (12)**

Bracketed figures indicate maximum potential attendance of each Director. Jacques Petry and Colin Matthews retired from the Board on 31 December 2019 and 31 March 2020 respectively. Jolande Sap was absent from the meeting held in February 2020 because it was not possible to find a date to accommodate attendance of the full Board. Ben Verwaayen succeeded Colin Matthews as Chairman of the Board on 1 April 2020.

Calendar of meetings of the Board and its Committees for FY20

	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MARCH
Board	●	●	●●	●		●	●		●	●●	●	●
Audit Committee		●					●				●	
Remuneration Committee		●	●				●			●	●	●
Nomination Committee		●		●		●			●	●		
Shareholder (AGM)				●								

In addition, 15 duly authorised Board Committee meetings, comprising at least two Directors, were held during the year.

Corporate Governance Report

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

Ben Verwaayen
Chairman

On behalf of the Board, I am pleased to present our Corporate Governance Report and confirm our compliance with the UK Corporate Governance Code published in July 2018, for the year ended 31 March 2020.

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 Board has paid particular attention to the Companies (Miscellaneous Reporting) Regulations 2018 and the revisions to the Corporate Governance Code that came into effect for all companies with financial year ends beginning on or after 1 January 2019. In response to these changes, the Report includes a statement disclosing its compliance with the UK Corporate Governance Code 2018, which can be found on pages 96 to 99, and a disclosure of how the company engages with its stakeholders, which can be found on pages 99 to 100.

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

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

During the year, both the Nomination and Remuneration Committees were focused primarily on considering Board composition and succession in preparation for the stepping down of the Chair, Colin Matthews, and the Senior Independent Director, Jacques Petry. The full reports can be found on pages 106 to 107 and 108 to 125 respectively.

Having recently joined the Company I look forward particularly to meeting with many more shareholders and other stakeholders over the coming months.

Ben Verwaayen
Chairman
4 June 2020

The Board fully supports the principles of good corporate governance. This Corporate Governance Report, together with the Directors' Remuneration Report on pages 108 to 125, explains how the Group has applied and complied fully with the provisions of the UK Corporate Governance Code 2018 for the year to 31 March 2020.

THE BOARD

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

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

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

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

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

Allard Castelein holds the position of Senior Independent Director after Jacques Petry stepped down from the role at the end of August. The Senior Independent Director will be available to shareholders should they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

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 12 times during the year.

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

In recognition of the importance of their stewardship responsibilities, the first standing item of business at every scheduled Board meeting is the consideration of the Safety, Health, Environment and Quality (SHEQ) 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 Executive Committee assists the Chief Executive Officer in the performance of his duties. This Committee meets monthly and comprises the Chief Executive Officer and Chief Financial Officer, the Divisional Managing Directors and Corporate Function Directors. In addition, there are a number of specialist committees covering Risk, Investment, SHEQ and Sustainability matters.

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

BOARD INDUCTION AND DEVELOPMENT

On appointment, Directors are given an introduction to the Group's operations, including visits to principal sites and meetings with operational management. Specific training requirements of Directors are met either directly or by the Company through legal/regulatory updates. Non-Executive Directors also have access to PricewaterhouseCoopers LLP's non-executive database and course programme. During the year there was a rolling programme of holding Board meetings at different Group locations in order to review local operations, with a focus on safety during site visits.

DIVERSITY

At the current time it has not been determined to set a specific female or ethnicity Board member quota. However, the Board recognises both the Lord Davies and Hampton-Alexander Reviews on female representation, including the recommendation that 33% of FTSE 350 board positions should be held by women by 2020. The Board also acknowledges that the Parker Review recommends that each FTSE 250 board has at least one Director from an ethnic minority background by 2024.

'Board appointments are based on the diversity of contribution and required competencies, irrespective of gender, age, nationality or any other personal characteristic'

Gender diversity

	FEMALE		MALE		
	Number	%	Number	%	Total
Board	2	25	6	75	8
Executive Committee	2	18	9	82	11
Group	1,173	18	5,377	82	6,550
Senior Managers	69	23	233	77	302

Board balance

	FEMALE	MALE
Executive Directors	0	2
Non-Executive Directors	2	4

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.

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

Statistical employment data for the Group can be found in the Sustainability Report, which is available on the Renewi website. Further summary details, in addition to those shown below including those on gender pay gap reporting, can also be found in the Care for people section from page 70.

AUDIT COMMITTEE

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

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

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

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

REMUNERATION COMMITTEE

The Remuneration Committee met six times during 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: Neil Hartley, who chairs the Committee, Allard Castelein and Luc Sterckx. The Committee formulates the Company's Remuneration Policy and the individual remuneration packages for Executive Directors. The Committee also determines the remuneration of the Group's senior management and that of the Chairman.

The Committee recommends the remuneration of the Non-Executive Directors for determination by the Board. In exercising its responsibilities, the Committee has access to professional advice, both internally and externally, and may consult the Chief Executive Officer about its proposals. The Directors' Remuneration Report on pages 108 to 125 contains particulars of Directors' remuneration and their interests in the Company's shares.

NOMINATION COMMITTEE

The Nomination Committee met five times during the year and is formally constituted with written terms of reference, which are available on the Group's website. Since 1 April the Committee has been chaired by Ben Verwaayen and is comprised solely of Non-Executive Directors: Allard Castelein, Marina Wyatt, Neil Hartley and Luc Sterckx.

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

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

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 126 to 128. >

HOW WE HAVE COMPLIED WITH THE UK CORPORATE GOVERNANCE CODE

Our statement of compliance, together with the wider Corporate Governance Report and other sections of this Annual Report, describes how we apply the main principles of good governance in the UK Corporate Governance Code published by the UK Financial Reporting Council in July 2018, a copy of which is available on its website, frc.org.uk.

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

BOARD LEADERSHIP AND COMPANY PURPOSE

A. The Board's role

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

The Board discharges its responsibilities as set out in the Corporate Governance Report on pages 94 to 95, through a programme of Board and Committee meetings that includes reviews of financial performance, critical business issues, and short- and long-term planning and strategies.

B. Renewi's purpose, values and culture

Renewi's purpose and ambition is to protect the world by giving new life to used materials. Renewi's vision is to be the leading waste-to-product company in the world's most advanced circular economies – contributing to a sustainable society for all our key stakeholders: customers, employees, our local communities and our shareholders. We are positioned higher up the value chain in the segments expected to show the highest structural growth. We focus on making valuable products from waste, rather than on its disposal through mass burn incineration or landfill. We believe our business meets the growing need to deal with waste sustainably and cost-effectively. Our values set out on page 71 are the foundation for everything we do and have helped us build a culture of togetherness and 'One Renewi'. They show that how we act is just as important as what we do. We use our values to guide the way we behave and make decisions at Renewi.

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

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

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

C. Resources and controls

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

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

D. Shareholder engagement

The Board aims to engage with shareholders and understand their issues and concerns. Renewi aims to present a balanced and understandable assessment of our strategy, financial position and prospects when reporting to shareholders and other interested parties. The investors pages of renewiplc.com contain a wide range of information of interest to institutional and private investors.

Board members are kept informed of any issues and receive regular reports and presentations from executive management and our brokers to assist them in developing an understanding of our major shareholders' views about Renewi.

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

All resolutions were approved by shareholders at the Company's 2019 AGM. The Company's 2020 AGM will be held on 16 July 2020 but will be subject to restrictions necessitated by the Covid-19 pandemic. A Notice of AGM, setting out detailed arrangements, will be sent to all registered holders of ordinary shares and, where requested, to the beneficial holders of shares, in advance and will also be available on our website at renewiplc.com.

Wider stakeholder engagement

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

A summary of our approach to stakeholder engagement and impact on decision-making is set out on pages 99 to 100. Our section 172(1) statement is set out on page 85.

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

During FY20, the Remuneration Committee consulted major institutional shareholders to understand their views on remuneration matters, including the updated Remuneration

Policy. Details of this engagement are set out in the Remuneration Report from page 110.

Workforce engagement

We rely on our workforce and their commitment to uphold our values, deliver our strategic priorities and make the changes necessary to sustain our performance. Engagement with the workforce is key to ensuring that the Board understands the employee voice.

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

E. Our workforce policies

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

DIVISION OF RESPONSIBILITIES

F. The role of the Chairman

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

G. Composition of the Board

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

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

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

The membership of the Board as at 31 March 2020 can be found on page 92 of the Corporate Governance Report, and biographical information about individual Directors can be found on pages 88 to 89.

H. Role of the Non-Executive Directors

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

Time commitment

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

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

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

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

Senior Independent Director

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

I. The Company Secretary

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

COMPOSITION, SUCCESSION AND EVALUATION

J. Appointments to the Board and succession planning

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

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

During FY20, a new Non-Executive Director, Ben Verwaayen, was recruited to succeed Colin Matthews who retired as Chairman of the Board on 31 March 2020. For information, please see the Nomination Committee Report from page 106.

Re-election of Directors

In accordance with Article 94 of the Articles, all Directors retire at each AGM and may offer themselves for re-election by shareholders. Accordingly, all the Directors will retire at the AGM in July 2020. The Notice of AGM will contain details of all Directors seeking election or re-election.

For more information, see the Other disclosures from page 126.

K. Skills, experience and knowledge of the Board

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

L. Board evaluation

As an external evaluation was carried out in FY18, the Board agreed that the FY20 review would be carried out through a structured online survey. The findings are set out in the Nomination Committee Report on page 107.

AUDIT, RISK AND INTERNAL CONTROL

M. Internal and external audit

The Audit Committee reviews the Company's relationship with its external auditors, including the independence of the external auditors. In 2019, the Audit Committee carried out a comprehensive tender process to select new auditors and allow the rotation of the external auditor, PricewaterhouseCoopers LLP. Subject to approval by shareholders at the AGM, BDO LLP will conduct the audit of the Company's and Group's consolidated financial statements for the financial year ending 31 March 2021. As part of a handover process BDO LLP has been shadowing PricewaterhouseCoopers LLP until they resign as auditors of the Company following completion of the 31 March 2020 audit.

The Committee maintains a policy for the pre-approval of all permitted non-audit services undertaken by the external auditor. The principal purpose is to ensure that the independence of the auditor is maintained. The Audit Committee also reviews the independence and effectiveness of the Internal Audit function.

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

N. Fair, balanced and understandable assessment

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

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

O. Risk management and internal controls

The Board has overall responsibility for our system of internal controls and risk management policies and has an ongoing responsibility for reviewing their effectiveness. During FY20, the Directors continued to review the effectiveness of our system of controls, risk management (including a robust assessment of the emerging and principal risks, including those that would affect the business model, future performance, solvency or liquidity) and high-level internal control processes. These reviews included an assessment of internal controls and financial, operational and compliance controls, and risk management and their effectiveness. These were supported by management assurance of the maintenance of controls reports from internal audit, as well as the external auditor on matters identified in the course of its statutory audit work.

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

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

For more information about the ways in which we manage our business risks, our procedures for identifying our emerging risks, how we describe our principal risks and uncertainties and our Viability Statement, see the Risks and Uncertainties section from page 76.

REMUNERATION

P. Policies and practices

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

For more information on the Remuneration Committee's work during FY20, see the Directors' Remuneration Report from page 108.

Q. Procedure for developing remuneration policy

During FY20, the Remuneration Committee reviewed the Directors' Remuneration Policy to ensure it continues to: align with corporate governance best practice; support the Company's ability to recruit and retain executive talent to deliver against its strategy; and promote the delivery of long-term strategy. As part of the process for developing the Directors' Remuneration Policy, a consultation of major institutional shareholders was undertaken during the year.

Details of this engagement are set out in the Directors' Remuneration Report from page 110.

The Directors' Remuneration Policy, which is to be put to shareholders for approval at the 2020 AGM, can be found from page 111.

R. Exercising independent judgement

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

For more information on FY20 performance, decisions and reward outcomes, see the Directors' Remuneration Report from page 110.

CONNECTING WITH OUR STAKEHOLDERS

How we engage as a company

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

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

A stakeholder matrix can be found on pages 15 to 17 of the Strategic Report, illustrating how we engaged and responded to stakeholder concerns over FY20. Renewi has refreshed its stakeholder groupings in response to the Companies (Miscellaneous Reporting) Regulations 2018.

How our Board understands the interests of our stakeholders

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

Over FY20, the Board received updates on various engagement initiatives designed to promote waste and recycling and understand sustainability goals among stakeholders. This provided the Directors with an understanding of the various initiatives that the Group leads, and the relationship between the Group, its customers, suppliers and the communities in which it operates.

Throughout FY20, Directors also engaged with various stakeholders, including the workforce via the Pulse surveys, to understand the issues that concern and impact them most. Examples of workforce engagement are set out on page 100. The CEO, CFO and Chairman met with investors throughout the year to understand their views on a range of issues. In February 2020, the Remuneration Committee Chair led a shareholder consultation exercise in connection with the triennial Remuneration Policy Review.

How our Board considers stakeholders' interests in decision-making

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

The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our purpose and values, together with our strategic priorities, the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success. See pages 15 to 17 for full details of how Renewi engages with stakeholders and responds to their needs and concerns.

PRINCIPAL DECISIONS IN FY20

We define 'Principal Decisions' as decisions and discussions that are material or strategic to the Group, and also those that are significant to any of our stakeholder groups. We consider the following items to be examples of Principal Decisions made by the Board during FY20.

Secondary listing

In January 2020, Renewi successfully applied for admission to trading of its shares on Euronext Amsterdam. The Board determined this to be beneficial to the Company and its stakeholders for a number of reasons including: easier access for shareholders choosing to invest in euros in Amsterdam, the alignment of Renewi's brand with Dutch economic and societal interest in the circular economy, and the brand's visibility to Benelux investors. In addition, the secondary listing is expected to contribute to liquidity in the Group's shares through its increased profile in the Benelux and expanded research coverage. Following the listing, we have seen a material increase in the daily volumes traded. Renewi also retains its premium listing on the London Stock Exchange.

Sale of Renewi Canada and Reym businesses

During the year, Renewi sold its operations in Canada and Reym industrial cleaning business in the Netherlands, resulting in total cash proceeds of up to €115m. The disposal of these businesses both strengthened the Group's balance sheet and sharpened the focus on core Benelux recycling operations. Long-term contracts were also agreed with Reym's purchaser to ensure continued customer service and waste inflows to ATM. The impact of these sales on the employees has been carefully considered.

Renewi 2.0

The goal of the Renewi 2.0 programme is to simplify Renewi's overheads, in order to improve customer experience, to increase employee satisfaction and to deliver cost benefits. It comprises >

a number of initiatives that will be executed over the next three years, each selected and designed to positively impact one or multiple of these stakeholders (ie customers, employees and stakeholders).

ATM thermally treated soil

In 2018, Dutch regulators imposed a ban on the thermally treated soil (TGG) produced by ATM for the Dutch market. An extensive testing programme was undertaken with regular dialogues with the Dutch regulator, in order to understand the issue and get the restrictions lifted. Throughout the TGG ban the Board received regular reports on the progress of TGG testing and discussions with the regulator. In December restrictions were lifted on the use of TGG in the Dutch market, allowing TGG produced by the ATM facility to be used for industrial purposes at appropriate sites in the Netherlands and abroad, albeit subject to local regulators' approval. By the end of FY20 the first shipment of TGG had been made. The Board believes that engagement with the regulator has contributed to a resolution and has been to the benefit of ATM staff and investors who were keen for TGG production to resume.

The strategic importance of developing waste-to-product facilities

The Board considers it to be of strategic importance to further develop waste-to-product services and implement cleaner and greener methods of collection and recycling and to increase the quantity and quality of secondary products produced. It holds regular discussions on how best to work with customers, suppliers, technology providers, regulators and other stakeholders to improve recycling services, facilities and processes. The Board understands that utilising the latest technological developments in collection, recycling and secondary product production will make Renewi more competitive in the marketplace, and better able to provide a superior service to its customers, at a higher margin.

For more information please see our Sustainability in Action case studies throughout this Annual Report.

ENGAGING WITH OUR WORKFORCE

Renewi is committed to being a great place to work. Engagement with employees is an important element in fostering a positive environment in which all employees are respected, openness is valued, diversity celebrated and every voice heard. We recognise and value our people as our most important asset in achieving our goals, upholding our values and delivering our strategic priorities.

In 2019, in response to the provision in the 2018 UK Corporate Governance Code prescribing certain methods that the Board could use to engage with the workforce, the Board designated Non-Executive Director Jolande Sap to assist the Board with workforce engagement. Over the course of the year, Jolande has been involved in a number of workforce engagement activities which are outlined in the following table.

WORKFORCE ENGAGEMENT ACTIVITIES
Participated in the annual general consultation meeting between management and the Works Council in January 2020
Held three meetings with the Chair of the Works Council
Participated in a governance workshop for the Dutch Works Council in October 2019
The Board attended five site visits

In addition to direct engagement with the workforce, the Board is able to receive updates from the HR Director to understand the workforce's views on a wide variety of topics. The Board also receives a number of company-wide reports providing insight into the views of the entire workforce, regardless of location and role, allowing for a breadth of views to be understood when making key decisions.

CASE STUDY

Dutch Works Council members had expressed an interest in understanding more about the governance process within Renewi plc, and so in October 2019 members were invited to attend a governance workshop delivered by Non-Executive Director Jolande Sap. The workshop included a briefing about governance and enabled Works Council members to directly ask questions about governance to a member of the Renewi plc Board.

Investing in and rewarding our workforce

Although the Remuneration Committee does not consult directly with employees, the Committee considers general basic salary increases for our workforce, aiming to ensure the global total reward offering is competitive, compelling and aligned to our business performance; while supporting a culture where everyone feels valued and included. For more information see the Remuneration Report – page 117.

Employee Pulse surveys

Renewi conducts regular Pulse surveys to understand the mood of employees and their attitude towards Renewi as an employer. The data analysis includes the calculation of a net promoter score estimating the likelihood of staff to recommend Renewi as an employer. The results and analysis of Pulse surveys are reported to the Board to allow it to monitor any changes in attitudes. For more information about Pulse surveys, see the Care for people section on pages 70 to 75.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Audit Committee Report

Marina Wyatt
Chair of the Audit Committee

Committee membership

Marina Wyatt (Chair); Neil Hartley; Luc Sterckx; Jolande Sap

FY20 Committee meeting attendance

Marina Wyatt (Chair)	3 (3)
Neil Hartley	3 (3)
Allard Castelein	3 (3)
Luc Sterckx	3 (3)
Jacques Petry	2 (2)

Bracketed figures indicate maximum potential attendance of each Director.
Jacques Petry retired from the Committee and Board on 31 December 2019.
On 31 March 2020, following a restructuring of Board Committee membership, Allard Castelein stepped down from the Audit Committee and Jolande Sap was appointed to the Committee on 1 April 2020.

Role of the Committee

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

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

For terms of reference go to renewiplc.com/audit

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2020.

At its meeting in May 2019, the Committee considered corporate governance compliance, taxation and the 2019 financial statements. The October 2019 meeting was concerned primarily with the interim results, review of the non-trading and exceptional items policy, the annual audit process effectiveness review and the outcome of the competitive audit tender process. The February 2020 meeting considered Group risk management strategy and policy, preparation of the 2020 financial statements and all other year-end accounting matters and treatments and the external audit plan.

In March 2019, the Company received a letter from the Financial Reporting Council raising a number of points on the 2018 financial statements. In response to this, certain additional disclosures with regard to provisions, estimates and judgements and alternative performance measures were included in the 2019 financial statements. A letter confirming the closure of the enquiries was received in October 2019. As stated in the Financial Reporting Council's letter, there are inherent limitations of such a desktop review.

During the year, the Committee was again responsible for reviewing the approach and framework to assist the Board in its preparation of the Viability Statement as required by Provision 31 of the UK Corporate Governance Code. The Group's Viability Statement on page 84 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 2024.

COVID-19 AND GOING CONCERN

The impact of Covid-19 on the Group's prospects has been considered by reforecasting an assumed potential impact of Covid-19 which includes the period of 12 months from the date of this report. A further downside scenario was prepared. The Committee has reviewed these models and has focused on the key assumptions of the continued cash generation of the Group and the compliance with covenants. After careful consideration, the Committee has confirmed to the Board that sufficient headroom exists and that the adoption of the going concern principle remains appropriate.

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, compliance with financial reporting standards and relevant financial and governance reporting requirements. The significant accounting issues considered by the Committee during the year were:

- **Onerous contracts in UK Municipal** Given the long-term nature of these contracts, these provisions are judgemental. Following on from the significant provisions reflected in March 2018 and March 2019, reviews of expected future cash flows and assumptions on a contract-by-contract basis, and discussions with management, are conducted as part of the interim and year-end procedures. During the year, an additional charge was reflected for increased disposal costs at one of the contracts. Following this process, the Committee has concluded that an appropriate level of provisions has been reflected in the balance sheet as at 31 March 2020.

- **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 and presentation from the Financial Reporting Council. Based on a review of the supporting papers from management, the Committee considers that these items have been appropriately classified and are in line with the non-trading and exceptional items policy which is reviewed annually by the Committee.
- **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 annual impairment review is submitted to the February meeting. Given the current Covid-19 pandemic, revised modelling has been prepared during March and April, and all impairment models have been updated. The Committee has reviewed the papers prepared by management and concluded that there is sufficient headroom across the cash-generating units, and that no goodwill impairments are necessary. The goodwill note in the financial statements includes appropriate disclosures for any reasonably possible changes in assumptions. In addition, the Committee has concluded from discussions with management that there are no risks of impairment for property, plant and equipment or other intangibles as a result of the ongoing pandemic.
- **Landfill-related provisioning** Landfill provisions, due to their nature, are judgemental as they are subject to a number of factors including changes in legislation and uncertainty over timing of payments. The annual review of provisions has considered and confirmed that assumptions and the period of liability are appropriate. Given recent declines in risk-free rates used to determine the discount rates, it was considered appropriate to reduce discount rates by between 0.5% and 2%, which has resulted in an exceptional charge and increase in landfill provisions of €11.6m. Key sensitivities are considered and appropriate disclosures are given in the provisions note in the financial statements.
- **Accounting for various tax-related matters including the level of provisions** The most significant judgements for tax relate to deferred tax asset recognition. The Committee received verbal and written reports from senior management that there have been no significant changes during the year and the level of balances recognised at March 2020 remains appropriate.
- **Disposal of businesses** As determined at March 2019, the sale processes for the Canada Municipal and Reym businesses were sufficiently advanced, which resulted in the criteria as set out in IFRS 5 being met and the businesses were held for sale, with Canada meeting the definition of a discontinued operation. Both disposals have been completed in the year and the resultant losses on disposal have been reviewed and appropriate disclosures given in the disposals note in the financial statements. Given the disposals, metrics have also been presented on an ongoing business basis to highlight the remaining Group operations.
- **Lease accounting** The new leasing standard became effective from the beginning of the current year. A detailed assessment of the impact and the approach was undertaken last year and this has been fully implemented in the year. The first year impact disclosures, as set out in section 9 of the financial statements, have been reviewed and are considered 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 its consideration as to whether the Annual Report and Accounts are fair, balanced and understandable, such that shareholders are provided with the necessary information to assess the Group's performance, business model and strategy. Having reviewed the results of the year-end internal verification and approval processes at its meeting in May 2020, the Committee was able to confirm this to be the case.

EXTERNAL AUDIT

PricewaterhouseCoopers LLP (PwC) was appointed as the Company's external auditor by shareholders at the AGM in 1994. A comprehensive tender process for the external audit was completed during the year and BDO LLP has been selected as the new auditor and will conduct the audit for the financial year ending 31 March 2021. The appointment is subject to approval by shareholders at the forthcoming AGM.

The Committee reviews the performance, effectiveness and independence of the auditors on an annual basis. PwC rotates its lead audit engagement partner, as required by its 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 10 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.

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 FY20 audit process was based on PwC's standard procedures reflecting its understanding of the business and focusing on scoped areas determined to be of highest risk.

The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a non-audit services policy. During the year the Revised Ethical Standard was published by the Financial Reporting Council, which set out new requirements including a 'blacklist' of non-permitted services, a 'whitelist' of permitted services and a percentage cap for non-audit services compared to the average statutory audit fee over the previous three years. Permitted services include those required by law and regulation and other assurance services closely linked to the audit or annual report and reporting accounting services. The new regulation >

came into effect on 15 March 2020. These recent changes have been incorporated into the non-audit services policy. Specified services may be provided by the external auditor subject to a competitive bid process, other than in situations where it is determined by the Committee that the work is closely related to the audit or when a significant benefit can be obtained from work previously conducted by the external auditor. The approval process of any new engagement remains in place with the CFO able to approve any new engagement up to the value of €25,000, with anything in excess of that limit requiring Committee approval.

In determining whether or not to engage the external auditor to provide any non-audit services, consideration will be given to whether doing so would create a threat to the auditor's independence. Similarly, the external auditor will not be permitted to undertake any advocacy role for the Group such that the auditor's objectivity may be compromised and, as per the new regulation, no internal audit services, secondments or contingent fee arrangements are permitted.

During the year €96,000 of non-audit services were provided by PwC, which is comparable with €35,000 in the prior year. The total audit fees, as disclosed in note 3.2 of the financial statements, amounted to €1.8m (2019: €1.8m).

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

INTERNAL AUDIT

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

During the year, the key control framework was finalised and rolled out to all Divisions with compliance reporting consistently above 90%. Significantly more internal audit reviews were undertaken this year.

Consistent with previous years, internal audit services from suitably qualified external providers were also engaged during the year. In a new co-sourcing model, subject matter experts from KPMG assisted with the fieldwork on the robotic automation processes implemented at the shared service centre in Lommel and a data analytics review on input pricing.

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

ACCOUNTABILITY AND AUDIT

The responsibilities of the Directors and the auditors in relation to the financial statements are set out on page 129.

RISK MANAGEMENT

The Group risk management framework, major risks and the steps taken to manage these risks are outlined on pages 76 to 84.

INTERNAL CONTROL RESPONSIBILITY

The system of internal control is based on a continuous process of identifying, evaluating and managing risks, including the risk management processes outlined on pages 76 to 78. The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board recognises that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatements, losses and the breach of laws and regulations.

ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

In addition to the Board's ongoing internal control monitoring process, it has also conducted an annual effectiveness review of the Group's risk management and internal control systems in compliance with Provision 29 of the UK Corporate Governance Code. This covered risk management systems and all significant material controls including financial, operational and compliance controls.

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

The main elements of the internal control and risk management frameworks, which contribute towards continuous monitoring, are as follows:

- A defined schedule of matters for decision by the Board
- Group manuals and guidance setting out financial and accounting policies, minimum internal financial control standards and the delegation of authority matrix over items such as capital expenditure, pricing strategy and contract authorisation
- A comprehensive planning and budgeting exercise. Performance is measured monthly against plan, prior year and latest forecast results and explanations sought for significant variances. Key performance indicators are also used to help management of the business and to provide early warning of potential additional risk factors
- Monthly meetings and visits to key operating locations by the Executive Directors and most senior managers to discuss performance and plans
- Appointment and retention of appropriately experienced and qualified staff to help achieve business objectives
- An annual risk-based internal audit plan approved by the Committee. Summaries of audit findings and the status of action plans to remedy significant failings are discussed at Group Board and Committee meetings on a regular basis
- A range of quality assurance, safety and environmental management systems are in use across the Group. Where appropriate, these are independently certified to internationally recognised standards and subject to regular independent auditing
- A minimum of three scheduled Risk Committee meetings each year, to consider all key aspects of the risk management and internal control systems
- 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
- Biannual certification by divisional managing and Finance Directors and Executive Directors on compliance with appropriate policies and accuracy of financial information
- The Committee receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance

ANTI-BRIBERY AND CORRUPTION

The Renewi Code of Conduct and Reporting and Investigation Protocol introduced in the prior year has operated throughout the year and integrity reporting is a standing item at all committee meetings.

Marina Wyatt
Chair of the Audit Committee
4 June 2020

Nomination Committee Report

Ben Verwaayen
Chair of the Nomination Committee

Committee membership

Ben Verwaayen (Chair); Allard Castelein; Marina Wyatt; Neil Hartley; Luc Sterckx

FY20 Committee meeting attendance

Colin Matthews	5 (5)
Allard Castelein	5 (5)
Marina Wyatt	5 (5)
Neil Hartley	5 (5)
Luc Sterckx	5 (5)
Jolande Sap	5 (5)
Jacques Petry	4 (4)

Bracketed figures indicate maximum potential attendance of each Director.
Ben Verwaayen succeeded Colin Matthews as Chair of the Nomination Committee on 1 April 2020 following Colin Matthews' retirement from the Committee and the Board.
Jacques Petry retired from the Committee and Board on 31 December 2019.
On 31 March 2020, following a restructuring of Board Committee membership, Jolande Sap stepped down from the Nomination Committee.

Role of the Committee

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

For terms of reference go to renewiplc.com/nomco

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2020.

The Committee met five times during the year and details of members' attendance are shown opposite. As announced at last year's AGM, the Committee launched a search for a new Chairperson as part of an orderly succession process. In addition, the Committee was particularly focused on recruitment for two key Executive Committee positions.

SUCCESSION PLANNING

The Committee worked closely with independent search consultants Heidrick & Struggles during the year to recruit a new Chairperson.

Searches were undertaken based on a prepared profile of the necessary skills, experience and requisite capabilities to lead the next stage of the Company's development in supporting Europe's transition towards a circular economy. A comprehensive process involved shortlisting of candidates followed by interviews by the Senior Independent Director, other Committee members and the Chief Executive Officer, before a final recommendation was made by the Committee to the Board.

Ben Verwaayen was appointed as Non-Executive Chairman to succeed Colin Matthews on 1 April 2020. Ben brings a wealth of skills and experience to the Chairmanship of Renewi, including those gained from leading public companies in both the UK and the Netherlands. He has particularly relevant experience in energy and climate change policy and in growing companies in dynamic markets.

Search consultants Spencer Stuart were engaged in the year in the Benelux to assist with a further two important appointments to the Executive Committee. Meinderdjan Botman was appointed Managing Director, Commercial Waste Netherlands in October 2019 and Maarten Buikhuisen was appointed Chief Information Officer in January 2020. Each has more than 20 years' experience in their respective fields.

Over the course of the year we have seen some changes to the composition of our committees. At the end of August, Jacques Petry stepped down from his role as Senior Independent Director in preparation for his retirement from the Board in December. Allard Castelein has stepped down from his role as Chair of the Remuneration Committee to fill the Senior Independent Director vacancy, and Neil Hartley has taken on the Remuneration Committee Chair role. The Committee believes these Directors have the most appropriate skills and experience to fill these vacancies.

Biographies of the current Directors and Executive Committee members are set out on pages 88 to 91 of the Governance section and are also available on the Company website.

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

BOARD EVALUATION

As an external evaluation was carried out in FY18, the Board agreed that the FY19 review would be carried out via a structured questionnaire survey. The survey identified some areas for development, which included a closer involvement with technological developments and emerging themes in the recycling and waste-to-product markets and circular economy.

Key findings from the FY19 review and subsequent actions are detailed below.

FINDING	ACTION
Continue the strategy review process with a greater emphasis on technology and emerging trends	The Board has reviewed divisional strategies with the assistance of the Strategy and Business Development Director, allowing a re-prioritisation of capital expenditure.
Refresh the risk management processes	Risk registers and mitigation plans have been revised for the Divisions and the Risk Committee supplemented with more frequent monthly review meetings.
Bring a broader range of employee and cultural issues to the Board	Jolande Sap was appointed as the Board's designated 'workforce engagement' Director, establishing a stronger link between staff and the Board and improving Board oversight of HR matters. Stronger working relationships have been built between the HR Executive Team and HR matters have been reported directly to the Board more frequently, including the results of employee Pulse surveys.
Schedule more time for talent review and succession planning discussions	A new Renewi Talent Model and Review Process is being rolled out and a new role of Group Talent Manager has been created. Further development of formal succession plans at Board and Executive Committee level is to be undertaken, although the Board has successfully appointed a new Chief Information Officer and Managing Director, Commercial Waste Netherlands over the course of the year. Since the financial year end, the former UK Municipal Division Managing Director has been promoted to lead the new Specialities Division.

FY20 EVALUATION

The Board again agreed that, as an external evaluation was carried out in FY18, the FY20 evaluation would be carried out via a structured questionnaire survey.

A number of themes emerged from the evaluation, including the need for continued focus on technological developments, talent management and the importance of further developing communications with Renewi's stakeholders and wider society.

Having considered the results of the evaluation, the Board agreed specific FY20 action plans across three main areas.

1. Continue strategic emphasis on technology and emerging trends.
2. Refresh and, where possible, formalise structured succession plans for the Board, Executive Committee and senior management levels.
3. Continue to foster communications between the Board and all the Group's stakeholders, including customers, employees, investors, regulators and wider communities/society.

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.

Ben Verwaayen
Chair of the Nomination Committee
4 June 2020

Board tenure

	Male	Female	Total
<2 years	3	1	4
2-5 years	2	0	2
>5 years	1	1	2

Background/experience of Non-Executive Directors

	Male	Female	Total
Energy/chemicals	1	0	1
Politics/socio-economics	0	1	1
Telecoms	1	0	1
Transport	1	1	2
Private equity/investment	1	0	1

Directors' Remuneration Report

Neil Hartley
Chair of the Remuneration Committee

Committee membership

Neil Hartley (Chair); Allard Castelein; Luc Sterckx

FY20 Committee meeting attendance

Neil Hartley	6 (6)
Allard Castelein	6 (6)
Luc Sterckx	6 (6)
Marina Wyatt	6 (6)
Jolande Sap	5 (6)
Jacques Petry	3 (3)
Colin Matthews	6 (6)

Bracketed figures indicate maximum potential attendance of each Director.
Neil Hartley succeeded Allard Castelein as Chair of the Committee on 1 September 2019.
Jacques Petry and Colin Matthews retired from the Committee and Board on 31 December 2019 and 31 March 2020 respectively.
Also on 31 March 2020, following a restructuring of Board Committee membership, Marina Wyatt and Jolande Sap stepped down from the Committee.
Jolande Sap was absent from the meeting held in February 2020 due to it not being possible to find a date to accommodate attendance of the full Committee.

Role of the Committee

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

For terms of reference go to renewiplc.com/remco

This Report, prepared by the Remuneration Committee on behalf of the Board, takes full account of the UK Corporate Governance Code and the latest Investment Association (IA) Principles of Remuneration and Institutional Shareholder Services (ISS) UK and Ireland Proxy Voting Guidelines, and has been prepared in accordance with the provisions of the Companies Act 2006 (the Act), the Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. The Act requires the Auditor to report to the Group's shareholders on the audited information within this Report and to state whether in their opinion those parts of the Report have been prepared in accordance with the Act. The Auditor's opinion in this regard is set out on page 132 and those aspects of the Report that have been subject to audit are clearly marked.

SUMMARY

The key elements of the Directors' Remuneration Report are outlined below.

The Annual Statement
Summarises performance and reward in the year ended 31 March 2020 and how, subject to shareholder approval, the Remuneration Policy will be operated for the year ending 31 March 2021.

Remuneration Policy
Details the Remuneration Policy, which will be put to shareholders for approval at the 2020 AGM given that the 2017 Policy is reaching the end of its three-year life.

Annual Report on Remuneration
Details how the Remuneration Policy was implemented during the year ended 31 March 2020 and how the Committee intends the Policy to apply for the year ending 31 March 2021.

WORK OF THE COMMITTEE DURING THE YEAR

The Committee met six times during FY20 and details of members' attendance at meetings are shown above left. The main Committee activities during the year (full details of which are set out in the relevant sections of this Report) included:

- agreeing the performance against the targets and payout for the FY19 annual bonus awards;
- setting the performance targets for the FY20 annual bonus;
- agreeing the vesting levels for the 2016 LTIP awards which were due to vest in 2019;
- agreeing the award levels and performance targets for the 2019 LTIP awards;
- agreeing Executive Director base salary increases and the Chairman's fee from 1 April 2020;
- considering regulatory/disclosure developments and shareholder views during FY20;
- reviewing and consulting shareholders on the new Remuneration Policy; and
- reviewing the impact of Covid-19 and resultant temporary changes to remuneration arrangements for Executive Directors and below Board members of the Executive Team.

In addition, the Committee has considered how the Remuneration Policy and practices are consistent with the six factors set out in

Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity** Our policy is well understood by our senior team and employees more generally and has been clearly articulated to our shareholders.
- **Simplicity** The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. As such, our executive remuneration policies and practices are as simple to communicate and operate as possible, while ensuring that they are aligned to our strategy.
- **Risk** Our Remuneration Policy is based on:
  (i) a combination of both short- and long-term incentive plans based on financial, non-financial and share price-linked targets;
  (ii) a combination of cash and equity (in terms of both deferred bonus and LTIP awards); and
  (iii) a number of shareholder protections (ie bonus deferral, shareholding guidelines, malus/clawback provisions) which have been designed to mitigate the impact of inappropriate risk-taking.
- **Predictability** Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The scenario charts in the Remuneration Policy illustrate how the rewards potentially receivable by our Executive Directors vary based on performance and share price growth.
- **Proportionality** There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the structure of our short- and long-term incentives, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture** Renewi's focus on making valuable products from waste, meeting the growing need to deal with waste sustainably and cost-effectively, is fully supported through the metrics in both the annual bonus and long-term incentive which measure how we perform against main KPIs that underpin the delivery of our strategy.

The Annual Statement

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2020. 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.

COVID-19

In response to the pandemic, the Remuneration Committee has been proactive in taking appropriate measures. These include: (i) aligning the bonus payout for Executive Directors and Executive Committee members with shareholders' interests by changing the cash payout of the FY20 bonus to payout wholly in shares; (ii) a voluntary 20% salary/fee reduction was agreed for at least three months from 1 April 2020 for all Board members and a 10% reduction for Executive Committee members; and (iii) the suspension of FY21 bonus arrangements across the Group, which will be reintroduced at the discretion of the Committee when the Company is ready to give forward guidance.

