

**Registered number: 03475737**

## **SUEZ Recycling and Recovery Holdings UK Ltd**

**Annual report and financial statements**

**For the year ended 31 December 2021**



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**SUEZ Recycling and Recovery Holdings UK Ltd**

**Company Information**

<b>Directors</b>	J Scanlon C Thorn
<b>Company secretary</b>	M H Thompson
<b>Registered number</b>	03475737
<b>Registered office</b>	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
<b>Independent auditor</b>	Mazars LLP 90 Victoria Street Bristol BS1 6DP

## **SUEZ Recycling and Recovery Holdings UK Ltd**

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## SUEZ Recycling and Recovery Holdings UK Ltd

### Group strategic report (continued) for the year ended 31 December 2021

### Group strategic report for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

#### Business review

The Group's key financial and other performance indicators for the year are as follows:

	2021	2020	
	£000	£000	Change
Revenue	908,897	789,163	15.9%
Gross profit	157,263	132,951	36.8%
Operating profit	53,807	25,764	45.3%
Profit/(loss) after tax	28,122	(10,698)	363%
Total Equity	422,204	365,560	9.6%
Current assets as % of current liabilities	150%	138%	
Average headcount	5,751	5,665	

The SUEZ Recycling and Recovery Holdings UK Limited Group (The Group) performed strongly in 2021, generating profit after tax of £28,122,000 and net cash inflows of £26,380,000.

A number of factors across various lines of business contributed to this success:

- The Group's industrial and collections business bounced back from the impacts of the COVID-19 pandemic in 2020. Revenue increased by £8m and operating profit rose by £3.8m during 2021.
- The Recycling lines of business also saw improved revenue and profitability, driven largely by market driven increases in recycle prices.
- The Group's energy from waste business continues to perform well – processing 2.3m tonnes and generating nearly 1.4m gigawatt hours of electricity in 2021.

The Group's contract to manage waste for the Greater Manchester Waste Authority saw improved returns in 2021, particularly following the successful installation of a turbine at the Raikes Lane Energy from Waste plant during the year. 2021 was also the first full year of operation of the Somerset municipal collection contract with new service packages continuing to be rolled out across the region and efficiencies and improvements being sought in the delivery of the service.

The Group faced a number of challenges within the year, such as the national driver shortage and increased fuel and consumables prices. The situation regarding drivers has since stabilised, though fuel and consumables prices have continued to increase in 2021 – reflecting the macro-economic conditions.

Construction of the Surrey Eco-Park was substantially completed in 2021 with contractual performance tests on the Anaerobic Digestion facility being independently certified during 2021, and those on the gasifier facility being independently certified in March 2022. The Group and Surrey County Council disagree as to when the Eco Park facilities reached "Acceptance" and thus the Group is entitled to an increased contractual revenue. The Group is seeking to resolve the matter in line with the contract's dispute resolution provisions. The Group has taken a prudent approach and made an impairment to the concession debtor in relation to this contract in 2021 for £11,530,000 (see note 3 for more detail).

On 18th January 2022, the global purchase of 100% share capital of SUEZ by Veolia was completed. However, the enquiry into the impact of this transaction on competition within the UK waste industry by the Competitions and Markets Authority (CMA) means that the Group and Veolia are subject to a "hold separate" order. This order means that Veolia and SUEZ within the UK must refrain from any integration, must operate as separate businesses and that commercially sensitive information must not flow between SUEZ and Veolia. It also requires Veolia to maintain the SUEZ business in the UK as a going concern. On the 25th August 2022, the CMA concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. On 23rd September 2022, Veolia announced its intention to sell SUEZ Recycling and Recovery activities in the UK to new SUEZ (see note 35), subject to CMA approval. This transaction is expected to complete in late 2022.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

#### **Principal risks and uncertainties**

The SUEZ Recycling and Recovery (R&R) UK Group (the Group) has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

##### *Operational risks*

The Group's operations involve some major public sector contracts, ranging from periods of 6 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the Group the preferred employer in the waste management sector through its employment policies.

##### *Competitive risks*

Part of the Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

##### *Legislative risks*

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

##### *Health and safety risks*

The Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its health and safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

##### *Financial instrument risks*

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

##### *Use of derivatives*

On certain major contracts, Group associate companies use interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

##### *Exposure to price, credit, liquidity and cash flow risk*

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the SUEZ Group.

The Group has entered into fixed rate swap agreements and forward exchange contracts to avoid volatility in interest charges on its loans and volatility of exchange rate movement on payments made in foreign currencies. The Group has applied hedge accounting requirements to account for the derivative swap agreements and the associated loans; their relationships being accounted for as cash flow hedges – see note 25 to the accounts.

### **Matters covered in the Directors' report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the strategic report have been omitted as they are included in the directors' report. These matters relate to information concerning environment matters.

### **COVID-19**

The Board continued to closely monitor developments of the COVID-19 pandemic, managed through a Gold and Silver cell structure, implementing and improving the Business Continuity Plans for all sites and offices to ensure that they were COVID-19 secure, including the distribution of required Personal Protective Equipment (PPE) to ensure business continuity and the health and safety of all employees. These groups worked within the advice from The Group and Public Health England, having daily calls to determine any actions needed.

#### **Operational update:**

The year has seen the business face a number of challenges from the evolving COVID-19 pandemic, including, HGV driver shortages and fuel supply issues, particularly the hospitality sector, with service requirements changing throughout the year. Despite this, the municipal crews successfully managed higher tonnages and navigated the access issues created by the shift to more residents working from home.

This in turn affected our team in the customer hub who saw a large increase in calls from customers. The introduction of our new, Customer Relationship Management (CRM) system, and a new call centre system, is improving our customers' experience, with the hub team able to resolve more queries at first contact with the customer.

Against the pandemic backdrop, we started our retained contracts in Kensington and Chelsea, introduced new services and rolled out food waste collections in Bracknell and new contracts in Monmouthshire Household Waste Recycling Centre (HWRC) and South London Waste Partnership Street Sweepings. Our account managers and sales teams worked hard to retain 91.2% of our customers and win new contracts including Dry Mixed Recycling (DMR) contracts in Aberdeenshire, Highlands, Solihull and Blackburn and Darwen, amongst others.

One of our contract managers gave an interview on local BBC Radio to help highlight the impact of verbal and physical abuse on our crews and other frontline workers.

The Directors are proud of our teams who pulled together throughout the year to weather the various storms and maintaining essential services for our customers.

### **Ukraine Conflict**

The Directors have considered the impact of the war in Ukraine on The Group in the UK. The Group is not directly reliant on Ukrainian or Russian suppliers or customers and as such The Group's exposure is mainly due to macroeconomic factors. Whilst inflationary pressure is being seen on labour, fuel and raw materials costs, The Group has some protection due to many of its contracts with public bodies also being index linked. The Group has no variable rate debt and as such is not exposed to any increased interest costs should interest rates rise further.

The Group has made a donation to the Disasters Emergency Committee fundraising programme in response to the Ukraine crisis, and has enabled employees to do likewise through payroll giving. Many of our sites have collection points for clothing and other practical items which have been donated by members of the public. The Group also continues its Wellbeing programme to support employees who have been affected by the crisis.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

#### **Section 172 statement**

The Directors are aware of their duty under section 172 of the Companies Act 2006 (as amended) (the Act) to act in a way which they consider good faith and would be most likely to promote the success of the Company for the benefit of the shareholders as a whole. The Board approaches its decision making having regard to the matters set out in section 172(1) (a) – (f) of the Act, ensuring wider stakeholder engagement, as set out in the below examples.

#### ***S172(1)(a) The likely consequences of any decision in the long term***

During the year, the Directors, in consultation with the senior management of the Company, developed and approved business plans and targets for the current and proceeding financial years. Following which, the Directors closely monitored the Company's implementation throughout the year.

In developing such business plans and targets, the Directors, in addition to considering the views of stakeholders and the wider SUEZ Recycling and Recovery UK Group ('The Group') objectives, also considered other factors such as economic, political and ongoing challenges within the waste management sector to ensure both financial and operating strategy are set at sustaining levels in achieving the long term success of the Company.

The focus of the Board has been the SUEZ/Veolia merger and the triple bottom line (people, planet and profit) to drive The Group towards achieving its goals alongside its commitment to improve in each of the following eight Critical Success Factors (CSFs):

- Safety;
- Sustainable environment;
- Social value;
- Digitisation and data accuracy;
- Customer loyalty;
- Profitable business;
- Continuous improvement;
- Engaged and empowered people.

CSFs are the lens through which the Company judges how well the Company is meeting its goals and targets and provides an indication of how, and where, to prioritise future focus areas, particularly with regards to the SUEZ/Veolia merger.

The lean process is critical to improving our customer and employee value and it is the method of continuous improvement towards excellence through the alignment of the voice of customers, businesses, and shareholders. It is instrumental in developing our culture towards a lean and systems thinking approach. Periodic reviews are carried out and the Company will continue to focus on analysing processes and organising workplaces to improve efficiency at an operational and local department level.

The Directors of the Company delegated certain duties and responsibilities to various committees, and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

In addition to the above the following were part of a list of strategic priorities identified by the Directors and senior management throughout 2021 including:

- Development of The SUEZ Way and The SUEZ Way management system;
- Development and roll out of The SUEZ Way Leadership Programme;
- Supporting SUEZ Performance and Operations Transformation (SPOT) 2023, The Group's transformation performance plan focused on how to work together as efficiently and effectively as possible for the benefit of our customers and shareholders;
- Delivery and implementation of The Group's Six Golden Rules;
- Supporting sites with preparation for Lean maturity reviews;
- Maintaining the SUEZ Business System (SBS) audits;
- Delivery of the lean academy training programme.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

#### ***S172(1)(b) The interests of the Company's employees***

The Directors of the Company and senior management engage with, and take into account, the views of employees in making decisions which are likely to affect their interests through a number of initiatives including:

- Group-wide employee surveys as well as other ad-hoc surveys on employee experience and workplace related matters. In November 2021 a climate survey covering health, safety and wellbeing was carried out to determine how behaviours, values, tools, resources and the vision within the organisation is perceived by all employees;
- The SUEZ UK Works Council (SWC) established a forum for dialogue between people leaders and employees who through their representatives are informed and consulted on key business issues that are likely to have a substantial impact on their working environment as well as making recommendations to improve employee experience and well-being. With regards to the SUEZ/Veolia merger, consultation with the European Works Council (EWC) started on 6 May 2021. The EWC is the European equivalent of our SWC upon which two of our SWC representatives also sit. This is an important process where more information around the specific details of the transaction was discussed and consulted upon. Similarly, in the UK we followed the procedures laid down within the SWC constitution and consulting on the process with the UK works council;
- Regular employee communications including newsletters and business updates;
- The SUEZ Way Leadership programme for senior management was launched in 2021, developed by the Transformation and Learning and Development teams, with the aim to develop our managers' lean leadership capabilities so we have consistent working practices throughout the Company. The course consists of two modules – a foundation module that will provide a refresher on leadership best practice, followed by a module that blends this learning with advanced lean leadership;
- Supporting a growing number of active employee-led networks on matters including diversity and inclusion, gender equality, LGBT+ and religious and cultural understanding;
- Supporting a number of group-wide and local health and wellness initiatives which includes encouraging employees to volunteer, focus on physical or emotional health, or spend time on personal and/or career development; and
- The group-wide Inclusion and Diversity Council is made up of team members from across The Group's business and functions who create and review detailed plans to ensure accountability and achievement of diversity goals across The Group.

#### ***S172(1)(c) The need to foster the Company's business relationships with suppliers, customers and others***

The Directors oversaw a broad program of stakeholder engagement by the Company in ensuring good corporate citizenship as well as bilateral and multilateral dialogue with key stakeholders throughout the year as follows:

- The Directors and senior management regularly engaged and consulted with the Company's customers, suppliers and partners in a variety of forums and through everyday operations to obtain feedback, build closer relationships and resolve day-to-day business matters. The Company employed various customer experience insight tools and obtained customer satisfaction and other related data through customer surveys. The insight tools enabled us to identify customer needs and build customer value propositions and services tailored to meet these. Understanding performance of our Customer Standards from customers' perspective, gives key insights to direct continuous improvement activities through transformation projects or/and small incremental changes. The insight supports our efforts to make it easy for our customers to deal with us – one of the fundamental customer needs and supports our continuous service improvement and relationships deepening efforts.;
- The Company participated in a number of customer and industry events at a local and group-wide level including presenting at the 26th United Nations Climate Change Conference of the Parties (COP26) live event in Glasgow focusing on the resources sector and its involvement in the decarbonisation objectives set out by COP and hosting a site visit and tour of our engineering facilities at Packington Landfill near Birmingham by the Worcestershire branch of the Institute of Mechanical Engineers (IMechE);
- Government and industry engagement is regularly undertaken including through membership of recognised organisations such as the Environmental Services Association (ESA), Chartered Institution of Wastes Management (CIWM), and local authority trade bodies such as the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Local Government Organisation (LGA), The Local Authority Recycling Advisory Committee (LARAC), Confederation of British Industry and Let's Recycle; and
- The Company's Compensation and Benefits functions regularly engaged with, and where appropriate consulted, the trustees of the Company's pension schemes, updating and consulting the Board, as appropriate on key matters and decisions.



## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

#### ***S172(1)(d) The impact of the Company's operations on the community and the environment***

The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it 'Giving Something Back'. The programme aims to encourage everyone in the Company to get involved with local causes and support national charities.

Engagement normally takes place locally through our local offices and sites, with many individuals from our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both. The Science, Technology, Engineering and Mathematics (STEM) programme helps to improve the learning and career prospects of local people at the same time as enhancing our reputation and helping to develop our people, our education programmes, community consultation and involvement through various community Trusts. In 2021 we supported the annual one day schools STEM event at the 'Festival of Innovation' in Malvern Worcestershire at which a STEM Ambassador staffed an Institute of Mechanical Engineers' stand and, although attendance was down from over 800 students to 240, this face-to-face event was positively received.

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency. More details of how the Company promotes its purpose of protecting our environment by putting waste to good use is set out in the Environmental matters section of the Directors' report (page 12).

Using the Social Profit Calculator tool, The Group can now understand and demonstrate the social value created at the level of a local community or individual project, as well as Company-wide. We know the social value commitments we make to our clients and this is guiding decision-making across the business. Our four values are:

- Having passion for the environment by contributing to preserving and restoring the planet's natural capital,
- Putting the customer first by being accountable and open-minded developing a partnership culture to provide the best solutions for our customers and clients,
- Respect by caring for the safety and wellbeing of everyone, acting ethically and with integrity and respecting diversity of skills, personalities and background, and
- Team spirit by learning from and trusting others.

The Group agreed a renewable electricity self-supply deal, which enables SUEZ to power UK operations with 100% own-generated renewable electricity. Thereby reducing the businesses impact on the environment when compared with non-renewable sources.

As a net exporter of energy with over 300 sites in the UK, many of which generate renewable electricity. The renewable electricity generated by us is a combination of energy generated from energy-from-waste facilities (Efw) and landfill gas sites. In the UK, approximately 10% of the renewable electricity generated is supplied directly back to the business through the self-supply deal.

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable.

SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. As the deal is REGO certified, the electricity is guaranteed as 100% renewable. Under Sustainable Environment we celebrated biodiversity improvements across the business including:

- The team from our road sweeping facility in Walsall demonstrated The Group's commitment to sustainability and social value by helping a local infant school go green by donating upcycled planters, bird boxes, bug hotels and water bottles;
- Significantly reduced fly-tipping around the river water pumping station in Bolton where we supply power to the Council's CCTV system;
- Flora and fauna around the various sites including Tees Valley and Maidenhead are developing nicely;
- Five beehives installed at Seghill in collaboration with a local beekeeping society have already started producing honey and the enhancement of our biodiversity programme.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Group strategic report (continued) for the year ended 31 December 2021**

We also launched our Sustainable Environment Activity Tracker (SEAT) app which makes it easier for our employees to capture and communicate all the positive social and environmental actions we undertake. The data from the app is used to identify and promote good ideas and practices across the business and for our sustainability report and social profit calculations to ensure we are calculating our future social profit based on all of our activities. At the end of 2021 there were 2578 completed events recorded in the SEAT. We began recruiting for our Sustainability Champions as well as continuing our charity endeavours raising £165,789 for our corporate charity partner, Macmillan Cancer Support! Throughout the year, the Directors and management of the Company actively encouraged the Company's employees to participate in a number of activities including:

- The Group allows employees of the Company to donate their time and talent to their local community;
- The Company and its workforce participated in group-wide Global Day initiative through a number of UK sponsored events which helped various charitable causes and local communities; and
- Throughout the year, despite the pandemic, our employees found ways to improve our environment and support our local communities from litter picks and creating habitats for wildlife, to supporting local charities and projects with schools.

The Group is committed to providing services that are environmentally safe throughout their lifecycles and conduct operations in an environmentally responsible and sustainable manner.

Accordingly, the Company participates in a number of group-wide initiatives on environmental responsibility and sustainability, further details of which can be found in our sustainability report for 2021 which went live in October 2021 and is available to download from our website [www.suez.co.uk](http://www.suez.co.uk).

#### ***SI72(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct***

The Group has group-wide policies as well as mandatory annual Ethics training which apply to the Company's entire workforce and govern business practices and provides guidance for ethical decision making. These groupwide policies govern conduct with the Company's customers, suppliers, partners as well as matters relating to anti-corruption, conflicts of interest, amenities, workplace harassment and supply chain responsibility amongst many other key matters. The Group has a separately designated Audit team and function which continuously throughout the year, on a weekly basis, conducts internal compliance audits of The Group's business operations and functions including those of the Company.

Every person in their day-to-day behaviour, in the way they perform their roles and responsibilities and in their business dealings with others, must apply The Group's values and ethics principles, which are:

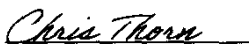
- Acting in accordance with laws and regulations;
- Establishing a culture of integrity;
- Behaving fairly and honestly;
- Respecting others.

Each person should seek to use good sense and judgment in his/her actions, which is why it is normal and natural to discuss the ethical questions and dilemmas inherent in any professional activity with colleagues and line managers. Identifying ethical conduct and avoiding mistakes are processes that contribute to the pursuit of excellence. Ethical behaviour requires both personal and team commitment.

#### ***SI72(1)(f) The need to act fairly as between members of the Company***

For the year under review, we have been a wholly owned subsidiary within The Group. With the Chief Executive Office and the Finance Director also sitting on our Board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the Parent Company Board.

This report was approved by the board on 30 September 2022 and signed on its behalf.



**C Thorn  
Director**

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Directors' report for the year ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS"). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activities**

The principal activity of the SUEZ Recycling and Recovery Holdings UK Ltd Group ("Group") is waste management, including the provision of municipal services, industrial and commercial waste collections, landfill, recycling waste and the operation of energy-from-waste facilities. The Group forms the United Kingdom waste management business of the SUEZ Group.

#### **Results and dividends**

The group profit for the year amounted to £28,122,000 (2020: Loss £10,698,000).

No dividend has been declared for the year ended 31 December 2021 (2020: £Nil).

#### **Directors**

The directors who served during the year and to the date of this report were:

F Duval (Resigned 31 October 2021)  
D Palmer-Jones (Resigned 31 March 2022)  
J Scanlon  
C Thorn

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Directors' report for the year ended 31 December 2021**

#### **Going concern**

The SUEZ UK R&R Group, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Following the change in ownership post year end (note 35), the Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. *Therefore no sensitivity analysis has been performed.*

On 25th August 2022 the UK Competition and Markets Authority (CMA) ordered Veolia to sell its interests in SUEZ Recycling and Recovery activities in the UK. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, the Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held are expected to be taken on by the new owner with no changes in terms or conditions.

Having made enquiries the directors have a reasonable expectation that the Company and The Group have adequate resources to continue in operational existence for the foreseeable, both during the period in which Veolia retain ownership and once the change of ownership is completed. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Directors' indemnity**

The Company has granted indemnity to one or more of its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

#### **Future developments**

The Group will continue to seek to grow through new contracts, both for industrial and commercial and public customers.

#### **Engagement with employees**

The Group communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, usually held at various local locations around the country, was delivered online this year due to COVID-19 with over 1200 employees attending, provides a briefing on The Group's performance, gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board engaged directly with employees throughout 2021 via emails, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Directors' report for the year ended 31 December 2021**

The Board considers the results of all employee engagement as a good barometer of the workforce's confidence in The Group's strategic direction, optimism in the future and career opportunities. An overview of the cultural survey results will be published in a future edition of the H&S/Wellbeing Newsletter and the objectives will form part of future improvement plans.

In May 2021 a new step in The Group's health and safety training program was introduced to focus further on 'Situational Awareness'. This training targets the reduction of injuries experienced within waste collections and other areas of our business. This is an important step as some of the potentially serious incidents that happen could have been avoided if people had a better appreciation for what had been going on around them at the time. Through continued focus on incident prevention we have seen a slight reduction in our accident frequency rate of 1% within 2021. This rate has seen a continual decrease year on year since 2014, with a 48% decrease achieved in the last five years alone.

The Chief Executive Officer (CEO), Chief Human Resources Officer and members of the senior management team had calls/met with the SUEZ UK Works Council (SWC) to discuss, amongst other things, all matters relating to COVID-19 and the agreement for the sale of the SUEZ S.A Group, including The Group to Veolia S.A., to ensure the Board responds to all matters that are important to all its employees.

Under the Engaged and Empowered people Critical Success Factor, The Group ran 30, Wellness for All, webinars covering various topics including in November 2021, a look at cognitive variations such as dyspraxia, dyscalculia, dysgraphia, autism, ADHD and dyslexia, all of which sit under the umbrella title of Neurodiversity. The webinars were attended by around 1,700 people. Employees also saw the launch of the new rewards and benefits portal, You@SUEZ.

The Board has continued to maintain its emphasis on keeping employees engaged and in touch with each other.

The various ways in which employees could keep up to date with key news relating to the business and give feedback includes:

- Communications from the CEO by email messages, webinars and video that were also made available on YouTube;
- Line managers – who provide employee feedback via members of the six regional silver command teams for each of our four regions, Weston and Maidenhead comprising the Gold Command members, Regional Directors and local health and safety, communications and HR representatives;
- Members of the silver and gold command, comprising the OpCom, Head of Health and Safety, Head of HR Operations, Legal & Environmental Director and Communications Director – via phone, email and the dedicated email address;
- SWC – the SWC representatives continued to make themselves available to take employee feedback and pass this back to the Board in its quarterly report and at monthly meetings with the Board during the year;
- Yammer – the social networking tool, also available on a smartphone, enabled employees to keep in touch, network and share ideas. This tool has been taken up by 1510 employees from all parts of the business, an increase from 139 in 2020. These employees are active as we have seen over 150 different new posts in a single month and 766 reactions to messages supporting each other during these unusual times;
- Microsoft Teams – the Office 365 app that has a range of tools designed for remote working via a chat function enabling video calls with multiple people and used for team catch ups and training;
- Intranet, SUEZ Life the employee magazine published quarterly, regional newsletters, the staff benefit and discount program you@suez; and

As well as COVID-19 updates, health and safety updates, wellbeing communications and communications on Company matters not relating to the virus, the Company is very keen to share examples and stories from around the business, and in particular from the frontline with daily Yammer updates.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Directors' report for the year ended 31 December 2021**

#### **Engagement with suppliers, customers and others**

##### *Customers*

The Board engages with key customers and clients through the Regional Directors who provide the Board with regular information about customers in various reports produced throughout the business by the commercial and management teams.

During 2021, as well as the results of the Customer Effort Scores, the metric by which we measure customer satisfaction, which showed very strong performance in all areas, the Company received thanks and praise coming in from our customers and residents via its social media channels and staff from our collection contract.

##### *Suppliers*

The Group primarily engages with our suppliers via its website and procurement teams as well as through other business support functions including the commercial and legal.

The Board receives information through various group's Board reports produced throughout the business.

To contribute to Digitalisation and Data Accuracy, during the year The Group started working on a new Customer Relationship Management (CRM) system, launched the sub-contractor portal and successfully rolled out CORE in-cab technology in 140 new municipal vehicles in Somerset. The in-cab system replaces paper route sheets and forms with electronic checks and automated accurate and up-to-date service information. It enables staff to be better informed, helps to reduce the number of data entry errors and missed bins as well as allowing quicker reaction and effective resolution to complaints and service calls. The reporting and analytics studies of the data collected enables the Company to reallocate resources and optimise performance.

##### *Other stakeholders*

Other key stakeholders include the Government, Regulators and Local Authorities and due to COVID-19, face-to-face meetings and site visits were replaced by video-conferencing and calls.

The CEO, some Directors and senior managers had calls with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

The Group's business is heavily regulated with a large number of our key clients being local authorities. We perform customer engagement surveys and the performance of the business is regularly reported to the Board and OpCom on a monthly basis. The findings are used to improve customer engagement with knowledge being shared across The Group. On all large contracts, The Group hosts local community events to engage with local stakeholders.

During the year the Directors engaged with the Competition and Markets Authority (CMA) in relation to the SUEZ/Veolia merger providing fortnightly reporting and more frequently as matters progressed, seeking derogations where necessary.

##### *The Environment*

The Group's goals are to provide products and services that are safe and environmentally sound throughout their lifecycles, and conduct operations in an environmentally responsible manner. To accomplish this, the Company will:

- Pursue pollution prevention, energy conservation and waste reduction in operations;
- Design and manufacture products to be safe to use and to minimise their environmental impact;
- Offer customers environmentally responsible end-of-life management services for products; and
- Require suppliers to conduct their operations in a socially and environmentally responsible manner.

The Company achieves this by integrating these objectives into business planning, decision-making, performance tracking and review processes to ensure that goals are reached and continually improved upon.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Directors' report for the year ended 31 December 2021

#### Environmental impact

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	2021	2020
Total energy consumption used to calculate emissions (kwh)	6,695,541,370	6,621,617,359
Emissions from the combustion of landfill gas & biogas (tCO <sub>2</sub> e) (Scope 1)	43	40
Emissions from combustion of gas (tCO <sub>2</sub> e) (Scope 1)	2,949	4,803
Emissions from combustion of fuel for transport purposes (tCO <sub>2</sub> e) (Scope 1)	38,242	55,328
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO <sub>2</sub> e) (Scope 3)	356	690
Emissions from purchased electricity (tCO <sub>2</sub> e) (Scope 2, location-based)	12,122	17,381
Total gross CO <sub>2</sub> e ((tCO <sub>2</sub> e)	932,700	863,843
Intensity ratio: tCO <sub>2</sub> e gross figure	0.81	0.79

#### Energy Efficiency Action

During the year The Group has undertaken a number of energy and carbon reduction improvement actions. These are summarised as follows and are associated with the electricity and fuel consumed, the infrastructure and equipment operated, and the training and education that The Group provide to its employees as well as our wider stakeholders in order to further

The Group's efforts towards sustainable resource consumption and achieving net-zero:

##### *Electricity*

Ensuring the continued purchase of 100% renewable electricity for The Group's operations.

##### *Fuel*

The Group still promote the uptake of digital meetings to avoid travel where possible. The Meeting Impact Calculator is a tool developed by The Group to help understand the financial and environmental impact of conducting the meeting. The impact calculator is used to help inform its decisions.

##### *Infrastructure and Equipment*

After the introduction of electric vehicles into The Group's car fleet in 2020, The Group now have 185 cars, 3 vans and 4 Refuse Collection Vehicles (RCV), together with the installation of 194 electric vehicle charging points at 51 of its facilities to support its transition towards an electric company car fleet.

A project is underway to see what alternatives exist to halt the continued use of diesel generators for different types of applications, i.e. leachate pumps, remote office power etc.

##### *Awareness and Education*

With the continuation of The Group's 10 Sustainability Principles and network of Sustainability Champions to put sustainable behaviours at the heart of how we operate, The Group now have a sustainability champion at 98% of its facilities. Staff have also attended and hosted various internal and external webinars to raise awareness and education of reducing consumption and associated carbon emissions.

In 2022, The Group will aim to continue to improve their energy efficiency and reduce The Group's carbon emissions whilst also working with customers and supply chain to help them decarbonise. Amongst other actions, The Group intends to continue with the LED lighting installation program and truly embed the sustainability champions network and implementation of The Group's 10 sustainability principles to further drive a reduction in resource consumption and The Group's efforts toward achieving net-zero.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Directors' report for the year ended 31 December 2021**

#### **Disabled employees**

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to financial instrument risk.

#### **Disclosure of information to auditor**

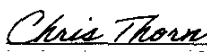
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### **Re-appointment of auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2022 and signed on its behalf.

  
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**C Thorn  
Director**



## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd**

#### **Opinion**

We have audited the financial statements of SUEZ Recycling and Recovery Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company cash flow statements and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' consideration of the going concern basis of preparation in note 2.3, which details the impact of the change of control post year-end as well as the outcome of the Competition and Markets Authority's investigation into the Veolia / SUEZ merger. Based on the information available at this point in time, the directors have assessed that adopting the going concern basis for preparation of the financial statements is appropriate.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, environmental legislation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to IFRIC 12 impairments, revenue recognition (which we pinpointed to cut-off and IFRIC 12 accounting), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd**

**Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Jonathan Barnard (Senior Statutory Auditor)**  
**for and on behalf of Mazars LLP**  
*Chartered Accountants and Statutory Auditor*  
90 Victoria Street  
Bristol  
BS1 6DP

Date: Sep 30, 2022

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Consolidated statement of comprehensive income  
for the year ended 31 December 2021**

	<b>Note</b>	<b>2021 £000</b>	<b>2020 £000</b>
<b>Revenue</b>	5	<b>908,897</b>	<b>789,163</b>
Cost of sales		<u>(751,634)</u>	<u>(656,212)</u>
<b>Gross profit</b>		<b>157,263</b>	<b>132,951</b>
Administrative expenses		<b>(104,686)</b>	<b>(110,708)</b>
Other operating income	6	<b>1,230</b>	<b>3,521</b>
		<u></u>	<u></u>
<b>Operating profit</b>	7	<b>53,807</b>	<b>25,764</b>
Finance income	11	<b>18,816</b>	<b>19,581</b>
Finance costs	12	<b>(24,840)</b>	<b>(28,035)</b>
Other gains and losses	13	<b>(11,581)</b>	<b>(25,846)</b>
Share of profit/(loss) of associates and joint ventures	17	<u><b>5,445</b></u>	<u><b>(3,496)</b></u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>41,647</b>	<b>(12,032)</b>
Taxation (charge)/credit	14	<u><b>(13,525)</b></u>	<u><b>1,334</b></u>
<b>Profit/(loss) for the year</b>		<b>28,122</b>	<b>(10,698)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Actuarial gains/(losses) related to pension scheme	31	<b>10,428</b>	<b>(7,031)</b>
Deferred tax attributable to actuarial gains/(losses)		<b>(1,118)</b>	<b>1,880</b>
<b>Items that will be reclassified to profit and loss</b>			
Changes in fair value hedge reserve relating to associates		<b>19,462</b>	<b>(6,634)</b>
Deferred tax attributable to hedge reserve movements relating to associates		<b>(250)</b>	<b>2,666</b>
		<u></u>	<u></u>
<b>Total comprehensive income/(loss) for the year</b>		<u><b>56,644</b></u>	<u><b>(19,817)</b></u>