FY20 PERFORMANCE, DECISIONS AND REWARD OUTCOMES

FY20 annual bonus

Achievement of profit and net debt/EBITDA leverage targets were substantively met, contributing to the financial target element of the bonus measures. Personal objectives were also largely met save for the health and safety improvement target. This resulted in bonus awards of 132% and 130.5% of the base salary for the Chief Executive Officer and Chief Financial Officer respectively. As detailed below, in response to Covid-19, the Committee has determined this year to deliver in shares the two-thirds proportion of their bonus usually paid up-front in cash, in addition to the usual one-third delivered as deferred share awards through the Deferred Annual Bonus Scheme. Further details are set out on pages 120 and 121.

2017 LTIP vesting in 2020

The Long-Term Incentive Plan (LTIP) granted in 2017 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 2020. Although the threshold share price target was not met, threshold targets for both EPS and ROCE were exceeded and as a result 43.3% of the 2017 LTIP will vest. Further details are set out on page 121.

Use of Remuneration Committee discretion

The Committee has used its discretion to deliver all of Executive Directors' annual bonus for FY20 in shares. The FY21 bonus has been suspended and will be reintroduced at the discretion of the Committee when the Company is ready to give forward guidance. The Committee also supported the voluntary Board and Executive Committee fee/salary reductions in light of Covid-19 as referenced above.

Policy Review

As a result of the current Remuneration Policy reaching the end of its three-year life, and following consultation with the Company's largest shareholders and the major representative bodies, the following changes to the policy are being proposed:

- The maximum pension contribution rate of 25% of salary has been removed
- The approach to bonus deferral has been simplified
- The exceptional LTIP award limit of 200% of salary has been removed
- The 'in-employment' shareholding retention guideline has been tightened to accelerate achievement of the target shareholding level
- A post-cessation shareholding guideline has been introduced
- Malus and clawback provisions in the bonus, deferred bonus and LTIP have been reviewed and additional triggers included
- Minor changes have been made to the Remuneration Policy to ensure that there is sufficient flexibility to reflect relevant employment regimes for non-UK Directors

For full details of the Remuneration Policy Review, see page 111.

Implementing the Remuneration Policy for FY21

Executive Directors' basic salaries were increased in line with the general workforce rate of increase from 1 April 2020. The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 12.5% and 20% of salary respectively. The maximum annual bonus opportunity for Executive Directors in FY21 will remain unchanged at 150% of salary. LTIP grants for 2020 will be considered in due course although award levels will be reduced from normal levels to reflect the Covid-19 affected share price. For full details of the Remuneration Policy, see page 111.

LOOKING FORWARD

At the 2019 AGM, the Annual Statement and Annual Report on Remuneration received the support of more than 99.9% of votes cast. The Committee thanks shareholders for their continued support and asks that they similarly support the 2020 Remuneration Report and new Remuneration Policy AGM resolutions. In addition to the above, a resolution will be tabled to renew the current LTIP, which is nearing the end of its 10-year life. The terms of the new plan will broadly mirror the existing plan, other than the removal of the exceptional award limit noted above and the incorporation of a number of developments in good practice (including updating the malus and clawback provisions referred to above).

Neil Hartley
Chair of the Remuneration Committee
4 June 2020

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

Given that the current Directors' Remuneration Policy Report (approved at the AGM on 13 July 2017, receiving 96.9% support) will shortly reach the end of its three-year life, a new Policy will be put to shareholders for approval at the 2020 AGM and shall apply from such approval. Subject to approval, the new Policy will apply from that date for a maximum of three years until the AGM in 2023.

Changes from the current Policy

Following consultation with the Company's major investors and the main representative bodies, the Policy changes being proposed, and which are included in the summary table on the following pages, are:

- The maximum pension contribution rate of 25% of salary has been removed. Going forward, pension provision for new Executive Directors and employees promoted to the Board will be aligned, in percentage of salary terms, with the local workforce contribution rate
- The approach to bonus deferral has been simplified from:
  - 33% of any bonus deferred into shares, with 50% vesting after three years, 25% after four years and 25% after five years; to
  - 50% of any bonus awarded in shares, with half vesting immediately and the other half vesting after three years. This change has been made to increase the share component of any bonus award relative to cash and ensure that executives move more quickly towards the target shareholding level
- The exceptional LTIP award limit of 200% of salary has been removed
- The 'in-employment' shareholding retention guideline has been tightened to accelerate achievement of the target shareholding level. Subject to the Policy being approved by shareholders, 100% of any share awards that vest (net of taxes) will be retained (rather than the current 50%) until the 200% of salary shareholding guideline is met
- A post-cessation shareholding guideline has been introduced. Going forward, Executive Directors will need to retain shares equal to 200% of salary (ie 100% of the shareholding guideline) until the second anniversary of cessation. Own shares purchased, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from the post-cessation guideline
- Malus and clawback provisions in the bonus, deferred bonus and LTIP have been reviewed and additional triggers included
- Minor changes have been made to the Policy in respect of recruitment to ensure that there is sufficient flexibility in terms of recruitment to reflect relevant employment regimes for non-UK Directors

POLICY TABLE

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
BASE SALARY To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses		
Base salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Salary levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The Committee also has regard to individual and Group performance and changes to pay levels across the Group.	For Executive Directors, it is anticipated that salary increases will normally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity or a material market misalignment), the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market-competitive.	None.
PENSION To provide an opportunity for executives to build up a provision for income on retirement		
Executive Directors may receive a pension contribution and/or cash allowance in lieu of pension.	New Executive Directors: In line with the local workforce contribution rate (as a % of salary). Current Executive Directors: - CEO: 12.5% of salary - CFO: 20% of salary	None.
BENEFITS To provide market-competitive benefits		
Benefits include life assurance, medical insurance, income protection and car/travel allowances.	Benefits may vary by role. However, the total cost of taxable benefits will not normally exceed 10% of salary. The Committee retains discretion to approve a higher cost in exceptional circumstances (eg relocation or expatriation) or in circumstances where factors outside the Group's control have changed (e.g. increases in market insurance premia).	None.
ALL-EMPLOYEE SHARE SCHEMES To encourage Group-wide share ownership		
Executive Directors may participate in all-employee share arrangements on the same terms offered to employees.	The maximum opportunity will not exceed the relevant HMRC limits, where applicable.	None.

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
ANNUAL BONUS To motivate senior executives to maximise short-term performance and help drive initiatives that support long-term value creation		
Performance measures, targets and weightings are set at the start of the year. The maximum bonus is payable only if all performance targets are met in full. 50% of any bonus is awarded in shares, with half vesting immediately and the other half deferred into an award over Renewi plc ordinary shares which vests after three years. Dividend equivalents may accrue over the vesting period to the extent awards vest. **MALUS AND CLAWBACK** The Committee may at its discretion not pay bonuses/reduce deferred share awards and/or recover bonuses which have been paid or shares which have vested under deferred share awards in the following circumstances: misstatement of the Company's financial results, an error calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance (eg profit or cash flow measures) (majority weighting) and the achievement of personal or strategic objectives (minority weighting). Bonus targets are generally calibrated with reference to the Group's budget for the year. The Committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards, to ensure that payments are a true reflection of performance over the performance period, eg in the event of unforeseen circumstances outside management control.
LONG-TERM INCENTIVE PLAN (LTIP) To motivate and retain senior executives and managers to deliver the Group's strategy and long-term goals and to help align executive and shareholder interests		
Executive Directors and senior employees may be granted awards annually, as determined by the Committee. The vesting of these awards is subject to the attainment of performance conditions. Awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the vesting period and any holding period to the extent that awards vest. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, then the awards will lapse. A two-year post-vesting holding period applies to LTIP awards granted to Executive Directors since the 2017 AGM. **MALUS AND CLAWBACK** The Committee may at its discretion decide that LTIP awards are reduced and/or clawback vested LTIP awards in the following circumstances: misstatement of the Company's financial results, an error calculating the vesting result, misconduct, material corporate failure, material risk management failure, serious reputational damage or material loss caused by the participant's actions.	150% of salary.	Vesting of LTIP awards will be subject to continued employment and financial, strategic, environmental and/or share price-related performance targets normally measured over a period of at least three years. In addition to the Group achieving the financial/share price targets, the Committee must satisfy itself that the recorded outcome is a fair reflection of the underlying performance of the Group. Threshold performance will result in vesting of no more than 25% of maximum under each element. The Committee has discretion (within the limits of the scheme) to adjust the formulaic performance outcomes to ensure that payments fairly reflect underlying performance over the period. Adjustments may be upwards or downwards.
SHAREHOLDING GUIDELINES To align executive and shareholder interests		
The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Executive Directors are required to retain 100% (net of tax) of any LTIP, annual bonuses awarded in shares which vest immediately (applicable to bonus awards for FY21 awards – see above) and deferred bonus shares acquired on vesting until they reach the ownership guideline. The guideline will not normally apply to shares acquired or as a result of the exercise of the Committee's discretion to deliver any salary and/or cash part of the annual bonus in shares (deferred or otherwise) over and above the normal Policy.	In employment: 200% of salary. Post employment: 200% of salary up until the second anniversary of cessation. Own shares purchased, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from the post-cessation guideline.	None.

NOTES TO THE POLICY TABLE

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

Performance measurement selection

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

Performance targets are reviewed annually and set to be stretching and achievable, taking into account the Group's resources, strategic priorities and the economic environment in which the Group operates. Targets are set taking into account a range of internal and external reference points, including the Group's strategic plan and broker forecasts for both the Group and sector peers. The Committee believes that the performance targets are stretching, and that to achieve maximum outcomes requires truly outstanding performance. The Committee considers the combination of three-year EPS growth, ROCE improvement, relative total shareholder return (TSR) and a sustainability target as proposed currently for the 2020 LTIP awards to be key indicators of success for the Group. These measures are transparent, visible and motivational to participants, balance growth and returns, and provide good line-of-sight for executives and alignment with shareholders.

Remuneration policy for our senior leaders

The Group's approach to annual salary reviews is broadly consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels for comparable roles in comparable companies.

The broader Remuneration Policy across the Group is also consistent with that set out in this report for the Executive Directors. For example, remuneration is linked to Group and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value. Senior employees generally participate in an annual bonus scheme with a similar structure to that described for the Executive Directors. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate.

Members of the Executive Committee and other senior managers may participate in the LTIP on a similar basis to, but at lower levels than, Executive Directors. Such awards may be on the same terms as those granted to Executive Directors or they may differ in respect of vesting periods, holding periods and performance targets (ie the targets used and/or whether performance targets apply for some or all of the awards). All UK employees are eligible to participate in the Sharesave Scheme on the same terms although other all-employee share arrangements may be introduced if considered appropriate.

APPROACH TO RECRUITMENT REMUNERATION

External appointments

In the cases of hiring or appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as described in the Policy Table. The maximum limits for variable pay (excluding buyouts) will be as for existing Executive Directors.

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

The Committee may also make an award in respect of a new appointment to buy out incentive arrangements forgone on leaving a previous employer on a like-for-like basis, in addition to providing the normal remuneration elements. In constructing a buyout, the Committee will consider all relevant factors including time to vesting, any performance conditions attached to awards, and the likelihood of those conditions being met. Any such buyout awards will typically be made under the existing annual bonus and LTIP schemes, although the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2R to make awards using a different structure. Any buyout awards would have a fair value no higher than that of the awards forgone.

Internal appointments

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

Non-Executive Director recruitment

In recruiting a new Non-Executive Director, the Committee will use the policy as described in the Policy Table. A base fee in line with the prevailing rate for Board membership would be payable, with additional fees payable for acting as Senior Independent Director or Chair of a Committee, as appropriate.

PAY SCENARIO CHARTS

The charts below provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: Minimum, Target, Maximum and Maximum with share price growth. Potential reward opportunities are based on the Remuneration Policy, applied to basic salaries as at 1 April 2020 pre Covid-19 reduction. The projected values exclude the impact of any dividends.

SERVICE CONTRACTS AND EXIT PAYMENT POLICY

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

Executive Director	Date of service contract	Notice period (Company)	Notice period (Individual)
Otto de Bont	27 March 2019	12 months	6 months*
Toby Woolrych	27 August 2012	12 months	12 months

*Dutch law limits the maximum notice the Chief Executive Officer can be required to provide.

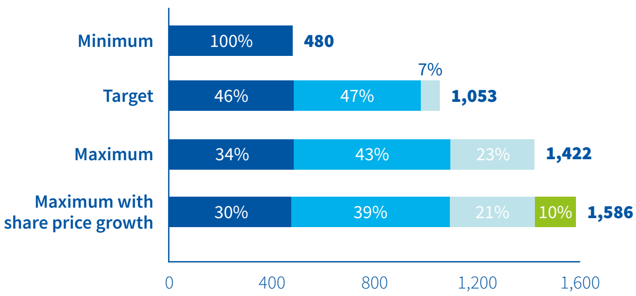
If employment is terminated by the Group, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, including 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 entered into only where the Committee believes that it is in the best interests of the Group and its shareholders to do so.

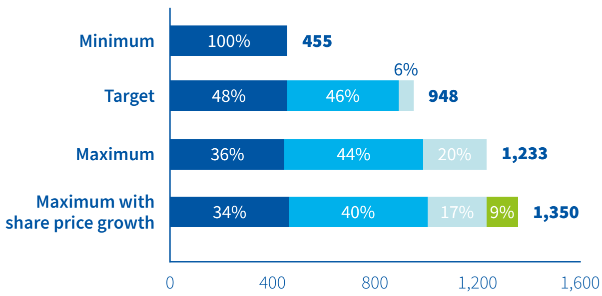
When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the annual bonus and LTIP are typically treated in different circumstances, with the final treatment remaining subject to the Committee's discretion.

Pay scenario charts for FY21

CHIEF EXECUTIVE OFFICER (£000)



CHIEF FINANCIAL OFFICER (£000)



Fixed pay   Annual bonus   LTIP   Share price growth

Notes

- The Minimum scenario shows basic salary, pension and estimated benefits (ie fixed remuneration). These are the only elements of the Executive Directors' remuneration packages that are not at risk.
- The Target scenario reflects fixed remuneration as above, plus a target bonus of up to 80% of maximum and threshold LTIP vesting of 25%.
- The Maximum scenario reflects fixed remuneration plus full payout of all incentives based on the normal bonus maximum and LTIP grant policy.
- The Maximum with share price growth scenario is as per Maximum but with a 50% share price growth assumption.

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 be paid only to the extent that Group and personal objectives set at the beginning of the year have been achieved. Any resulting bonus will generally be pro-rated for time served during the year.
Change of control.	Immediately.	Performance against targets will be assessed at the point of change of control and any resulting bonus will generally be pro-rated for time served.
Any other reason.	Not applicable.	No bonus is paid.
Deferred Annual Bonus (DAB)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Any outstanding DAB awards will generally be pro-rated for time served.
Change of control.	Immediately.	Any outstanding DAB awards will generally be pro-rated for time served. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.
Long-Term Incentive Plan (LTIP)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion.
Change of control.	Immediately.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards normally lapse.

NON-EXECUTIVE DIRECTORS

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

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

Non-Executive Director	Initial agreement date	Renewal date
Ben Verwaayen (Chairman)	8 March 2020	1 August 2020
Allard Castelein	10 November 2016	1 August 2020
Jolande Sap	13 March 2018	1 August 2020
Luc Sterckx	3 August 2017	1 August 2020
Marina Wyatt	2 April 2013	1 August 2020
Neil Hartley	17 January 2019	1 August 2020
Colin Matthews*	7 March 2016	–

*Colin Matthews retired on 31 March 2020 and was succeeded as Chairman by Ben Verwaayen on 1 April 2020.

Non-Executive Directors' fees are capped in the Company's Articles of Association at £750,000. Details of policy on fees paid to Non-Executive Directors are set out in the table below.

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

EXTERNAL APPOINTMENTS

The Committee acknowledges that Executive Directors may be invited to become Non-Executive Directors of other quoted companies which have no business relationship with the Group and that these duties can broaden their experience and knowledge to the benefit of the Group. Executive Directors are limited to holding one such position, and the policy is that fees may be retained by the Director, reflecting the personal risk assumed in such appointments. As at the date of this report, neither Otto de Bont nor Toby Woolrych has taken up any external appointments.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

Although the Committee does not consult directly with employees on executive Remuneration Policy, the Committee does consider general basic salary increases across the Group, remuneration arrangements and employment conditions for the broader employee population when determining Remuneration Policy for the Executive Directors.

In compliance with the 2018 UK Corporate Governance Code, Jolande Sap is the designated Non-Executive Director with the responsibility of assisting the Board with workforce engagement and reporting. Over the course of the year Jolande has been involved in a number of workforce engagement activities, including participation in the annual general consultation meeting between management and the Dutch Works Council, three meetings with the chair of that Works Council, and participation in a governance workshop for that Works Council. In addition to direct engagement with the workforce, the Board and Remuneration Committee are able to receive updates from the Group HR Director to understand the workforce's views on a wide variety of topics through the employee Pulse surveys.

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 undertaking 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 and the 2017 AGM Remuneration Policy vote are provided below.

	ANNUAL REPORT ON REMUNERATION 2019 AGM		REMUNERATION POLICY 2017 AGM	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	503,809,331	99.92%	547,859,771	96.92%
Against	423,408	0.08%	17,407,656	3.08%
Total votes cast (excluding withheld votes)	**504,232,739**	**100%**	**565,267,427**	**100%**
Votes withheld	316,926	–	106,316,482	–

Annual Report on Remuneration

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2021 and how it was implemented during the financial year ended 31 March 2020.

IMPLEMENTATION OF REMUNERATION POLICY FOR FY21

Basic salary

Executive Directors' basic salaries were increased in line with the general workforce rate of increase from 1 April 2020.

	1 April 2019	1 April 2020	% Increase
Otto de Bont	€457,000	€469,796[1]	2.8%
Toby Woolrych	£351,900	£361,753	2.8%

1. Equivalent to £409,662 at an exchange rate of €1:£0.872.

Both Executive Directors agreed to a 20% voluntary salary reduction effective from 1 April 2020 for at least three months, subject to review of cessation of the lockdown measures in place in connection with the Covid-19 pandemic.

Pension

The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 12.5% and 20% of salary respectively.

Annual bonus

FY21 bonus arrangements across the Group have been suspended and will be reintroduced at the discretion of the Committee when the Company is ready to give forward guidance. Quantum will be reduced pro-rata to reflect the delay in target-setting and performance metrics are expected to be in line with those operated for FY20.

LTIP

LTIP award levels for 2020 will be considered at the time of grant although they will be reduced from the normal award levels to reflect the prevailing share price. In respect of the proposed LTIP performance metrics, the Committee will:

- continue to operate EPS and ROCE metrics;
- adopt a relative TSR target to be measured against the constituents of the FTSE 250 (excluding investment trusts) in place of the existing absolute share price growth target; this change is in response to previous feedback received in respect of the existing share price measure;
- introduce an ESG metric from the Group's sustainability reporting that incentivises and rewards an improvement in Renewi's recycling rate; and
- equally weight the four proposed measures.

Precise targets have yet to be set although full details of the metrics and targets will be disclosed by stock market announcement immediately following grant.

Chairman and Non-Executive Director fees

Chairman and Non-Executive Director fees were also increased in line with the general workforce rate of increase from 1 April 2020.

	Fee from 1 April 2019	Fee from 1 April 2020
Base fees		
Chairman	£153,000	£157,284
Non-Executive Director	£48,960	£50,330
Audit Committee Chair additional fee	£8,670	£8,912
Remuneration Committee Chair additional fee	£8,670	£8,912
Senior Independent Director additional fee	£6,120	£6,291

The Chairman and Non-Executive Directors have agreed to a voluntary 20% fee reduction with effect from 1 April 2020 for at least three months subject to review of cessation of the lockdown measures in place in connection with the Covid-19 pandemic.

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 2020 and the prior year.

	OTTO DE BONT[1]		TOBY WOOLRYCH		PETER DILNOT[1]
	FY19 £000	FY20 £000	FY19 £000	FY20 £000	FY19 £000
Basic salary	–	399	352	352	510
Taxable benefits[2]	–	19	21	21	27
Pension[3]	–	50	70	70	128
Single-year variable[4]	–	526	0	459	0
Multiple-year variable[5,6]	–	82	35	73	–
Other[7]	–	9	3	8	9
Total	**–**	**1,085**	**481**	**983**	**674**

1. Otto de Bont was appointed Chief Executive Officer from 1 April 2019. Peter Dilnot stepped down from the Board as Chief Executive Officer on 31 March 2019.
2. Taxable benefits comprise car allowance/lease and medical insurance.
3. Otto de Bont and Toby Woolrych received cash supplements in lieu of pension contribution of 12.5% and 20% of salary respectively.
4. Payment for performance during the year under the annual bonus including any deferred annual bonus. (See following sections for further details.)
5. Based on the estimated value of LTIPs granted in 2017 to Otto de Bont (granted prior to his appointment to the Board) and to Toby Woolrych (Peter Dilnot's award lapsed at cessation) assuming 43.3% vesting, dividend equivalent shares and a three-month share price to 31 March 2020 of 33.62 pence. The value of LTIP awards for FY19 for Toby Woolrych was based on 23% vesting and a three-month share price to 31 March 2019 of 27.26 pence and included dividend equivalents. The actual value of the awards at vesting was £37,441.
6. The impact of share price movements on the vesting of the LTIP awards granted to Toby Woolrych, based on the average three-month share price to 31 March 2020 (33.62 pence) and the 93.25 pence share price at grant and ignoring dividend equivalents, is as follows:

Otto de Bont	
Value of awards expected to vest (500,000 shares x 33.62 pence x 43.3% vesting)	£72,787
Face value of proportion of awards expected to vest (500,000 shares x 93.25 pence x 43.3% vesting)	£201,886
Impact of share price movement on vesting value	-£129,099

Toby Woolrych	
Value of awards expected to vest (443,000 shares x 33.62 pence x 43.3% vesting)	£64,489
Face value of proportion of awards expected to vest (443,000 shares x 93.25 pence x 43.3% vesting)	£178,871
Impact of share price movement on vesting value	-£114,382

7. Includes Sharesave awards, valued based on embedded gain at grant, life assurance, accident insurance and income protection.
8. Prior to his appointment on 1 April 2019 as Chief Executive Officer, Otto de Bont was recruited originally in May 2017 to the senior position of Managing Director of Renewi's Commercial Waste Netherlands Division. In connection with the contractual commitments provided as part of that original 2017 appointment he was entitled to receive a final deferred joining fee of €75,000 in June 2019.

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

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2020 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL	
	FY19 £000	FY20 £000	FY19 £000	FY20 £000	FY19 £000	FY20 £000
Colin Matthews (Chairman)[1]	153	153	–	–	153	153
Allard Castelein[2]	49	49	9	7	58	56
Jacques Petry[3]	49	49	6	3	55	39
Luc Sterckx	49	49	–	–	49	49
Marina Wyatt[4]	49	49	9	9	58	58
Jolande Sap	49	49	–	–	49	49
Neil Hartley[5]	10	49	–	5	10	54

1. Colin Matthews retired from the Board on 31 March 2020.
2. Allard Castelein's additional fee is in respect of his role as the Chair of the Remuneration Committee until 30 August 2019 and Senior Independent Director from 1 September 2019.
3. Jacques Petry's additional fee is in respect of his role as the Senior Independent Director until 30 August 2019. He retired from the Board on 31 December 2019.
4. Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
5. Neil Hartley was appointed to the Board on 17 January 2019. His additional fee is in respect of his role as the Chair of the Remuneration Committee from 1 September 2019.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2020

Performance-related annual bonus in respect of FY20 performance

The annual bonus was measured against underlying profit before tax (50% weighting), net debt/EBITDA leverage ratio (25% weighting) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown below.

Financial element outcomes

The financial targets and corresponding potential outcomes for the Executive Directors' FY20 annual bonus are shown below.

Measure	Weighting	FY20 final outcome	Threshold	Maximum	Potential bonus payout (% of max)
Underlying profit before tax	50%	€43.4m	€33.8m	€41.4m	100%
Net debt/EBITDA leverage ratio	25%	2.98x	>3.3x	<2.85x	80%

Underlying profit before tax is set based on the Group's expected budget outcome for the year as adjusted for disposals and acquisitions in the year. All non-euro denominated entity values are converted to euros at the budgeted rate of exchange and actual performance is also measured at this constant exchange rate. The leverage ratio is based on the net debt to EBITDA covenant level as determined in the main banking facilities.

Personal element outcomes

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

		Target	Committee's assessment of performance	Potential bonus payout (% of max)
Otto de Bont	1. Safety culture improvement	5%	0%	
	2. Ensure recovery of ATM soil production and sale of AP4Terra building materials	4%	4%	
	3. Municipal performance improvement	4%	3.5%	
	4. Successfully launch secondary listing on Euronext	4%	4%	
	5. Prepare and commence implementation of Renewi 2.0 programme	4%	3%	
	6. Employee engagement improvement	4%	3.5%	
		25%	**18%**	**72%**
Toby Woolrych	1. Safety culture improvement	5%	0%	
	2. Prepare and commence implementation of Renewi 2.0 programme	4%	3%	
	3. Successfully launch secondary listing on Euronext	4%	4%	
	4. Enhanced financial reporting capability	4%	3%	
	5. Deliver the disposals of Reym and Canada	4%	3.5%	
	6. Employee engagement improvement	4%	3.5%	
		25%	**17%**	**68%**

FY20 annual bonus

Financial targets were largely met with Group profit before tax achieving budget maximum payout for a 110% performance. The leverage ratio was above 2.85 but less than 3.00 times, resulting in a 20% payout of the leverage target. Personal targets were also largely met, resulting in a bonus award of 132% and 130.5% of the maximum for Chief Executive Officer and Chief Financial Officer respectively.

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall bonus outcome (% of salary/£)
Otto de Bont	105%	27.0%	132%/£526,025
Toby Woolrych	105%	25.5%	130.5%/£459,230

In light of Covid-19 it was agreed by the Committee that the FY20 bonus would be delivered fully in shares with the normal DAB provisions, including holding periods and share dealing restrictions, only applying to the one-third of the value of the bonus. No restrictions, conditions or holding period will apply to the two-thirds of the value of the bonus delivered in shares that would have been paid in cash ordinarily.

2017 LTIP vesting in 2020

Otto de Bont was granted an LTIP award in 2017 over 500,000 shares upon his appointment as Managing Director of the Renewi Commercial Waste Netherlands Division which would vest in 2020 based on three-year performance to 31 March 2020. Toby Woolrych was also granted an LTIP award in 2017 over shares equal to the value of circa 120% of salary which would vest in 2020 based on three-year performance to 31 March 2020. Vesting for both awards was dependent on three-year adjusted underlying EPS, share price performance and ROCE. The vesting schedules, targets and the performance against targets are set out below.

Measure	Weighting	Targets	Actual performance	% of this part of award (% of maximum)
EPS CAGR	50%	0% vesting below 5% p.a. 25% vesting for 5% p.a. 50% vesting for 10% p.a. 100% vesting for 15% p.a. Straight-line vesting between these points	8.5%	41.5% (20.8%)
Share price CAGR	25%	0% vesting below 9% p.a. 25% vesting for 9% p.a. 50% vesting for 13% p.a. 100% vesting for 17% p.a. Straight-line vesting between these points	<9%	0% (0%)
Improvement in ROCE	25%	0% vesting below +0.5% 25% vesting for +0.5% 100% vesting for +2.0% Straight-line vesting between these points	1.8%	90% (22.5%)
Total vesting				**43.3%**

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 2017 LTIP on 5 June 2020 for Otto de Bont and Toby Woolrych will be:

Executive Director	Awards granted	Shares vesting based on performance (43.3% of maximum)	Dividend equivalent shares (estimated)	Total shares expected to vest	Estimated value at vesting (£000)[1]
Otto de Bont	500,000	216,500	27,413	243,913	82
Toby Woolrych	443,000	191,819	24,288	216,107	73

1. Based on the average three-month share price to 31 March 2020 of 33.62 pence.

SHARE AWARDS GRANTED IN FY20 (AUDITED)

Long-Term Incentive Plan

The Executive Directors were granted LTIP awards on 3 June 2019 as follows:

Executive Director	Date of grant	Basis of award	Share price[1]	Face value	Number of shares
Otto de Bont	3 June 2019	100% of salary	34.58p	£403,584	1,167,104
Toby Woolrych	3 June 2019	40% of salary	34.58p	£143,856	416,012

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

Details of the performance targets are as follows:

Measure	Targets
EPS CAGR (50%)	0% vesting below 5% p.a. / 25% vesting for 5% p.a. / 50% vesting for 10% p.a. / 100% vesting for 15% p.a. Straight-line vesting between these points
Share price CAGR (25%)	0% vesting below 9% p.a. / 25% vesting for 9% p.a. / 50% vesting for 13% p.a. / 100% vesting for 25% 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 and will be subject to a further two-year holding period.

DEFERRED ANNUAL BONUS (DAB)

No awards were granted under the Renewi plc Deferred Annual Bonus Plan in 2019 given that the Remuneration Committee determined that no annual bonus award be paid to the incumbent Executive Directors in respect of the year ended 31 March 2019.

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

No termination payments were made to Jacques Petry or Colin Matthews who retired from the Board during the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table shows the percentage change in total employee pay expenditure and shareholder distributions (ie dividends) from the financial year ended 31 March 2019 to the financial year ended 31 March 2020.

	FY19 £m	FY20 £m	% change
Distribution to shareholders	24.3	7.6	-69%
Employee remuneration	385.5[1]	369.7[2]	-4%

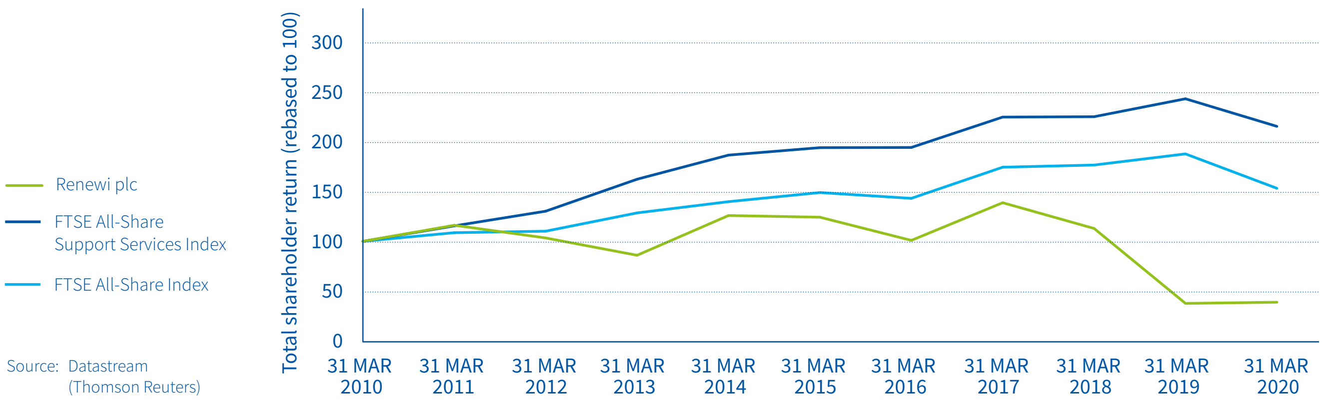
1. Employee remuneration of €430.7m at exchange rate of €1:£0.895.
2. Employee remuneration of €424.0m at exchange rate of €1:£0.872.

PAY FOR PERFORMANCE

The graph shows the TSR of Renewi plc over the 10-year period to 31 March 2020. While there is no comparator index or group of companies that truly reflects the activities of the Group, the FTSE Support Services sector has been selected as a comparator index as it is the sector in which Renewi is classified and is an index against which the performance of the Group is judged. The FTSE All-Share Index is also presented. The table below the graph details the Chief Executive Officer's single figure remuneration and actual variable pay outcomes over the same period.

Historical TSR performance

Growth in value over 10 years of a hypothetical £100 invested at 31 March 2010.



Source: Datastream (Thomson Reuters)

CEO single figure remuneration over the 10 years to 31 March 2020

	TOM DRURY[1]		PETER DILNOT[2]								OTTO DE BONT[3]
Executive Director	FY11	FY12	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Chief Executive Officer single figure of remuneration (£000)	840	284	157	657	860	902	1,063	924	1,481	674	1,085
Annual bonus outcome (% of maximum)	69%	0%	87%	19%	66%	47%	69%	48%	88%	0%	88%
LTIP vesting outcome (% of maximum)	0%	0%	–	0%	0%	0%	0%	0%	21.5%	0%	43.3%

1. Tom Drury resigned as Chief Executive Officer on 30 September 2011.
2. Peter Dilnot was appointed as Chief Executive Officer on 1 February 2012 and resigned on 31 March 2019.
3. Otto de Bont was appointed as Chief Executive Officer on 1 April 2019.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE OFFICER'S REMUNERATION

The table below shows the percentage change in 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.

	CHIEF EXECUTIVE OFFICER[1]			OTHER EMPLOYEES
	FY19 £m	FY20[2] £m	% change	% change
Salary	510	399	-22%	2%
Taxable benefits	27	19	-29%	0%
Single-year variable	0	526	100%	39%

1. Otto de Bont was appointed Chief Executive Officer on 1 April 2019. (Peter Dilnot resigned as Chief Executive Officer on 31 March 2019.)
2. Otto de Bont's base salary for FY20 was €457,000 (£398,504 at an exchange rate of €1:£0.872).

CEO PAY RATIO

The CEO pay ratio data for FY20 is presented below. The data shows how the CEO's single figure remuneration for FY20 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY20	Option B	41 : 1	38 : 1	23 : 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B (UK gender pay gap data) was selected, given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data for 2019. The respective quartile salary and total pay and benefits numbers are as follows:

	SALARY			TOTAL PAY AND BENEFITS		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
FY20	£24,569	£26,680	£42,407	£27,043	£29,281	£46,951

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 4 June 2020 were as shown below. Details of Directors' interests in shares and options under the long-term share schemes are set out on the following page.

	Ordinary shares at 1 April 2019	Ordinary shares at 31 March 2020 and 4 June 2020
Otto de Bont	40,000	220,000
Allard Castelein	–	–
Neil Hartley	–	–
Colin Matthews (retired 31 March 2020)	450,000	500,000
Jacques Petry (retired 31 December 2019)	–	–
Jolande Sap	–	–
Luc Sterckx	150,000	285,000
Ben Verwaayen (appointed 1 April 2020)	–	–
Toby Woolrych	373,404	495,936
Marina Wyatt	11,600	11,600

DIRECTORS' SHAREHOLDING (AUDITED)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2020.

	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 (% salary)	Current shareholding[1] (% salary)	Requirement met?
Otto de Bont	220,000	–	1,792,104	–	–	–	200%	13%	In progress
Toby Woolrych	495,936	366,408	1,275,024	–	–	47,842	200%	33%	In progress

1. Shareholdings were calculated using the number of outright shares, at 23.45 pence, as percentage of salary as at 31 March 2020.

DIRECTORS' INTERESTS IN SHARE AWARDS

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

	Outstanding awards at 31 March 2019	Awards made during the year	Awards lapsed during the year	Awards vested during the year[2,3]	Outstanding awards at 31 March 2020	Date of award	Share price on date of award (pence)	Restricted period end[1]
Toby Woolrych	36,038	–	–	18,019	18,019	29.05.15	108.92	29.05.20
	144,183	–	–	72,091	72,092	23.11.16	93.50	23.11.21
	74,636	–	–	–	74,636	01.06.17	93.25	01.06.22
	201,661	–	–	–	201,661	01.06.18	78.10	01.06.23

1. 50% of awards are released three years after the date of award, 25% after four years and the remaining 25% after five years.
2. In addition to Toby Woolrych's 18,019 awards which vested under the Deferred Annual Bonus Plan, an additional 3,042 shares were awarded in respect of dividend equivalents, totalling 21,061 shares.
3. In addition to Toby Woolrych's 72,091 awards which vested under the Deferred Annual Bonus Plan, an additional 8,901 shares were awarded in respect of dividend equivalents, totalling 80,992 shares.

The Executive Directors have been made the following conditional awards of shares under the Renewi Long-Term Incentive Plan:

	Outstanding awards at 31 March 2019[1]	Awards made during the year	Awards lapsed during the year[1]	Awards vested during the year[4]	Outstanding awards at 31 March 2020[2]	Date of award	Share price on date of award (pence)	Performance period end	Restricted period end[3]
Otto de Bont	500,000	–	–	–	500,000	01.06.17	93.25	31.03.20	01.06.20
	125,000	–	–	–	125,000	01.06.18	78.10	31.03.21	01.06.23
	–	1,167,104	–	–	1,167,104	03.06.19	34.583	31.03.22	03.06.22
Toby Woolrych	504,000	–	388,080	115,920	–	23.11.16	93.50	31.03.19	23.11.19
	443,000	–	–	–	443,000	01.06.17	93.25	31.03.20	01.06.20
	416,012	–	–	–	416,012	01.06.18	78.10	31.03.21	01.06.23
	–	416,012	–	–	416,012	03.06.19	34.583	31.03.22	03.06.22

1. Awards lapse to the extent the performance conditions are not met.
2. The performance conditions relating to the vesting of outstanding awards are shown on page 121.
3. For LTIP awards made in 2016 to 2017, half of the awards will be released following the end of the three-year performance period, with the remaining shares delivered in two equal tranches after a further one and two years respectively. For LTIP awards granted to Executive Directors since the 2017 AGM, a two-year post-vesting holding period applies.
4. 23% of Toby Woolrych's 2016 LTIP award vested in 2019. In addition to the 115,920 awards which vested, an additional 14,312 shares were awarded in respect of dividend equivalents, totalling 130,232 shares.

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

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (pence)[1]	Number at 1 April 2019	Granted in year	Lapsed in year	Exercised in year	Number at 31 March 2020
Toby Woolrych	24.09.15	01.11.18	30.04.19	65.18	13,806	–	13,806	–	–
	13.09.17	01.11.20	30.04.21	76.00	11,842	–	–	–	11,842
	12.09.19	01.11.22	30.04.23	25.00	36,000	–	–	–	36,000

1. The option price is the price at which the option was granted. The price is set by the Remuneration Committee but is not less than 80% of the average market price of the shares over the last three dealing days immediately preceding the date of the invitation to subscribe.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was 45 pence and the lowest closing mid-market price during the year was 22 pence. The mid-market price at the close of business on 31 March 2020 was 23.45 pence.

OTHER INTERESTS

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

ADVICE PROVIDED TO THE COMMITTEE DURING THE YEAR

FIT Remuneration Consultants LLP (FIT) was appointed by the Remuneration Committee during 2016 to provide independent advice on Committee matters. During FY20, FIT provided independent advice on executive remuneration. FIT reports directly to the Chairman of the Committee. Its total fees for the provision of remuneration services to the Committee in FY20 were £45,309 charged on a time and materials basis. FIT provides no other services to the Group.

FIT is a member of the Remuneration Consultants Group and is a signatory to the Code of Conduct for Remuneration Committees consultants which can be found at remunerationconsultantsgroup.com.

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

By order of the Board

Neil Hartley
Chair of the Remuneration Committee
4 June 2020

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 renewiplc.com.

STRATEGIC REPORT

The Strategic Report set out on pages 6 to 85 provides a fair review of the Group's business for the year ended 31 March 2020. It also explains the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, the Group's financial position, key performance indicators and likely future developments of the business.

The Strategic Report was approved by a duly authorised committee of the Board on 4 June 2020 and signed on its behalf by the Company Secretary.

DIRECTORS' REPORT

The Directors' Report comprises pages 88 to 129. The Directors' Report was approved by a duly authorised committee of the Board on 4 June 2020 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 108 to 125, no further information requires disclosure for the purposes of complying with the Financial Conduct Authority's Listing Rule 9.8.4C.

DIRECTORS

The composition of the Board at the date of this Report, together with Directors' biographical details, are shown on pages 88 to 89. All served on the Board throughout the financial year under review with the exception of Ben Verwaayen who was appointed Chairman on 1 April 2020. Ben will be standing for election and all other Directors will be offering themselves for re-election at the AGM.

Jacques Petry and Colin Matthews retired from the Board on 31 December 2019 and 31 March 2020 respectively.

During the year a number of other changes were made. On 1 September 2019, Allard Castelein was appointed as the Senior Independent Director, taking over from Jacques Petry ahead of the latter's retirement from the Board at the end of the calendar year. Also on 1 September 2019, Neil Hartley succeeded Allard Castelein as Chair of the Remuneration Committee. On 31 March 2020, following a review of the composition of the Board Committees: Allard Castelein stepped down from the Audit Committee and Jolande Sap was appointed to the Audit Committee on 1 April 2020; Marina Wyatt and Jolande Sap stepped down from the Remuneration Committee; and Jolande Sap stepped down from the Nomination Committee. On 1 April 2020, Ben Verwaayen was appointed both Group Chairman and Chair of the Nomination Committee.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Company's minimum requirement is to appoint at least two Directors. The appointment and replacement of Directors may be made as follows:

- The Company's members may, by ordinary resolution, appoint any person who is willing to act to be a Director
- The Board may appoint any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for election
- Each Director shall retire from office at every AGM but may be re-appointed by ordinary resolution if eligible and willing
- The Company may, by special resolution, remove any Director before the expiry of his or her period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with
- A Director must vacate their office if any of the circumstances in Article 100 of the Articles of the Company arise

POWERS OF DIRECTORS

The business of the Company is managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Articles and by any directions given by special resolution of the members of the Company. Specific provisions relevant to the exercise of powers by the Directors include the following:

- **Pre-emptive rights and new issues of shares** Under the Companies Act 2006 (the Act), the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's articles or given by its shareholders in a general meeting. In addition, under the Act, the Company may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the Company's shareholders. The Company received authority at the last AGM to allot shares for cash on a non pre-emptive basis up to a maximum nominal amount of £4,000,707. This authority lasts until the earlier of the AGM in 2020 or 30 September 2020.
- **Repurchase of shares** Subject to authorisation by shareholder resolution, the Company may purchase all or any of its own shares in accordance with the Act and the Listing Rules. Any shares that have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The Company received authority at the last AGM to purchase up to 80,014,153 ordinary shares. This authority lasts until the earlier of the AGM in 2020 or 30 September 2020.
- **Borrowing powers** The Directors are empowered to exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the Company's assets, provided that the aggregate amount of borrowings of the Group outstanding at any time does not exceed the limit set out in the Articles, unless sanctioned by an ordinary resolution of the Company's shareholders.

DIRECTORS' INDEMNITIES

As at the date of this Report, the Company has granted indemnities to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out the role of a Director of the Company. The indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006.

In respect of those liabilities for which the Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

CORPORATE GOVERNANCE

The Board is fully committed to high standards of corporate governance. Details relating to the Company's compliance with the UK Corporate Governance Code for the financial year are given in the Corporate Governance and Directors' Remuneration Reports on pages 92 to 125.

SUSTAINABILITY

Renewi plc is a leading international waste-to-product company. Information on sustainability matters, including those on environment, social, community and employment policies and health and safety, are set out in the sustainability strategy focus section on pages 62 to 75 of the Strategic Report. Further details on the Company's approach to carbon avoidance and the benefits of sustainable waste management, including disclosures on Streamlined Energy and Carbon Reporting (SECR), can also be found in the Group Sustainability Report and Sustainability Policy, both of which are available on the Company's website.

RESULTS AND DIVIDENDS

The Group's Consolidated Income Statement, which appears on page 140 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 €77.1m (2019: loss of €97.7m).

The Directors are not recommending that a final dividend be paid (2019: 0.5 pence). The interim dividend of 0.45 pence (2019: 0.95 pence) per share already paid on 10 January 2020 therefore comprises a total dividend for the year of 0.45 pence per share (2019: 1.45 pence).

GOING CONCERN AND VIABILITY

After making enquiries, the Directors have formed the view, at the time of approving the financial statements, that the Company and Group have adequate resources to continue to operate and that the Group's business is a going concern. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Taking account also of the Company's current position and principal risks, the Board sets out on page 84 how it has assessed the prospects of the Company. In compliance with the provisions of the UK Corporate Governance Code, the Board also confirms that it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the three-year period ending 31 March 2023.

SHARE CAPITAL

The Company's share capital comprises ordinary shares of 10 pence each par value.

Renewi plc's ordinary shares were admitted to trading on Euronext Amsterdam on 30 January 2020. No new shares were placed in connection with the application for the secondary listing and the Company continues to remain listed on the premium segment of the Official List in London.

As at 31 March 2020 and as at the date of this Report, there were 800,141,536 ordinary shares in issue. During the year ended 31 March 2020 no new ordinary shares were issued.

PRINCIPAL RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

- **Dividend rights** The Company may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Payment or satisfaction of a dividend may be made wholly or in part by distribution of assets, including fully paid shares or debentures of any other company. The Directors may deduct from any dividend payable to a member all sums of money (if any) payable by such member to the Company in respect of their ordinary shares.
- **Voting rights** On a poll, every shareholder who is present in person or by proxy or represented by a corporate representative has one vote for every share held by that shareholder. In the case of joint holders of an ordinary share, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding. The deadline for appointing proxies to exercise voting rights at any general meeting is set out in the notice convening the relevant meeting. The Company is not aware of any agreements between holders of its shares that may result in restrictions on voting rights.
- **Return of capital** In the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the sanction of a special resolution of the shareholders and any other sanction required by law, divide among the shareholders in kind the whole or any part of the Company's assets or vest the Company's assets, but no shareholder may be compelled to accept any assets upon which there is any liability.

SHARE RESTRICTIONS

There are no limitations under the Company's Articles of Association that restrict the rights of members to hold the Company's shares. Certain restrictions may, from time to time, be imposed on the transfer of the Company's shares by laws and regulations such as insider trading laws. In limited situations, as permitted by the Articles, the Board may also decline to register a transfer. The Company is not aware of any agreements between holders of its shares that may result in restrictions on the transfer of securities.

EMPLOYEE SHARE SCHEMES – CONTROL RIGHTS

The Company operates a number of employee share schemes. Under some, ordinary shares may be held by trustees on behalf of employees. Employees are not entitled to exercise directly any voting or other control rights in respect of any shares held by such trustees. Trustees have full discretion to vote or abstain from voting at general meetings of the Company in respect of such shares. >

RETAIL BONDS

As at 31 March 2020 the Company had in issue two retail bonds: the first, comprising €100m 3.65% guaranteed notes due 16 June 2022; and the second, comprising €75m 3.00% guaranteed notes due 19 July 2024. There are no restrictions under the instruments governing these notes that restrict the rights of investors to hold or transfer them. The Company is not aware of any agreements between the holders of the notes that may result in restrictions on their transfer.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

The Group's principal financing instrument at 31 March 2020 is a €520m banking facility, consisting of a €495m multi-currency revolving credit facility and term loan with six major banks and a €25m dual tranche European Private Placement (EUPP). The facility contains an option for those banks and investors to declare by notice that all sums outstanding under that agreement are repayable immediately in the event of a change of control of the Company. Any such notice may take effect no earlier than 30 days from the change of control and, if exercised at 31 March 2020, would have required the repayment of €433.5m (2019: €340.1m) in principal and interest relating to the revolving credit facility and term loan, along with a make-whole payment amounting to €1.8m (2019: €2.1m), which is not provided for in these financial statements, payable to EUPP investors based on market yields at 31 March 2020.

The Group's retail bonds issued in June 2015 and in July 2019 require notice to be given to bondholders within seven business days of a change of control following which the holders have an option to seek repayment at a 1% premium, within 60 days of that notice. Such repayment must be made within 10 business days of the expiry of the option period. If exercised at 31 March 2020, repayment of €175m (2019: €200m) in principal and interest would have been required.

The rules of the Company's employee share plans provide that awards and options may vest and become exercisable on a change of control of the Company.

RESEARCH AND DEVELOPMENT

The Group spent £130,000 (2019: £251,000) on research and development during the year. This primarily related to the broader investment in Renewi's Innovation Centre in Lelystad in the Netherlands, with a focus on bioplastics research.

POLITICAL DONATIONS

No donations were made by the Group for political purposes during the financial year (2019: £nil).

NOTIFIABLE INTERESTS

The Company has been notified of direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Company as set out in the table below.

	NOTIFICATIONS RECEIVED UP TO 4 JUNE 2020	
	Number of shares	Issued share capital %
Paradice Investment Management LLC	46,530,355	5.82
Avenue Europe International Management LP	45,946,642	5.74
Sterling Strategic Value Fund	41,986,595	5.25
Pettelaar Effectenbewaarbedrijf N.V. in its capacity as the legal owner of ASN Aandelenpool, ASN Milieupool and ASN Small & Midcappool	24,337,233	3.04

INVESTOR RELATIONS

Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other stakeholders. The Company uses a number of channels to do this including its AGM, face-to-face meetings, roadshows, analyst workshops, videos, presentations, reports and its corporate website.

ANNUAL GENERAL MEETING

Notice of the AGM of the Company to be held on Thursday 16 July 2020 will be made available to shareholders and will be published on the Company's website at renewiplc.com. Shareholders should be aware that there are likely to be restrictions as regards attendance at this year's AGM due to Covid-19 and that they are encouraged to lodge their votes in advance by proxy. Further details as regards arrangements will be included in the AGM Notice and will also be made available on the Company's website at renewiplc.com. The Directors consider that all the AGM resolutions are in the best interests of the Company and they recommend unanimously that all shareholders lodge votes in favour, as they intend to do in respect of their own shareholdings.

By order of the Board

Philip Griffin-Smith
Company Secretary
4 June 2020
Renewi plc
Registered in Scotland no. SC077438

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the 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 also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 88 to 89 of the Annual Report confirm that, to the best of their knowledge:

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

In the case of each Director in office at the date the Directors' Report is approved:

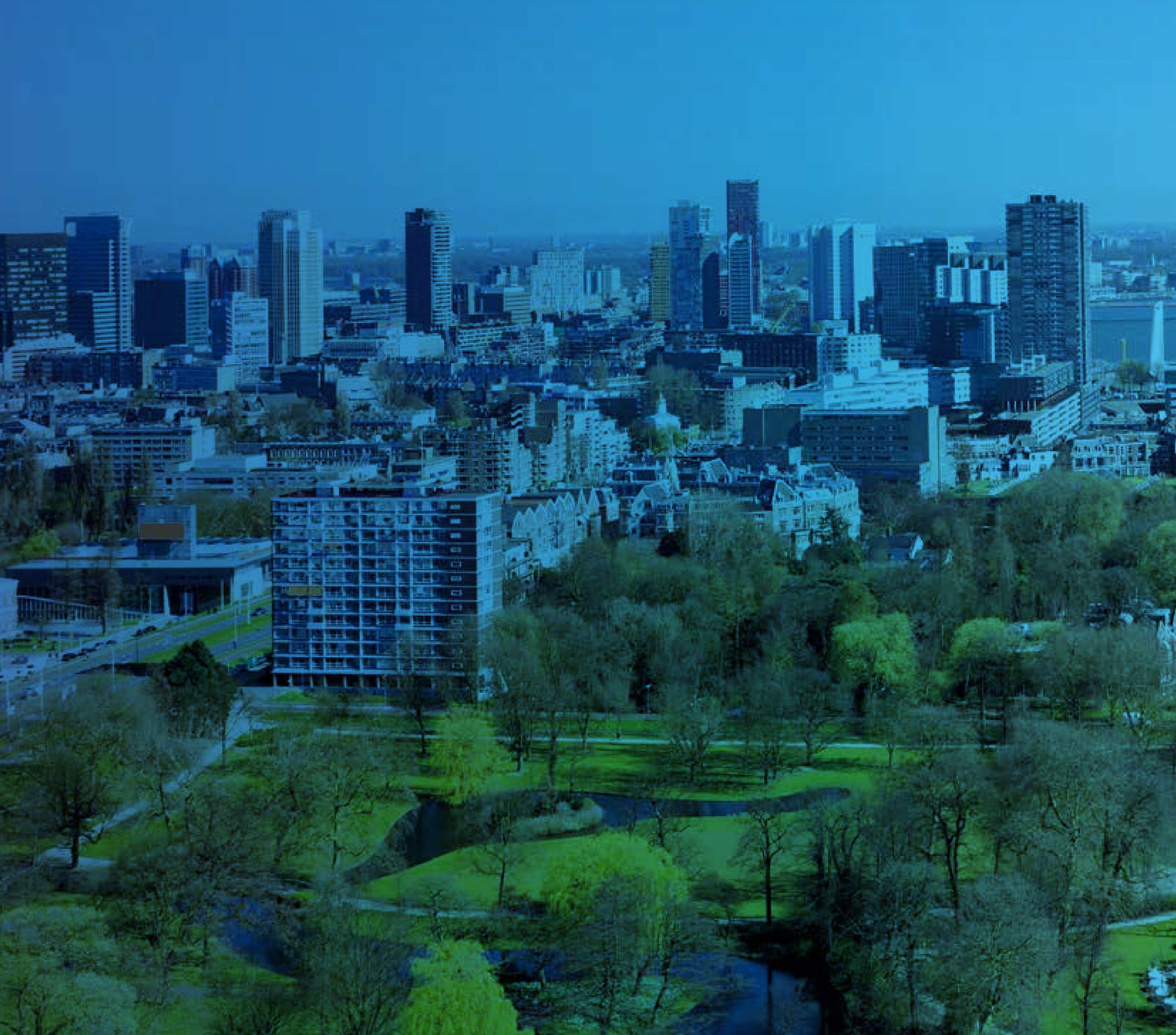
- so far as the Director is aware, there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

By order of the Board

Philip Griffin-Smith
Company Secretary
4 June 2020
Renewi plc
Registered in Scotland no. SC077438

We’re helping to build a better tomorrow today.

The EU 2020 Circular Economy Action Plan’s built environment strategy calls for sustainable construction products and excavated soils – aims we share. We already decontaminate construction soil, turning it into sand and gravel for the building industry, and plan to create a million tonnes of these secondary materials every year.



3/ FINANCIAL STATEMENTS

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 2020 and of the Group's loss and the Group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and parent company balance sheets as at 31 March 2020; the consolidated income statement, the 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 2019 to 31 March 2020.

OUR AUDIT APPROACH

Overview

Materiality

- Overall Group materiality: €8.88m (2019: €8.90m), based on 0.5% of revenue.
- Overall parent company materiality: £6.21m (2019: £6.13m), based on 1% of net assets, restricted for the purposes of Group reporting.

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 Monostreams reporting unit.
- We obtained coverage of over 80% of the Group's revenue and approximately 80% of the Group's underlying profit before tax from the audit procedures performed on full scope components.

Key audit matters

- Fraud and error in revenue recognition.
- Impairment of tangible and intangible assets.
- PFI onerous contracts.
- Accounting for other provisions.
- Deferred tax assets.
- Presentation of non-trading and exceptional items.
- Impact of Covid-19.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

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

- challenging the assumptions and judgements made by management in their significant accounting estimates, in particular in relation to onerous contracts and impairment of goodwill;

- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- held meetings with internal legal counsel and compliance officers and review of correspondence with regulatory authorities;
- for procedures in relation to exceptional items, see Key Audit Matter below

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Fraud and error in revenue recognition The nature of the Group's performance obligations under revenue contracts varies from business to business and from customer to customer. In Netherlands Commercial and Belgium Commercial, a number of contracts give rise to an obligation to process waste received. In the Hazardous Waste Division, the majority of the contracts give rise to an obligation to process waste received. Where such obligations exist, revenue is deferred when invoices to customers are raised in advance of processing the waste. The calculation of deferred revenue in the Hazardous Waste Division is based on a number of assumptions and judgements, principally in relation to the quantity of unprocessed material on site at the year end, which impact the quantum of revenue recognised in the year. At 31 March 2020 the Group has €55.1m of deferred revenue on its balance sheet. See note 4.9 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 by videoconference the 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. Our audit work over the risk that the revenue recorded within the current year did not occur involves: - identifying and testing journal entries with unusual account combinations that impact revenue; and - Tracing revenue recorded to supporting documents and/or proof of payment. Based on this testing we are satisfied that there are no material misstatements within revenue.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of tangible and intangible assets At 31 March 2020, the Group had €610.1m of goodwill and intangible assets and €790.9m of tangible assets on the Group balance sheet. See notes 4.1, 4.2 and 4.3 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 we note that there are no impairment charges recorded in relation to goodwill by the Group for the year ended 31 March 2020. We focused on this area because the value in use calculations include key assumptions and judgements in the calculation of the recoverable amounts, namely forecast growth rates, trading margin, the long-term growth rate and discount rate assumptions. We specifically focused on the Monostreams' goodwill given the lower headroom, compared to the other CGUs, and as a result of its historic operational performance challenges. 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 specific other intangible assets subject to amortisation and specific tangible assets subject to depreciation. Accordingly, we focused on this area because the consideration of whether indicators of impairment exist is judgemental. The tangible assets impairment charge of €12.1m relates to €1.0m in the Commercial Waste Division in both the Netherlands and Belgium and €0.7m in Monostreams principally relating to part of the business that has been closed and a right of use asset impairment of €10.4m in UK Municipal related to the ELWA contract discussed below. We focused on these impairments to verify whether the assumptions used in determining the quantum of the asset impairments were appropriate.	For all CGUs with goodwill, 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. We evaluated the reasonableness 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, including the impact of Covid-19; - The key assumptions for long-term growth rates in the forecasts by comparing them with historical results; - 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; and, - the disclosure of sensitivities included in the financial statements. 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 2020. 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 was required. For intangibles and tangible assets we have evaluated whether there have been indicators of impairment, where indicators were present we have reviewed and challenged management's impairment model assumptions and discount rate used. We concluded that intangible and tangible assets are appropriately recognised in the financial statements and no additional impairment charges are required at 31 March 2020.
PFI onerous contracts As disclosed in note 4.10 to the financial statements, the Group has onerous contract provisions of €89.0m in the Municipal Division. In 2020 the provision increased by €15.5m in relation to the ELWA contract principally as a result of a new Dutch import tax and increases in offtake cost, in addition to the impairment noted above. Due to their nature, these provisions are judgemental. Where an onerous contract provision is recognised, the amount recognised is based on assumptions and estimates to calculate the expected returns from the operating agreements over the life of the agreement. These include the level of anticipated operational efficiency, the cost base required, consumer behaviour regarding waste and recycling, and the use of an appropriate discount rate.	Our audit work on these provisions focused on: - Considering significant PFI contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous; - Reading Board minutes to identify any relevant matters reported to the Board; and - Discussions with management to understand the basis of the calculation of the provision. We reviewed the reasonableness of management's models which were used to estimate the expected returns on the operating agreements. We did this by considering the estimation accuracy of management's forecasts in light of actual outturn in the year and our knowledge of current market conditions. Further, we challenged management on the estimated level of forecast costs required to deliver the forecast operational performance, their views on future consumer behaviour and the impact that may have on the calculations, as well as the impact of Covid-19 and 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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 4.10 to the financial statements, the Group has long-term landfill provisions for site restoration and aftercare of €152.8m at 31 March 2020. Separately the Group has other provisions of €47.6m principally comprising legal and warranty claims. 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 these 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; and - Reading Board minutes to identify any relevant matters reported to the Board. 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 historical accuracy, our knowledge of the industry, the sites and contracts involved; - 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; and - Discussions with management to understand the basis of the calculation of the provision. In addition to the procedures above, for ongoing legal cases we specifically: - Held discussions with internal and external 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. 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.
Deferred tax assets The Group has recognised €33.9m of a total potential deferred tax asset of €83.1m in respect of historic losses as at 31 March 2020. See note 3.4 to the financial statements. The amount of deferred tax assets recognised is judgemental and is determined by reference to future forecasts of taxable profits.	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 sufficient future taxable profits to support the recognition of deferred tax assets. Specifically we have considered: - Board approved budgets and forecasts against historic performance by legal entity where appropriate; - Correspondence with relevant local tax authorities; and - Whether taxable differences result in taxable amounts against which unused tax losses can be utilised. Having performed the procedures above we consider that the assumptions applied in the recognition of deferred tax assets at 31 March 2020 are 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 3.3 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 a clear reconciliation to statutory measures provided, 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 2020 is appropriate.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impact of Covid-19 – Group and parent company Covid-19 was declared a global pandemic by the World Health Organisation on 11 March 2020 and the ongoing response is having an unprecedented impact on the economy, which was considered as part of the audit. Management and the Board considered the potential impact of Covid-19 on the current and future operations of the business. In doing so, management focused on the Group's ability to continue as a going concern by performing a detailed bottom-up analysis of the impact of Covid-19 on revenue, EBIT and cash flows. Management made estimates and judgements that are critical to the outcome of these considerations. Two Covid-19 scenarios were modelled – a new base case scenario and a further downside scenario. This analysis has been used in conjunction with an assessment of the Group's liquidity and consideration of the renegotiated loan covenants. Because of its significance to the financial statements and to our audit, we determined that management's consideration of the potential impact of Covid-19 on going concern to be a key audit matter.	In assessing management's consideration of the potential impact of Covid-19, we undertook the following procedures: ▸ We obtained management's going concern assessment and detailed models that details the Group's assessment and conclusions with respect to their ability to continue as a going concern; ▸ We assessed the Board approved initial 2021 (pre-Covid-19) budget as well as the new base case forecast and the downside scenarios (each of which factor in Covid-19 overlays); ▸ We evaluated the historical accuracy of the budgeting process to assess the reliability of the data; ▸ In relation to the Covid-19 overlays, we held discussions with management to understand and challenge the rationale behind the assumptions made, using our knowledge of the business and industry; ▸ We reviewed the latest available post year end trading results for April 2020 and latest available volumes for May 2020, for all significant divisions, and compared to management's original budget, 2020 actuals and revised forecasts, and considered the impact of these actual results on the future forecast period; ▸ We reviewed management's sensitivity scenarios, we challenged management assumptions and performed our own sensitivities such as a further downside scenario in order to assess the possible impact of headroom against their borrowing facilities and covenant compliance. We reviewed management's disclosures in the financial statements in relation to Covid-19 and are satisfied that they are consistent with the risks affecting the Group, their impact assessment and our findings from the procedures that we performed.

How we tailored the audit scope

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

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

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

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

Materiality

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

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

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Overall materiality	€8.88m (2019: €8.90m).	£6.21m (2019: £6.13m) restricted for the purposes of Group reporting.
How we determined it	0.5% of revenue.	1% of net assets.
Rationale for benchmark applied	In line with prior year, revenue is considered the most relevant measure of performance for the Group rather than the trading result whilst the Group continues to undertake its integration programme to combine the legacy Shanks business with legacy VGG. We identified revenue as the benchmark that would not be volatile as a result of the integration and merger processes, and which is also reflective of the scale and size of activities of the Group.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the parent company, and is a generally accepted auditing benchmark. This has been restricted for purposes of Group reporting.

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 €8.0m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €420k (Group audit) (2019: €450k) and £311k (parent company audit) (2019: £193k) 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 12 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 2020 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 98 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 84 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 98 and 129, 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 pages 102 to 105 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 129, 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: 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 26 years, covering the years ended 31 March 1995 to 31 March 2020.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 June 2020

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 Underlying €m	2020 Non trading & exceptional items €m	2020 Total €m	2019 Underlying €m	2019 Non trading & exceptional items €m	2019 Total €m
CONTINUING OPERATIONS							
Revenue	2,3.1	**1,775.4**	**–**	**1,775.4**	1,780.7	–	1,780.7
Cost of sales	3.3	**(1,467.5)**	**(72.2)**	**(1,539.7)**	(1,470.4)	(51.3)	(1,521.7)
Gross profit (loss)		**307.9**	**(72.2)**	**235.7**	310.3	(51.3)	259.0
Administrative expenses	3.3	**(220.3)**	**(43.5)**	**(263.8)**	(224.8)	(90.8)	(315.6)
Operating profit (loss)	2,3.3	**87.6**	**(115.7)**	**(28.1)**	85.5	(142.1)	(56.6)
Finance income	5.4	**9.7**	**2.2**	**11.9**	12.4	–	12.4
Finance charges	5.4	**(44.1)**	**–**	**(44.1)**	(35.8)	(9.4)	(45.2)
Share of results from associates and joint ventures	4.4	**0.9**	**–**	**0.9**	0.4	–	0.4
Profit (loss) before taxation		**54.1**	**(113.5)**	**(59.4)**	62.5	(151.5)	(89.0)
Taxation	3.4	**(13.3)**	**12.2**	**(1.1)**	(15.6)	28.0	12.4
Profit (loss) for the year from continuing operations		**40.8**	**(101.3)**	**(60.5)**	46.9	(123.5)	(76.6)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	6.4	**2.3**	**(18.9)**	**(16.6)**	1.4	(22.5)	(21.1)
Profit (loss) for the year		**43.1**	**(120.2)**	**(77.1)**	48.3	(146.0)	(97.7)
Attributable to:							
Owners of the parent		**43.0**	**(120.9)**	**(77.9)**	48.9	(141.7)	(92.8)
Non-controlling interests	5.9	**0.1**	**0.7**	**0.8**	(0.6)	(4.3)	(4.9)
		43.1	**(120.2)**	**(77.1)**	48.3	(146.0)	(97.7)
Basic earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	3.5	**5.1**	**(12.8)**	**(7.7)**	5.9	(14.9)	(9.0)
Discontinued operations	3.5	**0.3**	**(2.4)**	**(2.1)**	0.2	(2.8)	(2.6)
		5.4	**(15.2)**	**(9.8)**	6.1	(17.7)	(11.6)
Diluted earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	3.5	**5.1**	**(12.8)**	**(7.7)**	5.9	(14.9)	(9.0)
Discontinued operations	3.5	**0.3**	**(2.4)**	**(2.1)**	0.2	(2.8)	(2.6)
		5.4	**(15.2)**	**(9.8)**	6.1	(17.7)	(11.6)

The notes on pages 145 to 213 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 €m	2019 €m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**6.3**	0.3
Fair value movement on cash flow hedges	5.5	**(12.2)**	2.1
Deferred tax on fair value movement on cash flow hedges	3.4	**0.3**	(0.2)
Share of other comprehensive income of investments accounted for using the equity method	4.4	**0.2**	0.2
		(5.4)	2.4
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	7.2	**15.2**	10.8
Deferred tax on actuarial gain on defined benefit pension schemes	3.4	**(2.8)**	(1.7)
		12.4	9.1
Other comprehensive income for the year, net of tax		**7.0**	11.5
Loss for the year		**(77.1)**	(97.7)
Total comprehensive loss for the year		**(70.1)**	(86.2)
Attributable to:			
Owners of the parent		**(69.7)**	(81.1)
Non-controlling interests		**(0.4)**	(5.1)
Total comprehensive loss for the year		**(70.1)**	(86.2)
Total comprehensive loss attributable to owners of the parent arising from:			
Continuing operations		**(53.1)**	(60.1)
Discontinued operations		**(16.6)**	(21.0)
		(69.7)	(81.1)

The notes on pages 145 to 213 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 31 MARCH 2020

	Note	31 March 2020 €m	31 March 2019 €m
Assets			
Non-current assets			
Intangible assets	4.1	**610.1**	605.6
Property, plant and equipment	4.2	**584.0**	629.1
Right-of-use assets	4.3	**206.9**	–
Investments	4.4	**15.6**	15.9
Financial assets relating to PPP contracts	4.5	**141.8**	149.8
Trade and other receivables	4.8	**3.1**	0.5
Derivative financial instruments	5.5	**2.1**	0.1
Defined benefit pension scheme surplus	7.2	**16.0**	–
Deferred tax assets	3.4	**37.2**	38.6
		1,616.8	1,439.6
Current assets			
Inventories	4.7	**20.7**	26.0
Investments	4.4	**8.1**	5.9
Loans to associates and joint ventures	4.4	**0.9**	0.9
Financial assets relating to PPP contracts	4.5	**6.0**	6.0
Trade and other receivables	4.8	**272.4**	278.8
Derivative financial instruments	5.5	**–**	2.9
Current tax receivable		**0.7**	–
Cash and cash equivalents	5.2	**194.5**	50.4
		503.3	370.9
Assets of disposal groups classified as held for sale	6.3	**–**	162.4
		503.3	533.3
Total assets		**2,120.1**	1,972.9
Liabilities			
Non-current liabilities			
Borrowings – PPP non-recourse net debt	5.3	**(87.2)**	(92.6)
Borrowings – Other	5.3	**(816.1)**	(483.7)
Derivative financial instruments	5.5	**(32.4)**	(28.4)
Other non-current liabilities	4.9	**(7.1)**	(6.5)
Deferred tax liabilities	3.4	**(46.9)**	(56.1)
Provisions	4.10	**(252.4)**	(215.9)
Defined benefit pension schemes deficit	7.2	**(7.5)**	(11.9)
		(1,249.6)	(895.1)
Current liabilities			
Borrowings – PPP non-recourse net debt	5.3	**(2.8)**	(2.8)
Borrowings – Other	5.3	**(38.3)**	(118.7)
Derivative financial instruments	5.5	**(5.6)**	(4.4)
Trade and other payables	4.9	**(534.3)**	(518.6)
Current tax payable		**(16.5)**	(17.9)
Provisions	4.10	**(37.7)**	(55.4)
		(635.2)	(717.8)
Liabilities of disposal groups classified as held for sale	6.3	**–**	(40.5)
		(635.2)	(758.3)
Total liabilities		**(1,884.8)**	(1,653.4)
Net assets		**235.3**	319.5
Equity			
Share capital	5.9	**99.5**	99.5
Share premium	5.9	**473.6**	473.6
Exchange reserve		**(11.6)**	(17.9)
Retained earnings		**(327.6)**	(236.7)
Equity attributable to owners of the parent		**233.9**	318.5
Non-controlling interests	5.9	**1.4**	1.0
Total equity		**235.3**	319.5

The notes on pages 145 to 213 are an integral part of these consolidated financial statements.

The Financial Statements on pages 140 to 213 were approved by the Board of Directors and authorised for issue on 4 June 2020. They were signed on its behalf by:

Ben Verwaayen
Chairman

Toby Woolrych
Chief Financial Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 31 March 2019		**99.5**	**473.6**	**(17.9)**	**(236.7)**	**1.0**	**319.5**
Change in accounting policy (note 9)		–	–	–	(7.5)	–	(7.5)
Restated total equity at 1 April 2019		**99.5**	**473.6**	**(17.9)**	**(244.2)**	**1.0**	**312.0**
(Loss) profit for the year		–	–	–	(77.9)	0.8	(77.1)
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		–	–	6.3	–	–	6.3
Fair value movement on cash flow hedges	5.5	–	–	–	(11.5)	(0.7)	(12.2)
Actuarial gain on defined benefit pension schemes	7.2	–	–	–	15.2	–	15.2
Tax in respect of other comprehensive income items	3.4	–	–	–	(2.0)	(0.5)	(2.5)
Share of other comprehensive income of investments accounted for using the equity method	4.4	–	–	–	0.2	–	0.2
Total comprehensive income (loss) for the year		–	–	6.3	(76.0)	(0.4)	(70.1)
Share-based compensation	7.3	–	–	–	1.2	–	1.2
Non-controlling interest capital injection		–	–	–	–	0.8	0.8
Dividends paid	5.10	–	–	–	(8.6)	–	(8.6)
Balance as at 31 March 2020		**99.5**	**473.6**	**(11.6)**	**(327.6)**	**1.4**	**235.3**
Balance at 1 April 2018		99.5	473.6	(18.2)	(124.7)	6.1	436.3
Loss for the year		–	–	–	(92.8)	(4.9)	(97.7)
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		–	–	0.3	–	–	0.3
Fair value movement on cash flow hedges	5.5	–	–	–	2.3	(0.2)	2.1
Actuarial gain on defined benefit pension schemes	7.2	–	–	–	10.8	–	10.8
Tax in respect of other comprehensive income items	3.4	–	–	–	(1.9)	–	(1.9)
Share of other comprehensive income of investments accounted for using the equity method	4.4	–	–	–	0.2	–	0.2
Total comprehensive income (loss) for the year		–	–	0.3	(81.4)	(5.1)	(86.2)
Share-based compensation	7.3	–	–	–	0.8	–	0.8
Movement on tax arising on share-based compensation	3.4	–	–	–	(0.6)	–	(0.6)
Own shares purchased by the Employee Share Trust	5.9	–	–	–	(3.4)	–	(3.4)
Dividends paid	5.10	–	–	–	(27.4)	–	(27.4)
Balance as at 31 March 2019		99.5	473.6	(17.9)	(236.7)	1.0	319.5

The notes on pages 145 to 213 are an integral part of these consolidated financial statements.

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of non-Euro denominated operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations. The cumulative translation loss of €1.9m in relation to the Canadian operations has been recycled through the Income Statement in the year ended March 2020 with further details in 6.4.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 €m	2019 €m
Loss before tax		**(59.4)**	(89.0)
Finance income		**(11.9)**	(12.4)
Finance charges		**44.1**	45.2
Share of results from associates and joint ventures		**(0.9)**	(0.4)
Operating loss from continuing operations		**(28.1)**	(56.6)
Operating loss from discontinued operations		**(15.8)**	(21.0)
Amortisation and impairment of intangible assets	4.1	**12.8**	31.9
Depreciation and impairment of property, plant and equipment	4.2	**74.8**	99.5
Depreciation and impairment of right-of-use assets	4.3	**42.8**	–
Exceptional loss on disposal of subsidiaries/remeasurement of assets held for sale	6.2,6.4	**56.2**	42.0
Gain on disposal of property, plant and equipment		**(1.7)**	(2.3)
Exceptional loss allowance of loans to associates and joint ventures	4.4	**–**	20.4
Exceptional gain on disposal of joint venture		**(1.4)**	(11.1)
Outflows in respect of PPP arrangements under the financial asset model		**(0.2)**	(1.7)
Capital received in respect of PPP financial assets		**0.1**	8.6
Exceptional gain on disposal of subsidiaries		**–**	(0.3)
Exceptional charge on reassessment of discount rates for long term provisions		**17.9**	–
Net decrease in provisions		**(2.8)**	(16.9)
Exceptional past service cost in relation to defined benefit pension schemes	7.2	**(1.4)**	(0.1)
Payment related to committed funding of the defined benefit pension scheme		**(3.5)**	(3.4)
Other non-cash items		**(0.1)**	(2.2)
Share-based compensation	7.3	**1.2**	0.8
Operating cash flows before movement in working capital		**150.8**	87.6
Decrease in inventories		**5.0**	0.1
Increase in receivables		**(5.7)**	(5.3)
Increase in payables		**17.7**	4.4
Cash flows from operating activities		**167.8**	86.8
Income tax paid		**(10.1)**	(13.2)
Net cash inflow from operating activities		**157.7**	73.6
Investing activities			
Purchases of intangible assets		**(6.7)**	(5.7)
Purchases of property, plant and equipment		**(77.8)**	(101.8)
Proceeds from disposals of property, plant and equipment		**11.1**	8.1
Acquisition of subsidiary, net of cash acquired	6.1	**(3.8)**	–
Acquisition of business assets	6.1	**(2.6)**	(0.1)
Proceeds from disposal of subsidiaries, net of cash disposed of and disposal costs paid	6.2,6.4	**88.2**	7.4
Purchase of associates and joint ventures		**(1.7)**	(3.8)
Net receipt of deferred consideration		**0.3**	0.3
Purchase of other short-term investments		**(2.4)**	(5.9)
Proceeds from disposal of joint venture		**–**	20.2
Dividends received from associates and joint ventures		**0.6**	0.7
Net repayment of loans granted to associates and joint ventures		**–**	1.6
Outflows in respect of PPP arrangements under the financial asset model		**(1.7)**	(1.4)
Capital received in respect of PPP financial assets		**4.7**	4.4
Finance income		**10.9**	11.7
Net cash inflow (outflow) from investing activities		**19.1**	(64.3)
Financing activities			
Finance charges and loan fees paid		**(37.9)**	(29.4)
Investment in own shares by the Employee Share Trust	5.9	**–**	(3.4)
Capital injection from non-controlling interest		**0.8**	–
Dividends paid	5.10	**(8.6)**	(27.4)
Proceeds from retail bonds		**75.0**	–
Repayment of retail bonds		**(100.0)**	–
Proceeds from bank borrowings	5.1	**78.3**	40.3
Repayment of PPP net debt	5.1	**(2.9)**	(0.6)
Repayments of obligations under leases*	5.1	**(38.5)**	(11.8)
Net cash outflow from financing activities		**(33.8)**	(32.3)
Net increase (decrease) in cash and cash equivalents		**143.0**	(23.0)
Effect of foreign exchange rate changes		**1.1**	0.4
Cash and cash equivalents at the beginning of the year		**50.4**	73.0
Cash and cash equivalents at the end of the year	5.2	**194.5**	50.4

* Repayments of obligations under leases of €38.5m includes €1.8m in relation to assets of disposal groups classified as held for sale during the year which have now been disposed of, €0.5m in relation to discontinued operations which have now been disposed of and €36.2m as set out in note 5.1. Included in the €38.5m is €29.7m in relation to additional leases arising upon the adoption of IFRS 16.