All profit/(loss) and comprehensive income/(loss) is attributable to continuing operations

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Consolidated statement of financial position  
as at 31 December 2021**

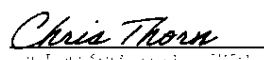
	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Intangible assets and goodwill	15	156,445	161,525
Property, plant & equipment	16	233,491	250,620
Investments	17	4	4
Investments in associates and joint ventures	17	4,322	1,824
Financial assets	19	<u>166,191</u>	<u>173,912</u>
		<b>560,453</b>	<b>587,885</b>
<b>Current assets</b>			
Inventories	18	16,182	15,460
Financial assets	19	32,459	7,109
Trade and other receivables	19	470,914	473,448
Corporation tax receivable	19	-	3,295
Cash and cash equivalents	20	<u>45,574</u>	<u>19,194</u>
		<b>565,129</b>	<b>518,506</b>
<b>Current Liabilities</b>			
Interest bearing loans and borrowings	21	(41,710)	(35,641)
Trade and other payables	21	(334,879)	(340,590)
Corporation tax payable	21	<u>(1,286)</u>	<u>-</u>
		<b>(377,875)</b>	<b>(376,231)</b>
<b>Net current assets</b>		<b><u>187,254</u></b>	<b><u>142,275</u></b>
<b>Total assets less current liabilities</b>		<b>747,707</b>	<b>730,160</b>
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings	22	(212,680)	(244,380)
<b>Provisions for liabilities</b>			
Deferred tax liability	24	(7,729)	(2,892)
Provisions	26	<u>(98,542)</u>	<u>(97,829)</u>
<b>Net assets excluding pension scheme liabilities</b>		<b>428,756</b>	<b>385,059</b>
Net defined benefit pension scheme liability	31	<u>(6,552)</u>	<u>(19,499)</u>
<b>Total net assets</b>		<b><u>422,204</u></b>	<b><u>365,560</u></b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Consolidated statement of financial position  
as at 31 December 2021 (continued)**

	Note	2021 £000	2020 £000
<b>Equity</b>			
Called up share capital	27	373,741	373,741
Share premium account	28	14,471	14,471
Capital redemption reserve	28	3,457	3,457
Hedging reserve	28	(42,222)	(61,434)
Other reserves	28	11,793	11,793
Retained earnings	28	<u>60,964</u>	<u>23,532</u>
<b>Total shareholder's funds</b>		<u>422,204</u>	<u>365,560</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2022

  
Chris Thorn


**C Thorn**  
Director

**SUEZ Recycling and Recovery Holdings UK Ltd**  
**Registered number: 03475737**

**Company statement of financial position**  
**as at 31 December 2021**

	<b>Note</b>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Non-current assets</b>			
Property, plant & equipment	16	18,921	19,070
Investments	17	538,566	538,566
Financial assets	19	211,012	249,671
Deferred tax	24	<u>1,118</u>	<u>477</u>
		<b>769,617</b>	<b>807,784</b>
<b>Current assets</b>			
Trade and other receivables	19	879,353	863,067
Corporation tax recoverable	19	5,293	4,970
Cash and cash equivalents	20	<u>41,768</u>	<u>14,177</u>
		<b>926,414</b>	<b>882,214</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	21	(30,807)	(24,596)
Trade and other payables	21	<u>(1,085,030)</u>	<u>(1,055,144)</u>
		<b>(1,115,837)</b>	<b>(1,079,740)</b>
<b>Net current liabilities</b>		<b>(189,423)</b>	<b>(197,526)</b>
<b>Total assets less current liabilities</b>		<b>580,194</b>	<b>610,258</b>
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings	22	(173,913)	(204,720)
<b>Provisions for liabilities</b>			
Provisions	26	<u>(1,606)</u>	<u>-</u>
<b>Net assets excluding pension scheme assets</b>		<b>404,675</b>	<b>405,538</b>
Defined benefit pension scheme asset	31	<u>2,932</u>	<u>2,940</u>
<b>Net assets</b>		<b><u>407,607</u></b>	<b><u>408,478</u></b>
<b>Equity</b>			
Called up share capital	27	373,741	373,741
Share premium account	28	14,471	14,471
Capital redemption reserve	28	3,457	3,457
Retained earnings	28	<u>15,938</u>	<u>16,809</u>
<b>Total shareholder's funds</b>		<b><u>407,607</u></b>	<b><u>408,478</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2022



**C Thorn**  
Director



**SUEZ Recycling and Recovery Holdings UK Ltd**

**Consolidated Statement of Changes in Equity  
for the year ended 31 December 2021**

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Other reserves £000	Retained Earnings £000	Total share-holders' equity £000
<b>Balance at 1 January 2021</b>	373,741	14,471	3,457	(61,434)	11,793	23,532	365,560
<b>Total comprehensive profit for the year</b>							
Profit	-	-	-	-	-	28,122	28,122
Other comprehensive profit	-	-	-	19,212	-	9,310	28,522
<b>Comprehensive profit</b>	-	-	-	19,212	-	37,432	56,644
Share based payments	-	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	373,741	14,471	3,457	(42,222)	11,793	60,964	422,204
<b>Balance at 1 January 2020</b>	373,741	14,471	3,457	(57,466)	11,793	39,323	385,319
<b>Total comprehensive loss for the year</b>							
Loss	-	-	-	-	-	(10,698)	(10,698)
Other comprehensive loss	-	-	-	(3,968)	-	(5,151)	(9,119)
<b>Comprehensive loss</b>	-	-	-	(3,968)	-	(15,849)	(19,817)
Share based payments	-	-	-	-	-	58	58
<b>Balance at 31 December 2020</b>	373,741	14,471	3,457	(61,434)	11,793	23,532	365,560

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Company Statement of Changes in Equity  
for the year ended 31 December 2021**

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total share-holders' equity £000
Balance at 1 January 2021	373,741	14,471	3,457	16,809	408,478
<b>Total comprehensive loss for the year</b>					
Loss	-	-	-	(51)	(51)
Other comprehensive loss	-	-	-	(820)	(820)
<b>Comprehensive income</b>	-	-	-	(871)	(871)
Share based payments	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>373,741</b>	<b>14,471</b>	<b>3,457</b>	<b>15,938</b>	<b>407,607</b>

Balance at 1 January 2020	373,741	14,471	3,457	10,216	401,885
<b>Total comprehensive income for the year</b>					
Profit	-	-	-	6,850	6,850
Other comprehensive loss	-	-	-	(315)	(315)
<b>Comprehensive income</b>	-	-	-	6,535	6,535
Share based payments	-	-	-	58	58
<b>Balance at 31 December 2020</b>	<b>373,741</b>	<b>14,471</b>	<b>3,457</b>	<b>16,809</b>	<b>408,478</b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Consolidated cash flow statement  
for the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Operating activities</b>		
Profit/(loss) before tax	41,647	(12,032)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	38,197	29,226
Amortisation and impairment of intangible assets	5,080	5,765
Impairment of property, plant and equipment	1,464	53
Share-based payment expense	-	58
(Gain)/loss on disposal of property, plant and equipment	(4,247)	3,012
Finance income	(18,816)	(19,581)
Finance costs	24,840	28,035
Other gains and losses	11,581	25,846
Share of (loss)/profit of an associate and a joint venture	(5,446)	3,496
Movements in provisions and pensions	2,549	7,762
<b>Working capital adjustments:</b>		
Decrease/(increase) in trade and other receivables and prepayments	1,377	(36,245)
Increase in inventories	(722)	(2,911)
Increase/(decrease) in trade and other payables	16,679	(1,660)
(Decrease)/increase in balances with group companies	(22,341)	24,282
Decrease in non-current assets	-	4,707
Interest received	1,264	1,803
Interest and commitment fees paid	(28,611)	(32,812)
Income tax paid	(4,876)	(6814)
<b>Net cash flows from operating activities</b>	<b>59,619</b>	<b>21,990</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	9,090	-
Purchase of property, plant and equipment	(17,059)	(12,712)
(Increase)/decrease in concession financial asset	(4,441)	13,917
Increase in loans provided to associate companies	12,262	15,943
Dividend from joint venture and associate	3,491	3,330
<b>Net cash flows used in investing activities</b>	<b>3,343</b>	<b>20,478</b>
<b>Financing activities</b>		
Increase in loans and borrowings from group undertakings	(24,596)	(23,327)
Decrease in lease liabilities	(11,986)	(12,478)
<b>Net cash flows used in financing activities</b>	<b>(36,582)</b>	<b>(35,805)</b>
Net increase/(decrease) in cash and cash equivalents	26,380	(6,663)
Cash and cash equivalents at 1 January	19,194	12,531
<b>Cash and cash equivalents at 31 December</b>	<b>45,574</b>	<b>19,194</b>
<b>Cash and cash equivalents represent</b>		
Cash	45,574	19,194
Overdraft	-	-
	<b>45,574</b>	<b>19,194</b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Company cash flow statement  
for the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Operating activities</b>		
Profit before tax	2,449	8,427
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	3,163	2,589
Share-based payment expense	-	58
Loss on disposal of investments	4,959	-
Loss/(profit) on disposal of property, plant and equipment	(1,448)	(2,806)
Finance income	(21,887)	(26,928)
Finance costs	18,987	22,336
Movements in provisions and pensions	784	(361)
<b>Working capital adjustments:</b>		
Increase in trade and other receivables and prepayments	22,783	(15,716)
(Increase)/decrease in balances with group companies	(15,487)	49,008
Decrease/(increase) in trade and other payables	7,561	(4,117)
Interest received	21,577	26,640
Interest and commitment fees paid	(18,987)	(20,501)
Income tax paid	(4,876)	(6,814)
<b>Net cash flows from operating activities</b>	<b>19,578</b>	<b>37,427</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	2,300	-
Purchase of property, plant and equipment	(3,511)	(2,317)
Increase in investments	(4,959)	-
Decrease/(increase) in loans to group undertakings	38,659	(8,902)
Dividends received	120	160
<b>Net cash flows used in investing activities</b>	<b>32,609</b>	<b>(11,059)</b>
<b>Financing activities</b>		
Decrease in loans and borrowings from group undertakings	(24,596)	(23,327)
<b>Net cash flows from financing activities</b>	<b>(24,596)</b>	<b>(23,327)</b>
Net increase in cash and cash equivalents	27,592	3,041
Cash and cash equivalents at 1 January	14,177	11,136
<b>Cash and cash equivalents at 31 December</b>	<b>41,768</b>	<b>14,177</b>
<b>Cash and cash equivalents represent</b>		
Cash	41,768	14,177
Overdraft	-	-
	<b>41,768</b>	<b>14,177</b>

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **1. General Information**

SUEZ Recycling and Recovery Holdings UK Ltd is a private limited company incorporated in England and Wales and domiciled in the United Kingdom. These financial statements cover the consolidation of the entity and its subsidiaries. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

The principal activity of the SUEZ Recycling and Recovery Holdings UK Ltd Group ("Group") is waste management, including the provision of municipal services, industrial and commercial waste collections, landfill, recycling waste and the operation of energy-from-waste facilities.

The Company's intermediate parent company is SUEZ Recycling & Recovery UK Group Holdings Ltd, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA, a company incorporated and registered in France.

The largest group of which SUEZ Recycling and Recovery Holdings UK Ltd is a member and for which Group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Plas de L'Iris, 92040 Paris la Defense Cedex, France.

The financial statements have been presented in Pounds Sterling as this is the functional currency of the Group and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

The company and consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IFRS 9. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 3).

##### **2.2 Basis of consolidation**

The financial statements consolidate the accounts of SUEZ Recycling and Recovery Holdings UK Ltd and all of its subsidiary undertakings ('subsidiaries').

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The loss for the year was £51,000 (2020 – Profit – £6,850,000).

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **2.3 Going Concern**

The SUEZ UK R&R Group, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Following the change in ownership post year end (note 35), the Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) ordered Veolia to sell its interests in SUEZ Recycling and Recovery activities in the UK. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, the Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held are expected to be taken on by the new owner with no changes in terms or conditions.

Having made enquiries the directors have a reasonable expectation that the Company and The Group have adequate resources to continue in operational existence for the foreseeable, both during the period in which Veolia retain ownership and once the change of ownership is completed. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **2.4 Turnover**

Turnover is measured at the fair value of the consideration received or receivable once performance obligations have been fulfilled. Turnover is reduced for value added taxes and trade discounts and commodity rebates. The methodology and assumptions for the calculations of trade discounts and commodity rebates are monitored and adjusted regularly with reference to contractual and legal obligations, historical trends, past experiences and projected market conditions. The nature of the service provided by the Group means that returns or refunds are extremely limited. Landfill Tax is included within both revenue and cost of sales.

##### **Sale of Recyclates**

Revenue from the sale of recyclates is recognised when the performance obligation has been met, the goods are delivered and titles have passed and therefore at a point in time.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **Disposal of Waste**

Revenue from waste processing, treatment and landfill facilities is recognised when the performance obligation has been met which is deemed to be when waste is physically received at the Group sites.

Collection revenues are recognised at the point of collection from customer sites. For municipal collections, revenue is recognised in accordance with quantities specified in the customer contracts.

Operation and maintenance revenue is measured by a contractual fixed and variable fee. Differences between the amounts recognised in the income statement and amount invoiced at the period end are shown in the statement of financial position as a contract asset or contract liability.

#### **Electricity Revenue**

Energy generation revenue is recognised at the point that power is supplied to the customer based on the quantity of units supplied.

#### **Construction Revenue**

Construction Revenue is recognised over time as a proportion of the construction cost to date compared to the total expected construction cost plus profit margin.

Transaction prices are derived by underlying contractual arrangements. Where multiple performance obligations exist, the transaction price is allocated on an estimate based on expected costs plus a margin.

There are no constraints for the group over variable revenue considerations.

## **2.5 Goodwill**

#### **Recognition of goodwill**

Goodwill is measured as being the amount by which the total of:

- i. The consideration transferred;
- ii. The amount of any non-controlling interest in the acquired company; and
- iii. In a business combination achieved in stages, the fair value at acquisition-date of the previously held interests in the acquired company;

Exceeds the accounting net balance of identifiable assets acquired and liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to associates and joint ventures are recorded respectively under 'Investments in associates' and 'Investments in joint ventures'.

#### **Measurement of goodwill**

Goodwill is not amortized but is tested for impairment each year, or more frequently when an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs), which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units. The methods used to carry out these impairment tests are described in Note 2.21 'Impairment of property, plant and equipment and intangible assets'.

Impairment losses in relation to goodwill cannot be reversed and are shown under Impairment in the income statement. Impairment losses on goodwill relating to associates and joint ventures are respectively reported under 'Share of profit/loss of associates and joint ventures'.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **2.6 Other intangible assets**

Intangible assets other than goodwill are split into concession agreements and other finite intangible assets

##### *Concession agreements*

Concession agreement intangible assets relate to amounts paid or payable as consideration for rights relating to concession arrangements or public service contracts. Such assets are assessed as having a finite useful economic life of 25 years amortised on a straight line basis from the date the related facilities are operational, to reflect the expected pattern of consumption of the expected future economic benefits embodied in the asset. Amortisation is recognised within cost of sales on the statement of comprehensive income.

##### *Other finite intangible assets*

Other finite intangible assets are largely made up of waste collection rounds acquired by the group. Such assets are assessed as having a finite useful economic life of between 10 and 25 years amortised on a straight-line basis. Amortisation is recognised within administrative expenses on the statement of comprehensive income.