The notes on pages 145 to 213 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 from 30 January 2020 with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438 and the address of the registered office is given on page 231. 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, other receivables relating to invoice financing, money market funds, unlisted investments and short-term investments which are stated at fair value. Assets classified as held for sale are stated at the lower of carrying value and fair value. The accounting policies adopted in the consolidated financial statements have been consistently applied. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2019. The consolidated financial statements are presented in Euros and all amounts are rounded to the nearest €0.1m unless otherwise stated.

Going concern

As detailed in the CEO and CFO reviews, in relation to the Covid-19 pandemic our business is an essential service, in the front line of maintaining vital services to hospitals, businesses and communities and has been able to maintain all required services and protect our employees in recent times. There has been an adverse impact to volumes coming into our commercial divisions in particular in the last weeks of March and during April and May. We have undertaken revised modelling for the new financial year and beyond to reflect these changes and have taken cost and cash actions to preserve liquidity even in an extended crisis. The Group has recently announced that amendments to our banking covenants until September 2021 have been secured as a result of the impact of Covid-19. Having assessed the revised forecasts and the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Changes in accounting policies

The Group adopted IFRS 16 Leases from 1 April 2019 and has applied the modified retrospective approach. The comparative information has not been restated however the reclassifications and adjustments on the opening Balance Sheet on 1 April 2019 have been recognised and disclosed. The accounting policies and judgements in relation to right-of-use assets and lease liabilities are included in notes 4.3 and 5.3 retrospectively. Details of the impact of adopting IFRS 16 and the practical expedients taken are shown in note 9.

The Group also adopted IFRIC 23 Uncertainty over income tax treatments, no changes were needed to the Group's tax provisions as at the initial application date of 1 April 2019.

The Group has elected to early adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (IBOR) issued in September 2019 and EU endorsed on 15 January 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and set out triggers for when the relief will end which include the uncertainty arising from interest rate benchmark reform no longer being present. The reliefs mean that this reform should not generally cause the termination of hedge accounting and the Group has no plans to discontinue hedge accounting during the period solely due to this IBOR related uncertainty. However, any hedge ineffectiveness will continue to be recorded in the Income Statement as a non-trading item. The Group has limited exposure to changes in the GBP LIBOR benchmark with a notional principal amount of €243.1m of forward cross-currency interest rate swaps and €104.7m of interest rate swaps relating to PPP contracts with full details set out in note 5.5. The Group's transition programme anticipates that the areas of greatest change will be amendments of the contractual terms of LIBOR referenced interest rate swaps and cross-currency interest rate swaps and their related cashflows. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has therefore assumed that these future cash payments are not altered by IBOR. The Group has also determined that the hedged GBP LIBOR risk component is not separately identifiable at hedge designation.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union. At the date of approval of these financial statements, there are no IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the Group and there were no other new IFRSs or IFRS IC interpretations which were early adopted by the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Renewi plc (the Company), all its subsidiary undertakings (subsidiaries) and the Group's interests in joint ventures, associates and joint operations.

Subsidiaries are entities which are directly or indirectly controlled by the Group. Control exists where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where there is a non-controlling interest this is identified separately from the Group's equity. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those used by the Group. The results of subsidiaries acquired or sold during the year are included in the consolidated financial statements from or up to the date control passes. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary or joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but is not in control or joint control over those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in Other Comprehensive Income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group. Where the Group is party to a jointly controlled operation, the Group proportionately accounts for its share of the income and expenditure, assets and liabilities and cash flows on a line-by-line basis in the consolidated financial statements.

Other investments in entities that are neither associates, joint ventures nor subsidiaries are held at fair value through profit or loss except for the other unlisted investments that the Group has elected to hold at fair value through Other Comprehensive Income.

Foreign currencies

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentational currency of the Group as follows:

- monetary assets and liabilities at each balance sheet date are translated into Euros at the closing year end exchange rate;
- income and expenses in each Income Statement are translated into Euros at the average rate of exchange for the year; and
- the resulting exchange differences are recognised in the exchange reserve in Other Comprehensive Income.

Cumulative exchange differences are recognised in the Income Statement in the year in which a non-Euro denominated subsidiary undertaking is sold.

The most significant currency for the Group is Sterling with the closing rate on 31 March 2020 of €1:£0.884 (2019: €1:£0.862) and an average rate for the year ended 31 March 2020 of €1:£0.872 (2019: €1:£0.895).

The Group applies the hedge accounting principles of IFRS 9 Financial Instruments relating to net investment hedging to offset the exchange differences arising on foreign currency denominated borrowings with the translation of foreign operations. Net investment hedges are accounted for by recognising exchange rate movements in the exchange reserve, with any hedge ineffectiveness being charged to the Income Statement in the period the ineffectiveness arises.

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 including historical experience and expectations of future events that are considered to be relevant and reasonable. These estimates, assumptions and judgements are reviewed on an ongoing basis.

Judgements in applying the Group's accounting policies

Use of alternative performance measures – The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and underlying 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. In 2020 we are also disclosing numbers on an IAS 17 basis (i.e. pre IFRS 16) to enable meaningful comparison year on year due to the application of IFRS 16. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 8.3.

Non-trading and exceptional items – In establishing which items are disclosed separately as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size, nature or incidence of specific items. The current year includes within restructuring the initial costs for the Renewi 2.0 programme which will cost €30m over three years to deliver improved customer service and cost benefits of €20m annually once completed. See note 3.3 for further details.

Service concession arrangements – The consideration from local authorities for the operations of waste management service concessions is treated as financial assets relating to PPP contracts in accordance with IFRIC 12. At the balance sheet date, the Group has financial assets relating to PPP contracts of €147.8m (2019: €155.8m). Consideration relating to financial assets is split between a service element as revenue and a repayment element, split between capital and interest receivable that is deducted from the financial asset. Further details are given in notes 3.1 and 4.5.

Right-of-use assets and lease liabilities – Significant judgements were made in calculating the discount rates used on the date of initial application of IFRS 16 Leases. The discount rate for specific components of the total lease portfolio is determined using an incremental borrowing rate the Group may agree with third parties.

Defined benefit pension scheme surplus – Management have concluded that the Group has an unconditional right to a refund of any surplus in the UK defined benefit pension scheme once the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset has not been restricted and no additional liability has been recognised. The International Accounting Standards Board under IFRIC 14 are currently reviewing the recognition of a pension surplus in the financial statements. Dependent upon the final published standard, there is potential that any future defined benefit surplus may not be recognised in the financial statements of the Group and additionally, the valuation methodology may also change. See note 7.2 for further details of the scheme.

Assets held for sale and discontinued operations – Management used judgement to determine that the criteria of IFRS 5 Non-current assets held for sale and discontinued operations were met for the businesses held for disposal at 31 March 2019 and all such assets have been sold during the year ended March 2020. Further details are given in note 6.3 and 6.4.

Impact of Covid-19 – Management used judgement to determine the expected impact on financial instruments as a result of the Covid-19 pandemic. In addition management have adjusted the future cash flows of cash generating units when undertaking impairment reviews and have taken the expected impact of Covid-19 into account when assessing the recoverability of deferred tax assets.

Notes to the financial statements continued

SECTION 1. BASIS OF PREPARATION CONTINUED

Estimates and assumptions

Impairment of intangible assets – Impairment testing is carried out annually at a cash generating unit (CGU) level. The Group estimates the recoverable amount of a CGU using a value in use model which involves an estimation of future cash flows and applying appropriate discount and long-term growth rates. The future cash flows are derived from approved forecasts, which have been updated to reflect the impact of Covid-19, specifically with regard to a reduction in input volumes, reassessment of costs and a deferral of non-urgent maintenance and capital expenditure. Details of the key assumptions and sensitivity analysis are given in note 4.1.

Impairment of tangible assets and investments – The Group assesses the impairment of tangible assets and investments whenever there is reason to believe that the carrying value may not exceed the fair value and where a permanent impairment in value is anticipated. The determination of whether the impairment of these assets is necessary involves the use of estimates that includes, but is not limited to, the analysis of the cause of potential impairment in value, the timing of such potential impairment and an estimate of the amount of the impairment. The impact of Covid-19 has been considered but has not led to the impairment of any tangible assets or investments.

Landfill related provisions – The Group has landfill related provisions of €152.8m (2019: €138.9m). These provisions are long term in nature and are recognised at the net present value of the best estimate of the likely future cash flows to settle the Group's obligations. The period of aftercare post-closure and the level of costs expected are uncertain and could be impacted by changes in legislation and technology and can vary significantly from site to site. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. Details of the discount rates used and a sensitivity assumption are set out in note 4.10.

Onerous contract provisions – Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. The Group has onerous contract provisions of €89.7m (2019: €94.9m) which have been provided for at the lower of the net present value of either exiting the contract or fulfilling our obligations under the contract. The most significant component of these provisions relates to UK Municipal PPP contracts which amount to €89.0m (2019: €88.9m). The provisions have been based on the best estimate of likely future cash flows including assumptions on tonnage inputs, plant performance and recyclates pricing. Details of the discount rates used and a sensitivity assumption are set out in note 4.10.

Right-of-use assets and lease liabilities – Upon the application of IFRS 16 Leases determination of the lease term was based on facts and circumstances that were established with extension options only included when reasonably certain that the lease would be extended and as the discount rate implicit in the leases was not readily available an incremental borrowing rate was determined. Further details are given in note 5.3.

Defined benefit pension schemes – The calculation of the present value of the defined benefit pension schemes is determined by using actuarial valuations based on assumptions including discount rate, life expectancy and inflation rates. The principal assumptions used to measure the schemes' liabilities, sensitivities to changes in those assumptions and future funding obligations are set out in note 7.2.

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

SECTION 2. SEGMENTAL INFORMATION

This section shows the performance, net assets and other information on a segmental basis. The Group's segmental reporting reflects the management structure which is aligned with the core activities of the Group.

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors, in order for it to allocate the Group's resources and to monitor the performance of the Group and are set out below:

Commercial Waste	**Collection and treatment of commercial waste in the Netherlands and Belgium.**
Hazardous Waste	**Treatment of hazardous waste in the Netherlands and industrial cleaning until 31 October 2019.**
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, Hungary and Portugal.**
Municipal	**Operation of waste management facilities under long-term municipal contracts in the UK.**
Group central services	**Head office corporate function.**

Segmental reporting

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

Revenue

	2020 €m	2019 €m
Netherlands Commercial Waste	**786.0**	764.7
Belgium Commercial Waste	**439.1**	430.8
Intra-segment	**(1.5)**	(1.1)
Commercial Waste	**1,223.6**	1,194.4
Hazardous Waste	**173.0**	211.3
Monostreams	**213.6**	213.3
Municipal	**197.2**	195.2
Inter-segment revenue	**(32.0)**	(33.5)
Total revenue from continuing operations	**1,775.4**	1,780.7

Notes to the financial statements continued

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Results

	2020 €m	2019 €m
Netherlands Commercial Waste	**56.0**	53.2
Belgium Commercial Waste	**33.9**	33.3
Commercial Waste	**89.9**	86.5
Hazardous Waste	**12.0**	7.0
Monostreams	**14.5**	12.9
Municipal	**(2.8)**	0.8
Group central services	**(26.0)**	(21.7)
Total underlying EBIT	**87.6**	85.5
Non-trading and exceptional items (note 3.3)	**(115.7)**	(142.1)
Total operating loss from continuing operations	**(28.1)**	(56.6)
Finance income (note 5.4)	**9.7**	12.4
Finance charges (note 5.4)	**(44.1)**	(35.8)
Finance income – non-trading and exceptional items (note 3.3)	**2.2**	–
Finance charges – non-trading and exceptional items (note 3.3)	**–**	(9.4)
Share of results from associates and joint ventures	**0.9**	0.4
Loss before taxation and discontinued operations	**(59.4)**	(89.0)

Net Assets

	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Group central services €m	Tax, net debt and derivatives €m	**Total continuing operations €m**	Discontinued operations €m	**Total €m**
31 March 2020									
Gross non-current assets	**983.0**	**202.8**	**195.4**	**155.1**	**41.2**	**39.3**	**1,616.8**	**–**	**1,616.8**
Gross current assets	**186.1**	**21.7**	**46.0**	**42.1**	**12.2**	**195.2**	**503.3**	**–**	**503.3**
Gross liabilities	**(372.8)**	**(77.6)**	**(169.0)**	**(161.5)**	**(58.1)**	**(1,045.8)**	**(1,884.8)**	**–**	**(1,884.8)**
Net assets (liabilities)	**796.3**	**146.9**	**72.4**	**35.7**	**(4.7)**	**(811.3)**	**235.3**	**–**	**235.3**
31 March 2019									
Gross non-current assets	880.6	163.4	183.8	159.0	14.1	38.7	1,439.6	–	1,439.6
Gross current assets	210.1	114.7	43.3	34.6	9.8	53.3	465.8	67.5	533.3
Gross liabilities	(353.4)	(102.6)	(166.6)	(166.0)	(55.4)	(804.6)	(1,648.6)	(4.8)	(1,653.4)
Net assets (liabilities)	737.3	175.5	60.5	27.6	(31.5)	(712.6)	256.8	62.7	319.5

SECTION 2. SEGMENTAL INFORMATION CONTINUED

Other disclosures

	Commercial Waste €m	Hazardous Waste* €m	Monostreams €m	Municipal €m	Group central services €m	**Total continuing operations €m**	Discontinued operations €m	**Total €m**
2020								
Capital additions:								
Property, plant and equipment	**51.4**	**7.1**	**7.7**	**0.1**	**1.0**	**67.3**	**3.8**	**71.1**
Right-of-use assets	**49.1**	**1.6**	**3.5**	**1.6**	**6.2**	**62.0**	**–**	**62.0**
Intangible assets	**0.3**	**0.2**	**1.7**	**0.1**	**6.4**	**8.7**	**–**	**8.7**
Depreciation charge:								
Property, plant and equipment	**53.9**	**8.2**	**9.6**	**0.4**	**1.0**	**73.1**	**–**	**73.1**
Right-of-use assets	**22.5**	**2.6**	**3.4**	**1.2**	**2.7**	**32.4**	**–**	**32.4**
Amortisation of intangibles	**3.7**	**0.1**	**4.8**	**0.3**	**3.9**	**12.8**	**–**	**12.8**
Impairment charge:								
Property, plant and equipment	**1.0**	**6.6**	**0.7**	**–**	**–**	**8.3**	**–**	**8.3**
Right-of-use assets	**–**	**3.4**	**–**	**10.4**	**–**	**13.8**	**–**	**13.8**
Intangible assets	**–**	**24.3**	**–**	**–**	**–**	**24.3**	**–**	**24.3**
Non-trading and exceptional items before tax	**34.6**	**39.6**	**13.0**	**26.9**	**(0.6)**	**113.5**	**18.9**	**132.4**
2019								
Capital additions:								
Property, plant and equipment	63.7	17.6	17.8	0.6	1.0	100.7	2.9	103.6
Intangible assets	–	–	–	1.5	3.4	4.9	–	4.9
Depreciation charge								
Property, plant and equipment	60.0	14.3	11.2	0.7	1.1	87.3	2.4	89.7
Amortisation of intangibles	3.9	0.5	4.4	0.4	4.0	13.2	0.1	13.3
Impairment charge:								
Property, plant and equipment	0.1	–	9.2	1.0	–	10.3	6.9	17.2
Intangible assets	0.4	19.5	–	18.1	0.1	38.1	15.6	53.7
Loans to joint ventures	–	–	–	20.4	–	20.4	–	20.4
Non-trading and exceptional items before tax	27.6	26.7	25.8	73.6	(2.2)	151.5	22.5	174.0

* The Hazardous Waste 2020 values include the Reym disposal group which were €1.7m capital expenditure on property, plant and equipment, €0.2m capital expenditure on right-of-use assets, €6.6m impairment of property, plant and equipment, €24.3m impairment of intangibles assets and €3.4m impairment of right-of-use assets.

Geographical information

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

	2020 €m	2019 €m
Netherlands	**979.5**	848.0
Belgium	**390.3**	357.2
UK	**10.8**	9.4
France	**29.3**	28.4
Portugal	**6.0**	6.0
Germany	**0.1**	1.0
Hungary	**0.6**	0.6
Total segment assets of continuing operations	**1,416.6**	1,250.6

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX

This section contains the notes that relate to the results and performance of the Group during the year, along with the related accounting policies that have been applied.

3.1 REVENUE RECOGNITION

The Group applies IFRS 15 Revenue from Contracts with Customers which requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The majority of the Group's revenue is generated from the performance obligation to the customer to collect and process the waste. This represents a single performance obligation and the revenue is recognised at a point in time when the waste is collected and accepted but deferred until the waste is actually processed.

In the Commercial segment where the contract with a customer includes the collection of waste with a positive value, the transaction price includes an element of non-cash consideration, this increases revenue with a corresponding increase in cost of sales for the value of the waste collected with no impact on operating profit.

Accounting policy

Under IFRS 15 revenue is defined as income arising in the course of the Group's waste collection and processing activities and is recognised when the control of goods or services transfer and is allocated to individual performance obligations. Revenue represents the fair value of consideration received or receivable for goods and services provided in the normal course of business, including landfill tax but excluding sales taxes, discounts and inter-company sales. Revenue is recognised either at a point in time, for example when the goods or services are transferred, or over time. Revenue is recognised over time when the customer simultaneously receives and consumes the goods or services or when there is an enforceable right to payment for performance completed to date. In general, the Group's revenue is not subject to conditions that would imply a variable consideration.

Revenue recognition criteria for the key types of services have been examined, determined and documented on a divisional level, based on the general and specific contracts with customers and applicable revenue types for each division and are as follows:

- **Inbound revenue** relates to the collection and/or processing of waste. The transaction price is based on contractually agreed prices for collecting and processing the waste and differs depending upon the nature of the contract – contracts can be an all-in-tariff, split between rent, processing and transport or a price per tonne basis for different types of waste. Due to the very short time period between the start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of the waste.
  - **Waste collection services:** revenue is recognised at the point in time when the waste is delivered to transfer stations or to a third party processing facility.
  - **Waste processing services:** where the Group's revenue contracts include an obligation to process waste, revenue is recognised over time as processing occurs.

- **Outbound revenue** relates to the sale of recyclate materials and products from waste and the generation of power from gas. The transaction price is agreed with the customer either in a contract or in relation to a market index and is charged based on tonnage or kilowatt hour and in some situations will include an additional charge for transport services.
  - **Sale of recyclate materials and products from waste:** revenue is based on contractually agreed prices and is recognised at a point in time when the risks and rewards related to the goods have passed to the buyer.
  - **Income from power generation:** for gas produced by processes at anaerobic digestion facilities and landfill sites revenue is recognised at a point in time based on the volumes of energy produced and an estimation of the amount to be received.

- **On-site revenue** relates to activities and services provided to the customer on their own site, mainly cleaning services at customer installations. The transaction price can be a contracted lump-sum or is charged by applying a fixed price by hour, litre or item depending on the nature of the contract. With regard to Hazardous waste industrial cleaning, revenue was recognised over time by reference to the stage of completion based on services performed to date. This type of revenue ceased on 31 October 2019 with the sale of the Reym business.

- **Other** includes charges for sundry low value packing materials, waste advisory services to customers, services to support customers with waste collection and treatment activities and in the prior year included delayed damages in the Municipal Division.

3.1 REVENUE RECOGNITION CONTINUED

The timing of payments from customers is generally aligned to revenue recognition and subject to agreed invoice terms. Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed or require an accrual for the costs of disposing of residual waste once the Group has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate. Further details relating to deferred revenue are given in note 4.9. Accrued income (unbilled revenue) at the balance sheet date is recognised at fair value based on services provided and contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable and further details are set out in 4.8.

The practical expedient available under IFRS 15 has been taken whereby any financing element of the contract has been ignored as the timing difference between the satisfaction of the obligations under the contract and the receipt of payment due under the contract are expected to be one year or less.

The Group's Private Finance Initiative/Public Private Partnership (PPP) contracts in the Municipal Division are waste management contracts which require the building of new infrastructure and all rights to the infrastructure pass to the local authority at the termination or expiry of the contract. The Group applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators. Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on having considered the extent to which the grantor (the local authority) controls the assets, over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Having considered these factors, the Group applies the 'financial asset' model to account for the infrastructure as it has an unconditional right to receive cash. The Group splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. The part of the service element which covers the obligation to undertake major refurbishments and renewals to maintain the infrastructure such that it is handed over to the local authority in good working order is known as lifecycle and is deferred and only recognised as revenue when the service is provided, further details are given in note 4.5.

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

Revenue by type of service	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	**Total €m**
2020						
Inbound	**1,037.2**	**94.6**	**79.0**	**185.9**	**(27.8)**	**1,368.9**
Outbound	**116.8**	**5.4**	**131.8**	**4.8**	**(2.4)**	**256.4**
On-Site	**39.2**	**72.9**	**–**	**–**	**(0.2)**	**111.9**
Other	**30.4**	**0.1**	**2.8**	**6.5**	**(1.6)**	**38.2**
Total revenue	**1,223.6**	**173.0**	**213.6**	**197.2**	**(32.0)**	**1,775.4**
2019						
Inbound	969.2	91.5	71.7	167.3	(23.5)	1,276.2
Outbound	151.5	4.1	138.9	5.9	(2.2)	298.2
On-Site	44.2	115.7	–	–	(6.3)	153.6
Other	29.5	–	2.7	22.0	(1.5)	52.7
Total revenue	1,194.4	211.3	213.3	195.2	(33.5)	1,780.7

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.1 REVENUE RECOGNITION CONTINUED

Revenue by geographic market	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	Total €m
2020						
Netherlands	**785.1**	**173.0**	**116.0**	**–**	**(30.2)**	**1,043.9**
Belgium	**438.5**	**–**	**64.7**	**–**	**(1.8)**	**501.4**
UK	**–**	**–**	**–**	**197.2**	**–**	**197.2**
France	**–**	**–**	**22.7**	**–**	**–**	**22.7**
Other	**–**	**–**	**10.2**	**–**	**–**	**10.2**
Total revenue	**1,223.6**	**173.0**	**213.6**	**197.2**	**(32.0)**	**1,775.4**
2019						
Netherlands	764.0	211.3	113.9	–	(31.2)	1,058.0
Belgium	430.4	–	62.6	–	(2.3)	490.7
UK	–	–	–	195.2	–	195.2
France	–	–	24.2	–	–	24.2
Other	–	–	12.6	–	–	12.6
Total revenue	1,194.4	211.3	213.3	195.2	(33.5)	1,780.7

Revenue recognised at a point in time amounted to €1,611.8m (2019: €1,576.8m) with the remainder recognised over time. The majority of the Commercial, Municipal and Monostreams revenue is recognised at a point in time, whereas for Hazardous Waste the majority is recognised over time.

3.2 OPERATING LOSS

Detailed below are the key amounts recognised in arriving at the operating loss for the year:

Continuing operations	Note	2020 €m	2019 €m
Staff costs	7.1	**424.0**	430.7
Depreciation of property, plant and equipment	4.2	**73.1**	89.7
Impairment of property, plant and equipment (not included in non-trading and exceptional items)	4.2	**1.0**	–
Depreciation of right-of-use assets	4.3	**32.4**	–
Amortisation of intangible assets	4.1	**12.8**	13.3
Repairs and maintenance expenditure on property, plant and equipment		**98.9**	101.1
Net gain on disposal of property, plant and equipment		**(0.8)**	(2.3)
Expense relating to short term leases		**17.6**	–
Expense relating to low-value assets		**5.2**	–
Income from subleasing right of use assets		**(3.5)**	–
Non-trading and exceptional items	3.3	**113.5**	151.5
Net foreign exchange loss (gain)		**0.1**	(2.3)
Net impairment losses on trade receivables and accrued income	4.8	**6.8**	14.7

The total remuneration of the Group's auditors, PricewaterhouseCoopers LLP (PwC) and its associates, for services provided to the Group during the year was:

	2020 €m	2019 €m
– Audit of parent company and consolidated financial statements	**0.4**	0.3
– Audit of subsidiaries pursuant to legislation	**1.4**	1.5
Fees payable to the auditors pursuant to legislation	**1.8**	1.8

During the year €96,000 (2019: €35,000) of non-audit services were provided by PwC for audit related assurance services.

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 NON-TRADING AND EXCEPTIONAL ITEMS

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items. Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts arising from restructuring activities or if significant in size, profit or loss on disposal of properties or subsidiaries as these are irregular, the change in fair value of non-hedged derivatives, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions and amortisation of acquisition intangibles. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results.

Exceptional items are considered individually and assessed at each reporting period.

	Note	2020 €m	2019 €m
Merger related costs:			
Synergy delivery costs – cash		**13.3**	32.1
Synergy delivery costs – non-cash		**0.7**	12.1
Integration costs – cash		**2.3**	12.5
Integration costs – non-cash		**–**	0.1
		16.3	56.8
Portfolio management activity:			
Loss on disposal of subsidiaries/prior year remeasurement of assets held for sale	6.2	**37.3**	19.5
Acquisition of 100% of shares in a joint venture	6.1	**(1.4)**	–
Prior year disposals		**(2.2)**	(11.0)
2017 merger related		**(3.9)**	0.2
		29.8	8.7
UK Municipal contract issues		**25.9**	64.3
Other changes in long-term provisions		**33.0**	–
Other items:			
ATM soil issues		**3.1**	6.5
Restructuring charges		**2.7**	–
Income relating to fires		**(0.1)**	(0.5)
IAS 19 Employee benefits pensions net credit		**(1.4)**	(0.1)
		4.3	5.9
Exceptional finance charges – Derby contract issues		**–**	5.0
Ineffectiveness on cash flow hedges		**(2.2)**	4.3
Change in fair value of derivatives at fair value through profit or loss		**–**	0.1
Amortisation of acquisition intangibles	4.1	**6.4**	6.4
Non-trading and exceptional items in loss before tax (continuing operations)		**113.5**	151.5
Tax on non-trading and exceptional items		**(9.8)**	(12.4)
Exceptional tax credit		**(2.4)**	(15.6)
Non-trading and exceptional items in loss after tax (continuing operations)		**101.3**	123.5
Discontinued operations	6.4	**18.9**	22.5
Total non-trading and exceptional items in loss after tax		**120.2**	146.0

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.3 NON-TRADING AND EXCEPTIONAL ITEMS CONTINUED

The non-trading and exceptional items include the following:

Merger related costs

Due to the significance of the merger of Shanks Group and Van Gansewinkel Groep (VGG) in 2017 and the associated synergy delivery projects, these costs are considered to be exceptional. Synergy delivery costs of €14.0m (2019: €44.2m) and integration costs of €2.3m (2019: €12.6m) were incurred as the Group executes merger plans for generating value. Synergy delivery costs include non-cash impairments of €0.7m relating to the simplification of the range of products at Coolrec and the prior year cost of €12.1m principally related to the restructuring of the Monostreams glass operations in the Netherlands. The total cost of €16.3m (2019: €56.8m) was split €4.0m (2019: €29.5m) in cost of sales and €12.3m (2019: €27.3m) in administrative expenses.

Portfolio management activity

The Municipal Canada sale completed in September 2019 and is shown as a discontinued operation. The sale of the Hazardous Waste Reym industrial cleaning business completed in October 2019 with a loss on disposal of €37.3m (2019: €19.5m loss on remeasurement) and further details are set out in note 6.2.

In November 2019 the Group acquired the 50% holding in AP4 Terra B.V. from the joint venture partner and this resulted in a profit of €1.4m and further details are set out in note 6.1.

The credit for prior year disposals of €2.2m relates to the release of a warranty provision for a UK disposal as it is now no longer required. The prior year credit of €11.0m includes the profit on the sale of the Group's share in the UK joint venture, Energen Biogas and the profit on sale of transferring 50% of a Hazardous Waste ATM subsidiary to a joint venture net of initial fees relating to the disposal process for the Canada and Reym businesses.

The 2017 merger related credit of €3.9m (2019: €0.2m charge) includes a final warranty settlement relating to the 2017 merger of VGG, a release of provisions in relation to pre-merger legal matters net of further legal and other advisory transaction costs incurred. These are considered exceptional as part of the overall total transaction costs.

The total cost of €29.8m (2019: €8.7m) was all recorded in administrative expenses.

UK Municipal contract issues

The UK Municipal contract issues of €25.9m (2019: €64.3m) relate to the ELWA contract which has become onerous from 1 January 2020 as a result of a new Dutch tax on the import of burnable waste which has and will continue to increase off-take costs until new outlets can be found together with an expected impact of Brexit which will increase haulage and tariff costs. This charge is split between an onerous contract provision of €15.5m and impairment of €10.4m of right-of-use assets. In the prior year €59.3m was reflected in relation to the UK Municipal Derby contract including a provision against the original subordinated debt investment of €20.4m along with impairment of goodwill and other intangible assets of €14.9m, onerous contract provision of €7.6m to cover ongoing losses and termination costs, a loss allowance against €11.6m of unpaid delay damages and acceleration of a prepayment of €4.8m. The contract was subsequently terminated in August 2019. In addition the prior year charge included a €1.8m onerous contract provision increase and €4.1m of impairments of contract right intangibles and plant and equipment relating to the ELWA contract net of a release of a provision of €0.9m for the Elstow contract. The charge of €25.9m (2019: €64.3m) was split €25.9m (2019: €9.4m) in cost of sales and €nil (2019: €54.9m) in administrative expenses.

Other changes in long-term provisions

Other changes in long-term provisions includes an increase in provisions of €17.9m due to the reduction in discount rates, principally landfill related and onerous contracts, as a result of the fall in Government bond yields. As announced in March 2020, on 6 February the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem Landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group. While we are vigorously defending the case, we have considered it appropriate at this stage to recognise a provision of €15.1m which has been based on the most likely outcome from our legal advisers. The charge of €33.0m is all recorded in cost of sales.

Other items

The charge for ATM soil issues of €3.1m (2019: €6.5m) relates to the soil offset market issue and includes additional costs of logistics, off-site storage, testing and legal advice. These issues are now resolved and no further exceptional charges are expected.

Other restructuring of €2.7m (2019: €nil) includes advisor fees relating to Renewi 2.0, a project to enhance margins and efficiencies through digitisation and optimising internal processes.

3.3 NON-TRADING AND EXCEPTIONAL ITEMS CONTINUED

The net credit in income relating to fires of €0.1m (2019: €0.5m) was the result of final insurance settlements relating to significant fires in the Commercial division in prior years.

The IAS 19 Employee benefits net credit of €1.4m (2019: €0.1m) relates to a past service credit for the UK defined benefit pension scheme which was closed to future benefit accrual during the year together with a reduction in liabilities as a result of pension increase exchange exercises. The prior year credit included a past service charge of €2.0m for the UK defined benefit pension scheme as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation along with a curtailment gain of €2.1m which arose as the principal Dutch legacy VGG defined benefit pension scheme was closed.

The total charge of €4.3m (2019: €5.9m) was split €2.9m (2019: €6.0m) in cost of sales and €1.4m (2019: €0.1 credit) in administrative expenses.

Items recorded in finance charges and finance income

The exceptional finance charges in the prior year include a €5.0m loss allowance against the interest receivable on the subordinated debt in relation to the Derby UK Municipal contract as described above. The €2.2m credit (2019: €4.3m charge) for ineffectiveness on cash flow hedges is principally in relation to the Cumbria PPP project interest rate swaps as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €6.4m (2019: €6.4m) is all recorded in cost of sales.

Exceptional tax credit

The exceptional tax credit of €2.4m (2019: €15.6m) relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands and changes in tax rates in the UK and the Netherlands. The prior year credit related to the change in tax rates in Belgium and the Netherlands and the recognition of tax losses in the Netherlands and further details are given in note 3.4.

Discontinued operations

The sale of the Canadian disposal group was completed on 30 September 2019 which resulted in a loss on disposal of €18.9m (2019: €22.5m loss on remeasurement) and further details are set out in note 6.4. As a result of uncertainty of receipt, the contingent proceeds from this disposal will only be recognised once more certain.

3.4 TAXATION

This section details the accounting polices applied for tax, the current and deferred tax charges or credits in the year, a reconciliation of the total tax expense to the accounting result and the movements in deferred tax assets and liabilities.

Accounting policy

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements as the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

The Group operates primarily in the Netherlands, Belgium, the UK, France and Canada (up until the disposal in September 2019), 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.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 TAXATION CONTINUED

Income Statement

The tax charge (credit) based on the loss for the year from continuing operations is made up as follows:

	2020 €m	2019 €m
Current tax		
UK corporation tax		
– Current year	**1.5**	1.5
Overseas tax		
– Current year	**11.4**	10.1
– Adjustment in respect of the prior year	**(1.0)**	(0.4)
– Exceptional tax credit	**(2.5)**	–
Total current tax charge	**9.4**	11.2
Deferred tax		
– Origination and reversal of temporary differences in the current year	**(8.3)**	(23.8)
– Adjustment in respect of the prior year	**–**	0.2
Total deferred tax credit	**(8.3)**	(23.6)
Total tax charge (credit) for the year	**1.1**	(12.4)

The tax on the Group's loss for the year from continuing operations differs from the UK standard rate of tax of 19% (2019: 19%), as explained below:

	2020 €m	2019 €m
Total loss before taxation	**(59.4)**	(89.0)
Tax credit based on UK tax rate of 19% (2019: 19%)	**(11.3)**	(16.9)
Effects of:		
Adjustment to tax charge in respect of prior years	**(1.0)**	(0.2)
Profits (losses) taxed at overseas tax rates	**(1.0)**	2.3
Non-deductible (non-taxable) other items	**(0.3)**	0.9
Non-deductible loss on portfolio management activity	**5.7**	–
Non-deductible goodwill impairment	**–**	4.9
Non-deductible impairment of subordinated debt	**–**	4.8
Unrecognised deferred tax assets	**11.4**	6.0
Net exceptional credit relating to recognition of tax losses	**–**	(9.3)
Exceptional charge (credit) relating to change in Netherlands tax rate	**1.6**	(6.3)
Exceptional credit relating to change in UK tax rate	**(1.5)**	–
Exceptional credit relating to pre-merger tax audits	**(2.5)**	–
Change in tax rate	**–**	1.4
Total tax charge (credit) for the year	**1.1**	(12.4)

Exceptional charge (credit) relating to changes in Netherlands tax rate

The standard Netherlands corporate income tax rate was 25% (2019: 25%). Under the corporate tax reform enacted by the Dutch government on 18 December 2018, it was stated that the rate would reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. However, in September 2019 the Dutch government announced amendments to the rates so that the rate will remain at 25% for the period ending 31 March 2021 and 21.7% for the period ending 31 March 2022 and subsequent periods. These amendments were enacted by the Dutch government on 17 December 2019. As a result, Netherlands deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This resulted in an exceptional tax charge of €1.6m in the current year and a credit of €6.3m in the prior year.

Exceptional credit relating to change in UK tax rate

The rate of UK corporation tax rate changed from 20% to 19% on 1 April 2017 and legislation was included in Finance Act 2016 to reduce the rate to 17% on 1 April 2020. However, it was announced in the Chancellor's Budget of 11 March 2020 that the rate will remain at 19% and this was substantively enacted on 17 March 2020. As a result, the UK deferred tax for the year has been calculated based on the substantively enacted rate of 19%. This has resulted in an exceptional tax credit of €1.5m in the current year.

Exceptional tax credit relating to pre-merger tax audits

The other exceptional tax credit of €2.5m relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands.

3.4 TAXATION CONTINUED

Net exceptional credit in relation to tax losses in the prior year

In the prior year in view of the performance of the integrated Netherlands Commercial business and the Group's forecasts for future profitability of the Netherlands business, an exceptional tax credit of €10.5m was recognised in relation to the utilisation of tax losses of the legacy Van Gansewinkel Netherlands businesses included in the Dutch fiscal unity that can reasonably be expected in the coming years. In addition, there was an exceptional tax charge of €1.2m for the impairment of the deferred tax asset brought forward in respect of Maltha Netherlands fiscal unity losses.

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	
	2020 €m	2019 €m	**2020 €m**	2019 €m
Retirement benefit schemes	**(1.4)**	2.7	**(1.3)**	(0.7)
Tax losses	**33.9**	33.5	**0.4**	11.8
Derivative financial instruments	**4.7**	4.8	**(0.4)**	0.8
Capital allowances	**(43.7)**	(49.7)	**5.0**	5.8
Other timing differences	**(3.2)**	(8.8)	**4.6**	5.9
At 31 March	**(9.7)**	(17.5)	**8.3**	23.6

The movement in the deferred tax balance during the year is:

	2020 €m	2019 €m
Net deferred tax liability at 1 April	**(17.5)**	(42.7)
Change in accounting policy – impact of IFRS 16 (note 9)	**1.7**	–
Restated net deferred tax liability at 1 April 2019	**(15.8)**	(42.7)
Acquisitions	**(0.2)**	–
Credited to Income Statement	**8.3**	23.6
Charged to equity	**(2.5)**	(2.5)
Transferred to disposal groups classified as held for sale (note 6.3)	**–**	4.2
Disposals	**1.0**	–
Exchange	**(0.5)**	(0.1)
Net deferred tax liability at 31 March	**(9.7)**	(17.5)
Analysed in the Balance Sheet, after offset of balances within countries, as:		
Deferred tax assets	**37.2**	38.6
Deferred tax liabilities	**(46.9)**	(56.1)
Net deferred tax liability at 31 March	**(9.7)**	(17.5)

The majority of the €37.2m (2019: €38.6m) deferred tax asset and the majority of the €46.9m (2019: €56.1m) deferred tax liability are expected to be recovered after more than one year.

As at 31 March 2020, the Group had unused trading losses (tax effect) of €83.1m (2019: €76.2m) available for offset against future profits. A deferred tax asset has been recognised in respect of €33.9m (2019: €34.1m) of such losses and recognition is based on management's projections of future profits in the relevant companies. Certain deferred tax assets are recognised in jurisdictions that did not make material profits in 2020 and this is principally due to exceptional costs incurred in 2020 that are not expected to occur going forward. No deferred tax asset has been recognised in respect of the remaining €49.2m (2019: €42.1m) due to the uncertainty of future profit streams. Tax losses may be carried forward indefinitely in the relevant companies with the exception of the Netherlands where the losses, €15.6m (2019: €15.0m) recognised and €13.6m (2019: €13.2m) unrecognised, expire after 6 to 9 years.

Notes to the financial statements continued

SECTION 3. OPERATING PROFIT AND TAX CONTINUED

3.4 TAXATION CONTINUED

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 2020 amounted to €284.4m (2019: €262.8m) and unrecognised deferred tax estimated to arise on the unremitted earnings is €nil (2019: €0.1m) which would relate to taxes payable on repatriation and dividend withholding taxes levied by overseas jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exemptions.

3.5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year excluding shares held by the Employee Share Trust.

Diluted earnings per share is calculated by dividing profit for the year attributable to the owners of the parent entity by the weighted average number of ordinary shares during the year plus the weighted average number of any commitments made by the Group to issue shares in the future.

Underlying basic and diluted earnings per share excludes non-trading and exceptional items net of related tax. Non-trading and exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business in managed and measured on a day to day basis.

Continuing operations	2020			2019		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**794.9**	**0.9**	**795.8**	796.7	0.1	796.8
Loss after tax (€m)	**(60.5)**	**–**	**(60.5)**	(76.6)	–	(76.6)
Non-controlling interests (€m)	**(0.8)**	**–**	**(0.8)**	4.9	–	4.9
Loss after tax attributable to ordinary shareholders (€m)	**(61.3)**	**–**	**(61.3)**	(71.7)	–	(71.7)
Basic loss per share (cents)	**(7.7)**	**–**	**(7.7)**	(9.0)	–	(9.0)

The reconciliation between underlying earnings per share and basic loss per share is as follows:

	2020		2019	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**5.1**	**40.7**	5.9	47.5
Adjustments:				
Non-trading and exceptional items	**(14.3)**	**(114.2)**	(18.5)	(147.2)
Tax on non-trading and exceptional items	**1.2**	**9.8**	1.6	12.4
Exceptional tax	**0.3**	**2.4**	2.0	15.6
Basic loss per share/Loss after tax attributable to ordinary shareholders	**(7.7)**	**(61.3)**	(9.0)	(71.7)
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**5.1**	**40.7**	5.9	47.5
Diluted basic loss per share/Loss after tax attributable to ordinary shareholders	**(7.7)**	**(61.3)**	(9.0)	(71.7)

Discontinued operations	2020		2019	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**0.3**	**2.3**	0.2	1.4
Basic loss per share /Loss after tax attributable to ordinary shareholders	**(2.1)**	**(16.6)**	(2.6)	(21.1)

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 value of landfill capacity to deposit waste in two landfill sites in the Netherlands. The initial landfill void was capitalised at fair value on the acquisition of a Netherlands operation in 2006 and further void has been acquired in relation to the Maasvlakte landfill site and capitalised at cost. The 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 ranges from 3 to 16 years.

Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation. They are amortised over the estimated useful life on a straight-line basis, as follows:

Contract right relating to leasehold land	Term of the lease
Contract right relating to PPP contracts in Municipal	Term of the contract
Computer software	Up to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships	Up to 14 years

Notes to the financial statements continued

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 2018	683.0	25.6	59.9	74.3	842.8
Additions	–	–	4.9	–	4.9
Acquisition through business combinations	–	–	–	0.1	0.1
Disposals	(5.1)	–	(2.0)	(0.1)	(7.2)
Transferred to disposal groups classified as held for sale (note 6.3)	(57.3)	–	(8.5)	(1.3)	(67.1)
Exchange	0.1	–	0.6	–	0.7
At 31 March 2019	620.7	25.6	54.9	73.0	774.2
Additions	–	1.7	6.8	–	8.5
Acquisition through business combinations	8.4	–	–	0.7	9.1
Disposals	(4.1)	–	(2.0)	–	(6.1)
Exchange	(0.2)	–	(0.6)	–	(0.8)
At 31 March 2020	**624.8**	**27.3**	**59.1**	**73.7**	**784.9**
Accumulated amortisation and impairment					
At 1 April 2018	63.7	18.2	24.8	36.8	143.5
Amortisation charge	–	1.0	5.9	6.4	13.3
Impairment charge	4.3	–	14.3	–	18.6
Disposals	–	–	(1.9)	–	(1.9)
Transfer to disposal group classified as held for sale (note 6.3)	–	–	(3.6)	(1.3)	(4.9)
Exchange	–	–	–	–	–
At 31 March 2019	68.0	19.2	39.5	41.9	168.6
Amortisation charge	–	1.4	5.0	6.4	12.8
Disposals	(4.1)	–	(2.0)	–	(6.1)
Exchange	(0.2)	–	(0.3)	–	(0.5)
At 31 March 2020	**63.7**	**20.6**	**42.2**	**48.3**	**174.8**
Net book value					
At 31 March 2020	**561.1**	**6.7**	**16.9**	**25.4**	**610.1**
At 31 March 2019	552.7	6.4	15.4	31.1	605.6
At 31 March 2018	619.3	7.4	35.1	37.5	699.3

The computer software and other additions of €6.8m (2019: €4.9m) were software of €6.8m (2019: €3.4m) and the prior year also included €1.5m for contract rights in relation to Municipal contracts. The goodwill acquired through business combinations of €8.4m relates to the Hazardous Waste acquisition and the acquisition related intangibles of €0.7m relate to the Monostreams acquisition with full details provided in note 6.1.

Of the total amortisation charge of €12.8m (2019: €13.3m), €6.4m (2019: €6.4m) related to acquisition related intangible assets. Of the remaining amortisation expense of €6.4m (2019: €6.9m), €1.5m (2019: €1.6m) has been charged in cost of sales and €4.9m (2019: €5.3m) has been charged in administrative expenses.

The net book value of acquisition related intangibles of €25.4m (2019: €31.1m) included customer relationships of €19.0m (2019: €20.8m), permits of €5.9m (2019: €6.3m) and licences €nil (2019: €3.4m).

The goodwill impairment charge in the prior year of €4.3m related to the Derby contract in UK Municipal. The other intangibles impairment charge in the prior year of €14.3m related to €13.8m of contract right intangibles in UK Municipal in relation to the Derby and ELWA contracts as it was determined that they were no longer recoverable and €0.5m of software in the Commercial Division and Group Central Services as part of the integration programme.

4.1 INTANGIBLE ASSETS CONTINUED

Goodwill impairment

Impairment testing is carried out at a cash generating unit (CGU) level on an annual basis.

The CGUs are Netherlands Commercial Waste, Belgium Commercial Waste, Hazardous Waste and Monostreams which are in line with the operating segments explained in section 2. A summary of the closing net book values is set out below:

	2020 €m	2019 €m
Netherlands Commercial Waste	**231.5**	231.5
Belgium Commercial Waste	**136.3**	136.3
Commercial Waste	**367.8**	367.8
Hazardous Waste	**110.8**	102.4
Monostreams	**82.5**	82.5
Total goodwill	**561.1**	552.7

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. They also reflect the planned changes in the CGUs as a result of restructuring programmes and actions instigated in the current year together with expected general market and economic conditions. In addition, the forecast modelling has been revised recently to take account of the Covid-19 pandemic. The Commercial CGUs are the most impacted by the pandemic and since the outbreak certain inbound volumes have reduced and this drop in volumes and other economic conditions have been reflected in the updated modelling principally for the first two years of the five year period. Costs directly linked to volumes are assumed to drop in line with revenue however other costs have been analysed on a line by line basis with actions taken to reduce costs where possible. In addition all ongoing maintenance and capital expenditure was reviewed and where not urgent this will be deferred to later years.

For each of the CGUs, the key assumptions used in the value in use calculations are shown below. The pre-tax discount rate reflects the Group's assessment of the risks related to the CGUs and the countries in which they operate.

2020	**Netherlands Commercial Waste**	**Belgium Commercial Waste**	**Hazardous Waste**	**Monostreams**
Revenue (% annual growth rate from year 1 to year 5)	**5.9%**	**7.4%**	**8.6%**	**3.9%**
Underlying EBIT margin (average % of revenue)	**5.8%**	**4.9%**	**9.3%**	**6.4%**
Long-term growth rate	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Pre-tax discount rate	**8.3%**	**8.4%**	**8.3%**	**8.5%**

2019	Netherlands Commercial Waste	Belgium Commercial Waste	Hazardous Waste	Monostreams
Revenue (% annual growth rate from year 1 to year 5)	3.7%	3.7%	7.0%	(1.9)%
Underlying EBIT margin (average % of revenue)	6.4%	5.9%	9.5%	5.1%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	8.8%	9.1%	8.6%	8.8%

Sensitivity to changes in assumptions

The Group performs sensitivity analysis of the impairment testing by considering reasonable changes in the key assumptions used. For the Commercial Waste and Hazardous Waste CGUs these results demonstrated significant headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge.

The headroom for the Monostreams CGU is more limited given the historic performance which has resulted in restructuring initiatives being implemented. At 31 March 2020 the recoverable amount for this CGU exceeds the carrying value by €41m. On a sensitised profit basis applying an 10% profit reduction in the terminal value would reduce headroom to €21m.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.2 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Freehold land is not depreciated. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided to write off cost (less the expected residual value) on a straight-line basis over the expected useful economic lives as follows:

Buildings	Up to 30 years
Landfill site development costs including engineering works	Up to 30 years (over the operational life of the site)
Plant and installations	Up to 20 years
Trucks, cars and service vehicles	Up to 12 years
Other items of plant and machinery	Up to 15 years
Computer equipment	Up to 5 years
Fixtures and fittings	Up to 10 years

4.2 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property, plant and equipment are analysed as follows:

	Land and buildings €m	Landfill sites €m	Plant and machinery €m	Total €m
Cost				
At 1 April 2018	532.3	54.6	828.6	1,415.5
Additions	19.9	11.8	71.9	103.6
Disposals	(15.0)	–	(29.8)	(44.8)
Transfer to disposal groups classified as held for sale (note 6.3)	(72.7)	–	(75.8)	(148.5)
Reclassifications	(1.0)	1.4	0.3	0.7
Exchange	2.1	–	0.6	2.7
At 31 March 2019	465.6	67.8	795.8	1,329.2
Adjustment for change in accounting policy (note 9)	(4.4)	–	(46.6)	(51.0)
At 1 April 2019 – restated	461.2	67.8	749.2	1,278.2
Additions	7.5	2.3	55.8	65.6
Acquisition through business combinations	5.0	–	3.9	8.9
Disposals	(10.8)	–	(35.7)	(46.5)
Reclassifications	2.0	(1.6)	(0.4)	–
Exchange	(0.2)	–	(0.1)	(0.3)
At 31 March 2020	**464.7**	**68.5**	**772.7**	**1,305.9**
Accumulated depreciation and impairment				
At 1 April 2018	153.5	48.2	503.0	704.7
Depreciation charge	18.5	0.9	70.3	89.7
Impairment charge	–	–	10.3	10.3
Reversal of prior year impairment charge	(0.5)	–	–	(0.5)
Disposals	(5.9)	–	(25.4)	(31.3)
Transfer to disposal groups classified as held for sale (note 6.3)	(28.8)	–	(45.8)	(74.6)
Reclassifications	–	–	0.7	0.7
Exchange	0.9	–	0.2	1.1
At 31 March 2019	137.7	49.1	513.3	700.1
Adjustment for change in accounting policy (note 9)	(0.5)	–	(15.0)	(15.5)
At 1 April 2019 – restated	137.2	49.1	498.3	684.6
Depreciation charge	15.2	1.4	56.5	73.1
Impairment charge	0.7	–	1.0	1.7
Disposals	(5.6)	–	(31.6)	(37.2)
Reclassifications	2.5	(0.1)	(2.4)	–
Exchange	(0.2)	–	(0.1)	(0.3)
At 31 March 2020	**149.8**	**50.4**	**521.7**	**721.9**
Net book value				
At 31 March 2020	**314.9**	**18.1**	**251.0**	**584.0**
At 1 April 2019 – restated	324.0	18.7	250.9	593.6
At 31 March 2019	327.9	18.7	282.5	629.1
At 31 March 2018	378.8	6.4	325.6	710.8

The accounting policy change relates to the adoption of IFRS 16 Leases from 1 April 2019 resulting in finance lease assets with a net book value of €35.5m previously classified as property, plant and equipment being transferred to right-of-use assets, with further details in note 9.

Depreciation expense of €70.8m (2019: €85.1m) has been charged in cost of sales, €2.3m (2019: €2.2m) in administrative expenses and in the prior year €2.4m related to discontinued operations.

The impairment charge of €1.7m (2019: €10.3m) relates to €1.0m in the Commercial division in both the Netherlands and Belgium and €0.7m in Monostreams principally relating to part of the business that has been closed down. The prior year impairment charge included €9.3m relating to the Monostreams division due to the underperformance of the glass operations and the simplification of the range of products at Coolrec. In addition €0.9m related to the underperforming ELWA contract and €0.1m of merger related items in Belgium Commercial. The impairment charge was split €1.7m (2019: €9.3m) in cost of sales and in the prior year €1.0m in administrative expenses.

Included within the net book value of property, plant and equipment of €584.0m (2019: €629.1m) are assets under construction of which €7.5m (2019: €11.6m) is plant and machinery, €2.0m (2019: €3.0m) is land and buildings and in the prior year landfill sites also included assets under construction of €10.7m. The net book value of plant and machinery of €251.0m includes €108.7m of plant and installations, €70.4m of machinery and €66.2m of containers.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 RIGHT-OF-USE ASSETS

Accounting policy

The Group has applied IFRS 16 Leases from the transition date of 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated. The standard has resulted in most leases being recognised on the Balance Sheet together with the rights to control the use of an identified asset which are recognised as right-of-use assets. Adjustments arising from applying the new standard have been recognised in the Balance Sheet on 1 April 2019 and full impact details are set out in note 9.

Right-of-use assets are recognised at the lease commencement date and are initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. For the majority of leases the Group has measured the right-of-use asset on transition date to be equal to the lease liability. For a limited number of real estate contracts the Group has recalculated the right-of-use asset, as if IFRS 16 was applied from the beginning of the lease. The cumulative effect of that recalculation has been recognised in equity as an adjustment to the opening balance of retained earnings for the current year.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those in property, plant and equipment. The lease liability is remeasured when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase extension or termination option or if there is a revision to fixed lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Right-of-use assets are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable following the same approach as property, plant and equipment as stated in note 4.2.

Right-of-use assets are analysed as follows:

	Land and buildings €m	Plant and machinery €m	Total €m
Cost			
Reclassifications from property, plant and equipment	3.9	31.6	35.5
Right-of-use assets on transition	101.1	45.9	147.0
At 1 April 2019 – restated	105.0	77.5	182.5
Additions/modifications	3.7	58.1	61.8
Acquisition through business combinations	13.5	–	13.5
Disposals	–	(1.3)	(1.3)
Exchange	(0.5)	–	(0.5)
At 31 March 2020	**121.7**	**134.3**	**256.0**
Accumulated depreciation and impairment			
Impairment of right-of-use assets on transition	6.1	1.1	7.2
At 1 April 2019 – restated	6.1	1.1	7.2
Depreciation charge*	9.5	22.9	32.4
Impairment charge	9.7	0.7	10.4
Disposals	–	(0.4)	(0.4)
Exchange	(0.5)	–	(0.5)
At 31 March 2020	**24.8**	**24.3**	**49.1**
Net book value			
At 31 March 2020	**96.9**	**110.0**	**206.9**
At 1 April 2019 – restated	98.9	76.4	175.3
At 31 March 2019	–	–	–

* The depreciation charge of €32.4m includes €26.6m of new IFRS 16 leases and €5.8m in relation to leases which were previously finance leases under IAS 17.

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.3 RIGHT-OF-USE ASSETS CONTINUED

As a result of the adoption of IFRS 16 Leases on 1 April 2019 the transitional value of right-of-use assets was €147.0m which included the reclassification of €6.0m from onerous contract provisions that had been provided at 31 March 2019 in relation to onerous lease provisions. In addition on 1 April 2019 an assessment was made in relation to right-of-use assets where onerous leases had been identified prior to transition and this resulted in impairments of €7.2m in the UK Municipal division. IAS 17 finance lease related assets with a net book value of €35.5m previously classified as property, plant and equipment were transferred to right-of-use assets. Further details are included in note 9.

Depreciation expense of €26.4m has been charged in cost of sales and €6.0m in administrative expenses.

The impairment charge of €10.4m relates to the UK Municipal ELWA contract which became onerous on 1 January 2020, further details are included in note 3.3.

The net book value of plant and machinery right-of-use assets at 31 March 2020 includes €4.5m plant and installations, €93.3m machinery and €11.7m company cars.

4.4 INVESTMENTS AND LOANS TO ASSOCIATES AND JOINT VENTURES

Accounting policy

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in Other Comprehensive Income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group.

The Group has elected to designate the other unlisted investments as measured at fair value through other comprehensive income. They are initially recorded at fair value and then remeasured at subsequent reporting dates with the unrealised gains and losses recognised in Other Comprehensive Income.

Short term investments are measured at fair value through profit or loss with unrealised gains and losses recognised in the Income Statement.

Loans to joint ventures and associates are measured at amortised cost and where appropriate a 12-month expected credit loss allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk the allowance is increased to reflect the full lifetime expected credit loss.

Key judgement

The Group has a 50.001% interest in the joint venture Wakefield Waste Holdings Limited however the Group does not have control as each partly jointly controls the entity and as a result it is appropriate to equity account.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.4 INVESTMENTS AND LOANS TO ASSOCIATES AND JOINT VENTURES CONTINUED

The carrying amount of investments and loans to associates and joint ventures are as follows:

	Loans	Investments				
	Loans to associates and joint ventures €m	Joint ventures €m	Associates €m	Other unlisted investments €m	Short term investments €m	Total investments €m
At 1 April 2018	22.5	7.6	6.8	4.7	–	19.1
Acquired	–	3.8	–	–	–	3.8
Additions	–	–	–	–	5.9	5.9
Share of retained (losses) profits	–	(0.2)	0.6	–	–	0.4
Dividend income	–	(0.2)	(0.6)	–	–	(0.8)
Fair value adjustment on cash flow hedges	–	–	0.2	–	–	0.2
Loss allowance	(20.4)	–	–	–	–	–
Repayments	(1.6)	–	–	–	–	–
Disposal	–	(6.8)	–	–	–	(6.8)
Exchange	0.4	–	–	–	–	–
At 31 March 2019	0.9	4.2	7.0	4.7	5.9	21.8
Acquired	–	0.1	1.7	–	–	1.8
Additions	–	–	–	–	2.4	2.4
Share of retained (losses) profits	–	(0.1)	1.0	–	–	0.9
Dividend income	–	(0.1)	(0.5)	–	–	(0.6)
Fair value adjustment on cash flow hedges	–	–	0.2	–	–	0.2
Fair value movement on short term investments	–	–	–	–	(0.2)	(0.2)
Disposal	–	(2.6)	–	–	–	(2.6)
At 31 March 2020	**0.9**	**1.5**	**9.4**	**4.7**	**8.1**	**23.7**

The loans to associates and joint ventures of €0.9m (2019: €0.9m) are current. Total investments are split €8.1m current (2019: €5.9m) and €15.6m non-current (2019: €15.9m).

The associates acquisition in May 2019 related to a 32% stake in RetourMatras BV, a mattress recycler by the Netherlands Commercial division.

The prior year loss allowance of €20.4m in loans to associates and joint ventures related to the UK Municipal Derby contract as explained in note 3.3 and was 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 losses in the year was €2.4m (2019: €54.7m loss, of which €53.6m related to the investment in Derby investment). Cumulatively losses of €3.8m (2019: €67.0m, of which €65.6m related to the Derby investment which the Group no longer has a share of) are unrecognised.

Where the associate or joint venture holds non-recourse PPP debt there is a restriction on payment of dividends, which is due to the terms of the financing facility agreements and as such requires lender approval.

Details of joint ventures and associated investments are shown in note 8.1. No joint venture or associate is considered individually material to the Group for further disclosure.

4.5 FINANCIAL ASSETS RELATING TO PPP CONTRACTS

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK PPP Municipal contracts.

Accounting policies and key judgements

Financial assets relating to PPP contracts are classified as financial assets at amortised cost and are initially recognised at the fair value of consideration receivable and subsequently at amortised cost. These service concession arrangements under IFRIC 12 represent the present value of the future cash flows of the contract. These cash flows are dependent on, amongst other things, tonnages, indexation, recycling rates and labour costs.

The IFRS 9 general approach is applied in relation to expected credit loss which requires an allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the financial asset. The UK Municipal division has entered into PPP long-term waste management contracts with local authorities to secure project finance to cover the infrastructure capital costs. UK local authorities have historically enjoyed a strong credit profile with the capacity to meet financial commitments and none have ever defaulted. These financial assets are assessed to have low credit risk based on low risk of default, the vital nature of the service being provided, strong financial capacity to meet contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the local authority's ability to fulfil its obligations.

UK PPP contracts

The Group is the operator for one class of service concession arrangements, that of the provision of waste treatment and waste treatment facilities, and these are classified as service concession arrangements in accordance with IFRIC. If the Group underperforms, including failure to divert waste from landfill, the contract can be terminated before the end of its term.

The Group's UK PPP arrangements relate to the construction and operation of waste management facilities for local authorities. The building of the facilities is governed by the engineer, procure and construct contract entered into by the Group. The construction work was undertaken by third party contractors with drawdowns of financing from the UK PPP funders used to pay the subcontractor for the construction works. The Group considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acted as agent or principal during the construction phase of the contracts. 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 acted as agent versus principal in the provision of construction services.

In light of these conclusions and the historic presentation of the revenue and costs associated with the construction services net in the Income Statement, we consider that the most appropriate classification of the PPP non-recourse debt cash flows in the Statement of Cash Flows is as financing 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.

Other information for PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2020.

Contract	Financial close	Full Service Commencement	Contract Expiry	Interests in Special Purpose Vehicle
Argyll & Bute	September 2001	April 2003	September 2026	Renewi: 100%
Cumbria	June 2009	April 2013	June 2034	Renewi: 100%
Wakefield	January 2013	December 2015	February 2038	Renewi: 50.001% Equitix Infrastructure 4 Limited: 49.999%
Barnsley, Doncaster and Rotherham	March 2012	July 2015	June 2040	Renewi: 75% SSE Generation Limited: 25%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.5 FINANCIAL ASSETS RELATING TO PPP CONTRACTS CONTINUED

The Derby City and Derbyshire contract was terminated in August 2019 and the City of Surrey contract was part of the Canada business which was disposed of on 30 September 2019. There have been no changes to the other arrangements during the year ended 31 March 2020. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 59 to 61 of the Municipal operating review.

The movements in financial assets during the year are as follows:

	€m
At 1 April 2018	205.3
Income recognised in the Income Statement: Interest Income (note 5.4)	9.5
Income recognised in the Income Statement: Discontinued operations (note 6.4)	1.3
Advances	2.9
Repayments	(24.4)
Transfer to disposal groups classified as held for sale (note 6.3)	(44.0)
Exchange	5.2
At 31 March 2019	155.8
Income recognised in the Income Statement: Interest Income (note 5.4)	9.5
Advances	1.6
Repayments	(15.1)
Exchange	(4.0)
At 31 March 2020	**147.8**
Current	**6.0**
Non-current	**141.8**
At 31 March 2020	**147.8**
Current	6.0
Non-current	149.8
At 31 March 2019	155.8

At 31 March 2020 and 2019 there was no expected credit loss allowance recorded in relation to the financial assets relating to PPP contracts.

The table below reconciles the financial asset repayment to the statement of cash flows:

	2020 €m	2019 €m
Capital received in respect of PPP financial assets included in cash flows from operating activities*	**–**	8.6
Capital received in respect of PPP financial assets included in cash flows from investing activities*	**4.7**	4.4
Interest in relation to PPP financial assets included in finance income in cash flows from investing activities	**10.4**	11.4
	15.1	24.4

* Capital received in respect of PPP financial assets is an investing cash flow in relation to the UK contracts where the Group acted as agent and as an operating cash flow in relation to the Canadian contract now disposed of where the Group acted as principal. In addition to the above the operating cash flow includes €0.1m capital received in respect of PPP financial assets in 2020, this movement is not included in the above table as the financial asset was included in assets of disposal groups classified as held for sale.

4.6 CAPITAL COMMITMENTS

	2020 €m	2019 €m
Contracts placed for future capital expenditure on financial assets	**0.1**	0.1
Contracts placed for future capital expenditure on property, plant and equipment	**12.0**	15.7
Contracts placed for future intangible assets	**3.5**	0.1
Contracts placed for future right-of-use assets	**12.3**	–

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.7 INVENTORIES

Accounting policy

Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

Inventories are analysed as follows:

	2020 €m	2019 €m
Raw materials and consumables	**14.2**	14.3
Finished goods	**6.5**	11.7
	20.7	26.0

In the prior year there was a write down of €2.3m of inventories to net realisable value in the Monostreams division and this was recognised as an exceptional cost of sale.

4.8 TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables and accrued income do not carry interest and are initially recognised at fair value and are subsequently measured at amortised cost net of impairment loss allowances. Accrued income relates to the Group's rights to consideration for work completed but not billed at the reporting date until they become unconditional, at which point they are transferred to trade receivables. Unbilled amounts arise when revenue is recognised prior to an invoice being raised to the customer; typically, this arises when supporting documentation is required to be delivered with the invoice, the invoice needs to be agreed with the customer prior to issue or revenue is recognised over time with the invoice only raised on completion of all the performance obligations.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected allowance for all trade receivables and accrued income. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current and forecast conditions at the reporting date. To measure the ECL, trade receivables and accrued income have been assessed by division and grouped based on ageing. Accrued income relates to unbilled services provided and has substantially the same risk characteristics as the trade receivables for the same types of contracts. In addition as a result of Covid-19, in the current year outstanding trade receivables have been reviewed on a detailed customer by customer basis taking into account the sector in which they operate, the available government support and the likelihood of default, which has resulted in an increase in the ECL. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income. The expected loss rates are based on the payment profiles of revenue and the corresponding historical credit losses experienced. For receivables other than trade receivables and accrued income the general approach under IFRS 9 is applied which requires an ECL allowance to be recorded on initial recognition if appropriate and then at each reporting date an assessment is made to determine the changes in the risk of default occurring over the expected life of the receivable.

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a regular basis. Trade receivables subject to these arrangements are derecognised when the Group's rights to receive cash flows and substantially all the risks and rewards of ownership have been transferred. For trade receivables where the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards of the financial asset. This is determined by the extent to which the Group remains exposed to changes in the value of the transferred asset being the remaining late payment risk and is included within trade receivables and other payables. The Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure. Amounts receivable under invoice finance arrangements from the third party are classified at fair value through profit and loss as they are held within a business model, the objective of which is to sell contractual cash flows.

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.8 TRADE AND OTHER RECEIVABLES CONTINUED

Trade and other receivables are analysed as follows:

	2020 €m	2019 €m
Non-current assets		
Deferred consideration	**0.1**	0.5
Prepayments	**3.0**	–
	3.1	0.5
Current assets		
Trade receivables	**190.4**	178.5
Accrued income	**68.0**	73.8
Loss allowance	**(22.4)**	(18.1)
Trade receivables and accrued income – net	**236.0**	234.2
Deferred consideration	**0.5**	0.2
Other receivables	**20.5**	26.5
Prepayments	**15.4**	17.9
	272.4	278.8

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2020 €m	2019 €m
Euro	**238.3**	251.8
Sterling	**37.2**	27.5
	275.5	279.3

As at 31 March 2020 the total value of trade receivables subject to the invoice finance facilities was €107.5m (2019: €85.1m), the Group recognises the continuing involvement carrying amount in trade receivables of €0.4m (2019: €2.4m) and therefore the net amount of transferred assets was €107.1m (2019: €82.7m). The carrying amount of the associated liability is €0.4m (€2019: €0.3m). The Group considers that the carrying amount of the continuing involvement asset and related liability equals the fair value.

Included within other receivables is €10.8m (2019: €11.7m) being the amount owed to the Group from the financial institutions providing the facilities and represents the portion of the receivable that has been sold that is not advanced but is covered by credit insurance.

No financial assets within other receivables were impaired in the current year (2019: €5.0m of other receivables were impaired).

The expected credit loss allowance for trade receivables and accrued income is equivalent to 9% (2019: 7%) of gross trade receivables and accrued income and the movement in the loss allowance is shown below:

	2020 €m	2019 €m
At 1 April	**18.1**	8.3
Charged to Income Statement	**6.8**	14.7
Utilised	**(2.4)**	(4.8)
Transfer to disposal groups classified as held for sale (note 6.3)	**–**	(0.1)
Exchange	**(0.1)**	–
At 31 March	**22.4**	18.1

4.8 TRADE AND OTHER RECEIVABLES CONTINUED

The lifetime expected loss provision for trade receivables and accrued income is as follows:

31 March 2020	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate %	1%	7%	19%	71%	9%
Gross carrying amount (€m)	216.8	8.6	6.5	26.5	258.4
Expected credit loss allowance (€m)	1.9	0.6	1.2	18.7	22.4
31 March 2019					
Expected loss rate %	0%	40%	61%	79%	7%
Gross carrying amount (€m)	223.2	10.7	8.8	9.6	252.3
Expected credit loss allowance (€m)	0.9	4.3	5.3	7.6	18.1

The expected credit loss includes €14.7m (2019: €11.6m) in relation to 100% of the gross receivable balance for the Derby contract in the UK Municipal division as explained in note 3.3. As at 31 March 2019 the associated receivables were classified as past due by more than 30 days and 90 days which resulted in the higher level of expected credit losses in these categories last year, whereas at 31 March 2020 the receivables are all more than 180 days past due.

4.9 TRADE AND OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

Accounting policy

Trade and other payables are not interest bearing and are measured initially at fair value and subsequently held at amortised cost.

Trade and other payables and other non-current liabilities are analysed as follows:

	2020 €m	2019 €m
Non-current liabilities		
Other payables	**3.1**	3.3
Deferred revenue	**4.0**	3.0
Government grants	**–**	0.2
	7.1	6.5
Current liabilities		
Trade payables	**183.5**	198.9
Other tax and social security payable	**54.3**	40.2
Accruals and other payables	**245.4**	228.1
Deferred revenue	**51.1**	51.4
	534.3	518.6

Deferred revenue primarily relates to waste received or collected which has not yet been processed in accordance with the performance obligations of the contracts with customers. A month end stock count is undertaken to calculate the unprocessed waste adjustment to revenue with a corresponding credit to deferred revenue. Additionally, in the Municipal division deferred revenue relates to the service element of the PPP contracts known as lifecycle as explained in note 3.1. Of the deferred revenue recognised at 31 March 2019 of €54.4m (2018: €50.9m), €42.2m (2019: €44.7m) has been recognised in revenue during the year ended 31 March 2020.

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2020 €m	2019 €m
Euro	**469.4**	451.4
Sterling	**72.0**	73.7
	541.4	525.1

Notes to the financial statements continued

SECTION 4. OPERATING ASSETS AND LIABILITIES CONTINUED

4.10 PROVISIONS

Accounting policy

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. A discount is applied to recognise the time value of money and is unwound over the life of the provision. The discount rates are reviewed at each year end with consideration given to relevant market rates and whether they are an appropriate proxy for a risk free rate. The unwinding of the discount to present value is included within finance costs.

The Group's policies on provisions for specific areas are:

- Site restoration and aftercare provisions are recognised at the net present value (NPV) of the estimated future expenditure required to settle the Group's restoration and aftercare obligations at its landfill and mineral extraction sites. Full provision is made for the Group's unavoidable costs in relation to restoration liabilities. Provision is made for the NPV of post closure costs (aftercare) as the aftercare liability arises. Costs are charged to the Income Statement based on the quantity of waste deposited in the year.
- Onerous contract provisions are recognised when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.
- Legal and warranty provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The value of the provision is management's best estimate of the expenditure required to settle the present obligation.
- Provisions for restructuring costs are recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

Provisions are analysed as follows:

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 1 April 2018	133.6	109.5	–	9.0	24.9	277.0
Provided in the year	2.1	11.3	–	6.0	10.0	29.4
Released in the year	–	(0.9)	–	(0.1)	(0.5)	(1.5)
Finance charges – unwinding of discount (note 5.4)	4.5	3.7	–	–	0.2	8.4
Utilised in the year	(4.3)	(27.0)	–	(7.3)	(4.0)	(42.6)
Transfer to disposal groups classified as held for sale (note 6.3)	–	–	–	–	(0.8)	(0.8)
Reclassifications	2.8	(2.8)	–	–	–	–
Exchange	0.2	1.1	–	–	0.1	1.4
At 31 March 2019	138.9	94.9	–	7.6	29.9	271.3
Adjustment for change in accounting policy (note 9)	–	(6.0)	–	–	–	(6.0)
At 1 April 2019 – restated	138.9	88.9	–	7.6	29.9	265.3
Provided in the year	0.3	16.1	19.8	3.4	3.3	42.9
Released in the year	–	(0.1)	(4.3)	(0.7)	(2.9)	(8.0)
Adjustment as a result of the change in discount rate (note 3.3)	11.6	5.1	–	–	1.2	17.9
Finance charges – unwinding of discount (note 5.4)	4.4	3.2	–	–	0.1	7.7
Utilised in the year	(2.4)	(20.6)	(0.6)	(6.0)	(3.0)	(32.6)
Reclassifications*	–	–	10.4	–	(10.4)	–
Exchange	–	(2.9)	(0.1)	–	(0.1)	(3.1)
At 31 March 2020	**152.8**	**89.7**	**25.2**	**4.3**	**18.1**	**290.1**
Current	**5.1**	**16.5**	**8.0**	**4.3**	**3.8**	**37.7**
Non-current	**147.7**	**73.2**	**17.2**	**–**	**14.3**	**252.4**
At 31 March 2020	**152.8**	**89.7**	**25.2**	**4.3**	**18.1**	**290.1**
Current	8.2	26.1	–	7.6	13.5	55.4
Non-current	130.7	68.8	–	–	16.4	215.9
At 31 March 2019	138.9	94.9	–	7.6	29.9	271.3

* Due to the increase in legal and warranty related provisions during the year ended March 2020 a new provision classification has been created and the value of legal and warranty related provisions at 31 March 2019 has been transferred from other provisions.

4.10 PROVISIONS CONTINUED

Site restoration and aftercare

The site restoration provision at 31 March 2020 relates to the cost of final capping and covering of the landfill sites and mineral extractions sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 32 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology. Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Onerous contracts

Onerous contracts are provided for at the lower of 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. Additions in the year principally relate to the ELWA contract in UK Municipal and details are in note 3.3.

Legal and warranty

Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem Landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and while we are vigorously defending the case a non-current provision of €15.1m has been recognised with details given in notes 3.3 and 8.4.

Restructuring

The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 31 March 2020 the provision is expected to be spent in the following year as affected employees leave the business.

Other

Other provisions principally cover dilapidations and long-service employee awards. The provisions will be utilised over the period up to 2065.

Sensitivity to changes in discount rates

Landfill related provisions in the Netherlands and Belgium have been discounted at a real discount rate of 0.49% (2019: either 0.98%, 1.47% or 2.45%). The impact of a 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €9m (2019: €10m).

Onerous contract and landfill provisions relating to the Municipal UK Division have been discounted at a real rate of 0.98% (2019: 1.96%). A 0.5% reduction in the discount rate would result in an increase in the provisions of approximately €3m (2019: €4m).

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING

This section outlines how the Group manages its capital structure and related financing costs. It includes cash, borrowings, derivatives and the equity of the Group. The instruments in place enable the Group to maintain the required capital structure in order to finance the activities both now and in the future.

Total net debt reflects the Group's cash and cash equivalents and borrowings including IFRS 16 lease liabilities and PPP non-recourse net debt. Net debt for covenant reporting includes cash and cash equivalents, and finance leases previously reported under IAS 17 but excludes additional lease liabilities reported under IFRS 16 and the non-recourse net debt relating to the UK PPP contracts.