#### **2.7 Property, plant & equipment and depreciation**

Property, plant & equipment are stated at cost less depreciation.

Cost includes the costs that are directly attributable to bringing the asset into working condition for its intended use and include the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold property - land and buildings	-	10 - 30 years, straight line (land is not depreciated)
Freehold property - airspace	-	On the basis of airspace used and minerals extracted
Leasehold land and buildings	-	Lease term
Landfill and quarry engineering	-	On the basis of airspace used and minerals extracted
Plant and machinery	-	3 - 30 years, straight line
Motor vehicles	-	3 - 15 years, straight line
Fixtures and fittings	-	3 - 15 years, straight line
Assets under construction	-	Depreciation commences upon completion of asset

#### **2.8 Investments**

##### **Company**

Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

##### **Group**

Associated and Joint venture undertakings

Investments in associates and joint ventures are stated at the amount of the Group's share of net assets. The profit and loss account includes the Group's share of the associated and joint venture companies' profits after taxation using the equity accounting basis.

##### **Other fixed asset investments**

Other fixed asset investments are measured at fair value.



**Notes to the financial statements  
for the year ended 31 December 2021**

**2.9 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Plant, Property and Equipment' and 'Investments' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.21.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

The Company has the right to opt for renewal or termination on certain property and equipment leases it has signed as lessee, and uses its judgment to determine if there are strong economic incentives to exercise them and therefore include the lease payments within the lease liability calculation.

**2.10 Financial instruments**

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

*Financial assets*

The Group recognises its financial assets at amortised cost using the effective interest rate method, less provision for impairment.

The Group assesses possible increase in credit risk for financial assets measured at amortised cost at the end of each reporting period. For trade receivables the simplified approach is used, and the loss allowance is measured at the estimate of the lifetime expected credit losses. The amount of any loss allowance is recognised in profit or loss.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast future conditions at the reporting date.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

#### *Financial liabilities*

The Group classifies all of its financial liabilities as liabilities at amortised cost.

#### *At amortised cost*

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

## 2.11 Derivative financial instruments and hedging

#### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

#### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss.

The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

**Notes to the financial statements  
for the year ended 31 December 2021**

**2.12 Services concession financial asset**

In accordance with IFRIC 12 and the various provisions of IFRS, the Group has determined the appropriate treatment of the principal assets of, and income streams from, PFI and similar contracts. Results of all service concessions which fall within the scope of IFRIC 12 conform to the following policies depending on the rights to consideration under the service concessions:

**Service concessions treated as financial assets**

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor for the construction or upgrade services provided.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable. Construction revenue is based on cost incurred plus a predicted profit margin.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

The financial assets are held as loans or receivables in accordance with IFRS 9: 'Financial instruments: Recognition and measurement'. Financial assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Group has entered into a number of contracts to provide waste management services on behalf of local authorities ('the customer'). The Group is contractually obliged to design, build and operate waste facilities, including household waste recycling centres, materials recycling centres, civic amenity sites, transfer stations and an Energy from Waste plant on behalf of the customer, and has the right to use these facilities to provide waste management services. The grantor (the customer) has agreed to provide a minimum guaranteed tonnage of waste to the facility and will pay a fixed price per tonne for this level of waste, with any further tonnage being subject to a different rate. The Group in return, will remove and treat the waste and is obliged to maintain the facilities under lifecycle clauses within the contract.

The Group has the right to both accept and process third party waste, and for some contracts to generate electricity revenues at the waste facilities.

There are provisions in the contract for termination (and related compensation) in the event of default or voluntary termination by the operator or grantor. There is provision in the contract for an extension of the contract period. The contract specifies that the waste management facilities are to be returned to the customer at the end of the contract in an appropriate condition.

For some service arrangements the Group has the contractual right to charge users of the public service; to reflect this an intangible asset is recognised as detailed in 2.6.

**2.13 Inventories**

Inventories relate to spare parts and fuel and are valued at cost after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **2.14 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

*Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **2.15 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### **2.16 Research and development**

Research expenditure is written off in the year in which it is incurred.

#### **2.17 Pensions**

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. Contributions are made by the company or Group and the employees to a separately administered fund.

The Company is the sponsoring entity for a number of defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019.

*In accordance with IAS 19 'Employee benefits', the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long-term expected returns on assets (based on the market value of the scheme assets at the start of the period) is included in the profit and loss account under 'Net finance charge on pension scheme obligations'.*

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets that is actually achieved is recognised as other comprehensive income along with differences arising from experience or assumption changes.

#### **2.18 Provisions for environmental and landfill costs and landfill gas revenues**

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The Group estimates its total future requirements for closure costs and for post-closure monitoring and maintenance of the site after the anticipated closure.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### *Closure costs:*

Provision is made for final capping and site inspection costs. These costs are incurred during the operating life of the site and the Group provides for these costs as the permitted airspace is used.

#### *Post closure costs:*

Provision is made for inspection, ground water monitoring, leachate management, methane gas control and recovery, and the operation and maintenance costs to be incurred during the period after the site closes.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.44% (2020 - 2.40%) and discounted by between 3.09% and 5.84% (2020 - between 3.18% and 6.01%). The unwinding of the discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are deducted from the provision balances and are discounted in line with the post-closure provision.

### **2.19 Equity settled share-based payments**

In accordance with IFRS 2, 'Share-based Payments', the cost of share options issued by SUEZ Recycling and Recovery Holdings UK Ltd's ultimate parent company SUEZ SA, to the Group's employees is charged to the profit and loss account over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of the grant adjusted for the number of awards expected to vest. The credits associated with the amounts charged to the profit and loss account are included in retained earnings/losses.

### **2.20 Capitalisation of finance costs**

The interest and finance costs attributable to the financing of separately identifiable major capital projects prior to the date of completion, meeting the criteria of qualifying assets, are capitalised and depreciated over the useful economic life of the project.

### **2.21 Impairment of property, plant & equipment and intangible assets**

In accordance with IAS 36, impairment tests are carried out on intangible assets and on property, plant and equipment whenever there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortised are tested for impairment annually.

#### *Impairment indicators*

This impairment test is only carried out for property, plant and equipment and intangible assets for the defined useful lives when there are indications of an alteration in their value. In general, this arises as a result of significant changes in the operational environment of the assets or from a poorer than expected economic performance.

The main indications of impairment used by the Group are:

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which the asset is dedicated,
  - fall in demand;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - worse-than-expected performance.

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **Impairment**

Items of property, plant and equipment or intangible assets are tested for impairment at the level of the individual asset or cash-generating unit as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the asset concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

#### **Measurement of recoverable amount**

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are, where appropriate, grouped into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed inflation.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to the estimated market value less costs of disposal. When negotiations are ongoing, this is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under impairments.

#### **2.22 Share capital**

Ordinary shares are classified as equity. Mandatorily redeemable preference shares in the Company or subsidiaries of the Group are classified as liabilities.

#### **2.23 Government grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Statement of comprehensive income within 'other operating income'.

**Notes to the financial statements  
for the year ended 31 December 2021**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Group in preparing the financial statements relate mainly to the below; carrying amounts at the balance sheet dates can be found in the notes as referred to below:

- The measurement of:
  - the recoverable amount of goodwill and intangible assets. (note 15 – Dec 2021: £156,445,000)
  - the measurement of the recoverable amount of property, plant and equipment (note 16 – Dec 2021: £233,491,000).
  - the measurement of the recoverable amount of investments (note 17 – Dec 2021: £4,326,000).

Judgement is applied in respect of identifying and measuring impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. See note 2.21 for more detail.

- The measurement of financial instruments (note 25 – Dec 2021: Financial Assets: £709,482,000, Financial Liabilities: £586,293,000).

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- The measurement of provisions (note 26) and the consideration of whether provision is required.

*Site restoration and maintenance provision*

Estimates used in the post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amounts of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes, and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provision is recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money. (Note 26 – Dec 2021: £59,650,000). A 0.5% decrease to the discount rate would result in £4,373,000 increase in provision. A 0.5% increase to the discount rate would result in £3,858,000 decrease in provision.

*Maintenance provision*

Estimates are made of maintenance costs to be incurred over the length of operating certain facilities under operations and maintenance contracts. These cost estimates are prepared by technical experts within SUEZ based on experience in operating similar facilities along with the specific maintenance needs of each facility and contract. These cost estimates are reviewed and updated each year by senior management and are used as the basis for the maintenance provision. (Note 26 – Dec 2021: £37,171,000)

- The judgement of whether a contract falls under IFRIC 12 and then the classification of concession arrangements between the concession debtor model, the intangible asset model and the bifurcated model, along with the basis on which cash received under concession arrangements is recognised (notes 15 and 19 – Dec 2021: Intangible Asset: £87,584,000, Concession Debtor: £108,215,000).

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

- Pension obligations are measured on the basis of actuarial calculations. (Note 31 – Dec 2021: Liability £6,552,000). The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any change in these assumptions may have a material impact on the resulting calculations.
- Judgement in applying IFRS 15. The group estimates the fair value of the transaction price allocated to each separate performance obligations based on historical experiences of services rendered in similar circumstances. The main judgement relate to the service concession arrangements see note 2.12 for more detail.
- Leases - Lease liabilities are recognised at net present value using discount rate estimated by management to reflect the time value of money. A 0.5% increase in this estimate would decrease the liability as 31 December 2021 by £3,966,000; a 0.5% decrease would increase the liability by £3,681,000

Management judgment is required to determine whether break clauses within lease contracts are likely to be exercised as this impacts the valuation of amounts recognised under IFRS16. Where an extension option exists, it must meet the IFRS16 criteria and if it is determined that the criteria is met then the lease will be extended, impacting the right of use asset and lease liability valuation.

As at December 2021 the net book value of leased assets were £40,882,000 (Note 16). The lease liability at 31 December 2021 was £48,477,000 (Note 23).

As well as relying on estimates, the Group's management also makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

This particularly applies in relation to the recognition of concession arrangements.

At the date of signing the financial statements, the Group has an ongoing dispute with a key public sector customer (the Customer). The dispute stems from a different contractual interpretation of the trigger for 'Acceptance' of a New Development Project's facilities, including Facility A and Facility B. On 'Acceptance' the Group is entitled to start to be paid by the Customer for building these new facilities (the 'Increased Payments'):

- The Group's interpretation is that 'Acceptance' occurs on the Works subcontractor achieving agreed performance tests for each of Facility A and Facility B. This was achieved in 2019 for Facility A and in 2020 for Facility B and was confirmed by an Independent Testing Agency (as the Works subcontract requires) and there is no dispute between the Group and the Works subcontractor in relation to this.
- The Customer's interpretation is that for the respective agreed performance test to amount to 'Acceptance' each of Facility A and Facility B must successfully complete a test of reliability as set out in the Works subcontract.

The Group accounts for its relevant contract as a concession arrangement under IFRIC12 and has recognised a financial asset measured at amortised cost. In order to minimise the extent of the dispute the Company repeated the minimum performance tests and the reliability tests for each facility so that it meets the criteria for Acceptance on Surrey County Council's case. The Independent Certifier has provided the relevant certificate of Acceptance in relation to the Minimum Performance Test (MPT) and reliability tests for Facility A and Facility B dated 23 September 2021 and 9 March 2022 respectively.

The expected maximum exposure to the Company is calculated from the respective SUEZ dates to 23 September 2021 for Facility A and 9 March 2022 for the Facility B, being the prudent dates when the minimum performance tests and the related reliability tests have been achieved – in line with the customer's interpretation.

It is management's view that the financial statements reflect the maximum exposure to the Company, however their initial interpretation of "Acceptance" and the SUEZ dates remain.



## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 4. IFRSs issued

There are no new IFRS standards, amendments and interpretations in the current year have had a material impact on the Company's financial statements for the year ended 31 December 2021.

#### 5. Turnover

	2021 £000	2020 £000
<b>Recognised over time</b>		
Construction revenue	12,892	3,664
<b>Recognised at a point in time</b>		
Disposal of waste	768,945	698,172
Sales of recyclates	83,773	49,524
Electricity Revenue	43,287	37,803
	<u>908,897</u>	<u>789,163</u>

In the case of Service Concession Revenue the customer pays a fixed plus variable amount based on the contractual terms. If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £12,390,000.

Revenue recognised in the reporting period from performance obligations satisfied in previous periods amounted to £3,465,000.

At the year end a total of £17,053,000 of revenue is still to be recognised in relation to remaining performance obligations that have partially been satisfied.

£637,000 of assets are currently recognised in relation to cost incurred to obtain or fulfil a contract under IFRS 15.

Geographical breakdown of turnover is as follows:

	2021 £000	2020 £000
United Kingdom	904,116	779,688
European Union	2,455	5,736
Rest of world	2,326	3,739
	<u>908,897</u>	<u>789,163</u>

#### 6. Other income

	2021 £000	2020 £000
Coronavirus Job Retention Scheme	<u>1,230</u>	<u>3,521</u>

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 7. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Service concession costs	12,892	3,542
Amortisation - intangible fixed assets	5,080	5,765
Depreciation of owned property, plant & equipment	28,454	29,226
Depreciation of right of use assets	9,743	10,023
Impairment of owned property, plant & equipment	1,464	53
Inventories recognised as an expense during the period	30,337	23,093
Foreign exchange losses	102	143
Auditor's remuneration *	<u>414</u>	<u>403</u>

\* Auditors' remuneration relating to the audit of the Company financial statements is £25,000 (2020- £25,000).

The remainder is for the audit of the financial statements of subsidiaries of the group headed by SUEZ UK Group Holdings Limited.

Auditors' remuneration relating to the audit of the associate companies and joint ventures was £115,000 (2020- £104,000).

There were no non-audit services provided in the year or prior year.

#### 8. Staff costs

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	185,138	170,972
Social security costs	18,979	18,192
Other pension costs (Note 31)	18,814	16,399
	<u>222,931</u>	<u>205,563</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	Company 2021 No.	Group 2020 No.	Company 2020 No.
Office and management	977	562	1,043	567
Operational	4,774	69	4,622	51
	<u>5,751</u>	<u>631</u>	<u>5,665</u>	<u>618</u>

All employees are employed by SUEZ Recycling and Recovery UK Limited and paid by SUEZ Recycling and Recovery Holdings UK Ltd.

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**9. Directors' remuneration**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Remuneration	<u><b>5,304</b></u>	<u><i>2,103</i></u>
Company pension contributions to defined benefit pension schemes	<u><b>176</b></u>	<u><i>175</i></u>

The highest paid director received remuneration of £3,240,000 (2020 - £748,000).

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined benefit pension schemes.

None of the directors exercised options over shares in the ultimate parent company in the year ended 31 December 2021 or the prior year.

**10. Share based payments**

**Employee Share issues:**

Sharing 2017:

In 2017, SUEZ launched its third global employee shareholding plan, called Sharing. Details of this scheme are disclosed in previous SUEZ Recycling and Recovery Holdings UK Ltd financial statements.

Sharing 2019:

In 2019, SUEZ launched its third global employee shareholding plan, called Sharing. Details of this scheme are disclosed in previous SUEZ Recycling and Recovery Holdings UK Ltd financial statements.

During the year ended 31 December 2021, a charge of £nil was recognised regarding SUEZ employee share issue schemes (2020- £58,000).