5.1 MOVEMENT IN TOTAL NET DEBT

2020	At 1 April 2019 €m	Adjustment for change in accounting policy €m	Cash flows €m	Other non-cash changes €m	Acquired/ Disposed of €m	Exchange movements €m	**At 31 March 2020 €m**
Cash and cash equivalents	50.4	–	156.0	–	(13.0)	1.1	**194.5**
Bank loans and overdrafts	(355.0)	–	(78.3)	0.7	–	(5.3)	**(437.9)**
European private placements	(24.5)	–	–	(0.1)	–	–	**(24.6)**
Retail bonds	(199.6)	–	25.0	0.3	–	–	**(174.3)**
Lease liabilities	(23.3)	(155.4)	36.2	(61.8)	(13.7)	0.4	**(217.6)**
	(552.0)	(155.4)	138.9	(60.9)	(26.7)	(3.8)	**(659.9)**
PPP non-recourse net debt	(95.4)	–	2.9	–	–	2.5	**(90.0)**
Total net debt	(647.4)	(155.4)	141.8	(60.9)	(26.7)	(1.3)	**(749.9)**

2019	At 1 April 2018 €m	Cash flows €m	Other non-cash changes €m	Transferred to disposal groups classified as held for sale €m	Exchange movements €m	At 31 March 2019 €m
Cash and cash equivalents	73.0	(23.0)	–	–	0.4	50.4
Bank loans and overdrafts	(335.4)	(15.3)	2.0	–	(6.3)	(355.0)
European private placements	–	(25.0)	0.5	–	–	(24.5)
Retail bonds	(199.3)	–	(0.3)	–	–	(199.6)
Finance leases	(38.9)	11.8	(0.4)	4.2	–	(23.3)
	(500.6)	(51.5)	1.8	4.2	(5.9)	(552.0)
PPP non-recourse net debt	(94.6)	0.6	–	–	(1.4)	(95.4)
Total net debt	(595.2)	(50.9)	1.8	4.2	(7.3)	(647.4)

	2020 €m	2019 €m
Net increase (decrease) in cash and cash equivalents excluding cash relating to acquisitions and disposals	**156.0**	(23.0)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**(13.0)**	–
Net increase (decrease) in cash and cash equivalents	**143.0**	(23.0)
Net increase in borrowings and leases	**(14.2)**	(27.9)
Lease liabilities acquired as part of acquisitions	**(13.7)**	–
Capitalisation of loan fees	**2.2**	3.0
Total cash flows in net debt	**117.3**	(47.9)
Adjustment for change in accounting policy (note 9)	**(155.4)**	–
Leases entered into during the year	**(61.8)**	(0.4)
Amortisation of loan fees	**(1.3)**	(0.8)
Transferred to disposal groups classified as held for sale	**–**	4.2
Exchange loss	**(1.3)**	(7.3)
Movement in net debt	**(102.5)**	(52.2)
Total net debt at beginning of year	**(647.4)**	(595.2)
Total net debt at end of year	**(749.9)**	(647.4)

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.2 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise cash balances, money market funds and call deposits with a maturity of three months or less. 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.

Money market funds are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified at fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Cash and cash equivalents are analysed as follows:

	2020 €m	2019 €m
Cash at bank and in hand	**94.5**	50.3
Money market funds	**100.0**	–
Short-term deposits	**–**	0.1
	194.5	50.4

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2020 €m	2019 €m
Euro	**183.2**	29.7
Sterling	**11.1**	18.6
Canadian Dollar	**0.2**	2.1
	194.5	50.4

5.3 BORROWINGS

Accounting policy

Retail bonds and bank borrowings

Interest bearing loans and retail bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs. When the Group exchanges one debt instrument for another one with an existing lender and with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms calculated using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Leases – from 1 April 2019

The Group has applied IFRS 16 Leases from the transition date of 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. Adjustments arising from applying the new standard have been recognised in the Balance Sheet on 1 April 2019 and details of the impact are set out in note 9.

From 1 April 2019, leases are recognised as a right-of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. On transition the Group recognised additional lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's specific incremental borrowing rates for groups of leases in the portfolio with reasonably similar characteristics. The weighted average incremental borrowing rate applied by the Group to the lease liabilities on 1 April 2019 was 3.3%.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

For new contracts entered into on or after 1 April 2019 as a lessee, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, which is determined based on interest rates from various external financing sources and adjusted to reflect the terms of the lease and type of leased asset, this rate is reassessed on a regular basis.

The lease liability is subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a rise in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases – before 1 April 2019

Where the Group had substantially all the risks and rewards of ownership of a leased asset, the lease was treated as a finance lease. Leased assets were included in property, plant and equipment at the total of the capital elements of the payments during the lease term and the corresponding obligation was included in borrowings.

5.3 BORROWINGS CONTINUED

Estimates and assumptions

On adopting IFRS 16 Leases the Group has made the following estimates and assumptions:

- For a limited number of specific real estate contracts the calculation of the right-of-use asset and the lease liability on transition date was determined as if IFRS 16 was applied from the beginning of the lease with the cumulative effect of that recalculation being recognised in equity as an adjustment to the opening balance of retained earnings.
- Extension and termination options are included in a number of real estate and plant and machinery leases across the Group. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise such options. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.
- The Group estimated the incremental borrowing rate by type of related right-of-use asset, lease term and country based on the Group's third party incremental borrowing rate.
- At IFRS 16 transition date the Group has identified right-of-use assets for which onerous lease provisions of €6.0m were provided for at 31 March 2019, as referenced in note 9. The onerous lease provisions were reclassified to right-of-use assets on 1 April 2019.

Borrowings are analysed as follows:

	2020 €m	2019 €m
Non-current borrowings		
Retail bonds	**174.3**	99.6
European private placements	**24.6**	24.5
Term loans	**81.5**	132.4
Revolving credit facility	**352.0**	212.2
Lease liabilities*	**181.2**	15.0
Other loans	**2.5**	–
Borrowings – Other	**816.1**	483.7
Borrowings – PPP non-recourse net debt	**87.2**	92.6
	903.3	576.3
Current borrowings		
Retail bonds	**–**	100.0
Bank overdrafts	**0.7**	5.4
Lease liabilities*	**36.4**	8.3
Other loans	**1.2**	5.0
Borrowings – Other	**38.3**	118.7
Borrowings – PPP non-recourse net debt	**2.8**	2.8
	41.1	121.5

* The Group adopted IFRS 16 Leases from 1 April 2019 which resulted in an increase in lease liabilities with details set out in note 9. The impact on the 31 March 2020 borrowings is an addition of €202.7m.

The carrying amounts of borrowings are denominated in the following currencies:

	2020 €m	2019 €m
Euro	**593.3**	394.6
Sterling	**351.1**	234.7
Canadian Dollar	**–**	68.5
	944.4	697.8

Included within bank and retail bond borrowings are capitalised loan fees of €4.8m (2019: €3.9m). The Group's core bank loans and retail bonds are unsecured and have cross guarantees from members of the Group.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

The table below details the maturity profile of non-current borrowings:

	2020			2019		
	Borrowings Other €m	**Borrowings PPP non-recourse net debt €m**	**Total €m**	Borrowings Other €m	Borrowings PPP non-recourse net debt €m	Total €m
Between one and two years	**34.3**	**3.9**	**38.2**	5.1	5.2	10.3
Between two years and five years	**696.0**	**15.5**	**711.5**	467.1	20.3	487.4
Over five years	**85.8**	**67.8**	**153.6**	11.5	67.1	78.6
	816.1	**87.2**	**903.3**	483.7	92.6	576.3

Revolving credit facility, term loans and European private placements

At 31 March 2020, the Group had a Euro denominated multicurrency green finance facility of €520m (2019: €575m) including a €82.5m (2019: €137.5m) term loan, €25.0m (2019: €25.0m) European Private Placement (EUPP) and a €412.5m (2019: €412.5m) revolving credit facility (RCF). Of the term loan and RCF 50% (€247.5m) matures on 18 May 2023 subject to a further two-year extension option and 50% (€247.5m) matures on 18 May 2024 subject to a further one-year extension option in both cases to 18 May 2025. The EUPP has a maturity of December 2023 for €15m and December 2025 for €10m. At 31 March 2020 the term loan was fully drawn and €355.7m (2019: €212.2m) of the RCF was drawn for borrowings in Euros and Sterling. The remaining €56.8m (2019: €202.4m) was available for drawing under the RCF of which €51.7m (2019: €52.6m) was allocated for ancillary overdraft and guarantee facilities.

Retail bonds

At 31 March 2020, the Group had two issues of green retail bonds. The green retail bonds maturing June 2022 of €100m (2019: €100m) have an annual gross coupon of 3.65% and the green retail bonds of €75m issued on 19 July 2019 maturing July 2024 have an annual gross coupon of 3.00%. The retail bonds of €100m with a coupon of 4.23% and a maturity date of July 2019 were fully repaid during the year.

Lease liabilities

The Group's lease liabilities are payable as follows:

	2020			2019		
	Minimum lease payments €m	**Interest €m**	**Principal €m**	Minimum lease payments €m	Interest €m	Principal €m
Within one year	**42.5**	**(6.1)**	**36.4**	8.7	(0.4)	8.3
Between one and five years	**123.1**	**(17.6)**	**105.5**	14.4	(0.9)	13.5
More than five years	**132.7**	**(57.0)**	**75.7**	1.4	–	1.4
	298.3	**(80.7)**	**217.6**	24.5	(1.3)	23.2

The Group adopted IFRS 16 Leases from 1 April 2019 which resulted in an increase in lease liabilities with details set out in note 9. The impact on the 31 March 2020 is an increase of €202.7m.

For most plant and machinery leases the Group has an option to purchase the leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

PPP non-recourse net debt

The PPP non-recourse debt is held in three PPP companies: Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham with maturities on 15 January 2023, 30 September 2032 and 30 June 2037 respectively. Each UK Municipal PPP company has non-recourse loan facilities which are secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PPP company and the carrying amount of financial assets pledged was €143.2m (2019: £149.0m).

In the majority of cases subsidiaries holding non-recourse PPP debt and financial assets are restricted in their ability to transfer funds to the parent in the form of cash dividends or to repay loans and advances. This is due to the terms of the financing facility agreements and require lender approval to make such transfers.

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.3 BORROWINGS CONTINUED

PPP cash and cash equivalents are offset against the non-recourse gross debt as they are subject to offsetting arrangements under the debt facilities.

	2020 PPP non-recourse net debt €m	2019 PPP non-recourse net debt €m
PPP non-recourse gross debt	**105.3**	111.6
PPP cash and cash equivalents	**(15.3)**	(16.2)
PPP non-recourse net debt	**90.0**	95.4

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group primarily manages liquidity risk by monitoring forecast cash flows to ensure that revolving credit facility drawdowns are arranged as necessary and an adequate level of headroom is maintained. The way the Group manages liquidity risk has not changed from the previous year. Furthermore, the Group utilises its cash resources which are either held in bank accounts or highly liquid money market funds to manage its short term liquidity.

The Group has unutilised committed borrowing facilities expiring in more than 2 years of €35.2m (2019: €149.8m) in relation to the Bank Facilities and €2.1m (2019: €2.2m) of PPP non-recourse net debt:

In addition, the Group has access to €16.8m (2019: €14.1m) of undrawn uncommitted working capital facilities.

The following table analyses the Group's financial liabilities including derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Group is obliged to pay.

	Within one year €m	Between one and five years €m	Over five years €m
At 31 March 2020			
Retail bonds	**5.9**	**191.3**	**–**
Bank loans – Term loans, revolving credit facility and European private placements	**12.7**	**482.4**	**10.2**
Bank loans – PPP non-recourse net debt	**7.9**	**36.1**	**94.2**
Lease liabilities	**42.5**	**123.1**	**132.7**
PPP Interest rate swaps	**3.6**	**12.5**	**12.8**
Cross-currency interest rate swaps – pay	**3.3**	**246.5**	**–**
Cross-currency interest rate swaps – receive	**(6.1)**	**(250.9)**	**–**
Fuel derivatives	**5.5**	**0.7**	**–**
Forward contacts – sell	**3.2**	**–**	**–**
Forward contracts – buy	**(3.2)**	**–**	**–**
Trade and other payables	**428.9**	**0.3**	**2.8**
	504.2	**842.0**	**252.7**
At 31 March 2019			
Retail bonds	107.9	111.0	–
Bank loans – Term loans, revolving credit facility and European private placements	22.5	400.5	10.5
Bank loans – PPP non-recourse net debt	8.4	41.9	98.5
Lease liabilities	8.7	14.4	1.4
PPP Interest rate swaps*	3.5	12.1	12.5
Cross-currency interest rate swaps – pay*	176.7	–	–
Cross-currency interest rate swaps – receive*	(179.5)	–	–
Fuel derivatives*	0.6	–	–
Forward contacts – sell*	13.2	–	–
Forward contracts – buy*	(12.9)	–	–
Trade and other payables	427.5	0.2	2.6
	576.6	580.1	125.5

* The numbers in the table should be recorded gross as the cash flows are settled gross and therefore the prior year comparatives have been restated.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.4 NET FINANCE CHARGES

Accounting policy

Finance charges, including direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. Interest receivable on financial assets relating to PPP contracts is added to the financial asset based on the rate implied at the start of the PPP project.

In certain circumstances, finance charges may be classified as non-trading or exceptional due to their size or incidence to enable a better understanding of the underlying net finance costs. These non-trading or exceptional income or charges include:

- The change in fair value where a derivative financial instrument does not qualify for hedge accounting
- Ineffectiveness incurred by a derivative financial instrument that does qualify for hedge accounting
- A significant impairment of an interest receivable balance

Net finance charges are analysed as follows:

	2020 €m	2019 €m
Finance charges		
Interest payable on borrowings	**18.5**	16.3
Interest payable on PPP non-recourse net debt	**7.8**	7.8
Lease interest*	**6.4**	0.8
Unwinding of discount on provisions (note 4.10)	**7.7**	8.4
Interest charge on the retirement benefit schemes (note 7.2)	**0.2**	0.6
Amortisation of loan fees	**1.3**	0.8
Other finance costs	**2.2**	1.1
Total finance charges before non-trading and exceptional items	**44.1**	35.8
Finance income		
Interest receivable on financial assets relating to PPP contracts (note 4.5)	**(9.5)**	(9.5)
Unwinding of discount on deferred consideration receivable	**(0.2)**	(0.2)
Interest receivable on other loans and receivables	**–**	(2.7)
Total finance income before non-trading and exceptional items	**(9.7)**	(12.4)
Non-trading and exceptional items		
Change in fair value of derivatives at fair value through profit or loss	**–**	0.1
Ineffectiveness on cash flow hedges	**(2.2)**	4.3
Exceptional finance charges (note 3.3)	**–**	5.0
Non-trading and exceptional items	**(2.2)**	9.4
Net finance charges	**32.2**	32.8

* The lease interest comparatives have been restated to reclassify the prior year charge for IAS 17 finance leases from interest payable on borrowings. Lease interest for the year ended March 2020 includes €5.8m interest in relation to the increase in lease liabilities as a result of IFRS 16 with further details set out in note 9.

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Accounting policy

All derivatives are initially recognised at fair value and subsequently measured at fair value at each reporting date. The fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity is less than one year.

In accordance with its treasury policy, the Group only holds derivative financial instruments to manage the Group's exposure to financial risk. The Group does not hold derivative financial instruments for trading or speculative purposes.

The exposure to financial risk includes:

- Interest risk and foreign exchange risk on the Group's variable rate borrowings;
- Commodity risk in relation to diesel consumption; and
- Foreign exchange risk on the Group's off-take contracts in the UK Municipal business.

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives.

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

Hedge accounting

Derivative financial instruments are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. At the inception of the hedge relationship, the Group formally designates and documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Hedge accounting allows the matching of gains and losses on hedged items and associated hedging instruments in the same accounting period to minimise volatility in the Income Statement. In order to qualify for hedge accounting, prospective hedge effectiveness must meet all the following criteria:

- An economic relationship exists between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes resulting from the economic relationship
- The hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting for all the Group's existing hedge relationships the hedge ratio has been determined at 1:1. Where there is a cumulative loss on the hedging instrument and it is no longer expected that the loss will be recovered it is immediately recognised in the Income Statement.

Derivatives designated as hedging instruments are classified on inception as cash flow hedges or net investment hedges. Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income and subsequently reclassified into profit or loss as the hedged cash flows occur. Net investment hedges are accounted for in a similar way to cash flow hedges. Certain derivative financial instruments do not qualify for hedge accounting and are held at fair value through profit or loss. Changes in the fair value of such instruments are recognised in the Income Statement as a non-trading finance income or finance charge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in the Income Statement immediately.

Ineffectiveness

Sources of hedge ineffectiveness in the Group may arise when there is a change in circumstances that affect the terms of the hedged item such that the critical terms no longer match exactly the critical terms of the hedging instrument such as if there is a change in the credit risk of both counterparties, if there is a change in the underlying debt profile of a variable rate loan in relation to interest rate swaps, a change in the foreign exchange rate or a change in timing of the cash flows being hedged in relation to the cross-currency interest rate swaps. Additional sources of hedge ineffectiveness include, if there is a reduced requirement for diesel volumes in relation to the fuel derivatives or for Euros under the forward foreign exchange contracts. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge.

Derivative financial instruments are analysed as follows:

	2020		2019	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Cross-currency interest rate swaps – cash flow hedges	**2.1**	**0.1**	2.0	3.4
Fuel derivatives – cash flow hedges	**–**	**6.2**	1.0	0.5
Forward foreign exchange contracts – cash flow hedges	**–**	**0.1**	–	0.6
Relating to PPP contracts:				
Interest rate swaps – cash flow hedges	**–**	**31.5**	–	28.2
Interest rate swaps – at fair value through profit or loss	**–**	**0.1**	–	0.1
Total	**2.1**	**38.0**	3.0	32.8
Current	**–**	**5.6**	2.9	4.4
Non-current	**2.1**	**32.4**	0.1	28.4
Total	**2.1**	**38.0**	3.0	32.8

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

Cross-currency interest rate swaps

The notional principal amount of the outstanding forward cross currency interest rate swaps at 31 March 2020 was €243.1m (2019: €172.6m). The Group holds five floating rate contracts in relation to Sterling borrowings: £65m swapped to €73.0m at a fixed interest rate of 1.41% expiring July 2022, £37.5m swapped to €41.6m at a fixed interest rate of 1.27% expiring October 2022, £37.5m swapped to €41.6m at a fixed interest rate of 1.29% expiring October 2022, £50m swapped to €56.8m at a fixed interest rate of 1.35% expiring December 2022 and £25m swapped to €28.4m at a fixed interest rate of 1.40% expiring December 2022.

Fuel derivatives

The notional value of wholesale fuel covered by fuel derivatives at 31 March 2020 amounted to €15.3m (2019: €16.8m). The Group has annual usage across the Netherlands and Belgium of approximately 49m litres of diesel per annum of which approximately 30m litres have been fixed at an average of €0.43 per litre for the year to 31 March 2021 (nominal value €13.0m) and a further 6m litres has been fixed at an average of €0.40 per litre for the year to 31 March 2022 (nominal value €2.3m).

Forward foreign exchange contracts

The notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2020 was €3.2m (2019: €13.2m). Under these contracts the UK Municipal business has fixed the Sterling rate of underlying Euro off-take contracts on a monthly basis at an average EUR:GBP rate of €1:£0.90 expiring March 2021.

Interest rate swaps relating to PPP contracts

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2020 was €104.7m (2019: €110.4m). Under these contracts the Libor rate of PPP non-recourse borrowings for Argyll & Bute, Cumbria and Barnsley Doncaster & Rotherham projects are fixed at rates of 5.8%, 4.8% and 3.4% respectively from inception to expiry on 16 January 2023, 30 September 2032 and 30 June 2037 respectively. The gains and losses recognised in the Statement of Comprehensive Income for cash flow hedges will be released to the Income Statement within finance costs until the repayment of the non-recourse borrowings. A revised repayment programme for the Cumbria PPP project borrowing has led to ineffectiveness of a credit of €2.2m (2019: €4.2m charge) being recognised for the related interest rate swap which has been taken to the Income Statement as a non-trading and exceptional finance credit or charge.

The following table shows the impact of the Group's cash flow hedges in Other Comprehensive Income:

	2020 €m	2019 €m
At 1 April	**(25.9)**	(28.0)
Effective element of changes in fair value arising from:		
Cross-currency interest rate swaps	**–**	0.3
Fuel derivatives	**(6.7)**	(1.2)
Forward foreign exchange contracts	**0.5**	(0.5)
Interest rate swaps relating to PPP contracts	**(6.0)**	3.5
At 31 March	**(38.1)**	(25.9)

Net investment hedge

Renewi plc, a Sterling functional currency company, has Euro borrowings of €200.0m, fair value of €199.7m (2019: €200.0m, fair value of €203.6m), which have been designated as a net investment hedge of the Group's investments denominated in Euros. The hedge was 100% effective for the year ended 31 March 2020 (2019: 100%) and as a result the related exchange gain of €5.7m (2019: €3.4m loss) has been recognised in the exchange reserve in the consolidated financial statements.

5.5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

The following tables show the impact of the Group's cash flow hedges and net investment hedge on the Balance Sheet, Other Comprehensive Income and Income Statement:

	Hedging instrument					**Hedged item**		
March 2020	Nominal amount at 31 March 2020 €m	Change in the fair value used to determine hedge effectiveness €m	Cumulative cash flow hedge movement in Other Comprehensive Income €m	Hedge ineffectiveness included in the Income Statement in the year €m	Cumulative movement in exchange reserve €m	Change in the fair value used to determine hedge effectiveness €m	Weighted average hedged rate	Hedge ratio
Cross-currency interest rate swaps/variable rate borrowings	**243.1**	**2.3**	**(0.4)**	**(0.1)**	**–**	**(2.6)**	**1.35%**	**1:1**
Fuel derivatives/purchase of diesel	**15.3**	**(6.7)**	**(6.2)**	**–**	**–**	**6.7**	**€0.42 per litre**	**1:1**
Forward foreign exchange contracts/ off-take contracts	**3.2**	**0.5**	**(0.1)**	**–**	**–**	**(0.5)**	**€1:£0.902**	**1:1**
Interest rate swaps/variable rate borrowings relating to PPP contracts	**104.7**	**(5.8)**	**(31.4)**	**(2.1)**	**–**	**7.9**	**4.07%**	**1:1**
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	**200.0**	**5.3**	**–**	**–**	**(25.2)**	**(5.3)**	**–**	**1:1**

	Hedging instrument					Hedged item		
March 2019	Nominal amount at 31 March 2019 €m	Change in the fair value used to determine hedge effectiveness €m	Cumulative cash flow hedge movement in Other Comprehensive Income €m	Hedge ineffectiveness included in the Income Statement in the year €m	Cumulative movement in exchange reserve €m	Change in the fair value used to determine hedge effectiveness €m	Weighted average hedged rate	Hedge ratio
Cross-currency interest rate swaps/variable rate borrowings	172.6	2.0	(0.3)	(0.2)	–	(2.3)	2.0%	1:1
Interest rate cap/variable rate borrowings	125.0	–	–	–	–	–	–	
Fuel derivatives/purchase of diesel	16.8	1.2	0.6	–	–	(1.2)	€0.44 per litre	1:1
Forward foreign exchange contracts/ off-take contracts	13.2	0.5	(0.6)	–	–	(0.5)	€1:£0.91	1:1
Interest rate swaps/variable rate borrowings relating to PPP contracts	110.4	1.9	(25.4)	(4.1)	–	2.4	4.07%	1:1
Net investment hedge:								
Euro borrowings/investment in Euro denominated subsidiaries	200.0	(3.5)	–	–	(20.4)	3.5	–	1:1

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Accounting policy

The Group classifies and measures its financial assets at amortised cost or at fair value (either through Other Comprehensive Income (OCI) or through profit or loss).

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Derivatives are initially recognised at fair value and subsequently measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Derivatives which are not hedging instruments are measured at fair value through profit or loss upon initial recognition

Short term investments are classified and measured at fair value through profit or loss with changes in the fair value recognised in the Income Statement. Unlisted investments not held for trading are held at fair value and the Group has elected to present subsequent changes in the investments fair value in Other Comprehensive Income. Dividends on these investments are recognised in the Income Statement when the Group's right to receive the dividends is established, it is probable that they will be paid and the amount can be reliably measured.

Cash and cash equivalents includes money market funds which are constant net asset value funds with same day access for subscription and redemption. The funds fail the 'solely payments of principal and interest' criteria under IFRS 9. They are therefore classified as fair value through profit and loss, although the fair value is materially the same as amortised cost. Gains and losses arising from changes in fair value are included in the Income Statement in net finance charges.

Financial liabilities are classified and measured at fair value through profit or loss or at amortised cost.

Fair value hierarchy

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

During the year ended 31 March 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

Valuation techniques used to derive level 2 fair values

- Short term investment valuations are provided by the fund manager
- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- Retail bonds, the fair value is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at fair values:

	2020		2019	
	Level 1 €m	**Level 2 €m**	Level 1 €m	Level 2 €m
Assets			–	
Money market funds (note 5.2)	**100.0**	**–**	–	–
Unlisted non-current investments (note 4.4)	**–**	**4.7**	–	4.7
Short term investments (note 4.4)	**–**	**8.1**	–	5.9
Derivative financial instruments (note 5.5)	**–**	**2.1**	–	3.0
	100.0	**14.9**	–	13.6
Liabilities				
Derivative financial instruments (note 5.5)	**–**	**38.0**	–	32.8
Retail bonds	**–**	**174.7**	–	203.6
	–	**212.7**	–	236.4

Carrying value of financial assets and financial liabilities

Financial assets	Note	**2020 €m**	2019 €m
Financial assets at amortised cost			
Loans to associates and joint ventures	4.4	**0.9**	0.9
Trade and other receivables at amortised cost*	4.8	**241.2**	243.9
Cash and cash equivalents (excluding Money market funds)	5.2	**94.5**	50.4
Financial assets relating to PPP contracts	4.5	**147.8**	155.8
Derivatives used for hedging			
Fuel derivatives	5.5	**–**	1.0
Cross-currency interest rate swaps	5.5	**2.1**	2.0
Financial assets at fair value through profit or loss (mandatorily)			
Short term investments	4.4	**8.1**	5.9
Cash and cash equivalents – Money market funds	5.2	**100.0**	–
Other receivables relating to invoice finance	4.8	**10.8**	11.7
Financial assets at fair value through OCI			
Unlisted non-current investments	4.4	**4.7**	4.7
		610.1	476.3

* Trade and other receivables at amortised cost comprise trade receivables and accrued income net of allowance of €236.0m (2019: €234.2m) and other receivables held at amortised cost of €5.2m (2019: €9.7m).

The Group considers that the fair value of financial assets is not materially different to their carrying value.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.6 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

Financial liabilities	Note	2020 €m	2019 €m
Financial liabilities at amortised cost			
Bank overdrafts	5.3	**0.7**	5.4
Term loan, revolving credit facility, EUPP and other loans	5.3	**461.8**	374.1
Retail bonds	5.3	**174.3**	203.6
Lease liabilities	5.3	**217.6**	23.3
Trade and other payables excluding non-financial liabilities*	4.9	**432.0**	430.3
PPP non-recourse net debt	5.3	**90.0**	95.4
Financial liabilities at fair value through profit or loss			
Interest rate swaps relating to PPP contracts	5.5	**0.1**	0.1
Derivatives used for hedging			
Cross-currency interest rate swaps	5.5	**0.1**	3.4
Fuel derivatives	5.5	**6.2**	0.5
Forward foreign exchange contracts	5.5	**0.1**	0.6
Interest rate swaps relating to PPP contracts	5.5	**31.5**	28.2
		1,414.4	1,164.9

*Trade and other payables excluding non-financial liabilities comprises trade payables, other payables and accruals of €432.0m (2019: €430.3m).

The Group considers that the fair value of bank loans, trade and other payables and lease liabilities are not materially different to their carrying value.

5.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk (interest rate risk and commodity price risk), foreign exchange risk, liquidity risk and counterparty credit risk. The Group's Treasury Committee is charged with managing and controlling risk relating to the financing and liquidity of the Group under policies approved by the Board of Directors. The Group does not enter into speculative transactions.

Interest rate risk

Changes in interest rates could have an impact on the interest cover covenant of the Group's core facilities and on the interest charge in the Income Statement. In order to monitor and manage the risk, borrowings and the expected interest cost for the year are frequently forecasted and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, European private placements, fixed rate finance leases and cross currency interest rate swaps. The proportion of the Group's total borrowings excluding PPP non-recourse floating rate borrowings that were fixed or hedged at 31 March 2020 was €660.7m (2019: €550.0m) or 77% (2019: 90%). Additionally, the PPP non-recourse floating rate borrowings are hedged using interest rate swaps which hedge the interest cash flows.

The interest rate swaps and cross currency swaps are accounted for under IFRS 9 with changes in the fair value being recognised in Other Comprehensive Income, as they are effective hedges. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge. The interest rate swap in relation to the Argyll & Bute PFI contract has not been designated as a hedge by the Group therefore it is classified at fair value through profit or loss.

5.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Interest rate sensitivity for bank borrowings

Interest on the floating rate term and revolving credit facilities will vary as interest rates increase or decrease. If rates had moved by 1% the impact on profit before tax would have been a loss or gain of €1.1m (2019: €1.1m) based on the average bank borrowings during the year.

The fair values of cross currency interest rate swaps for hedging the core banking facilities are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate hedge liabilities and resulted in a pre-tax gain in Other Comprehensive Income of €6.4m (2019: €1.3m). 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 €6.6m (2019: €1.3m).

Interest rate sensitivity for PPP non-recourse borrowings

The PPP non-recourse borrowings are fully hedged with interest rate swaps. The fair values of interest rate swaps used for hedging of PPP non-recourse borrowings are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate swap liabilities and resulted in a pre-tax gain in Other Comprehensive Income of €10.0m (2019: €10.5m). A 1% decrease in interest rates would have increased the fair value of the interest rate swap liabilities and led to a pre-tax loss in Other Comprehensive Income of €11.2m (2019: €11.8m).

Foreign exchange risk

The Group operates in the UK and up to 30 September 2019 also in Canada and is exposed to translation risk on the value of assets denominated in Sterling and previously Canadian Dollars into Euros. This exposure is reduced by borrowings in Sterling and previously Canadian Dollars. Renewi plc, a Sterling functional currency company, has Euro borrowings which are designated as a net investment hedge of the Group's investments denominated in Euros.

The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises in Euros on the export of processed waste from the UK to Europe which is managed through the use of forward foreign exchange contracts.

Foreign exchange sensitivity

The impact of a change in foreign exchange rates of 10% on the Group's continuing profit before tax would be €6.5m (2019: €6.6m) and the impact on continuing underlying profit before tax would have been €1.7m (2019: €0.6m).

The fair values of cross currency interest rate swaps for hedging the core bank borrowing are determined with reference to spot foreign exchange rates. A 10% increase in the Euro foreign exchange rate against Sterling (2019: Sterling and Canadian Dollars) 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 €23.2m (2019: €16.0m). A 10% decrease in the Euro foreign exchange rate against Sterling (2019: Sterling and Canadian Dollars) 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 €28.3m (2019: €19.5m).

Commodity price risk and sensitivity

The Group is exposed to diesel price changes which are managed using forward contracts. The Group manages other exposures to prices of paper, plastics, metals, residual fuels and other recyclates associated with off-take through commercial contracting. The impact of a change in unhedged wholesale fuel prices (excluding duty) of 10% on the Group's continuing profit before tax would have been €1.1m (2019: €1.1m).

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables and financial assets relating to PPP contracts. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of trade receivables. The unprecedented worldwide spread of Covid-19 has had a significant impact on various sectors and industries and the impact of the pandemic has been considered when assessing the credit risk of the Group, also taking into account the government measures being introduced to provide support and financial aid packages.

The Group recognises lifetime expected credit losses at the point of initial recognition for trade receivables and accrued income as set out in note 4.8. For other financial assets, a loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date. At 31 March 2020 taking into account the impact of Covid-19 there has not been a significant increase in credit risk in relation to receivables where the IFRS 9 general approach is followed to determine expected credit loss.

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

At 31 March 2020 the amount of credit risk on cash and cash equivalents totalled €194.5m (2019: €50.4m). The banks and financial institutions used by the Group are restricted to those with the appropriate geographical presence and suitable credit rating. Money market investments are made in accordance with the internal treasury policies and the fund invested in has AAA rating by both Fitch and S&P. The Group has an objective to minimise cash and where possible repay the Group borrowings to manage counterparty credit risk among other objectives. Expected credit losses over cash and cash equivalents are considered to be immaterial with no losses experienced.

Trade and other receivables mainly comprise amounts due from customers for services performed. Each division monitors the level of trade receivables on a monthly basis, continually assessing the risk of default by any counterparty with the result that the Group's exposure to bad debts is not significant. In addition, the Group uses credit insurance to minimise the credit risk of trade receivables. As a result of Covid-19 a more detailed review has been undertaken at a customer level in some cases, in order to assess the likely potential of default considering the nature of the customers business and the potential government support available and as a result of this assessment the ECL allowance has increased. At 31 March 2020 the amount of credit risk on trade and other receivables amounted to €241.2m (2019: €243.9m). The Group does not hold any collateral as security.

The financial assets relating to PPP contracts are recoverable from the future revenues relating to these contracts. Management consider these to be very low risk as the counterparties for the future revenues are local authorities or councils. This is reviewed on a regular basis and there has been no change in the capacity of the counterparties to meet the contractual cash flow obligations. The UK Government's Infrastructure and Projects Authority has issued guidance in relation to Covid-19 and the provision of services under PPP contract in which it stated that the contractors are part of the public sector response to Covid-19 and that the contracting authorities should work closely with PPP contractors to maintain service and to ensure the unitary charge payments are maintained. At 31 March 2020 the amount of credit risk on financial assets amounted to €147.8m (2019: €155.8m).

In the prior year the subordinated loan of €20.4m to Resource Recovery Solutions (Derbyshire) Ltd, the UK Municipal Derby contract, included within loans to joint ventures and associates experienced a significant increase in credit risk and as a result a 100% expected credit loss was recognised as set out in note 3.3. Subsequently on 4 September 2019 Resource Recovery Solutions (Derbyshire) Ltd entered administration. There has been no repayment during the year therefore the expected credit loss remains unchanged. No other loans to associates or joint ventures are credit impaired.

5.8 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders, maintain an efficient capital structure to reduce the cost of capital and provide appropriate levels of liquidity headroom. In order to meet these objectives, the Group may issue or repay debt, issue new shares or adjust the amount of dividend paid to shareholders.

The following table shows the capital of the Group:

	Note	**2020 €m**	2019 €m
Total borrowings	5.3	**944.4**	697.8
Less: PPP non-recourse borrowings	5.3	**(90.0)**	(95.4)
Less: Lease liabilities as a result of the adoption of IFRS 16		**(202.7)**	–
Less: cash and cash equivalents	5.2	**(194.5)**	(50.4)
Net debt as per banking covenant definition		**457.2**	552.0
Total equity		**235.3**	319.5
Total capital		**692.5**	871.5

The Group monitors its financial capacity by reference to key financial ratios which provide a framework within which the Group's capital base is managed. The Group's core banking facility agreements have covenants including adjusted net debt to comparable adjusted EBITDA and interest cover in accordance with a frozen GAAP concept. The Group has complied with its banking covenants during the year.

5.9 EQUITY

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

	Share capital – Ordinary shares of 10p each		Share premium
	Number	€m	€m
Share capital allotted, called up and fully paid			
At 1 April 2018	800,133,252	99.5	473.6
Issued under share option schemes	8,284	–	–
At 31 March 2019 and 31 March 2020	**800,141,536**	**99.5**	**473.6**

There were no shares allotted in the current year and in the prior year 8,284 ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of €6,086. Further disclosures relating to share-based options are set out in note 7.3.

The Renewi plc Employee Share Trust owns 4,834,692 (0.6%) (2019: 5,529,850 (0.7%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement.

Non-controlling interests

The information below reflects the amounts included in the Group's Income Statement and Balance Sheet for subsidiaries with material non-controlling interests.

	2020				2019			
	Maltha Groep €m	3SE (Barnsley, Doncaster & Rotherham) €m	Others €m	Total €m	Maltha Groep €m	3SE (Barnsley, Doncaster & Rotherham) €m	Others €m	Total €m
Revenue	**58.0**	**19.9**	**21.0**	**98.9**	55.2	19.2	24.3	98.7
Profit (loss) after tax	**3.5**	**(1.5)**	**(0.3)**	**1.7**	(14.5)	(0.8)	0.4	(14.9)
Other comprehensive loss	**–**	**(5.1)**	**–**	**(5.1)**	–	(0.6)	–	(0.6)
Total comprehensive income (loss)	**3.5**	**(6.6)**	**(0.3)**	**(3.4)**	(14.5)	(1.4)	0.4	(15.5)
Total comprehensive profit (loss) allocated to the non-controlling interests	**1.2**	**(1.6)**	**–**	**(0.4)**	(4.8)	(0.4)	0.1	(5.1)
Non-current assets	**24.1**	**74.1**	**6.0**	**104.2**	23.5	78.6	3.8	105.9
Current assets	**18.5**	**3.9**	**8.9**	**31.3**	15.6	3.4	9.6	28.6
Non-current liabilities	**(6.6)**	**(69.7)**	**(1.2)**	**(77.5)**	(11.0)	(78.2)	(0.1)	(89.3)
Current liabilities	**(22.3)**	**(26.6)**	**(6.0)**	**(54.9)**	(20.8)	(15.8)	(5.3)	(41.9)
Net assets (liabilities)	**13.7**	**(18.3)**	**7.7**	**3.1**	7.3	(12.0)	8.0	3.3
Accumulated non-controlling interests	**4.6**	**(4.6)**	**1.4**	**1.4**	2.4	(2.9)	1.5	1.0
Net increase (decrease) in cash and cash equivalents	**0.1**	**–**	**–**	**0.1**	(0.4)	–	(0.1)	(0.5)

Notes to the financial statements continued

SECTION 5. CAPITAL STRUCTURE AND FINANCING CONTINUED

5.10 DIVIDENDS

Accounting policy

Final dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

Dividends recognised and proposed:

	2020 €m	2019 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	**4.4**	18.9
Interim dividend paid for the year ended 31 March 2020 of 0.45 pence per share (2019: 0.95 pence)	**4.2**	8.5
	8.6	27.4
Total dividend per share (pence)	**0.45p**	1.45p

The Directors have not recommended a final dividend for the year ended March 2020 (2019: 0.5p per share) therefore the aggregate amount of the proposed dividend is €nil (2019: expected to be €4.6m). The actual amount paid for the year ended March 2019 final dividend was €4.4m due to exchange translation as the dividends were paid in Sterling.

SECTION 6. ACQUISITIONS AND DISPOSALS

This section provides details of acquisitions and disposals.

6.1 ACQUISITIONS

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, liabilities incurred or assumed including the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. The fair value of businesses acquired may include waste permits, licences and customer relationships with the value calculated by discounting the future attributable revenue streams, which are recognised as intangible assets and amortised. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The costs of acquisition are charged to the Income Statement in the year in which they are incurred.

Acquisitions

In May 2019 the Monostreams division acquired the net assets and operations of Rotie Organics, a business that collects, sources, de-packages and pre-treats out of date food waste. The acquisition enhanced the Group's leading position in the Dutch organics market, strengthening the existing capability to convert out of date food into valuable products and energy. The consideration paid was €2.6m with the provisional fair value of the net assets acquired of €1.9m of plant and equipment and €0.7m acquisition intangible in relation to the customer relationships acquired. The acquired business contributed €5.6m of revenue and €0.1m of operating profit since acquisition. If the acquisition had taken place on 1 April 2019 the full year revenue would have been €6.1m and the full year operating profit would have been €0.1m.

In November 2019 ATM B.V. in the Hazardous Waste division acquired 100% of the share capital of AP4 Terra B.V. Prior to this date 50% of the entity was owned as a Joint Venture with an equity value of €2.6m and a fair value of €4.0m. A gain of €1.4m was recognised in non-trading and exceptional administrative expenses as a result of remeasuring the equity interest to fair value at the acquisition date. The business comprises a waterside quay and warehousing under a long-term lease from the Dutch authorities. The consideration paid in cash was €4.0m net of €0.2m cash held in the entity acquired resulting in a net cash outflow of €3.8m. The provisional fair value of the total identifiable net liabilities acquired was €3.4m being €8.0m of property plant and equipment, €13.5m of right-of use assets, €0.3m trade and other receivables, €0.6m tax receivable, €0.2m cash net of €12.3m trade and other payables and €13.7m of lease liabilities. The resulting goodwill of €8.4m represents the strategic expansion that is already in progress. The acquired business contributed €0.6m of revenue and €0.7m of operating loss since acquisition. If the acquisition had taken place on 1 April 2019 the full year revenue would have been €1.2m and the full year operating loss would have been €2.0m.

SECTION 6. ACQUISITIONS AND DISPOSALS CONTINUED

6.2 DISPOSALS

Accounting policy

The results of operations disposed of during the year are included in the consolidated Income Statement within continuing operations up to the date of disposal, unless they meet the criteria of a discontinued operation.

Canada disposal

On 30 September 2019 the Group completed the sale of Municipal Canada which was disclosed as held for sale at 31 March 2019 with an impairment charge of €22.5m reflected at that time. The loss on disposal of Canada (net of disposal costs) recorded in the year ended March 2020 totalled €18.9m. Under the Sale and Purchase agreement there is a potential receipt of contingent consideration however there is insufficient certainty to recognise a receivable at this time. Upon disposal the cumulative currency translation reserve of €1.9m has been recycled through the Income Statement in accordance with IAS 21 The effects of changes in foreign exchanges rates. See note 6.4 for full details.

Reym disposal

On 31 October 2019 the Group completed the sale of the Hazardous Waste Reym industrial cleaning business which was disclosed as held for sale at 31 March 2019 with an impairment charge of €19.5m reflected at that time. The final current year loss on disposal of Reym (net of disposal costs) totalled €37.3m, which includes the €34.3m remeasurement recorded at 30 September 2019.

	2020 €m
Loss on disposal	
Net cash consideration	37.0
Net assets disposed of	(34.0)
Disposal costs and others	(6.0)
Loss on disposal	(3.0)
Remeasurement at 30 September 2019	(34.3)
Non-trading loss (note 3.3)	**(37.3)**
Cash flow	
Cash consideration	50.1
Cash and cash equivalents disposed of	(13.1)
Net cash consideration	37.0
Disposal costs paid	(3.0)
Cash inflow per cash flow statement	**34.0**

Notes to the financial statements continued

SECTION 6. ACQUISITIONS AND DISPOSALS CONTINUED

6.3 ASSETS CLASSIFIED AS HELD FOR SALE

Accounting policy

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for sale in their present condition. Following the classification as held for sale, non-current assets are not depreciated

Canada and Reym disposals

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business therefore the assets and liabilities were presented as held for sale at 31 March 2019 as the criteria set out in IFRS 5 Non-current assets held for sale and discontinued operations had been met. Both disposals completed during the year therefore the carrying value is €nil at 31 March 2020. Details of the disposals are set out in note 6.2 and 6.4.

The carrying value of assets classified as held for sale and the related liabilities under IFRS 5 were as follows:

	2020 €m	2019 €m
Goodwill	–	23.8
Other Intangible assets	–	3.3
Property, plant and equipment	–	67.0
Financial assets relating to PPP contracts	–	44.0
Trade and other receivables	–	23.6
Inventories	–	0.7
Total assets held for sale	**–**	162.4
Trade and other payables	–	(30.6)
Provisions	–	(0.8)
Finance leases	–	(4.2)
Tax	–	(4.9)
Total liabilities relating to assets held for sale	**–**	(40.5)
Net assets held for sale	**–**	121.9

6.4 DISCONTINUED OPERATIONS

Accounting policy

A discontinued operation is a component of the Group's business that represents a separate major business line or geographical area of operations that meets the criteria to be classified as held for sale. Discontinued operations are presented in the consolidated Income Statement as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Canada disposal

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

Income Statement in relation to the discontinued operations:

	2020 €m	2019 €m
Revenue	**10.8**	18.3
Cost of sales	**(6.8)**	(16.0)
Gross profit	**4.0**	2.3
Administrative expenses	**(0.9)**	(0.8)
Operating profit before non-trading and exceptional items	**3.1**	1.5
Non-trading and exceptional items	**(18.9)**	(22.5)
Operating loss	**(15.8)**	(21.0)
Finance income	**0.6**	1.3
Finance charges	**(0.5)**	(1.5)
Loss before tax on discontinued operations	**(15.7)**	(21.2)
Taxation	**(0.9)**	0.1
Loss after tax on discontinued operations	**(16.6)**	(21.1)

6.4 DISCONTINUED OPERATIONS CONTINUED

The assets and liabilities disposed were:

	Carrying value under IFRS 5 recorded in asset held for sale at 31 March 2019 €m	Change in value to date of disposal on 30 September 2019 €m	Carrying value of assets and liabilities disposed of at 30 September 2019 €m
Financial asset relating to a PPP contract	44.0	1.2	45.2
Property, plant and equipment	21.7	4.5	26.2
Right-of-use assets	–	4.7	4.7
Trade and other receivables	1.7	1.7	3.4
Inventories	0.1	0.2	0.3
Trade and other payables	(3.8)	(0.4)	(4.2)
Tax	(1.0)	(1.0)	(2.0)
Lease liabilities	–	(4.5)	(4.5)
Net assets disposed of (excluding cash)	**62.7**	**6.4**	**69.1**

Loss on disposal	
Net cash consideration	56.8
Net assets disposed of	(69.1)
Loss on disposal before disposal costs	(12.3)
Cumulative currency translation loss	(1.9)
Disposal costs and others	(4.7)
Discontinued non-trading loss (note 3.3)	**(18.9)**

Cash flow	
Cash consideration	56.9
Cash and cash equivalents disposed of	(0.1)
Net cash consideration	56.8
Disposal costs paid	(2.6)
Cash inflow per cash flow statement	**54.2**

Cash flow information in relation to the discontinued operations:

	2020 €m	2019 €m
Net cash inflow from operating activities	**38.6**	10.5
Net cash outflow from investing activities	**(5.5)**	(1.5)
Net cash outflow from financing activities	**(36.3)**	(8.1)
Net movement in cash	**(3.2)**	0.9

Notes to the financial statements continued

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	2020 €m	2019 €m
Wages and salaries		**325.3**	333.6
Social security costs		**64.0**	61.2
Share-based benefits	7.3	**1.2**	0.8
Other pension costs	7.2	**33.5**	35.1
Total staff costs from continuing operations		**424.0**	430.7

	2020	2019
The average number of employees by reportable segment during the year was:		
Commercial Waste	**4,658**	4,685
Hazardous Waste	**661**	941
Monostreams	**490**	490
Municipal	**598**	649
Group central services	**233**	279
Total continuing operations	**6,640**	7,044
Discontinued operations – Canada	**29**	49
Total average number of employees	**6,669**	7,093

7.2 RETIREMENT BENEFIT SCHEMES

The Group operates defined benefit and defined contribution schemes in the UK and overseas.

Accounting policy

The Group accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits.

The pension cost for the defined benefit schemes is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. For defined benefit plans, obligations are measured at discounted present value. Plan assets in the UK scheme are recorded at fair value and in the overseas schemes the plan assets are calculated as the cash value of all future insured benefit payments using an appropriate discount rate. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income and surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due. The Group participates in several multi-employer schemes in the Netherlands which are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies. The Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit.

Retirement benefit schemes costs

	2020 €m	2019 €m
UK defined benefit scheme	**0.2**	0.3
UK defined contribution scheme	**1.5**	1.4
Overseas defined benefit schemes	**1.0**	2.0
Overseas defined contribution schemes	**30.8**	31.4
	33.5	35.1

UK defined benefit scheme

The UK defined benefit pension scheme (called the Shanks Group Pension Scheme) provides pension benefits for pensioners, deferred members and eligible UK employees and is closed to new entrants. The defined benefit scheme provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and final salary. Plan assets are managed by Aon Hewitt Ltd on behalf of the Trustees. There are four trustees currently, two appointed by the Company

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

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.

From 1 December 2019 the Scheme was closed to future benefit accrual following a formal consultation. A bulk pension increase exchange exercise was carried out on 10 October 2019 to members currently in receipt of a pension payment of which 37% accepted the offer and an at-retirement pension increase exchange was also introduced at 31 March 2020. The impact of these changes has led to a reduction in the pension scheme liability and has been reflected as a past service credit.

The most recent triennial actuarial valuation of the Scheme, which was performed by an independent qualified actuary for the Trustees of the Scheme, was carried out as at 5 April 2018. The Group has agreed that it will aim to eliminate the pension plan deficit with an annual deficit contribution of €3.5m (£3.1m) until February 2022. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2021 are €3.5m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2020 % p.a.	2019 % p.a.
Discount rate	**2.4**	2.5
Rate of price inflation	**2.6**	3.3
Consumer price inflation	**1.9**	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 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2040 at age 65 the assumptions are that they will live on average for around a further 23 years after retirement if they are male or for a further 25 years after retirement if they are female. The weighted average duration of the defined benefit obligation is approximately 17 years.

Overseas defined benefit schemes

The overseas defined benefit obligation relates to funded plans, mainly insurance contracts managed by insurers, in both the Netherlands and Belgium. There are various schemes which are based on average salaries and in some cases on final salaries. The assets consist of qualifying insurance policies which match the vested benefits. The build-up of rights for 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 plans are subject to Netherlands and Belgium law for pension insurance companies offering pension arrangements and are overseen by Autoriteit Financiele Markten in the Netherlands and Autoriteit voor Financiele Diensten en Markten in Belgium. The Group has no responsibilities for governance of the plans other than correct calculation and timely payment of the contributions. The total estimated contributions expected to be paid to the schemes in the year ending 31 March 2021 are €1.6m.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2020 % p.a.	2019 % p.a.
Discount rate	**1.1**	2.1
Rate of price inflation	**2.0**	2.0
Rate of salary inflation	**2.5**	2.5

The discount rate assumption is based on interest rates applying to high quality corporate bonds with a term approximately equal to the term of the related pension liability. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2040 at age 65 the assumptions are that they will live on average for around a further 23 years after retirement if they are male or for a further 26 years after retirement if they are female. The maturity of the schemes ranges from 15 to 25 years.

The amounts recognised in the financial statements for all defined benefit schemes are as follows:

Income Statement

	2020			2019		
	UK €m	Overseas €m	Total €m	UK €m	Overseas €m	Total €m
Current service cost	**0.2**	**1.0**	**1.2**	0.3	2.0	2.3
Past service (credit) cost	**(1.4)**	**–**	**(1.4)**	2.0	–	2.0
Curtailment	**–**	**–**	**–**	–	(2.1)	(2.1)
Interest expense on scheme net liabilities	**0.1**	**0.1**	**0.2**	0.4	0.2	0.6
Net retirement benefit charge before tax	**(1.1)**	**1.1**	**–**	2.7	0.1	2.8

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

The current year past service credit relates to the Shanks Group Pension Scheme which was closed to future benefit accrual following a formal consultation and bulk and an at-retirement pension increase exchange as previously described. The prior year past service cost of €2.0m in the UK scheme was a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation. The prior year curtailment in the overseas scheme arose as the principal legacy Van Gansewinkel defined benefit scheme was closed. These past service and curtailment items were included in non-trading and exceptional items in both years.

Statement of Comprehensive Income

	2020			2019		
	UK €m	**Overseas €m**	**Total €m**	UK €m	Overseas €m	Total €m
Actuarial gain (loss) on scheme liabilities	**5.1**	**(13.0)**	**(7.9)**	7.0	(1.8)	5.2
Actuarial gain on scheme assets	**9.8**	**13.3**	**23.1**	4.6	1.0	5.6
Actuarial gain (loss)	**14.9**	**0.3**	**15.2**	11.6	(0.8)	10.8

Cumulative actuarial gains and losses recognised in the Statement of Comprehensive Income since 1 April 2004 are losses of €17.6m (2019: €32.8m).

Balance Sheet

	2020			2019		
	UK €m	**Overseas €m**	**Total €m**	UK €m	Overseas €m	Total €m
Present value of funded obligations	**(186.7)**	**(79.6)**	**(266.3)**	(202.1)	(65.0)	(267.1)
Fair value of plan assets	**202.7**	**72.1**	**274.8**	198.4	56.8	255.2
Pension scheme asset (deficit)	**16.0**	**(7.5)**	**8.5**	(3.7)	(8.2)	(11.9)
Related deferred tax asset (note 3.4)	**(3.0)**	**1.6**	**(1.4)**	0.6	2.1	2.7
Net pension asset (liability)	**13.0**	**(5.9)**	**7.1**	(3.1)	(6.1)	(9.2)
Classified as:						
Defined benefit scheme surplus – included in non-current assets	**16.0**	**–**	**16.0**	–	–	–
Defined benefit pension schemes deficit – included in non-current liabilities	**–**	**(7.5)**	**(7.5)**	(3.7)	(8.2)	(11.9)
Pension scheme asset (deficit)	**16.0**	**(7.5)**	**8.5**	(3.7)	(8.2)	(11.9)

The UK scheme's assets of €202.7m (2019: €198.4m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Aon Hewitt Limited. A breakdown of the underlying investment classes is given below:

	2020 €m	2019 €m
Equities	**27.9**	46.9
Absolute return	**48.1**	46.5
Fixed income	**25.6**	19.8
Property	**4.8**	5.1
Liability driven investment	**87.2**	73.7
Cash and others	**9.1**	6.4
	202.7	198.4

The overseas schemes assets of €72.1m (2019: €56.8m) are insurance contracts managed by insurers in the Netherlands and Belgium.

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

The movement in the pension scheme asset (deficit):

	UK €m	Overseas €m	Total €m
At 1 April 2018	(16.4)	(9.0)	(25.4)
Current service cost	(0.3)	(2.0)	(2.3)
Past service cost	(2.0)	–	(2.0)
Curtailment	–	2.1	2.1
Interest expense	(0.4)	(0.2)	(0.6)
Net actuarial gains (losses) recognised in the year	11.6	(0.8)	10.8
Contributions from employer	3.7	1.7	5.4
Exchange	0.1	–	0.1
At 31 March 2019	(3.7)	(8.2)	(11.9)
Current service cost	(0.2)	(1.0)	(1.2)
Past service credit	1.4	–	1.4
Interest expense	(0.1)	(0.1)	(0.2)
Net actuarial gains recognised in the year	14.9	0.3	15.2
Contributions from employer	3.6	1.5	5.1
Exchange	0.1	–	0.1
At 31 March 2020	**16.0**	**(7.5)**	**8.5**

Reconciliation of the defined benefit obligation:

	UK €m	Overseas €m	Total €m
At 1 April 2018	(208.4)	(63.5)	(271.9)
Current service cost	(0.3)	(2.0)	(2.3)
Past service cost	(2.0)	–	(2.0)
Curtailment	–	6.8	6.8
Interest expense	(5.6)	(1.4)	(7.0)
Remeasurements:			
Actuarial loss on scheme liabilities arising from changes in financial assumptions	(8.1)	(1.4)	(9.5)
Actuarial gain on scheme liabilities arising from change in demographic assumptions	9.4	–	9.4
Actuarial gain (loss) on scheme liabilities arising from changes in experience	5.6	(0.3)	5.3
Contributions from plan participants	–	(0.7)	(0.7)
Benefit payments	10.4	1.1	11.5
Addition	–	(3.6)	(3.6)
Exchange	(3.1)	–	(3.1)
At 31 March 2019	(202.1)	(65.0)	(267.1)
Current service cost	(0.2)	(1.0)	(1.2)
Past service credit	1.4	–	1.4
Interest expense	(4.5)	(1.3)	(5.8)
Remeasurements:			
Actuarial gain (loss) on scheme liabilities arising from changes in financial assumptions	5.1	(14.5)	(9.4)
Actuarial loss on scheme liabilities arising from change in demographic assumptions	(0.3)	–	(0.3)
Actuarial gain on scheme liabilities arising from changes in experience	0.3	1.5	1.8
Contributions from plan participants	–	(0.4)	(0.4)
Benefit payments	8.4	1.1	9.5
Exchange	5.2	–	5.2
At 31 March 2020	**(186.7)**	**(79.6)**	**(266.3)**

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

Reconciliation of plan assets:

	UK €m	Overseas €m	Total €m
At 1 April 2018	192.0	54.5	246.5
Curtailment	–	(4.7)	(4.7)
Interest income	5.2	1.2	6.4
Remeasurements: Return on plan assets excluding interest expense	4.7	0.9	5.6
Contributions from employer	3.7	1.7	5.4
Contributions from plan participants	–	0.7	0.7
Benefit payments	(10.4)	(1.1)	(11.5)
Addition	–	3.6	3.6
Exchange	3.2	–	3.2
At 31 March 2019	198.4	56.8	255.2
Interest income	4.4	1.2	5.6
Remeasurements: Return on plan assets excluding interest expense	9.8	13.3	23.1
Contributions from employer	3.6	1.5	5.1
Contributions from plan participants	–	0.4	0.4
Benefit payments	(8.4)	(1.1)	(9.5)
Exchange	(5.1)	–	(5.1)
At 31 March 2020	**202.7**	**72.1**	**274.8**

Significant defined benefit pension scheme risks

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are set out below.

Asset volatility – The UK scheme liabilities are calculated using a discount rate set with reference to corporate bond yields and if plan assets underperform this yield, this will result in a deficit. The UK pension scheme's assets are held in a portfolio of pooled funds which are single priced at the net asset value. The investment objective of the portfolio is to achieve long-term total returns in excess of a nominal portfolio of long-dated Sterling bonds through a diversified portfolio of collective investment schemes, which may include derivatives. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The Trustees have agreed an underlying strategy with the Group so that any ongoing improvements in the scheme's funding position would trigger movements from growth assets to non-growth assets in order to protect and consolidate such improvements. The 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.

Life expectancy – The majority of the obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities.

Changes in bond yields – A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the investments.

7.2 RETIREMENT BENEFIT SCHEMES CONTINUED

Sensitivities for defined pension benefit schemes

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Balance Sheet.

	Impact on net defined benefit asset/obligation					
	UK			Overseas		
	Change in assumption %	Increase in assumption €m	Decrease in assumption €m	Change in assumption %	Increase in assumption €m	Decrease in assumption €m
Discount rate	0.25	20.9	7.0	0.25	4.0	(4.3)
Rate of price inflation	0.25	9.4	18.0	0.25	(0.1)	0.1
Consumer price inflation	0.25	9.4	18.0	–	–	–

	UK		Overseas	
	Increase by 1 year in assumption €m	Decrease by 1 year in assumption €m	Increase by 1 year in assumption €m	Decrease by 1 year in assumption €m
Life expectancy	7.8	20.5	0.5	0.7

Other overseas schemes

The total cost in the year for other overseas pensions was €30.8m (2019: €31.4m). 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.

Notes to the financial statements continued

SECTION 7. EMPLOYEE BENEFITS CONTINUED

7.3 SHARE-BASED PAYMENTS

As described in the Directors' Remuneration Report, the Group issues equity-settled share-based payments under a Savings Related Share Option Scheme (SRSOS), a Long Term Incentive Plan (LTIP) and a Deferred Annual Bonus (DAB) arrangement. Further details and performance metrics of both LTIPs and DABs can be found in the Directors' Remuneration Report on pages 108 to 125.

Accounting policy

The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Group's estimate of the shares that will eventually vest. At each balance sheet date the Group revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market-related performance conditions.

Outstanding options

	SRSOS		LTIP	DAB
	Number of options	Weighted Average exercise price	Number of options	Number of options
Outstanding at 1 April 2018	1,846,657	73p	12,774,835	737,562
Granted	1,975,433	52p	4,274,657	490,640
Forfeited	(941,924)	69p	(3,340,420)	(680,609)
Expired	(99,530)	70p	(2,574,653)	–
Exercised/vested	(8,284)	65p	(765,407)	(91,075)
Outstanding at 31 March 2019	2,772,352	59p	10,369,012	456,518
Granted	4,526,928	25p	4,313,116	–
Forfeited	(1,737,080)	54p	(1,884,584)	–
Expired	(440,871)	65p	(1,767,473)	–
Exercised/vested	–	–	(527,943)	(90,110)
Outstanding at 31 March 2020	**5,121,329**	**30p**	**10,502,128**	**366,408**
Exercisable at 31 March 2020	103,986	71p		
Exercisable at 31 March 2019	438,029	65p		
At 31 March 2020:				
Range of price per share at exercise		25p to 76p		
Weighted average remaining contractual life		2 to 3 years		

Fair value of options granted during the year

	SRSOS		LTIP			
Valuation model	**2020 Black-Scholes**	2019 Black-Scholes	**2020 Share price**	2019 Share price	**2020 Monte Carlo**	2019 Monte Carlo
Weighted average fair value	**8p**	12p	**32p**	78p	**16p**	40p
Weighted average share price	**32p**	63p	**32p**	78p	**32p**	78p
Weighted average exercise price	**25p**	52p	**–**	–	**–**	–
Expected volatility	**36%**	29%	**–**	–	**36%**	29%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**0.5%**	0.9%	**–**	–	**0.5%**	0.7%
Dividend yield	**4.3%**	5.2%	**–**	–	**–**	–

For the LTIP awards granted, the fair value of the element subject to non-market conditions has been calculated based on the share price at the award date and the expense recognised is based on expectations of these conditions being met which are reassessed at each balance sheet date. The Monte Carlo valuation model is used to determine the weighted average fair value of the market conditions element of awards granted. Expected volatility has been calculated using average volatility historical data over a three-year period from the grant date. The risk-free interest rate is based on the implied yield of zero-coupon government bonds with a remaining term equal to the expected life. The expected life used in the models equals the vesting period. The awards granted vest after three years, four years and five years. There is no service condition after three years on any of the awards granted, just a holding period of between one and two years.

Charge for the year

The Group recognised a total charge of €1.2m (2019: €0.8m) relating to equity-settled share-based payments. The DAB awards for the year ended 31 March 2020 have not yet been granted and therefore the charge is based on an estimate.

SECTION 8. OTHER NOTES

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2020

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 2020 is disclosed below by country of incorporation which is the principal country of business. All are wholly owned by the Group and have a 31 March year end, unless otherwise stated, and all operate in the waste management sector and have been consolidated in the Group's financial statements. Those subsidiaries owned directly by Renewi plc, the parent company, are indicated with an asterix.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
AP4 Terra B.V.	Vlasweg 12, 4782 PW Moerdijk, Netherlands
ATM B.V.	Vlasweg 12, 4782 PW, Moerdijk, Netherlands
A&G Holding B.V.	Van Hilstraat 7, 5145 RK Waalwijk, Netherlands
B.V. Twente Milieu Bedrijven	Flight Forum 240, 5657 DH Eindhoven, Netherlands
CFS B.V.	Wetering 14, 6002 SM Weert, Netherlands
Coolrec B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
Coolrec Nederland B.V.	Grevelingenweg 3, 3313 LB Dordrecht, Netherlands
Coolrec Plastics B.V.	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
EcoSmart Nederland B.V.	Spaarpot 6, 5667 KX Geldrop, Netherlands
Glasrecycling Noord-Oost Nederland B.V. (67%)	Columbusstraat 20, 7825 VR Emmen, Netherlands
Immo C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Maltha Glasrecycling Nederland B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Glassrecycling International B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Groep B.V. (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Mineralz B.V.	Van Hilstraat 7, 5145 RK Waalwijk
Mineralz Maasvlakte B.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Mineralz Zweekhorst B.V.	Doesburgseweg 16D, 6902 PN Zevenaar, Netherlands
Orgaworld International B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld Nederland B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld WKK 1 B.V.	Hornweg 63 1044 AN Amsterdam, Netherlands
Orgaworld WKK II B.V.	Hornweg 63, 1044 AN Amsterdam, Netherlands
Orgaworld WKK III B.V.	Hornweg 63, 1044 AN Amsterdam, Netherlands
Renewi Commercial B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Europe B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Hazardous Waste B.V.	Vlasweg 12, 4782 Moerdijk, Netherlands
Renewi Icopower B.V.	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Renewi Monostreams B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Nederland B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Renewi Netherlands Holdings B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Overheidsdiensten B.V.	Rijksweg-Zuid 91, 4715 TA Rucphen, Netherlands
Renewi Smink B.V.	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Renewi Support B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed Acht B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Semler B.V.	Ockhuizenweg 5-A, 5691 PJ Son, Netherlands
Shanks Belgium Holding B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Shanks B.V.	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Van Gansewinkel Industrie B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel International B.V.	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) C.V.	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2020 CONTINUED

Subsidiary	Address of the registered office
Incorporated in Belgium	
Belgo-Luxembourgeoise de Services Publics SA	Rue de Rolleghem 381, 7700 Mouscron, Belgium
Coolrec Belgium NV	Baeckelmansstraat 125, 2830 Tisselt, Belgium
EcoSmart NV	Nijverheidsstraat 2, 2870 Puurs, Belgium
Enviro+ NV	John F Kennedylaan 4410, 9042 Gent, Belgium
Maltha Glasrecyclage Belgie BV	Fabrieksstraat 114, 3920 Lommel, Belgium
Mineralz ES Treatment NV	Berkebossenlaan 7, 2400 Mol, Belgium
Ocean Combustion Services NV	Terlindenhofstraat 36, 2170 Meerksem, Antwerpen, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Renewi Belgium NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Logistics NV	John F Kennedylaan 4410, 9042 Gent, Belgium
Renewi NV	Berkebossenlaan 7, 2400 Mol, Belgium
Renewi Valorisation & Quarry NV	Gerard Mercatorstraat 8, 3920, Lommel, Belgium
Renewi Wood Products NV	John F Kennedylaan 4410, 9042 Gent, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Coolrec Deutschland GmbH (Year end 31 December)	HRB 16119, Stadtweide 17, 46446 Emmerich am Rhein, Germany
Incorporated in France	
Coolrec France SAS (90%)	Rue Iéna Parcelle 36, 59810 Lesquin, France
Maltha Glass Recycling France SAS (67%)	Zone Industrielle, 33450 Izon, France
Incorporated in Hungary	
Maltha Hungary Uvegujrahasznosito Kft. (67%)	1214 Budapest, Orion utca 14, Hungary
Incorporated in Luxembourg	
Renewi Luxembourg SA	z.a. Gadderscheier, 4501 Differdange, Luxembourg
Incorporated in Portugal	
Maltha Glass Recycling Portugal Lda (67%)	Parque Industrial da Gala, Lotes 26 e 27, 3081-801 Figueira da Foz, Portugal
Incorporated in the UK	
Renewi European Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Financial Management Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Holdings Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi PFI Investments Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi SRF Trading Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi UK Services Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Safewaste Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2020 CONTINUED

Subsidiary	Address of the registered office
Subsidiary undertakings holding UK PPP contracts	
Renewi Argyll & Bute Limited	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Argyll & Bute Holdings Limited*	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Renewi Cumbria Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Renewi Cumbria Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Holdings Limited (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

Joint ventures, associates and joint operations

At 31 March 2020 the Group through wholly owned subsidiaries had the following interests in joint venture companies, joint operations and associates, all of which operate in the waste management sector.

Joint ventures	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
PQA B.V.	50%	31 December 2019	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld B.V.	50%	31 December 2019	Coevorderweg 48, 7737 PG Stegeren, Netherlands
SQAPE B.V.	50%	31 December 2019	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Incorporated in Belgium			
Marpos NV	45%	31 December 2019	L. Coiseaukaai 43, 8380 Dudzele, Belgium
Recypel BV	50%	31 December 2019	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2020	Regenbeekstraat 7C, 8800 Roeselare, Belgium
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2019	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2019	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2020	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2020	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2020	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.1 SUBSIDIARY UNDERTAKINGS AND INVESTMENTS AT 31 MARCH 2020 CONTINUED

Associates	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Afval Loont Holding B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
Afval Loont Barendrecht B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
Afval Loont Exploitatie 1 B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
Afval Loont Rotterdam B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
Afval Loont Shared Service Centre B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
Afval Loont Spaarders B.V.	22%	31 December 2019	Trasmolenlaan 5, 3447 GZ Woerden, Netherlands
AMP B.V.	33%	31 December 2019	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Dorst B.V.	50%	31 December 2019	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
RetourMatras B.V.	32.35%	31 December 2019	Bruggenmeestersstraat 10, 2415 AA Nieuwerbrug aan den Rijn, Netherlands
Tankterminal Sluiskil B.V.	40%	31 December 2019	Oostkade 5, 4541 HH Sluiskil
Zavin B.V.	33%	31 December 2019	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Zavin C.V.	33%	31 December 2019	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in Belgium			
SUEZ PCB Decontamination NV	23%	31 December 2019	Westvaartdijk 97, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2019	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium
Incorporated in Austria			
EARN Elektroalgeräte Service GmbH	33%	31 December 2019	Johannesgasse 15,1010 Wien, Austria
Incorporated in the UK			
ELWA Limited	20%	31 March 2020	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2020	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

Joint operations	Group Holding %	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Baggerspecieverwerking Noord-Nederland V.O.F.	50%	31 December 2019	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Hydrovac V.O.F.	50%	31 December 2019	Graafsebaan 67, 5248 JT Rosmalen, Netherlands
Induserve V.O.F.	33%	31 December 2019	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Octopus V.O.F.	50%	31 December 2019	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
Smink Boskalis Dolman V.O.F.	50%	31 December 2019	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
TOP Leeuwarden V.O.F.	50%	31 December 2019	Newtonweg 1, 8912 BD Leeuwarden, Netherlands

8.2 RELATED PARTY TRANSACTIONS

Transactions between the Group and its associates and joint ventures

The Group had the following transactions and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2020 €m	2019 €m	**2020 €m**	2019 €m
Sales	**47.3**	52.0	**25.4**	57.1
Purchases	**4.8**	2.6	**0.2**	0.4
Management fees	**0.7**	0.9	**0.4**	1.1
Interest on loans to associates and joint ventures	**–**	–	**–**	0.1
Receivables at 31 March	**3.7**	5.3	**1.8**	1.9
Payables at 31 March	**0.6**	0.6	**0.1**	–
Loans made by Group companies at 31 March	**0.7**	0.7	**0.2**	0.2
Loans made to Group companies at 31 March	**–**	–	**0.6**	0.6

The receivables and payables are due one month after the date of the invoice and are unsecured in nature and bear no interest. In the prior year an expected credit loss expense of €36.9m was recognised in relation to loans to related parties and other receivables in UK Municipal in relation to the Derby PFI contract as set out in note 3.3.

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 108 to 125, and form part of these consolidated financial statements. The emoluments paid or payable to key management personnel were:

	2020 €m	2019 €m
Short-term employee benefits	**6.1**	4.1
Termination benefit	**1.1**	–
Post-employment benefits	**0.2**	0.2
Share-based payments	**0.3**	0.1
	7.7	4.4

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 EXPLANATION OF NON-IFRS MEASURES AND RECONCILIATIONS

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit from either continuing operations or ongoing businesses (which excludes all businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation, impairment and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance
Underlying profit before tax	Profit before tax from either continuing operations or ongoing businesses (which excludes businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
IAS 17 basis	Calculated using previous lease accounting standard IAS 17	Enables like for like comparison with prior year
Underlying EPS	Earnings per share from either continuing operations or ongoing businesses (which excludes businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets on an IFRS 16 basis	Last 12 months underlying EBIT divided by a 13 month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Return on operating assets on an IAS 17 basis	Last 12 months underlying EBIT adjusted for the impact of IFRS 16 divided by a 13 month average of net assets excluding right-of-use assets under IFRS 16, core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances and to enable a like to like comparison with those previously reported
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13 month average of net assets excluding core net debt, lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Underlying free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of underlying free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Net core cash flow	Cash flow from core net debt excluding loan fee amortisation and capitalisation, exchange movements, movement in PPP non-recourse net debt, movements in IFRS 16 lease liabilities and acquired/disposed of cash	Provides an understanding of total cash flow of the Group
Non-trading and exceptional cash flow items	Synergy delivery, integration and restructuring cash flows are presented in cash flows from operating activities and are included in the categories in note 3.3, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend

8.3 EXPLANATION OF NON-IFRS MEASURES AND RECONCILIATIONS CONTINUED

Financial Measure	How we define it	Why we use it
Core net debt or core funding	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PPP contracts, lease liabilities as a result of IFRS 16 and cash and borrowings in assets and liabilities of disposal groups classified as held for sale	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and excluding IFRS 16 leases which enables a more meaningful comparison to the prior year
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. This includes the cash and leases which were finance leases under IAS 17 as included in assets and liabilities of disposal groups classified as held for sale	Commonly used measure of financial leverage and consistent with covenant definition

Reconciliations of certain non-IFRS measures are set out below:

Reconciliation of underlying EBIT to EBITDA

	2020 €m	2019 €m
Operating loss	**(28.1)**	(56.6)
Non-trading and exceptional items	**115.7**	142.1
Underlying EBIT from continuing operations	**87.6**	85.5
Depreciation and impairment of property, plant and equipment and right-of-use assets	**106.5**	87.3
Amortisation of intangible assets (excluding acquisition intangibles)	**6.4**	6.9
Non-exceptional gain on disposal of property, plant and equipment	**(0.8)**	(2.3)
EBITDA from continuing operations	**199.7**	177.4
EBITDA from discontinued operations	**3.1**	3.9
Total EBITDA	**202.8**	181.3

Reconciliation of underlying free cash flow as presented in the CFO's Review

	2020 IFRS 16 basis €m	2020 IAS 17 basis €m	2019 IAS 17 basis €m
Net cash generated from operating activities	**157.7**	**157.7**	73.6
Exclude IFRS 16 adjustment to operating expenses	**–**	**(32.2)**	–
Exclude non-trading and exceptional provisions, working capital and restructuring spend	**49.0**	**49.0**	66.0
Exclude exceptional proceeds from disposal of property, plant and equipment	**0.8**	**0.8**	–
Exclude payments to fund UK defined benefit pension scheme	**3.5**	**3.5**	3.4
Exclude increase (decrease) in Municipal Canada PPP financial asset	**0.1**	**0.1**	(6.9)
Exclude IFRS 16 adjustments relating to discontinued operations	**–**	**(0.5)**	–
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(37.9)**	**(32.1)**	(29.4)
Include finance income received	**10.9**	**10.9**	11.7
Include purchases of replacement items of intangible assets	**(6.7)**	**(6.7)**	(3.8)
Include purchases of replacement items of property, plant and equipment	**(67.7)**	**(67.7)**	(92.4)
Include proceeds from disposals of property, plant and equipment	**10.2**	**10.2**	8.1
Underlying free cash flow	**119.9**	**93.0**	30.3

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the CFO's review. The 2020 replacement spend shown above totalling €74.4m (2019: €96.2m) (being €6.7m (2019: €3.8m) intangible assets and €67.7m (2019: €92.4m) property, plant and equipment) plus the growth capital expenditure of €10.1m (2019:€11.7m) as shown in the CFO's review less additions to IAS 17 finance leases of €nil (2019: €0.4m) (as shown in note 5.1) reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €84.5m (2019: €107.5m) within investing activities in the consolidated Statement of Cash Flows.

Notes to the financial statements continued

SECTION 8. OTHER NOTES CONTINUED

8.3 EXPLANATION OF NON-IFRS MEASURES AND RECONCILIATIONS CONTINUED

Reconciliation of net core cash flow as presented in the CFO's Review

	2020 IFRS 16 basis €m	2020 IAS 17 basis €m	2019 IAS 17 basis €m
Net core cash flow	**140.6**	**110.9**	(51.9)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**(13.0)**	**(13.0)**	–
Lease liabilities acquired as part of acquisitions	**(13.7)**	**(13.7)**	–
Movement in PPP non-recourse net debt	**5.4**	**5.4**	(0.8)
Capitalisation of loan fees net of amortisation	**0.9**	**0.9**	2.2
Exchange movements	**(3.8)**	**(3.8)**	(5.9)
Exchange movements – discontinued	**(0.1)**	**(0.1)**	–
IFRS 16 Right-of-use asset additions	**(61.8)**	**(61.8)**	–
IFRS 16 transition additions – excluding assets held for sale	**(155.4)**	**(155.4)**	–
IFRS 16 transition additions – assets held for sale	**(21.9)**	**(21.9)**	–
IFRS 16 decrease in operating expenses – continuing	**–**	**32.2**	–
IFRS 16 increase in finance changes – continuing	**–**	**(5.8)**	–
IFRS 16 discontinued operations	**–**	**0.5**	–
IFRS 16 cash flows included in utilisation of onerous contract provisions	**–**	**2.8**	–
IFRS 16 leases sold as part of business disposal – assets held for sale	**20.1**	**20.1**	–
IFRS 16 finance leases – previously IAS 17 finance leases sold as part of business disposal	**0.2**	**0.2**	–
Finance leases transferred to disposal groups classified as held for sale	**–**	**–**	4.2
Movement in total net debt (note 5.1)	**(102.5)**	**(102.5)**	(52.2)

Reconciliation of total net debt to net debt under covenant definition

	2020 €m	2019 €m
Total net debt	**(749.9)**	(647.4)
Less PPP non-recourse net debt	**90.0**	95.4
Less IFRS 16 lease liabilities	**202.7**	–
Add debt transferred to disposal group	**–**	(4.2)
Net debt under covenant definition	**(457.2)**	(556.2)

8.4 CONTINGENT LIABILITIES

There is an ongoing investigation into the production of thermally cleaned soil by ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct vigorously in such an event and, given that it is not even clear whether or what charges might be brought and the charge is expected to be lower than €1m we do not consider it appropriate at this stage to provide for this.