**11. Finance income**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Group interest receivable	<b>576</b>	<i>1,728</i>
Interest income from service concession financial assets	<b>8,481</b>	<i>8,865</i>
Interest receivable from participating interests	<b>9,071</b>	<i>8,932</i>
Other interest receivable	<b>688</b>	<i>56</i>
<b>Total interest receivable and similar income held at amortised cost</b>	<u><b>18,816</b></u>	<u><i>19,581</i></u>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**12. Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest on group loans	16,890	18,714
Other interest payable	2,909	2,918
Lease interest	635	1,035
<b>Total interest payable and similar expenses held at amortised cost</b>	<b>20,434</b>	<b>22,667</b>
Discount on provisions	4,406	5,368
	<b>24,840</b>	<b>28,035</b>

**13. Other gains and losses**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest on pension scheme assets	1,313	2,039
Interest on pension scheme liabilities	(1,364)	(1,981)
Loss on financial assets held at amortised costs	(11,530)	(25,904)
	<b>(11,581)</b>	<b>(25,846)</b>

The loss on financial assets held at amortised costs are net losses in relation to service concession financial assets and revaluation due to changes in timings and amounts of expected cashflows relating to delays in construction and commencement of operation (note 3).

**14. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge/(credit) in the year</b>		
<b>Current tax (see note below)</b>		
Current tax charge	8,439	3,543
Adjustments in respect of prior periods	1,368	(617)
<b>Total current tax</b>	<b>9,807</b>	<b>2,926</b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**14. Taxation (continued)**

**Deferred tax**

Origination and reversal of timing differences	385	(3,904)
Adjustment in respect of prior periods	779	(614)
In relation to defined benefit pension schemes	2,554	258

<b>Total deferred tax</b>	<b>3,718</b>	<b>(4,260)</b>
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<b>Tax charge/(credit) on profit through income statement</b>	<b>13,525</b>	<b>(1,334)</b>
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**Tax charged directly to equity**

Current tax	-	-
Deferred tax charge/(credit)	1,118	(1,880)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 – *higher than*) the standard rate of corporation tax in the UK of 19% (2020– 19%). The differences are explained below:

	2021 £000	2020 £000
<b>Accounting profit/(loss) before tax</b>	<b>41,647</b>	<b>(12,032)</b>
<b>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)</b>	<b>7,912</b>	<b>(2,286)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,435	1,422
Impairment of financial assets	345	-
Adjustments to tax charge in respect of prior periods	2,086	(1,231)
Share of profit of associates and joint ventures	(1,035)	664
Taxable income	275	
Non-taxable income	(835)	(150)
Chargeable gains	743	
Movement on deferred tax not recognised	44	-
Movement on uncertain tax positions	-	(1,074)
Changes in taxation rate	2,555	1,321
<b>Total tax charge/(credit) for the year</b>	<b>13,525</b>	<b>(1,334)</b>

**Factors that may affect future tax charges**

The increase to the corporation tax rate to 25% from 1 April 2023 had been substantively enacted at the balance sheet date and will have an effect on future tax charges. The deferred tax balance has been adjusted to reflect this change.

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**15. Intangible assets and goodwill**

<b>Group</b>	<b>Concession arrangements £000</b>	<b>Goodwill £000</b>	<b>Software £000</b>	<b>Intangible Assets £000</b>	<b>Total £000</b>
<b>Cost</b>					
<b>At 1 January 2021</b>	121,634	65,733	4,548	3,342	195,257
<b>At 31 December 2021</b>	<u>121,634</u>	<u>65,733</u>	<u>4,548</u>	<u>3,342</u>	<u>195,257</u>
<b>Amortisation and impairment</b>					
<b>At 1 January 2021</b>	29,180	429	1,222	2,901	33,732
<b>Charge for the year</b>	4,870	-	207	3	5,080
<b>At 31 December 2021</b>	<u>34,050</u>	<u>429</u>	<u>1,429</u>	<u>2,904</u>	<u>38,812</u>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<u>87,584</u>	<u>65,304</u>	<u>3,119</u>	<u>438</u>	<u>156,445</u>
<b>At 31 December 2020</b>	<u>92,454</u>	<u>65,304</u>	<u>3,326</u>	<u>441</u>	<u>161,525</u>

As described in note 2.6, the concession arrangements intangible assets relate to amounts paid or payable as consideration for rights relating to concession arrangements under the contract with Suffolk County Council. This asset has useful life of 25 year with 18 years remaining until it is expected to be fully amortised.

Notes to the financial statements  
for the year ended 31 December 2021

15. Intangible fixed assets (continued)

Group	Concession arrangements £000	Goodwill £000	Software £000	Intangible Assets £000	Total £000
<b>Cost</b>					
At 1 January 2020	121,634	65,733	4,548	3,342	195,257
Additions	-	-	-	-	-
At 31 December 2020	<u>121,634</u>	<u>65,733</u>	<u>4,548</u>	<u>3,342</u>	<u>195,257</u>
<b>Amortisation and impairment</b>					
At 1 January 2020	24,310	429	706	2,522	27,967
Charge for the year	<u>4,870</u>	<u>-</u>	<u>516</u>	<u>379</u>	<u>5,765</u>
At 31 December 2020	<u>29,180</u>	<u>429</u>	<u>1,222</u>	<u>2,901</u>	<u>33,732</u>
<b>Net book value</b>					
At 31 December 2020	<u>92,454</u>	<u>65,304</u>	<u>3,326</u>	<u>441</u>	<u>161,525</u>
At 31 December 2019	<u>97,324</u>	<u>65,304</u>	<u>3,842</u>	<u>820</u>	<u>167,290</u>

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **15. Intangible fixed assets (continued)**

##### **Impairment review of goodwill**

The Group reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36 Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill for each Cash generating Unit (CGU) to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated, first to reduce the carrying amount of the goodwill and then to the assets of the cash-generating unit. In the current year all CGUs have been valued on the basis of value in use, rather than fair value less costs of disposal on the basis that it is the higher of the two valuations.

The key assumptions when calculating the value in use are forecast revenue and costs. Management's calculation of value in use has been developed from forecast five year cash flows which are prepared on the basis of past performance, expectation of future performance and market information and a consistent growth rate thereafter, based on the underlying assets of each division.

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates growth at 2.5% thereafter for 5 years before using the terminus value, using a discount rate of 4.7% (2020: 6.1%). Adjustments are made for CGUs that have finite useful lives in terms of landfill sites.

Of the total net book value £65,304,000, £54,299,000 relates to goodwill on the acquisition relating to United Waste, the trade from which is considered to be one CGU. The calculated recoverable value of this goodwill is £284,865,000. Sensitivity analysis shows that the discount rate would need to increase to 23.5% for the recoverable amount to be equal to the net book value. Of the remaining goodwill, no significant amounts are attached to any one particular CGU.



**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**16. Property, plant and equipment**

<b>Group</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures and fittings £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 January 2021	438,879	292,023	48,829	40,503	6,275	826,509
Additions	858	4,448	604	960	10,189	17,059
Disposals	(1,270)	(7,675)	(10,508)	(14,957)	-	(34,410)
Transfer intra-group	12	80	2	16	-	110
Transfer between classes	1,109	4,957	-	403	(6,469)	-
Right of use assets - Additions	3,159	5,480	2,436	-	-	11,075
Right of use assets - Disposals	(662)	(1,555)	(1,818)	-	-	(4,035)
At 31 December 2021	<u>442,085</u>	<u>297,758</u>	<u>39,545</u>	<u>26,925</u>	<u>9,995</u>	<u>816,308</u>
<b>Depreciation</b>						
At 1 January 2021	320,046	198,001	27,039	30,803	-	575,889
Charge for the year	6,418	15,342	3,254	3,440	-	28,454
On disposals	(804)	(6,437)	(7,369)	(14,957)	-	(29,567)
Transfer intra-group	17	75	3	17	-	112
Right of use - charge for the year	3,188	2,256	4,299	-	-	9,743
Right of use - on disposal	(662)	(1,372)	(1,244)	-	-	(3,278)
Impairment charge	976	488	-	-	-	1,464
At 31 December 2021	<u>329,179</u>	<u>208,353</u>	<u>25,982</u>	<u>19,303</u>	<u>-</u>	<u>582,817</u>
<b>Net book value</b>						
At 31 December 2021	<u>112,906</u>	<u>89,405</u>	<u>13,563</u>	<u>7,622</u>	<u>9,995</u>	<u>233,491</u>
At 31 December 2020	<u>118,833</u>	<u>94,022</u>	<u>21,790</u>	<u>9,700</u>	<u>6,275</u>	<u>250,620</u>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**16. Property, plant and equipment (continued)**

The net book value of owned and leased assets included as "Property Plant and Equipment" in the Statement of financial position is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Tangible fixed assets owned	<b>192,609</b>	<b>210,313</b>
Right-of-use tangible fixed assets	<b>40,882</b>	<b>40,307</b>
	<b>233,491</b>	<b>250,620</b>

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Land and buildings	<b>25,089</b>	<b>25,118</b>
Plant and machinery	<b>5,606</b>	<b>2,565</b>
Motor vehicles	<b>10,187</b>	<b>12,624</b>
	<b>40,882</b>	<b>40,307</b>

**Depreciation charge for the year ended**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Land and buildings	<b>3,188</b>	<b>3,211</b>
Plant and machinery	<b>2,256</b>	<b>2,549</b>
Motor vehicles	<b>4,299</b>	<b>4,263</b>
	<b>9,743</b>	<b>10,023</b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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**16. Property, plant and equipment (continued)**

<b>Group</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures and fittings £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 January 2020	436,588	320,427	56,836	36,199	11,630	861,680
Additions	1,011	5,011	388	3,230	3,072	12,712
Disposals	(162)	(34,080)	(9,528)	(43)	(2,763)	(46,576)
Transfer intra-group	(526)	522	27	-	-	23
Transferred to intangible assets	-	-	-	-	-	-
Transfer between classes	2,643	1,792	112	1,117	(5,664)	-
Right of use assets - Additions	102	-	1,929	-	-	2,031
Right of use assets - Disposals	(777)	(1,649)	(935)	-	-	(3,361)
At 31 December 2020	<u>438,879</u>	<u>292,023</u>	<u>48,829</u>	<u>40,503</u>	<u>6,275</u>	<u>826,509</u>
<b>Depreciation</b>						
At 1 January 2020	311,489	214,905	28,546	27,999	-	582,939
Charge for the year	6,450	15,322	4,607	2,847	-	29,226
On disposals	(142)	(33,929)	(9,449)	(43)	-	(43,563)
Transfer between cost and depreciation	(674)	661	-	-	-	(13)
Right of use - charge for the year	3,211	2,549	4,263	-	-	10,023
Right of use - on disposal	(288)	(1,560)	(928)	-	-	(2,776)
Impairment charge	-	53	-	-	-	53
At 31 December 2020	<u>320,046</u>	<u>198,001</u>	<u>27,039</u>	<u>30,803</u>	<u>-</u>	<u>575,889</u>
<b>Net book value</b>						
At 31 December 2020	<u>118,833</u>	<u>94,022</u>	<u>21,790</u>	<u>9,700</u>	<u>6,275</u>	<u>250,620</u>
At 31 December 2019	<u>125,099</u>	<u>105,522</u>	<u>28,290</u>	<u>8,200</u>	<u>11,630</u>	<u>278,741</u>

**SUEZ Recycling and Recovery Holdings UK Ltd**

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**16. Property, plant and equipment (continued)**

<b>Company</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures and fittings £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost</b>						
<i>At 1 January 2020</i>	5,323	3,962	169	33,553	8,209	51,216
<i>Additions</i>	71	29	-	2,217	-	2,317
<i>Transfers intra UK group</i>	-	(74)	-	-	-	(74)
<i>Disposals</i>	-	(225)	-	(31)	(2,762)	(3,018)
<i>Transfer between classes</i>	19	-	-	1,111	(1,130)	-
<b>At 1 January 2021</b>	<b>5,413</b>	<b>3,692</b>	<b>169</b>	<b>36,850</b>	<b>4,317</b>	<b>50,441</b>
<i>Additions</i>	-	313	-	776	2,422	3,511
<i>Transfers intra UK group</i>	-	1,759	-	-	-	1,759
<i>Disposals</i>	(60)	(796)	-	(14,888)	-	(15,744)
<i>Transfer between classes</i>	-	792	-	460	(1,252)	-
<b>At 31 December 2021</b>	<b>5,353</b>	<b>5,760</b>	<b>169</b>	<b>23,198</b>	<b>5,487</b>	<b>39,967</b>
<b>Depreciation</b>						
<i>At 1 January 2020</i>	491	2,368	169	26,031	-	29,059
<i>Charge for the year</i>	28	215	-	2,346	-	2,589
<i>On disposals</i>	-	(181)	-	(31)	-	(212)
<i>Transfers intra UK group</i>	-	(65)	-	-	-	(65)
<b>At 1 January 2021</b>	<b>519</b>	<b>2,337</b>	<b>169</b>	<b>28,346</b>	<b>-</b>	<b>31,371</b>
<i>Charge for the year</i>	28	280	-	2,855	-	3,163
<i>On disposals</i>	-	(4)	-	(14,888)	-	(14,892)
<i>Transfers intra UK group</i>	-	1,404	-	-	-	1,404
<b>At 31 December 2021</b>	<b>547</b>	<b>4,017</b>	<b>169</b>	<b>16,313</b>	<b>-</b>	<b>21,046</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>4,806</b>	<b>1,743</b>	<b>-</b>	<b>6,885</b>	<b>5,487</b>	<b>18,921</b>
<i>At 31 December 2020</i>	<i>4,894</i>	<i>1,355</i>	<i>-</i>	<i>8,504</i>	<i>4,317</i>	<i>19,070</i>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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**17. Fixed asset investments**

<b>Group</b>	<b>Investments in associates £000</b>	<b>Other fixed asset investments £000</b>	<b>Investment in joint ventures £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2021	1,618	4	206	1,828
Dividend paid	(3,491)	-	-	(3,491)
Share of profit/(loss)	5,951	-	(162)	5,789
Share of other comprehensive income	200	-	-	200
	<u>4,278</u>	<u>4</u>	<u>44</u>	<u>4,326</u>
At 31 December 2021	<u>4,278</u>	<u>4</u>	<u>44</u>	<u>4,326</u>
<b>Impairment</b>				
At 1 January 2021 and 31 December 2021	-	-	-	-
<b>Net book value</b>				
At 31 December 2021	<u>4,278</u>	<u>4</u>	<u>44</u>	<u>4,326</u>
At 31 December 2020	<u>1,618</u>	<u>4</u>	<u>206</u>	<u>1,828</u>

Loans to associates, as disclosed in note 19, are also treated as part of the group's net investment in the associate. The cumulative amount of unrecognised share of total other comprehensive loss, relating to associates' hedge reserves, amounted to £nil at 31 December 2021 (2020 - £3,462,000).

Aggregate amounts of the group's share of associates:	<b>2021 £000</b>	<b>2020 £000</b>
Profit/(loss) from continuing operations	5,607	(3,293)
Other comprehensive income/(loss)	19,212	(3,968)
	<u>24,819</u>	<u>(7,261)</u>
Total comprehensive income/(loss)	<u>24,819</u>	<u>(7,261)</u>
Aggregate amounts of the group's joint ventures:	<b>2021 £000</b>	<b>2020 £000</b>
Loss from continuing operations	(162)	(203)
	<u>(162)</u>	<u>(203)</u>
Total comprehensive loss	<u>(162)</u>	<u>(203)</u>

A Joint Venture of the group has unrecognised tax losses of £481,000 at 31 December 2021 (2020: £490,000). These have not been recognised because of uncertainty regarding the future profitability of the company.

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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	<b>Investments in subsidiary companies</b>
<b>17. Fixed asset investments (continued)</b>	
<b>Company</b>	<b>£000</b>
<b>Cost or valuation</b>	
At 1 January 2021	821,695
Additions	4,959
Disposals	<u>(4,959)</u>
At 31 December 2021	<u>821,695</u>
<b>Impairment</b>	
At 1 January 2021	283,129
Charge for the year	-
At 31 December 2021	<u>283,129</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>538,566</u></u>
At 31 December 2020	<u><u>538,566</u></u>

Details of the subsidiaries, joint ventures and associates can be found under note 34.

**18. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Spare parts	16,182	15,460	-	-
	<u><u>16,182</u></u>	<u><u>15,460</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

In the year ended 31 December 2021 £30,337,000 (2020: £23,093,000) was the amount of inventory recognised as an expense by the Group. In the year ended 31 December 2021 the company recognised £nil (2020: £nil) of inventory as an expense. For both the company and the group £nil has been written down in the year (2020: £nil).

The difference between purchase price or production cost of inventories and their replacement cost is not material.

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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**19.- Trade and other receivables and financial assets**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>				
<b>Financial Assets</b>				
Amounts owed by group undertakings		-	211,012	249,671
Amounts owed by undertakings in which the Group has a participating interest	41,246	25,768	-	-
Service concession financial asset	75,756	99,714	-	-
Contract assets	49,189	48,430	-	-
	<b>166,191</b>	<b>173,912</b>	<b>211,012</b>	<b>249,671</b>
	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Due within one year</b>				
<b>Financial Assets</b>				
Service concession financial asset	32,459	7,109	-	-
	<b>32,459</b>	<b>7,109</b>	<b>-</b>	<b>-</b>
<b>Trade and other receivables</b>				
Trade receivables	101,349	100,757	-	-
Amounts owed by group undertakings	232,062	232,461	877,939	838,870
Contract assets	104,873	103,381	-	-
Other receivables	26,974	30,319	1,261	24,086
Prepayments	5,656	6,530	153	111
	<b>470,914</b>	<b>473,448</b>	<b>879,353</b>	<b>863,067</b>
<b>Corporation tax recoverable</b>	-	3,295	5,293	4,970
	<b>503,373</b>	<b>483,852</b>	<b>884,646</b>	<b>868,037</b>

Contract assets are shown separately above in accordance with IFRS15.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 19. Trade and other receivables and financial assets (continued)

##### Impaired trade receivables

The Group has recognised a provision for bad and doubtful debts, as at 31 December 2021. Trade receivables with an initial carrying value of £3,088,000 (2020: £3,552,000) were impaired and fully provided for. Management consider that these balances are impaired using the expected lifetime model under IFRS 9. The expected credit rate loss percentage is an average rate, with different expected losses for different customer categories.

The following table shows the movement in expected credit losses that has been recognised in trade and other receivables in accordance with the simplified approach set out in IFRS 9:

	2021 £000	2020 £000
<b>At 1 January</b>	<b>3,552</b>	<b>1,567</b>
Increase in expected credit losses	408	2,375
Trade receivables written off during the year as uncollectable	(872)	(390)
<b>At 31 December</b>	<b>3,088</b>	<b>3,552</b>

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Total £000	Neither past due nor impaired £000	Past due but not impaired				
			< 30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
<b>2021</b>	<b>101,349</b>	<b>64,913</b>	<b>6,551</b>	<b>4,017</b>	<b>5,170</b>	<b>9,216</b>	<b>11,482</b>
<b>Expected credit loss rate %</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>
<b>Lifetime expected credit losses</b>	<b>3,088</b>	<b>1,978</b>	<b>200</b>	<b>122</b>	<b>157</b>	<b>281</b>	<b>350</b>
<b>2020</b>	<b>100,757</b>	<b>80,274</b>	<b>14,644</b>	<b>2,583</b>	<b>1,407</b>	<b>824</b>	<b>1,025</b>

A total of £32,506,000 of credit note provisions relating to an ongoing dispute with a key customer is included in the £101,349,000 trade debtor balance, this is separate to the expected credit loss provision.

##### Amounts owed by participating interests:

Amounts owed by participating interests include loans with gross values of £4,526,000 (2020 - £4,066,000) to Northumberland Energy Recovery Holdings Limited, £15,983,000 (2020 - £14,975,000) to South Tyne & Wear Energy Recovery Holdings Limited, £37,765,000 (2020 - £40,452,000) to Merseyside Energy Recovery Holdings Limited, £21,852,000 (2020 - £23,103,000) to West London Energy Recovery Holdings Limited and £10,243,000 (2020 - £11,202,000) to Cornwall Energy Recovery Holdings Limited. These balances accrue interest at between 8.5% and 11% per annum, the timing of the repayment is at the discretion of the associate but before the end of the associate's underlying project agreement.

These loans are recognised net of the Group's share of any total comprehensive losses, above the Group investment in the associates. At the 31 December 2021 the loans carrying values were £4,526,000 (2020 - £4,058,000), £6,858,000 (2020 - £nil), £5,935,000 (2020 - £2,465,000), £13,689,000 (2020 - £9,645,000) and £10,213,000 (2020 - £9,815,000) respectively.



# SUEZ Recycling and Recovery Holdings UK Ltd

## Notes to the financial statements for the year ended 31 December 2021

### 19. Trade and other receivables and financial assets (continued)

#### Amounts owed by Group undertakings:

Amounts owed to the Company by Group undertakings due after more than one year related to two separate loans £97,000,000 (2020 - £127,073,000) and £114,012,000 (2020 - £122,598,000) which accrue interest at between 5.91% - 11% and 7.97%. These amounts are repayable over 6 and 18 years starting from 31<sup>st</sup> December 2017 and 31st May 2018.

Amounts owed to the Company by Group undertakings due within one year where the other party is a trading entity accrue interest at 0.75% and are repayable on demand.

### 20. Cash and cash equivalents

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Group</b>		
Cash at bank	<b>45,549</b>	<i>19,175</i>
Petty cash	<u><b>25</b></u>	<u><i>19</i></u>
Total	<u><b>45,574</b></u>	<u><i>19,194</i></u>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Company</b>		
Cash at bank	<u><b>41,768</b></u>	<u><i>14,177</i></u>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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**21. Current liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Interest bearing loans and borrowings</b>				
Loans from group undertakings	30,807	24,596	30,807	24,596
Lease liability	9,710	9,852	-	-
Redeemable preference shares	1,193	1,193	-	-
	<u>41,710</u>	<u>35,641</u>	<u>30,807</u>	<u>24,596</u>
<b>Trade and other payables</b>				
Trade payables	29,129	23,929	28,536	22,805
Amounts owed to group undertakings	127,718	150,109	957,039	934,714
Other taxation and social security	27,871	29,990	24,678	27,009
Other liabilities	19,243	15,331	5,939	3,404
Contract liability	17,053	12,390	-	-
Accruals	113,865	108,841	68,838	67,212
	<u>334,879</u>	<u>340,590</u>	<u>1,085,030</u>	<u>1,055,144</u>
<b>Corporation tax payable</b>	<u>1,286</u>	<u>-</u>	<u>-</u>	<u>-</u>

**22. Non-current liabilities (excluding other provisions and defined benefit pension scheme liability)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Interest bearing loans and borrowings</b>				
Lease liability	38,767	39,660	-	-
Loans from group undertakings	173,913	204,720	173,913	204,720
	<u>212,680</u>	<u>244,380</u>	<u>173,913</u>	<u>204,720</u>

Loans from group undertakings include three separate loans of £52,122,000, £122,598,000 and £30,000,000 owed to SUEZ SA (2020 - £68,872,000, £130,444,000 and £30,000,000). These amounts incur interest at 4.97%, 7.97% and 9%, they are repayable over 5, 15 and 19 years.

**SUEZ Recycling and Recovery Holdings UK Ltd**

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**23. Leases**

The Group has lease contracts for various properties, items of plant and machinery and motor vehicles.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Lease liabilities are due as follows:</b>				
Not later than one year	9,710	9,852	-	-
After one year but not more than five	22,170	23,066	-	-
Later than five years	16,597	16,594	-	-
	<b>48,477</b>	<b>49,512</b>	<b>-</b>	<b>-</b>
<b>Contractual undiscounted cash flows are due as follows:</b>				
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	12,207	11,211	-	-
After one year but not more than five	26,900	24,775	-	-
Later than five years	21,363	22,834	-	-
	<b>60,470</b>	<b>58,820</b>	<b>-</b>	<b>-</b>

The total cash outflow in 2021 was £11,986,000 (2020: £12,478,000)

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liabilities	(635)	(1,031)
Expenses relating to short-term leases	(14,081)	(11,112)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(527)	(501)
Income from subletting of leasehold property	100	100

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
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**24. Deferred tax**

	<u>Group</u>		<u>Company</u>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Asset/(liability)/</b>				
<b>at beginning of year</b>	<b>(2,892)</b>	<b>(9,029)</b>	<b>477</b>	<b>560</b>
Through profit and loss	<b>(3,719)</b>	<b>4,257</b>	<b>442</b>	<b>(147)</b>
Through other comprehensive income	<b>(1,118)</b>	<b>1,880</b>	<b>199</b>	<b>64</b>
<b>At end of year</b>	<b><u>(7,729)</u></b>	<b><u>(2,892)</u></b>	<b><u>1,118</u></b>	<b><u>477</u></b>

The deferred tax (liability)/asset is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>(15,601)</b>	<b>(10,631)</b>	<b>872</b>	<b>751</b>
Other timing differences	<b>6,194</b>	<b>4,033</b>	<b>772</b>	<b>284</b>
Pensions	<b>1,678</b>	<b>3,706</b>	<b>(526)</b>	<b>(558)</b>
	<b><u>(7,729)</u></b>	<b><u>(2,892)</u></b>	<b><u>1,118</u></b>	<b><u>477</u></b>

**Movements in deferred tax:**

<b>Profit and loss</b>				
Accelerated capital allowances	<b>(4,970)</b>	<b>2,472</b>	<b>121</b>	<b>(368)</b>
Other timing differences	<b>2,161</b>	<b>2,108</b>	<b>488</b>	<b>(337)</b>
Pensions	<b>(910)</b>	<b>(322)</b>	<b>(167)</b>	<b>558</b>
<b>Other comprehensive income</b>				
Pensions	<b>(1,118)</b>	<b>1,880</b>	<b>199</b>	<b>64</b>
	<b><u>(4,837)</u></b>	<b><u>6,137</u></b>	<b><u>641</u></b>	<b><u>(83)</u></b>

The deferred tax assets of the Company are considered to be recoverable based on the future taxable profits of the Company. The directors have considered the business plans of the Company in determining that these amounts are recoverable. The expectation is that the group will make a taxable profit in the future and the deferred tax will be recovered via group relief.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 25. Financial instruments

##### *(a) Fair values of financial instruments*

###### *Trade and other receivables*

The fair value of trade and other receivables, excluding the service concession financial asset, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material, less any impairment.

###### *Trade and other payables*

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

###### *Service concession financial asset*

The fair value of service concession financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

###### *Cash and cash equivalents*

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

###### *Interest-bearing borrowings*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

###### *Derivative financial instruments*

###### *Interest rate swaps*

The Group has entered into interest rate swaps to hedge against volatility of movements in interest rates. These have been designated as cash flow hedges.

The fair value of the interest rate swap is based on a mark-to-market valuation. This quote is tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The interest rates used to discount estimated cash flows, where applicable, are based on one month and six month LIBOR yield curves at the balance sheet date.

###### *Foreign exchange contracts*

The Group has entered into foreign exchange contracts to hedge against volatility of movements in exchange rates relating to construction payments in a subsidiary company. These have been designated as cash flow hedges.

The fair value of the foreign exchange contract is based on mark-to-market valuation.

Risk management is predominately controlled by a central treasury department of the group under policies approved by the Board of Directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with the company's operating units.

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

The company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above foreign currency purchases this may arise if:

- the timing of the transaction changes from what was originally estimated, or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

SUEZ Recycling and Recovery Holdings UK Ltd

Notes to the financial statements  
for the year ended 31 December 2021

25. Financial instruments (continued)

(a) Fair values of financial instruments (continued)

Fair values

The fair values of all assets and liabilities, split between non-financial and financial instruments and by class; together with their carrying amounts shown in the balance sheet are as follows:

	Group			Company		
	Carrying amount 2021 £000	Fair value 2021 £000	Carrying amount 2020 £000	Fair value 2021 £000	Carrying amount 2020 £000	Fair value 2020 £000
<b>Assets</b>						
<b>Non-financial instruments</b>						
Intangible assets and goodwill	156,445	156,445	161,525	-	-	-
Tangible assets	233,491	233,491	250,620	18,921	19,070	19,070
Investments	4,326	4,326	1,828	538,566	538,566	538,566
Deferred tax	-	-	-	1,118	477	477
Inventories	16,182	16,182	15,460	-	-	-
Trade and other receivables	5,656	5,656	6,530	153	111	111
Corporation tax recoverable	-	-	3,295	5,293	4,970	4,970
<b>Financial Assets at amortised cost</b>						
Service concession financial asset	108,205	108,205	106,823	-	-	-
Other non-current financial assets	-	-	-	-	-	-
Cash and cash equivalents	45,574	45,574	19,194	41,768	14,177	14,177
Trade and other receivables	555,703	555,703	541,116	1,090,212	1,112,627	1,112,627
<b>Total assets</b>	<b>1,125,582</b>	<b>1,125,582</b>	<b>1,106,391</b>	<b>1,696,031</b>	<b>1,689,998</b>	<b>1,689,998</b>

SUEZ Recycling and Recovery Holdings UK Ltd

Notes to the financial statements  
for the year ended 31 December 2021

25. Financial instruments (continued)  
(a) Fair values of financial instruments (continued)

	Group				Company			
	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Liabilities</b>								
<b>Non-financial instruments</b>								
Other provisions	101,518	101,518	97,829	97,829	1,606	1,606	-	-
Deferred tax	7,729	7,729	2,892	2,892	-	-	-	-
Defined benefit pension scheme (asset)/ liability	6,552	6,552	19,499	19,499	(2,932)	(2,932)	(2,940)	(2,940)
Corporation tax payable	1,286	1,286	-	-	-	-	-	-
<b>Financial Liabilities at amortised cost</b>								
Loans from group undertakings	204,720	204,720	229,316	229,316	204,720	204,720	229,316	229,316
Lease liability	48,477	48,477	49,512	49,512	-	-	-	-
Trade and other payables	333,096	333,096	341,783	341,783	1,085,030	1,085,030	1,055,144	1,055,144
<b>Total Liabilities</b>	<b>703,378</b>	<b>703,378</b>	<b>740,831</b>	<b>740,831</b>	<b>1,288,424</b>	<b>1,288,424</b>	<b>1,281,520</b>	<b>1,281,520</b>
<b>Total net assets as per statement of financial position</b>	<b>422,204</b>	<b>422,204</b>	<b>365,560</b>	<b>365,560</b>	<b>407,607</b>	<b>407,607</b>	<b>408,478</b>	<b>408,478</b>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**25. Financial instruments (continued)**

**(b) Credit risk**

*Financial risk management*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Debt to non-authority customers is also protected through credit insurance.

Financial assets that are neither past due nor impaired relate to customers who have demonstrated an appropriate payment history and satisfied credit worthiness procedures.

*Exposure to credit risk*

The carrying amount of financial assets represents the Group's maximum credit exposure. Therefore the maximum exposure to credit risk at the balance sheet date was £709,482,000 being the total of the carrying amount of the financial assets at amortised cost shown in the table shown in (a). This exposure is all in the UK.

The Company is not subject to credit risk from external parties, with all of its receivables relating to balances with fellow Group companies.

**(c) Liquidity risk**

*Financial risk management*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The SUEZ R&R UK Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long-term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. The directors have reviewed the Group's cashflow forecasts. These forecasts demonstrate that the Group expects to meet its liabilities as they fall due.