There is an ongoing appeal process with the authorised Minister of the Flanders government in respect of an environmental tax levy imposed by the regulator OVAM in respect of the export of combustible waste from two sites in Commercial Waste Belgium. We have submitted our objections to this decision in the administrative appeal process to the Minister. As part of that procedure, there has been an advice issued by the advisory committee to the Minister. This advice supports the decision by OVAM to impose the levy. We expect the Minister to take a decision in June 2020 and that decision is open for appeal at the applicable Belgian courts. We do not believe there are valid grounds to impose the environmental tax levy and accordingly no provision has been made.

There is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which management considers to be their best estimate of the potential exposure, noting that the potential maximum claim is €57m, and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to the disposed operations for which appropriate provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling €222.3m (2019: €238.6m).

8.5 EVENTS AFTER THE BALANCE SHEET DATE

On 28 May 2020 the Group agreed amendments to the leverage and interest covenants in its Euro denominated multicurrency green finance facility.

Notes to the financial statements continued

SECTION 9. IMPACT OF NEW STANDARDS ADOPTED IN THE YEAR

The Group adopted IFRS 16 Leases on 1 April 2019 and this note explains the impact on the financial statements.

IFRS 16 has a material impact on the financial statements as it leads to most leases being recognised on the Balance Sheet as a right-of-use asset and a lease liability. Operating lease costs under the principle of IAS 17 Leases are now recognised as a depreciation charge in relation to the right-of-use asset and as an interest expense on the lease liability.

The Group leases various real estate properties and items of plant and machinery for normal business operations in all divisions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group has applied the modified retrospective approach and has not restated the comparative amounts for the prior year. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening Balance Sheet on 1 April 2019. For the majority of the leases the Group has measured the right-of-use asset on transition date to be equal to the lease liability. For a limited number of real estate lease contracts the Group has recalculated the right-of-use asset, as if IFRS 16 was applied from the beginning of the lease. The cumulative effect of that recalculation has been recognised in equity as an adjustment to the opening balance of retained earnings for the current year.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has elected to apply the following practical expedients as permitted by the standard:

- No reassessment as to whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the adoption date the Group relied on its assessment made applying IAS 17 and IFRIC 4 (Determining whether an arrangement contains a lease).
- The use of a single specific discount rate to categories of leases in the portfolio with reasonably similar characteristics.
- Instead of performing an impairment review on the right-of-use assets at the date of transition, for some leases the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the Group has applied the optional exemption to not recognise the lease liability and the right-of-use asset but to account for the lease as an expense in the Income Statement on a straight line basis over the remaining term.
- Where the contract contains options to extend, the lease term has been determined with the benefit of hindsight
- No inclusion of direct lease costs in the measurement of the right-of-use asset.

Lease liabilities

The Group recognised additional lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. The Group’s accounting policies are included in note 5.3. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s specific incremental borrowing rates for groups of leases in the portfolio with reasonably similar characteristics as of 1 April 2019. The weighted average incremental borrowing rate applied by the Group to the lease liabilities on 1 April 2019 was 3.3%. The following is a reconciliation of total operating lease commitments for continuing operations at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	2019 €m
Operating lease commitments disclosed as at 31 March 2019	264.1
Discounted using the lessee’s incremental borrowing rate at the date of initial application	(85.9)
Finance lease liabilities as at 31 March 2019	27.5
Adjustments as a result of a different treatment of extension and termination options	0.6
Adjustments relating to changes in the index or rate affecting future lease payments	(6.0)
Short-term leases recognised on a straight-line basis as expenses	(1.7)
Other	0.5
Lease liability recognised as at 1 April 2019	199.1
Classified as:	
Current lease liabilities	30.2
Non-current lease liabilities	147.3
Lease liabilities of disposal groups classified as held for sale	21.6
Lease liability recognised as at 1 April 2019	199.1

SECTION 9. IMPACT OF NEW STANDARDS ADOPTED IN THE YEAR CONTINUED

Right-of-use assets

Right-of-use assets have generally been measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and any onerous contract provision relating to that lease recognised in the Balance Sheet as at 31 March 2019. For certain specific property leases the associated right-of-use assets in land and buildings were measured on the date of initial application on a retrospective basis as if the new rules had always been applied. The right-of-use assets are depreciated over the remaining term of the lease.

For assets previously financed from leases classified as finance leases under IAS 17, the Group recognised the carrying amount of these assets immediately before transition as right-of-use assets under IFRS 16 at the date of initial application and the amounts were reclassed to right-of-use assets in the Balance Sheet.

The right-of-use assets accounting policy and value on initial application are shown in note 4.3.

Impact on Financial Statements

The impact of the change in accounting policy to the Balance Sheet on adoption of IFRS 16 on 1 April 2019 can be summarised as follows:

	As reported 31 March 2019 €m	**IFRS 16 adoption effect €m**	1 April 2019 opening balance €m
Property, plant and equipment	629.1	**(35.5)**	593.6
Right-of-use assets	–	**175.3**	175.3
Deferred tax asset	38.6	**0.7**	39.3
Assets of disposal groups classified as held for sale	162.4	**21.9**	184.3
Accruals	(160.4)	**0.4**	(160.0)
Lease liabilities	(23.3)	**(155.4)**	(178.7)
Deferred tax liability	(56.1)	**1.0**	(55.1)
Liabilities of disposal groups classified as held for sale	(40.5)	**(21.9)**	(62.4)
Onerous contract provisions	(94.9)	**6.0**	(88.9)
Impact on net assets		**(7.5)**	

The impact of the changes in the Consolidated Income Statement for the year ended March 2020 due to the adoption of IFRS 16 can be summarised as follows:

Continuing operations	€m
Decrease in operating expense	32.2
Increase in depreciation charge	(26.6)
Operating profit	5.6
Increase in finance charges	(5.8)
Impact on profit before tax from continuing operations	**(0.2)**

The impact of the changes to the Consolidated Cash Flow Statement for the year ended March 2020 due to the adoption of IFRS 16 can be summarised as follows:

	€m
Decrease in operating expense – continuing operations	32.2
Decrease in operating expense – discontinued operations	0.6
Increase in provisions	2.8
Impact on cash flows from operating activities	**35.6**
Increase in finance charges – continuing operations	(5.8)
Increase in finance charges – discontinued operations	(0.1)
Repayment of leases – continuing operations	(29.2)
Repayment of leases – discontinued operations	(0.5)
Impact on cash flows from financing activities	**(35.6)**
Impact on cash and cash equivalents at the end of the year	**–**

Consolidated five year financial summary

	2020 €m	2019 €m	2018 €m	2017 €m	2016 €m
Consolidated Income Statement					
Revenue from continuing operations[1]	**1,775.4**	1,780.7	1,760.3	927.7	840.2
Underlying EBIT from continuing operations[1]	**87.6**	85.5	82.5	43.7	45.5
Finance charges – interest	**(23.4)**	(13.3)	(14.0)	(9.6)	(12.7)
Finance charges – other	**(11.0)**	(10.1)	(8.8)	(5.7)	(5.6)
Share of results from associates and joint ventures	**0.9**	0.4	2.6	2.4	1.4
Profit from continuing operations before exceptional items and tax (underlying profit)	**54.1**	62.5	62.3	30.8	28.6
Non-trading and exceptional items	**(113.5)**	(151.5)	(115.1)	(101.9)	(31.1)
Loss before tax from continuing operations	**(59.4)**	(89.0)	(52.8)	(71.1)	(2.5)
Taxation	**(13.3)**	(15.6)	(15.7)	(7.1)	(3.3)
Exceptional tax and tax on exceptional items	**12.2**	28.0	17.1	7.5	1.1
Loss after tax from continuing operations	**(60.5)**	(76.6)	(51.4)	(70.7)	(4.7)
(Loss) profit after tax from discontinued operations	**(16.6)**	(21.1)	(2.5)	(0.6)	0.1
Loss for the year	**(77.1)**	(97.7)	(53.9)	(71.3)	(4.6)
Loss attributable to:					
Owners of the parent	**(77.9)**	(92.8)	(54.2)	(70.9)	(4.6)
Non-controlling interests	**0.8**	(4.9)	0.3	(0.4)	–
	(77.1)	(97.7)	(53.9)	(71.3)	(4.6)
Consolidated Balance Sheet					
Non-current assets	**1,616.8**	1,439.6	1,669.2	1,674.3	845.7
Other assets less liabilities	**(631.6)**	(472.7)	(637.7)	(565.2)	(257.2)
Total net debt	**(749.9)**	(647.4)	(595.2)	(597.6)	(357.9)
Net assets	**235.3**	319.5	436.3	511.5	230.6
Equity attributable to owners of the parent					
Share capital and share premium	**573.1**	573.1	573.1	572.9	176.7
Exchange reserve and retained earnings	**(339.2)**	(254.6)	(142.9)	(66.6)	56.5
	233.9	318.5	430.2	506.3	233.2
Non-controlling interests	**1.4**	1.0	6.1	5.2	(2.6)
Total equity	**235.3**	319.5	436.3	511.5	230.6
Financial ratios					
Underlying earnings per share – continuing operations[2] (cents per share)	**5.1c**	5.9c	5.8c	4.5c	5.6c
Basic loss per share – continuing operations[2] (cents per share)	**(7.7)c**	(9.0)c	(6.5)c	(13.1)c	(1.0)c
Dividend per share (pence per share)	**0.45p**	1.45p	3.05p	3.05p	3.45p

1. Revenue and underlying EBIT from continuing operations is stated before non-trading and exceptional items as set out in note 3.3.
2. Underlying earnings and basic loss per share for continuing operations have been restated for year ended 2016 to reflect the bonus factor within the 2016 equity raise.

Parent company Balance Sheet

FOR THE YEAR ENDED 31 MARCH 2020

	Note	31 March 2020 £m	31 March 2019 £m
Assets			
Non-current assets			
Intangible assets	6	**0.4**	0.3
Property, plant and equipment	7	**0.2**	0.3
Investments	8	**524.5**	350.0
Trade and other receivables	9	**263.5**	258.1
Defined benefit pension scheme surplus	16	**14.2**	–
Deferred tax assets	10	**2.8**	6.4
		805.6	615.1
Current assets			
Current tax receivable		**0.6**	–
Trade and other receivables	9	**1.7**	187.8
Cash and cash equivalents	11	**2.8**	15.5
		5.1	203.3
Total assets		**810.7**	818.4
Liabilities			
Non-current liabilities			
Borrowings	12	**(175.3)**	(85.8)
Defined benefit pension scheme deficit	16	**–**	(3.2)
		(175.3)	(89.0)
Current liabilities			
Borrowings	12	**–**	(86.1)
Derivative financial instruments	13	**(0.1)**	(0.5)
Trade and other payables	14	**(9.8)**	(27.4)
Current tax payable		**(1.0)**	(0.4)
Provisions	15	**(4.0)**	(2.4)
		(14.9)	(116.8)
Total liabilities		**(190.2)**	(205.8)
Net assets		**620.5**	612.6
Equity			
Share capital	17	**80.0**	80.0
Share premium	17	**401.4**	401.4
Retained earnings*		**139.1**	131.2
Total equity		**620.5**	612.6

* As permitted by section 408 of the Companies Act, the Company has elected not to present its own Income Statement or Statement of Comprehensive Income. The Company reported a profit for the year ended 31 March 2020 of £3.9m (2019: £109.6m).

The notes on pages 217 to 227 are an integral part of these financial statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 4 June 2020. They were signed on its behalf by:

Ben Verwaayen
Chairman

Toby Woolrych
Chief Financial Officer

Parent company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2019		**80.0**	**401.4**	**131.2**	**612.6**
Profit for the year		**–**	**–**	**3.9**	**3.9**
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	16	**–**	**–**	**13.1**	**13.1**
Tax in respect of other comprehensive income items		**–**	**–**	**(2.4)**	**(2.4)**
Total comprehensive income for the year		**–**	**–**	**14.6**	**14.6**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**0.9**	**0.9**
Dividends	5	**–**	**–**	**(7.6)**	**(7.6)**
Balance at 31 March 2020		**80.0**	**401.4**	**139.1**	**620.5**
Balance at 1 April 2018		80.0	401.4	40.3	521.7
Profit for the year		–	–	109.6	109.6
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	16	–	–	10.1	10.1
Tax in respect of other comprehensive income items		–	–	(1.7)	(1.7)
Total comprehensive income for the year		–	–	118.0	118.0
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	0.8	0.8
Movement on tax arising on share-based compensation		–	–	(0.6)	(0.6)
Own shares purchased by the Employee Share Trust	17	–	–	(3.0)	(3.0)
Dividends	5	–	–	(24.3)	(24.3)
Balance as at 31 March 2019		80.0	401.4	131.2	612.6

Parent company Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020 £m**	2019 £m
Cash flows from operating activities	19	**(13.6)**	11.1
Income tax paid		**–**	(0.8)
Net cash (outflow) inflow from operating activities		**(13.6)**	10.3
Investing activities			
Investment in subsidiary		**(1.2)**	(2.6)
Dividend received		**1.7**	–
Investment in joint venture		**–**	(3.7)
Proceeds from disposal of joint venture		**–**	18.0
Purchase of intangible assets		**(0.2)**	(0.3)
Finance income		**20.3**	18.9
Net cash inflow from investing activities		**20.6**	30.3
Financing activities			
Finance charges and loan fees paid		**(10.4)**	(9.6)
Proceeds from retail bonds		**67.6**	–
Repayment of retail bonds		**(90.2)**	–
Proceeds from bank borrowings		**20.9**	–
Investment in own shares by the Employee Share Trust	17	**–**	(3.0)
Dividends paid	5	**(7.6)**	(24.3)
Net cash outflow from financing activities		**(19.7)**	(36.9)
Net (decrease) increase in cash and cash equivalents		**(12.7)**	3.7
Cash and cash equivalents at the beginning of the year		**15.5**	11.8
Cash and cash equivalents at the end of the year	11	**2.8**	15.5

Notes to the parent company financial statements

1. ACCOUNTING POLICIES – COMPANY

GENERAL INFORMATION

Renewi plc is a public limited company listed on the London Stock Exchange and from 30 January 2020 with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 231. The nature of the Company's principal activity is a head office corporate function.

The financial statements for Renewi plc the Company are presented in Sterling being the functional currency of the entity and are rounded to the nearest £0.1m unless otherwise stated.

BASIS OF PREPARATION

The separate financial statements of the Company are presented in compliance with the requirements for companies whose shares are listed on the London Stock Exchange. They have been prepared on the historical cost basis, except for derivative financial instruments and share-based payments, which are stated at fair value. The policies set out below have been consistently applied. The Company has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2019.

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.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union. There were no new standards, amendments to standards or interpretations not yet effective that would be expected to have a material impact on the Company.

INTANGIBLE ASSETS

Computer software is capitalised on the basis of the costs incurred to purchase and bring the assets into use. These costs are amortised over the estimated useful life ranging from one to five years on a straight-line basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, except for freehold land, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Depreciation is provided to write off the cost of fixtures and fittings (less the expected residual value) on a straight line basis over an expected useful life of up to 10 years.

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Notes to the parent company financial statements continued

1. ACCOUNTING POLICIES – COMPANY CONTINUED

PROVISIONS
Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

EMPLOYEE BENEFITS
Retirement benefits
The Company accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due.

Share-based payments
The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

TAXATION
Current tax
Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax
Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

FOREIGN CURRENCIES
The functional currency of the Company is Sterling. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the period end exchange rates. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

1. ACCOUNTING POLICIES – COMPANY CONTINUED

FINANCIAL INSTRUMENTS

Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment losses. The Company measures impairment losses using the expected credit loss model taking into account objective evidence of impairment as a result of assessing the estimated future cash flows of the financial asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less.

External borrowings

Retail bonds are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Amounts owed to subsidiary undertakings

Amounts owed to subsidiary undertakings are initially recognised at fair value and subsequently held at amortised cost.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Group's exposure to financial risk. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's derivative financial instruments are not designated as hedges and the changes in fair value are recognised in the Income Statement. Details of the fair values of the derivative financial instruments are disclosed in note 5.5 and 5.6 of the Group financial statements.

CALLED UP SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. The share premium account represents any excess of the net proceeds over the nominal value of any shares issued.

DIVIDENDS

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

Notes to the parent company financial statements continued

2. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related note.

Defined benefit pension scheme

The Company operates a defined benefit scheme in the UK for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. Management have concluded that the Group has an unconditional right to a refund of any surplus in the UK defined benefit pension scheme once the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset has not been restricted and no additional liability has been recognised. The International Accounting Standards Board under IFRIC 14 are currently reviewing the recognition of a pension surplus in the financial statements. Dependent upon the final published standard, there is potential that any future defined benefit surplus may not be recognised in the financial statements of the Company and additionally, the deficit valuation methodology may also change. The principal assumptions in connection with the retirement benefit scheme are set out in note 7.2 of the Group financial statements.

Impairment of investments in subsidiary undertakings

Investments in subsidiary undertakings are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is estimated based on projected cash flows which may be long term in nature.

3. EMPLOYEES

Staff costs	2020 £m	2019 £m
Wages and salaries	**3.1**	3.3
Social security costs	**0.3**	0.5
Share-based benefits	**0.9**	0.8
Other pension costs	**–**	0.1
Total staff costs	**4.3**	4.7

The average number of people (including executive directors) employed by the Company was 16 employees (2019: 17).

See pages 108 to 125 of the Directors' Remuneration report for details of the remuneration of executive and non-executive Directors and their interest in shares and options of the Company. Further details on share-based payments are set out in note 7.3 of the Group financial statements.

4. AUDITORS' REMUNERATION

The auditors' remuneration for audit services to the Company was £0.1m (2019: £0.1m) and the fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services for audit related assurance services for the Company were £63,023 (2019: £nil).

5. DIVIDENDS

Dividends recognised and proposed:

	2020 £m	2019 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	**4.0**	16.8
Interim dividend paid for the year ended 31 March 2020 of 0.45 pence per share (2019: 0.95 pence)	**3.6**	7.5
	7.6	24.3
Total dividend per share (pence)	**0.45p**	1.45p

The Directors have not recommended a final dividend for the year ended March 2020 (2019: 0.5p per share) therefore the aggregate amount of the proposed dividend is £nil (2019: expected to be £4.0m).

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6. INTANGIBLE ASSETS

	Computer Software £m
Cost	
At 1 April 2018	1.0
Additions	0.3
At 31 March 2019	1.3
Additions	0.2
Disposals	(1.0)
At 31 March 2020	**0.5**
Accumulated amortisation and impairment	
At 1 April 2018 and at 1 April 2019	1.0
Amortisation charge	0.1
Disposals	(1.0)
At 31 March 2020	**0.1**
Net book value	
At 31 March 2020	**0.4**
At 31 March 2019	0.3
At 31 March 2018	–

7. PROPERTY, PLANT AND EQUIPMENT

	Land £m	Fixtures and fittings £m	Total £m
Cost			
At 1 April 2018, 31 March 2019 and 31 March 2020	**0.1**	**0.2**	**0.3**
Accumulated depreciation and impairment			
At 1 April 2018 and 31 March 2019	–	–	–
Depreciation charge	–	**0.1**	**0.1**
At 31 March 2020	–	**0.1**	**0.1**
Net book value			
At 31 March 2020	**0.1**	**0.1**	**0.2**
At 31 March 2019	0.1	0.2	0.3
At 31 March 2018	0.1	0.2	0.3

Notes to the parent company financial statements continued

8. INVESTMENTS

	Investments in joint ventures £m	Investments in subsidiary undertakings £m
At 1 April 2018	–	376.2
Additions	3.7	65.2
Impairment charge	–	(91.4)
Disposals	(3.7)	–
At 31 March 2019	–	350.0
Additions	–	237.1
Disposals	–	(62.6)
At 31 March 2020	**–**	**524.5**

A restructuring took place during the year which included the Company disposing of its 50% holding of Renewi Europe BV of £62.6m in exchange for a £62.6m investment in Renewi Holdings Limited. In addition the Company released £173.3m of debt with Renewi Holdings Limited in exchange for additional shares in the entity. In addition there was a further investment of £1.2m in an existing subsidiary.

In the prior year the Group undertook a restructuring of subsidiaries which included receipt of a dividend in specie of £62.6m from Shanks European Investments 2 Coop WA now liquidated being the distribution of 50% of the shares in Renewi Europe BV. Following this restructuring the investment in Shanks European Investments 2 Coop WA of £56.4m was fully impaired. An additional impairment of £35.0m related to the investment in Renewi UK Services Limited as a result of the difficult trading conditions being encountered in the UK Municipal division. This investment was subsequently sold to Renewi Holdings Ltd for £1 on 29 March 2019.

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of £524.5m (2019: £350.0m). This assessment is based on the value in use calculated with reference to the discounted cash flow forecasts for each of the reporting segments of the Group as set out in note 4.1 of the Group financial statements. The Group performs sensitivity analysis of the impairment testing by considering reasonably possible changes in the key assumptions used. The results of sensitivities performed demonstrated significant headroom and it is concluded that no reasonably possible change to the assumptions would result in an impairment charge.

9. TRADE AND OTHER RECEIVABLES

	2020 £m	2019 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**263.5**	258.1
Current assets		
Amounts owed by subsidiary undertakings	**1.5**	186.3
Other receivables	**0.1**	0.3
Prepayments	**0.1**	1.2
	1.7	187.8

During the year an expected credit loss allowance of £2.2m (2019: £45.7m) was charged to the Income Statement in relation to loans owed by subsidiary undertakings in the UK Municipal division. The prior year charge also included an allowance in relation to the Derby PFI contract as explained in note 3.3 of the Group financial statements. The Directors do not consider there to be a risk of default in relation to the remaining receivables.

Interest on amounts owed by subsidiary undertakings is received at rates of between 0% and 14% (2019: 0% and 14%), the balances are unsecured and repayable either on demand or in accordance with the loan agreements with a final repayment date of 30 September 2039.

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9. TRADE AND OTHER RECEIVABLES CONTINUED

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2020 £m	2019 £m
Sterling	**14.9**	157.7
Euro	**250.3**	258.0
Canadian Dollar	**–**	30.2
	265.2	445.9

10. DEFERRED TAX ASSET

Deferred tax is provided in full on temporary differences under the liability method using the applicable tax rate.

	Retirement benefit scheme £m	Tax losses £m	Derivative financial instruments £m	Other timing differences £m	Total £m
At 1 April 2018	2.4	6.4	(0.1)	0.7	9.4
(Charge) credit to Income Statement	(0.2)	(0.9)	0.2	0.1	(0.8)
Charge to equity	(1.7)	–	–	(0.5)	(2.2)
At 31 March 2019	0.5	5.5	0.1	0.3	6.4
Charge to Income Statement	(0.8)	(0.3)	(0.1)	–	(1.2)
Charge to equity	(2.4)	–	–	–	(2.4)
At 31 March 2020	**(2.7)**	**5.2**	**–**	**0.3**	**2.8**

The majority of the £2.8m (2019: £6.4m) deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2020, the Company has unused tax losses (tax effect) of £5.2m (2019: £5.5m) available for offset against future profits. A deferred tax asset has been recognised in respect of £5.2m (2019: £5.5m) 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 £2.8m (2019: £15.5m) was denominated in the following currencies:

	2020 £m	2019 £m
Sterling	**2.5**	15.3
Euro	**0.1**	0.1
Canadian Dollar	**0.2**	0.1
	2.8	15.5

Notes to the parent company financial statements continued

12. BORROWINGS

	2020 £m	2019 £m
Non-current borrowings		
Retail bonds	**154.1**	85.8
Bank loans – revolving credit facility	**21.2**	–
	175.3	85.8
Current borrowings		
Retail bonds	**–**	86.1

At 31 March 2020 the Group had two issues of green retail bonds. The green retail bonds maturing June 2022 of £88.2m (€100m) (2019: £85.8m (€100m)) have an annual gross coupon of 3.65% and the green retail bonds issued on 19 July 2019 maturing July 2024 of £65.9m (€75.0m) have an annual gross coupon of 3.00%. The retail bonds of £85.8m (€100m) with a coupon of 4.23% and a maturity date of July 2019 were fully repaid in the year.

The bank borrowings relate to the Group's Euro denominated multicurrency green finance facility of €520m (2019: €575m), details are set out in note 5.3 of the Group financial statements.

The non-current borrowings of £175.3m (2019: £85.8) are due to be repaid between two and five years.

The carrying amounts of borrowings are denominated in Euros.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company held forward foreign exchange contracts with a current liability of £0.1m (2019: £0.5m) and a notional value of £2.9m (2019: £11.3m).

14. TRADE AND OTHER PAYABLES

	2020 £m	2019 £m
Trade payables	**0.5**	0.3
Other tax and social security payable	**0.3**	0.2
Accruals and other payables	**7.5**	8.8
Amounts owed to Group undertakings	**1.5**	18.1
	9.8	27.4

Interest on amounts owed to Group undertakings is 0% (2019: 0% to 2.64%) and these balances are unsecured and repayable upon demand.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2020 £m	2019 £m
Sterling	**5.3**	21.7
Euro	**4.5**	5.7
	9.8	27.4

15. PROVISIONS

	£m
At 1 April 2019	2.4
Additions	1.8
Utilised in the year	(0.2)
At 31 March 2020	**4.0**

Provisions principally include warranties, whereby under the terms of the agreements for the disposal of certain businesses, the Company has given warranties to the purchasers which may give rise to payments. The Company has the liability until the end of the contractual terms in the agreements.

16. RETIREMENT BENEFIT SCHEME

The Renewi plc defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants. The defined benefit plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2021 are £3.0m. See note 7.2 of the Group financial statements for further details.

From 1 December 2019 the scheme was closed for future benefit accrual following a formal consultation. A bulk pension increase exchange exercise was carried out on 10 October 2019 to members currently in receipt of a pension payment of which 37% accepted the offer and an at-retirement pension increase exchange was also introduced at 31 March 2020. The impact of these changes has led to a reduction in the pension scheme liability and has been reflected as a past service credit of £1.2m. In the year ended 31 March 2019 a past service cost of £1.7m was charged to the Income Statements as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation.

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 2018	800,133,252	80.0	401.4
Issued under share option schemes	8,284	–	–
At 31 March 2019 and at 31 March 2020	**800,141,536**	**80.0**	**401.4**

During the prior year 8,284 ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £5,400.

Renewi plc Employee Share Trust

The Renewi plc Employee Share Trust owns 4,834,692 (0.6%) (2019: 5,529,850 (0.7%)) of the issued share capital of the Company in trust for the benefit of employees of the Group. The Trust waives its dividend entitlement. Retained earnings include ordinary shares held by the Trust to satisfy future share awards which are recorded at cost. During the year 695,158 (2019: 865,878) shares were transferred to individuals under the LTIP and DAB schemes and during the prior year 5,087,076 shares were purchased by the Trust at a cost of £3.0m.

18. FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	**2020 £m**	2019 £m
Financial assets			
Trade and other receivables excluding prepayments	9	**265.1**	444.7
Cash and cash equivalents	11	**2.8**	15.5
		267.9	460.2
Financial liabilities			
Retail bonds	12	**154.1**	171.9
Bank loans – revolving credit facility	12	**21.2**	–
Trade and other payables excluding non-financial liabilities	14	**9.5**	27.2
Forward foreign exchange contracts	13	**0.1**	0.5
		184.9	199.6

The fair value of financial assets and financial liabilities is not materially different to their carrying value except for the retail bonds which have a fair value of £154.5m (2019: £175.4m).

Notes to the parent company financial statements continued

18. FINANCIAL INSTRUMENTS CONTINUED

The following table analyses the Company's financial liabilities including derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Company is obliged to pay.

	Within one year £m	Between one and five years £m	Over five years £m
At 31 March 2020			
Retail bonds	**5.2**	**169.2**	**–**
Bank loans	**0.5**	**23.5**	**–**
Forward contacts – sell	**2.9**	**–**	**–**
Forward contracts – buy	**(2.8)**	**–**	**–**
Trade and other payables	**9.5**	**–**	**–**
	15.3	**192.7**	**–**
At 31 March 2019			
Retail bonds	93.0	95.6	–
Forward contacts – sell	11.3	–	–
Forward contracts – buy	(10.7)	–	–
Trade and other payables	27.2	–	–
	120.8	95.6	–

19. NOTES TO THE STATEMENT OF CASH FLOWS

	2020 £m	2019 £m
Profit before tax	**5.1**	110.5
Fair value (gain) loss on financial instruments	**(0.4)**	1.0
Finance income	**(20.3)**	(21.6)
Finance charges	**8.7**	9.2
Operating (loss) profit	**(6.9)**	99.1
Amortisation of intangible assets	**0.1**	–
Depreciation of property, plant and equipment	**0.1**	–
Dividend in specie	**(11.2)**	(62.6)
Dividend income	**(1.7)**	–
Exceptional provision against investments in subsidiaries	**–**	91.4
Exceptional gain on sale of joint venture	**–**	(12.3)
Exceptional past service (credit) cost in relation to the defined benefit pension scheme	**(1.2)**	1.7
Exceptional write-off of intercompany receivable	**15.3**	–
Exceptional provision against intercompany receivables	**2.2**	–
Exceptional intercompany debt waiver	**173.3**	–
Non-cash investment in subsidiary as settled via intercompany	**(173.3)**	–
Net increase (decrease) in provisions	**1.6**	(0.2)
Payment related to committed funding of the defined benefit pension scheme	**(3.1)**	(3.1)
Share-based compensation	**0.9**	0.8
Exchange (loss) gain	**(4.5)**	0.9
Operating cash flows before movement in working capital	**(8.4)**	115.7
Decrease in receivables	**0.5**	17.5
Decrease in payables	**(5.7)**	(122.1)
Cash flows from operating activities	**(13.6)**	11.1

20. CONTINGENT LIABILITIES

In addition to the contingent liabilities as referred to in note 8.4 of the Group financial statements, the Company has given guarantees in respect of the Group's subsidiary undertakings' borrowing facilities totalling £432.3m (2019: £366.4m). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £0.7m (2019: £1.8m).

21. RELATED PARTY TRANSACTIONS

A list of the Company's subsidiaries is set out in note 8.1 of the Group financial statements. Transactions with subsidiaries relate to interest on intercompany loans, management charges and dividends. Net interest income was £20.3m (2019: £20.8m), management charges were £4.7m (2019: £5.2m) and dividends received were £12.9m (2019: £231.5m). Total outstanding balances are listed in notes 9 and 14.

22. EVENTS AFTER THE BALANCE SHEET DATE

On 28 May 2020 the Company agreed amendments to the leverage and interest covenants in its Euro denominated multicurrency green finance facility.

We support renewable energy to turn the tide on climate change.

One of the six UN Sustainable Development Goals we're aligned with advocates clean energy, and so do we: we're investing in wind turbines; our on-site solar panels result in 450 tonnes of carbon emissions avoidance every year; and our Organics business generates green energy from biogas to power 15,000 households in Amsterdam.

4/ MORE INFORMATION

Shareholder information

	Holders	%	Shares held	%
Private shareholders	1,674	74.0	9,107,903	1.1
Corporate shareholders	588	26.0	791,033,633	98.9
Total	**2,262**	**100.0**	**800,141,536**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1 - 5,000	1,422	62.9	2,526,841	0.3
5,001 - 25,000	486	21.5	5,375,849	0.7
25,001 - 50,000	83	3.7	2,838,427	0.4
50,001 - 100,000	48	2.1	3,484,614	0.5
100,001 - 250,000	50	2.2	8,036,399	1.0
250,001 - 500,000	43	1.9	14,705,534	1.8
500,000+	130	5.7	763,173,872	95.3
Total	**2,262**	**100.0**	**800,141,536**	**100.0**

REGISTRAR SERVICES

Administrative enquiries concerning shareholdings in the Company should be made to the Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Computershare can also be contacted by telephone on +44 (0)370 707 1290. Shareholders can also manage their holding online by registering at investorcentre.co.uk.

WEBSITE

Shareholders are encouraged to visit our website, which has a wealth of information about Renewi.

There is a section on our website designed specifically for investors. It includes detailed coverage of the Renewi share price, annual results, performance charts, financial news and investor relations videos. This Annual Report can also be viewed on our website, together with may other reports, by going to renewiplc.com.

DIVIDENDS

Shareholders are strongly encouraged to receive their cash dividends by direct transfer as this ensures dividends are credited promptly and efficiently. Shareholders who do not currently have their dividends paid directly to a bank or building society account, and who wish to do so, should complete a mandate form obtainable from Computershare. Overseas shareholders wishing to receive their dividend payment in local currency can now do so using Computershare's Global Payments Service.

FINANCIAL CALENDAR

16 July 2020	Annual General Meeting
November 2020	Announcement of interim results and dividend
31 March 2021	2021 financial year end
May 2021	Announcement of 2021 results and dividend recommendation

For updates to the calendar during the year, please visit the Company website: renewiplc.com.

SHAREGIFT

If shareholders have only a small number of shares, the value of which makes it uneconomical to sell, they may wish to consider donating them to the charity ShareGift (UK registered charity no. 1052686).

Further information may be obtained from its website at sharegift.org or by calling +44 (0)20 7930 3737.

ELECTRONIC SHAREHOLDER COMMUNICATION

Shareholders may elect to receive future shareholder documents and information by email or via the Company's website. This is intended to help the environment by reducing paper and transport as well as enabling the Company to save on administration, printing and postage costs. Please contact the Company Registrar for details.

SHARE FRAUD WARNING

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

HOW TO AVOID FRAUD

Firms authorised by the Financial Conduct Authority (FCA) in the UK will rarely contact you out of the blue with an offer to buy or sell your shares. If you feel that the person contacting you is not legitimate, note their name and the firm they work for; you can check the Financial Services Register at fca.org.uk to see if the person and firm is authorised by the FCA. If the firm does not have contact details on the register or they are out of date, call the FCA on 0800 111 6768 (from the UK) or +44 20 7066 1000 (from abroad). You can search the list of unauthorised firms to avoid at fca.org.uk/scams. If you buy or sell shares from an unauthorised firm, you will not have access to the Financial Ombudsman or Financial Services Compensation Scheme. You should always consider getting independent financial advice before any transaction.

REPORT A SCAM

If you are approached by a fraudster, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline. If you have already paid money to share fraudsters, you should contact Action Fraud on +44 (0)300 123 2040.

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KBC Bank N.V.
BNP Paribas Fortis S.A./N.V.
HSBC Bank plc

Financial Advisers
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Corporate Brokers
Investec
Peel Hunt

Solicitors
Ashurst LLP
Dickson Minto W.S.

Remuneration Committee Advisers
FIT Remuneration Consultants LLP

PR Advisers
FTI Consulting

Glossary

AD	Anaerobic digestion
AEB	One of the largest incinerators in the Netherlands
AP4Terra	ATM's waste treatment plant that transitions thermally treated soil (TGG) into gravel, sand and filler
ATM	Afvalstoffen Terminal Moerdijk, a brand in our Mineralz & Water Division
BDR	Barnsley, Doncaster and Rotherham
BENELUX	The economic union of Belgium, the Netherlands and Luxembourg
Bio-LNG	Bio-liquefied natural gas
C&D	Construction and demolition
CER	Constant exchange rate
CFS	A brand in our Hazardous Waste Division
CHP	Combined heat and power
CI	Continuous improvement
CLA	Collective labour agreement
CORE NET DEBT	Borrowings less cash from core facilities excluding PPP non-recourse debt and lease liabilities as a result of IFRS 16
DAB	Deferred annual bonus
DAF	Truck manufacturer
DCMR	Shared environmental service of the province of Zuid-Holland and 14 municipalities in the Netherlands
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ELWA	East London Waste Authority
EPS	Earnings per share
ESG	Environmental, social and governance
FCA	Financial Conduct Authority
FORZ®	Brand name for a breakthrough product line at Mineralz
FTE	Full-time equivalent
HIPS	High-impact polystyrene
HWRCs	Household waste recycling centres
I&C	Industrial and commercial
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IL&T	Human Environment and Transport Inspectorate
KPI	Key performance indicator
LLP	Limited liability partnerships
LTIP	Long-term incentive plan
M&A	Mergers and acquisitions
MBT	Mechanical biological treatment
NOx	Gases (nitric oxide and nitrogen dioxide) produced when fuel is burned
PFAS	Poly- and perfluoroalkyl substances
PFI	Private finance initiative
PMC	Purified Metal Company
PPP	Public private partnership*
RDF	Refuse-derived fuel
ROA	Return on operating assets
ROCE	Return on capital employed
SDG	The UN Sustainable Development Goals
SHEQ	Safety, health, environment and quality
SPV	Special purpose vehicle
SRF	Solid recovered fuel
SSC	Shared service centre
TAG	Tar and asphalt granulate
TGG	Thermally treated soil
TSR	Total shareholder return
VGG	Van Gansewinkel Groep B.V.
ZEV	Zero-emission vehicle

*PPP refers to a public private partnership project in the UK between (1) one or more local authorities and (2) a special purpose vehicle owned either solely by Renewi or together with joint venture partners and financed with project finance debt, under which Renewi, as operator, performs some of the waste management functions of the relevant local authorities. These include, where appropriate, those projects that also benefit from central government private finance initiative (PFI) credits.

Notes

Notes

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