**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**25. Financial instruments (continued)**

**(c) Liquidity risk (continued)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

**Group**

	2021						2020					
	Carrying amount 2021	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount 2020	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Non-derivative financial liabilities</b>												
Loans from group undertakings	204,720	248,938	34,393	47,640	40,525	126,380	229,316	265,603	35,037	38,788	68,158	123,620
Lease Liability	48,477	60,470	12,207	12,207	14,693	21,363	49,512	58,820	11,211	11,211	13,564	22,834
Trade and other payables	333,096	333,096	333,096	-	-	-	341,831	341,831	341,831	-	-	-
	<b>586,293</b>	<b>642,504</b>	<b>379,696</b>	<b>59,847</b>	<b>55,218</b>	<b>147,743</b>	<b>620,659</b>	<b>666,254</b>	<b>388,079</b>	<b>49,999</b>	<b>81,722</b>	<b>146,454</b>

SUEZ Recycling and Recovery Holdings UK Ltd

Notes to the financial statements  
for the year ended 31 December 2021

25. Financial instruments (continued)

(c) Liquidity risk (continued)

Company

	2021					2020						
	Carrying amount 2021	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount 2020	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Non-derivative financial liabilities</b>												
Loans from group undertakings	204,720	248,938	34,393	47,640	40,525	126,380	229,316	265,603	35,037	38,788	68,158	123,620
Trade and other payables	1,085,630	1,085,630	1,085,630	-	-	-	1,055,144	1,055,144	1,055,144	-	-	-
	<u>1,290,350</u>	<u>1,334,568</u>	<u>1,120,023</u>	<u>47,640</u>	<u>40,525</u>	<u>126,380</u>	<u>1,284,460</u>	<u>1,320,747</u>	<u>1,090,181</u>	<u>38,788</u>	<u>68,158</u>	<u>123,620</u>

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 25. Financial instruments (continued)

##### *(d) Market risk*

###### *Financial risk management*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group manages interest rate risk by having swapped its variable rate debt into a fixed rate agreement and manages foreign exchange risk by entering into certain foreign exchange forward contracts.

###### *Interest rate risk*

The treasury risk management policy within the associates is to hedge 100% of the variable rate borrowings. At 31 December 2021 100% of the associate variable rate borrowings were hedged.

All material hedging instruments are within associate companies and therefore are not recognised as separate financial instruments on the consolidated statement of financial position, they do however impact the Investments in associates and joint ventures line along with Trade and other receivables where the loans to associate companies are included in the net investment. The impact of our share of the associate hedging instruments on the statement of financial position as at 31 December 2021 is, as follows:

	Notional Amount	Carrying Amount	Line items in the statement of financial position	Change in fair value
	£000	£000		£000
Interest rate swaps	(165,522)	(51,313)	Investments in associates and joint ventures and Trade and other receivables	26,982

Ineffectiveness recognised in the Groups share of the results was immaterial.

The impact of the hedging on equity can be seen in the Consolidated Statement of Changes in Equity on page 22.

###### *Exchange rate risk*

In the prior year the Group had entered into a forward exchange contract to avoid volatility in costs of capital expenditure relating to one of its subsidiary entities. This agreement constituted a cash flow hedge. With exception to this capital expenditure, the group do not have any other material exposure to exchange rate risk.

The Company is not exposed to such interest rate or exchange rate risks.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 25. Financial instruments (continued)

##### Market risk – Interest rate risk

###### Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was

	2021 £000	2020 £000
<b>Fixed rate instruments</b>		
Financial liabilities	(204,720)	(229,316)
	<u>(204,720)</u>	<u>(229,316)</u>

###### Sensitivity analysis

At 31 December 2021 there are no variable rate instruments.

#### (e) Capital management

The Group and Company manages its cash, bank loans and equity as capital. The Group and Company's principal objective is to ensure that there is sufficient capital to fund operations and fulfil obligations.

Capital requirements and timings are monitored by the Group and Company management through regular reviews of rolling cashflow forecasts. The Group has the support of its ultimate parent company SUEZ SA, in the form of a rolling credit facility that the Group and Company can draw down on as required.

#### 26. Provisions

Group	Maintenance provision £000	Other provisions £000	Site restoration and maintenance £000	Total £000
At 1 January 2021	38,501	2,379	56,949	97,829
Additions	19,337	1,723	2,055	23,115
Amounts used	(20,667)	(2,381)	(3,760)	(26,808)
Movement on discount	-	-	4,406	4,406
At 31 December 2021	<u>37,171</u>	<u>1,721</u>	<u>59,650</u>	<u>98,542</u>

##### Maintenance provision

Provision has been made for the costs of maintaining and replacing assets as required under the terms of contracts in place with Local Authorities. The Group expects for these costs to be incurred for more than 15 years.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 26. Provisions (continued)

##### Other provisions

Provision has been made for anticipated losses on a small number of loss making contracts held by the Group, as well as for other potential litigation against the Group. The Group expects for these costs to be incurred over the next year. Other provisions also includes provision for long-term loyalty bonuses due to senior staff. This provision is expected to be utilised between 1 and 3 years.

##### Site restoration and maintenance

The Group provides for closure and post-closure costs as permitted airspace in landfill sites is used. Full provision has also been made for the Group's minimum unavoidable costs in relation to landfill site restoration and maintenance. The Group expects for these costs to be incurred over the next 60 years.

Company	Other provisions £000
At 1 January 2021	-
Additions	1,606
Amounts used	<u>-</u>
At 31 December 2021	<u>1,606</u>

##### Other provisions

Provision has been made for long-term loyalty bonuses due to senior staff. The company expects for this to be utilised between one and three years.

#### 27. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
679,528,758- ordinary shares of £0.55 each	<u>373,741</u>	<u>373,741</u>

These shares carry no right to fixed income or have any preferences or restrictions attached to them.

#### 28. Nature and purpose of other reserves

##### Share premium account

A non-distributable reserve where the premium paid for new shares above their nominal value is recognised.

##### Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Group's own shares.

##### Hedging Reserve

The hedging reserves relate to the use of hedge accounting as detailed in accounting policy 2.11.

##### Other reserves

The other reserves is a non-distributable merger relief reserve relating to historic business combinations where merger relief was applied.

##### Retained earnings

The profit and loss account is a distributable reserve made up of retained earnings.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 29. Contingent liabilities

The Group has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 2021 guarantees outstanding amounted to £150,127,000 (2020 - £133,153,000). These bonds are due to expire between 18 January 2021 and 31 December 2049.

At the 31 December 2021 the Group have contingent liabilities of £286,000,000 (2020 - £10,420,000) as a result of a number of put or pay contracts held.

Joint venture undertakings also have guarantees outstanding at the year-end relating to performance bonds of £3,752,000 (2020- £3,673,000).

No liabilities are expected to arise from these contingent liabilities.

The Company has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 2021 guarantees outstanding amounted to £3,109,000 (2020 - £3,826,000). These bonds are due to expire between 31 July and 31 December 2022.

#### 30. Capital commitments

At 31 December 2021 the Group and Company had capital commitments as follows:

	<u>Group</u>		<u>Company</u>	
	2021 £000	2020 £000	2021 £000	2020 £000
Contracted for but not provided in these financial statements	<u>9,534</u>	<u>26,794</u>	<u>-</u>	<u>-</u>

At the 31 December 2021 the Group share of capital commitment within associates were as follows:

Cornwall Energy Recovery Limited - £433,000 (2020 - £433,000)

West London Energy Recovery Limited - £1,533,000 (2020 - £nil)

#### 31. Pension commitments

##### Group

##### Defined contribution pension schemes:

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £15,267,000 (2020 - £13,153,000).

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **31. Pension commitments (continued)**

##### **Defined benefit schemes:**

The Group operates the following defined benefit pension schemes:

SUEZ Final Salary Pension Scheme  
SUEZ Contract Services Limited Retirement Benefits Scheme  
SUEZ (GB) Limited (Charnwood) Retirement Benefits Scheme  
The SUEZ Section of the Citrus Plan  
BFI Group Pension Scheme  
LWS Pension Scheme  
Hemmings Group Holdings Limited and Associated or Subsidiary Companies Pension Scheme

The Schemes offer both pensions in retirement and death benefits to members. All the Schemes are closed to new members.

The information presented below has been made for the total of these balances. The Schemes are administered by Trustees and the assets are held separately to the legal entity that is the Group.

The Trustee board of the Schemes is composed of employer and member nominated Trustees (where the legal minimum proportion of member nominated Trustees has been upheld). The Trustees are required by law to act in the best interests of the members of the Scheme. The Trustees are responsible for the investment policy with regard to the assets of the Schemes.

The Group considers two measures of the Schemes surplus or deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial assessment, is used to agree contributions to the Schemes. The two measures will vary because they are for different purposes, and are calculated at different rates and in different ways. The key calculation difference is that the funding position considers the expected returns of Scheme assets when calculating the Schemes liability, whereas the accounting position under IAS 19 discounts liabilities based on corporate bond yields.

The amounts in the financial statements for the year ended 31 December 2021, relating to pensions, are based on the most recent actuarial valuations for each scheme updated by Deloitte to take account of IAS19 in order to assess the liabilities of the scheme at 31 December 2018 and 5 April 2019.

The Schemes expose the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

##### **Investment risk**

The present values of the Schemes' liabilities are calculated using a discount rate determined by reference to yields available on high quality AA rated corporate bond yields; in other words, from the position of being fully funded then if the return on the Schemes' assets were below this rate, it would create a deficit in the Schemes.

##### **Interest risk**

A decrease in the corporate bond yield will increase the Schemes' liabilities; however, this will be partially offset by an increase in the value on the Schemes' corporate bond assets.

##### **Longevity risk**

The present value of the Schemes liabilities are calculated by reference to the best estimate of the mortality of the Schemes' members both during and after their employment. An increase in the life expectancy of the Schemes' members will increase the Schemes' liabilities.

##### **Inflation risk**

The present value of the Schemes' liabilities are calculated by reference to the future expected pension indexation (both indexation in deferment and pension increases in payment), which will depend on future inflation expectations. As such, an increase in the expectation of future inflation will increase the Schemes' liabilities.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 31. Pension commitments (continued)

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by the directors following discussions with the Group's actuaries. The liabilities in the scheme are measured on an actuarial basis using the projected unit method.

The amounts recognised in the balance sheet are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<i>Assets</i>	<i>Liabilities</i>
	<b>2021</b>	<b>2021</b>	<i>2020</i>	<i>2020</i>
	<b>£000</b>	<b>£000</b>	<i>£000</i>	<i>£000</i>
Fair value of scheme assets	35,712	87,625	18,347	100,079
Present value of obligations	(32,275)	(97,614)	(15,407)	(122,518)
<b>Asset/ (liability)</b>	<b>3,437</b>	<b>(9,989)</b>	<b>2,940</b>	<b>(22,439)</b>

The pension scheme assets do not include any ordinary shares issued by SUEZ Recycling and Recovery Holdings UK Ltd or any property occupied by SUEZ Recycling and Recovery Holdings UK Ltd.

The Group's pension scheme assets will be recovered either through a reduction in future contribution rates or as a repayment from the scheme when the last member leaves the scheme.

Changes in provisions and assets for defined benefit pension schemes for the year ended 31 December 2021 and the previous year are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 31 December 2019	3,306	(16,945)	(13,639)
Actuarial gains and (losses)	(379)	(6,652)	(7,031)
Expense for the period	(121)	(1,977)	(2,098)
Employer contributions	134	3,135	3,269
Reclassification	-	-	-
<b>At 31 December 2020</b>	<b>2,940</b>	<b>(22,439)</b>	<b>(19,499)</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 31 December 2020	2,940	(22,439)	(19,499)
Actuarial gains and (losses)	2,710	7,718	10,428
Expense for the period	(656)	(1,281)	(1,937)
Employer contributions	1,931	2,525	4,456
Reclassification	(3,488)	3,488	-
<b>At 31 December 2021</b>	<b>3,437</b>	<b>(9,989)</b>	<b>(6,552)</b>

Actuarial gains and losses in the year all relate to changes in financial assumptions.



## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 31. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Current service cost	(1,724)	(1,762)
Net interest cost	(213)	(166)
Past service cost	-	(170)
<b>Total</b>	<b>(1,937)</b>	<b>(2,098)</b>
Actual return/ (loss) on scheme assets	<b>11,337</b>	<b>(7,025)</b>

None of the pension commitments relate to SUEZ Recycling and Recovery Holding UK Limited's joint ventures or associates.

The amounts recognised as other comprehensive gains/losses in the statement of comprehensive income are as follows:

	2021 £000	2020 £000
Actual return less expected return on scheme assets	4,456	7,481
Experience gains arising on scheme liabilities	1,672	2,418
Changes in financial assumptions represent value of scheme liabilities	5,002	(13,296)
Changes in demographic assumptions represent value of scheme liabilities	207	(3,628)
<b>Actuarial loss recognised</b>	<b>11,337</b>	<b>(7,025)</b>

Movements in the present value of the defined benefit obligation were as follows:

	2021 £000	2020 £000
Opening defined benefit obligation	137,925	124,652
Current service cost	1,724	1,762
Interest cost	1,577	2,205
Contributions by scheme participants	250	234
Actuarial gains due to changes in demographic assumptions	(207)	3,628
Actuarial (gains)/losses due to changes in financial assumptions	(5,002)	13,296
Actuarial gains due to experience adjustment	(1,672)	(2,418)
Past service costs	-	170
Benefits paid	(4,706)	(5,604)
<b>Closing defined benefit obligation</b>	<b>129,889</b>	<b>137,925</b>

Changes in the fair value of scheme assets were as follows:

	2021 £000	2020 £000
Opening fair value of scheme assets	118,426	111,013
Return on plan assets excluding the amount included in the net interest	1,364	2,039
Actuarial gains	3,547	7,475
Contributions by employer	4,456	3,269
Contributions by scheme participants	250	234
Benefits paid	(4,706)	(5,604)
<b>Closing fair value of scheme assets</b>	<b>123,337</b>	<b>118,426</b>

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 31. Pension commitments (continued)

The cumulative amount of other comprehensive gains and losses recognised was £13,722,000 (2020 - £2,385,000).

The Group expects to contribute £4,500,000 to its defined benefit pension schemes in 2022.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021	2020
Equities - quoted	6%	25%
Bonds - quoted	87%	68%
Property - quoted	0%	0%
Cash	5%	4%
Other	2%	3%

All pensions assets are held within Europe.

All pension obligations relate to employees in the United Kingdom.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021	2020
Discount rate at 31 December	1.90%	1.40%
Future salary increases	1.00%	1.00%
Future pension increases	2.55%	2.10%
Inflation	3.05%	2.10%
Average remaining working life of participating employees	8 years	9 years

A 10bp decrease in the discount rate assumption would lead to an increase in pension liabilities of 1.9%.

A 10bp increase in the inflation assumption would lead to an increase in pension liabilities of 1.8%.

The assumptions used in the valuation and sensitivity analysis above are provided by the Group's actuary and used within the models they provide to the Group.

In calculating the pension liabilities, the directors, upon consultation with the scheme actuary, have used VITA curves with improvements according to CMI 2018 tables (non-peaked) with a 1.5% underpin for most schemes. For the Citrus scheme, the VITA curves have been used with a long cohort.

#### Company

##### Defined contribution pension schemes:

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £5,791,000 (2020 - £3,277,000).

##### Defined benefit pension schemes:

The Company operates a defined benefit pension scheme: BFI Group Pension Scheme

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 31. Pension commitments (continued)

Details of the nature of the benefits, governance and valuation method and assumptions used can be found in the Group disclosure above.

The amounts recognised in the balance sheet are as follows:

	<b>Asset 2021 £000</b>	<i>Asset 2020 £000</i>
Fair value of scheme assets	17,910	18,348
Present value of obligations	(14,978)	(15,409)
<b>Asset</b>	<b>2,932</b>	<i>2,939</i>

Changes in provisions and assets for defined benefit pension schemes for the year ended 31 December 2021 and the previous year are as follows:

	<b>Asset £000</b>
At 31 December 2019	3,306
Actuarial losses	(379)
Expense for the period	(121)
Employer contributions	134
<b>At 31 December 2020</b>	<b>2,940</b>
	<b>Asset £000</b>
At 31 December 2020	2,940
Actuarial losses	(1,019)
Expense for the period	(177)
Employer contributions	1,188
<b>At 31 December 2021</b>	<b>2,932</b>

The amounts recognised in profit or loss are as follows:

	<b>2021 £000</b>	<i>2020 £000</i>
Current service cost	(204)	(154)
Net interest (cost)/income	27	64
Past service cost	-	(31)
<b>Total</b>	<b>177</b>	<i>(121)</i>

**SUEZ Recycling and Recovery Holdings UK Ltd**

**Notes to the financial statements  
for the year ended 31 December 2021**

**31. Pension commitments (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	<b>15,409</b>	<i>13,620</i>
Current service cost	<b>204</b>	<i>154</i>
Interest cost	<b>162</b>	<i>224</i>
Contributions by scheme participants	<b>60</b>	<i>12</i>
Actuarial (gains)/losses due to changes in financial assumptions	<b>(1,000)</b>	<i>1,566</i>
Actuarial (gains)/losses due to changes in demographic assumptions	<b>(25)</b>	<i>464</i>
Actuarial losses due to experience adjustments	<b>1,235</b>	<i>421</i>
Past service costs	<b>-</b>	<i>31</i>
Benefits paid	<b>(1,067)</b>	<i>(1,083)</i>
Closing defined benefit obligation	<b><u>14,978</u></b>	<i><u>15,409</u></i>

Changes in the fair value of scheme assets were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	<b>18,349</b>	<i>16,926</i>
Return on plan assets excluding the amount included in the net interest	<b>189</b>	<i>288</i>
Actuarial (losses)/gains	<b>(809)</b>	<i>2,072</i>
Contributions by employer	<b>1,188</b>	<i>134</i>
Contributions by scheme participants	<b>60</b>	<i>12</i>
Benefits paid	<b>(1,067)</b>	<i>(1,083)</i>
	<b><u>17,910</u></b>	<i><u>18,349</u></i>

The Company expects to contribute £1,200,000 to its defined benefit pension schemes in 2022.

The major categories of scheme assets as a percentage of total scheme assets and geographical split is not currently available for the scheme.

All pension obligations relate to employees in the United Kingdom.

The assumptions used in the valuation above are provided by the Company's actuary and used within the models they provide to the Company.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 32. Related party transactions

##### Group:

Under the provisions of IAS 24, the Group is not required to disclose details of related party transactions between Group companies where 100% of the voting rights are held within the Group.

Analysis of the Group's transactions with joint ventures, associates and other related parties are detailed in this note. These are categorised as either sales transactions, purchase transactions or financing transactions.

##### *Sales transactions:*

During the year ended 31 December 2021 and the previous year, the Group undertook sales transactions with related parties as below:

	Sales 2021 £000	Outstanding at year end 2021 £000	Sales 2020 £000	Outstanding at year end 2020 £000
<b>Transactions with associate companies:</b>				
Northumberland Energy Recovery Limited	20,597	-	19,119	1
Cornwall Energy Recovery Limited	21,859	2,312	23,850	24
South Tyne & Wear Energy Recovery Limited	16,973	3	17,053	3
Merseyside Energy Recovery Limited	23,649	-	17,467	-
West London Energy Recovery Limited	20,831	2	19,312	-
<b>Transactions with joint ventures:</b>				
Lidsey Landfill Limited	188	-	157	6
<b>Transactions with subsidiaries:</b>				
SUEZ R&R Kirklees Limited	9,081	-	8,091	-

The Group's relationships with Northumberland Energy Recovery Limited, Cornwall Energy Recovery Limited, South Tyne & Wear Energy Recovery Limited, Merseyside Energy Recovery Limited, West London Energy Recovery Limited and Lidsey Landfill Limited are described in note 34 to the accounts.

The Group owns 99.9% of the share capital (81% of share with voting rights) of SUEZ Recycling and Recovery (Kirklees) Limited.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 32. Related party transaction (continued)

##### *Purchase transactions:*

During the year ended 31 December 2021 and the previous year, the Group undertook purchase transactions with related parties as below:

	<b>Purchases</b>	<b>Outstanding</b>	<b>Purchases</b>	<b>Outstanding</b>
	<b>2021</b>	<b>at year end</b>	<b>2020</b>	<b>at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Transactions with associate companies:</b>				
Northumberland Energy Recovery Limited	7,017	-	6,553	-
Cornwall Energy Recovery Limited	10,067	-	11,216	-
South Tyne & Wear Energy Recovery Limited	7,969	-	7,863	-
Merseyside Energy Recovery Limited	6,483	-	6,379	-
West London Energy Recovery Limited	8,755	-	7,988	-
<b>Transactions with subsidiaries:</b>				
SUEZ R&R Kirklees Limited	4,472	-	4,004	-

##### *Finance transactions:*

During the year ended 31 December 2021 and the previous year, the Group undertook financing transactions with related parties as below:

	<b>Interest</b>	<b>Loan</b>	<b>Interest</b>	<b>Loan</b>
	<b>receivable/</b>	<b>receivable</b>	<b>receivable/</b>	<b>receivable/</b>
	<b>(payable)</b>	<b>(payable) at</b>	<b>(payable)</b>	<b>(payable) at</b>
	<b>2021</b>	<b>year end</b>	<b>2020</b>	<b>year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Transactions with associate companies:</b>				
Northumberland Energy Recovery Limited	460	4,526	414	4,066
South Tyne & Wear Energy Recovery Limited	1,991	15,983	1,956	14,975
Merseyside Energy Recovery Limited	3,313	37,765	3,239	40,452
West London Energy Recovery Limited	2,081	21,852	2,128	23,103
Cornwall Energy Recovery Limited	1,226	10,243	1,195	11,202
<b>Transactions with subsidiaries:</b>				
SUEZ R&R Kirklees Limited	52	20,334	196	25,198

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 32. Related party transaction (continued)

##### *Transactions with senior personnel:*

The Group's key executives were the directors and members of the OpCom (2020 – 7 members)

Their compensation was as follows:

	2021	2020
	£000	£000
Salaries	1,488	1,743
Other short term benefits	5,020	1,018
Post employment benefits	296	201
Share based payments	214	89
Total	<u>6,580</u>	<u>3,051</u>

##### **Company:**

##### *Sales/recharges transactions:*

During the year ended 31 December 2021 and the previous year, the Company undertook sales/recharges transactions with related parties as below:

	Sales/ Recharges	Outstanding at year end	Sales/ Recharges	Outstanding at year end
	2021	2021	2020	2020
	£000	£000	£000	£000
<b>Transactions with associate companies:</b>				
Northumberland Energy Recovery Limited	25	-	25	-
Cornwall Energy Recovery Limited	300	-	253	-
Merseyside Energy Recovery Limited	219	-	215	-
West London Energy Recovery Limited	25	-	25	-
South Tyne & Wear Energy Recovery Limited	10	-	10	-

##### *Amounts owed to group undertakings:*

At the year ended 31 December 2021 the Company was owed £20,334,000 from a subsidiary SUEZ R&R Kirklees Limited (2020: £25,198,000) on which interest of £52,000 was received in 2021 (2020: £196,000).

#### 33. Controlling party

At the year end the Company's immediate parent undertaking was SUEZ Recycling and Recovery UK Group Holdings Limited, a company incorporated in England & Wales. In the opinion of the directors, at the balance sheet date, the Company's ultimate parent company and ultimate controlling party was SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), a company incorporated in France. The largest group of which SUEZ Recycling and Recovery Holdings UK Ltd is a member and for which group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Plas de L'Iris, 92040 Paris la Defense Cedex, France. In the directors' opinion, the Company's ultimate controlling party is SUEZ SA.

The ultimate ownership of SUEZ Recycling and Recovery Holdings UK Limited has changed since the balance sheet date, see Note 35 for details.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 34. Subsidiaries, joint ventures and associates

##### a. Subsidiaries

Company name	Country	Percentage Shareholding	Description
SUEZ Recycling and Recovery UK LTD **	England & Wales	100	Municipal services and waste disposal
Binn Landfill (Glenfarg) Limited	Scotland	100	Landfill site operator
Group Fabricom Limited***	England & Wales	100	Holding company
Midland Land Reclamation Limited	England & Wales	100	Landfill site operator
Northumberland Waste Management Limited	England & Wales	100	Landfill site operator
Shropshire Waste Management Limited	England & Wales	100	Landfill site operator
SUEZ UK Environment Ltd **	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Kirklees Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Lancashire Ltd	England & Wales	100	Waste disposal and landfill site operator
SUEZ Recycling and Recovery North East Ltd **	England & Wales	100	Waste disposal and landfill site operator
SHUKCO 346 LTD **	England & Wales	100	Landfill site operator
SHUKCO 347 LTD	England & Wales	100	Waste disposal
SUEZ Recycling and Recovery South Gloucestershire Ltd	England & Wales	100	Municipal services
SHUKCO 348 LTD	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Tees Valley Ltd	England & Wales	100	Dormant
SUEZ Recycling and Recovery Isle Of Man Ltd *	Isle of Man	100	Energy-from-waste plant operator
SUEZ Recycling and Recovery Surrey Ltd	England & Wales	100	Waste disposal
Tyne Waste Limited	England & Wales	100	Waste disposal and landfill site operator
Cliffeville Limited	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Suffolk Ltd *	England & Wales	100	Energy from waste plant
SHUKCO LTD***	England & Wales	100	Holding Company



## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 34. Subsidiaries, joint ventures and associates (continued)

##### a. Subsidiaries (continued)

Company name	Country	Percentage Shareholding	Description
SHUKCO 327 LTD***	England & Wales	100	Holding Company
SHUKCO 340 LTD***	England & Wales	100	Holding Company
SHUKCO 320 Limited **	England & Wales	100	Holding Company
A & J Bull Limited	England & Wales	100	Dormant
Attwoods Israeli Investments Limited	England & Wales	100	Dormant
Attwoods Limited	England & Wales	100	Dormant
Dorset Waste Management Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery Alternative Fuels Ltd	England & Wales	100	Dormant
Gurteens Limited	England & Wales	100	Dormant
Hemmings Waste Management Limited***	England & Wales	100	Dormant
LWS Collection Services Limited	England & Wales	100	Dormant
Nene Valley Waste Limited	England & Wales	100	Dormant
Ryton Waste Disposal Limited	England & Wales	100	Dormant
SHUKCO 303 Limited	England & Wales	100	Dormant
SHUKCO 323 LTD	England & Wales	100	Dormant
SHUKCO 336 LTD	England & Wales	100	Dormant
SHUKCO 337 LTD	England & Wales	100	Dormant
SHUKCO 338 LTD	England & Wales	100	Dormant
SHUKCO 341 LTD	England & Wales	100	Dormant
SHUKCO 342 LTD	England & Wales	100	Dormant
SHUKCO 343 LTD	England & Wales	100	Dormant
SHUKCO 345 LTD	England & Wales	100	Dormant
SHUKCO 350 LTD	England & Wales	100	Dormant
Sid Knowles Waste Limited	England & Wales	100	Dormant
Attwoods Holdings Limited	England & Wales	100	Dormant
SUEZ UK Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery UK Pension Plans Trustees Ltd	England & Wales	100	Dormant
Sortwaste Environmental Limited	England & Wales	100	Dormant
United Waste Property Limited	England & Wales	100	Dormant
United Water UK Limited	England & Wales	100	Dormant
Whinney Hill Stone Sales Limited	England & Wales	100	Dormant
Wm E Christer (Gravel) Limited	England & Wales	100	Dormant

##### b. Joint ventures

Company name	Country	Percentage Shareholding	Description
Lidsey Landfill Limited	England & Wales	50	Landfill site operator
Glenfarg Organics Limited	Scotland	50	Waste management services

The group holds 50% of the shares and voting rights of the entities and therefore have recognised and accounted for them as joint ventures.

## SUEZ Recycling and Recovery Holdings UK Ltd

### Notes to the financial statements for the year ended 31 December 2021

#### 34. Subsidiaries, joint ventures and associates (continued)

##### c. Associates

Company name	Country	Percentage Shareholding	Description
Cornwall Energy Recovery Holdings LTD *	England & Wales	33	Holding company
Cornwall Energy Recovery LTD *	England & Wales	33	Waste disposal
Northumberland Energy Recovery Holdings LTD *	England & Wales	42.5	Holding company
Northumberland Energy Recovery LTD *	England & Wales	42.5	Waste disposal
South Tyne & Wear Energy Recovery Holdings Limited *	England & Wales	45	Holding company
South Tyne & Wear Energy Recovery Limited *	England & Wales	45	Waste management
Merseyside Energy Recovery Holdings LTD *	England & Wales	40	Holding company
Merseyside Energy Recovery LTD*	England & Wales	40	Waste management
West London Energy Recovery Holdings LTD *	England & Wales	33	Holding company
West London Energy Recovery LTD *	England & Wales	33	Waste management

All shares held are Ordinary Share Capital (including 'A' and 'B' Ordinary Share Capital) aside from SHUKCO LTD and SUEZ Recycling and Recovery Tees Valley Ltd where both Ordinary Share Capital and Preference Shares are held.

\* Company has a 31 March year end as key customer is the local authority and thus it is considered beneficial for the company and the local authority to have co-terminus accounting periods.

\*\* Direct investments of SUEZ R&R Holdings UK Limited. All other investments are indirect investments.

Registered office of all subsidiaries, joint ventures and associates is SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES. With exception of;

- Binn Landfill (Glenfarg) Limited - C/O Brodies LLP Capital Square, 58 Morrison Street, Edinburgh, Scotland, EH3 8BP.
- Glenfarg Organics Limited - Orchard Bungalow Offices, Binn Farm, Glenfarg, Perthshire, United Kingdom, PH2 9PX.
- SUEZ Recycling and Recovery Isle Of Man Ltd - Isle of Man Energy from Waste Facility, Richmond Hill, Isle of Man. IM4 1JH

\*\*\* SUEZ Recycling & Recovery Holdings UK Limited has provided the necessary parental guarantees under Section 479A of the Companies Act 2006, to enable the following companies exemption from audit.

Group Fabricom Limited	01677389
Hemmings Waste Management Limited	00676121
SHUKCO 340 Ltd	03301834
SHUKCO Ltd	01866716
SHUKCO 327 Ltd	03283501

## **SUEZ Recycling and Recovery Holdings UK Ltd**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **35. Post balance sheet events**

##### **Veolia Takeover**

On the 18 January 2022 the global agreement between the SUEZ and Veolia Groups was finalised, with Veolia acquiring ownership of the SUEZ businesses worldwide and in the UK, including SUEZ Recycling and Recovery UK Limited. However, the SUEZ Group within the UK continued to operate independently from Veolia because of a hold separate order put in place by the UK Competitions and Markets Authority (CMA), whilst the CMA conducted a review into the impacts of the transaction on competition within the UK market.

On the 25th August 2022, the CMA concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. On 21st September 2022, Veolia announced its intention to sell SUEZ Recycling and Recovery activities in the UK to SUEZ S.A (new SUEZ), subject to CMA approval. This transaction is expected to complete in late 2022.

The impact of this change in control on the going concern assessment has been disclosed in note 2.3.