

BIFFA PLC
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A year of resilience and growth

Biffa plc Annual Report and Accounts 2022

We are Biffa

We've been at the forefront of the UK sustainable waste management industry for over 100 years.

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Financial highlights

Statutory Revenue (£m)	Net Revenue¹ (£m)	Adjusted Operating Profit⁴ (£m)
£1,443.2m	£1,363.9m	£96.6m

Statutory Profit/(Loss) after Tax (£m)	Statutory Earnings/ (Loss) per Share (pence)	Adjusted Basic Earnings per Share ⁵ (pence)
£(17.6)m	(5.8)p	19.7p

Cash Generated from Operations ² [£m]	Group Net Debt [£m]	Leverage Ratio [Covenant Basis] ³
£144.6m	£595.8m	2.9x

Sustainability highlights

Lost Time Injury Rate ⁶	Employee Engagement (%) ⁷	CO ₂ e emissions (Scope 1 & 2) ⁸ (kt)
0.39	59%	538kt

Total Plastics Recycling Capacity^a
(kt)

151kt



Tip For technical terms and abbreviations please refer to the glossary / page 227

1. Was ist die Bedeutung der folgenden Begriffe?
 a. **Wahlrecht**: Das Recht, an einer Wahl teilzunehmen und eine Stimme abzugeben.
 b. **Wahlberechtigung**: Die Eigenschaft, das Wahlrecht ausüben zu dürfen.
 c. **Wahlalter**: Das Mindestalter, das ein Bürger erreichen muss, um wahlberechtigt zu sein.
 d. **Wahlkreis**: Ein bestimmtes Gebiet, in dem die Wähler für die Wahl einer Person zusammengefasst sind.
 e. **Wahlzettel**: Ein Dokument, auf dem der Wähler seine Wahlentscheidung markiert.
 f. **Wahlurne**: Ein Behälter, in dem die Wahlzettel geheim verwahrt werden.
 g. **Wahlkommission**: Eine Behörde, die die Wahlverfahren überwacht und sicherstellt, dass sie fair und ordnungsgemäß ablaufen.
 h. **Wahlresultat**: Das Ergebnis einer Wahl, das die Stimmenzahl für jeden Kandidaten oder Partei angibt.
 i. **Wahlreform**: Eine Änderung der Wahlgesetze oder -verfahren.
2. Welche Aufgaben hat die Wahlkommission?
 Die Wahlkommission ist für die Überwachung des Wahlverfahrens zuständig. Sie stellt sicher, dass alle Wahlregeln eingehalten werden, und überwacht die Arbeit der Wahlbehörden. Sie ist auch für die Klärung von Streitigkeiten und die Sicherstellung der Transparenz des Prozesses verantwortlich.
3. Wie wird das Wahlrecht in Deutschland geregelt?
 Das Wahlrecht in Deutschland ist im Grundgesetz und in verschiedenen Wahlgesetzen geregelt. Es bestimmt das Wahlalter, die Wahlberechtigung und die Verfahrensweise der Wahlen.
4. Was ist die Bedeutung der Wahlberechtigung?
 Die Wahlberechtigung ist eine Voraussetzung für das Ausüben des Wahlrechts. Sie ist an das Alter und die Staatsbürgerschaft gebunden.
5. Wie wird das Wahlalter festgelegt?
 Das Wahlalter wird durch das Grundgesetz festgelegt. In Deutschland beträgt das Wahlalter 18 Jahre.
6. Was ist die Bedeutung der Wahlkreise?
 Die Wahlkreise sind die Grundbausteine der Wahlorganisation. Sie dienen dazu, die Wähler in Gruppen zu unterteilen, die jeweils einen Kandidaten wählen.
7. Wie wird das Wahlresultat ermittelt?
 Das Wahlresultat wird durch die Zählung der Stimmen ermittelt. Die Partei oder der Kandidat mit der meisten Stimmen gewinnt.
8. Was ist die Bedeutung der Wahlreform?
 Die Wahlreform zielt darauf ab, das Wahlverfahren zu verbessern und sicherzustellen, dass es fair und transparent ist. Sie kann Änderungen bei der Wahlorganisation, der Wahlverfahren und der Wahlgesetze umfassen.

Biffa At A Glance

Growing our business to **change the way people think about waste**

Our brilliant Biffa team provides essential waste services to over 96,000 UK business customers and 1.9 million households handling around eight million tonnes of resources every year.

Our vision is simple – to lead the way in UK sustainable waste management. Since September 2019, our strategy for growth has led us to commit more than £400m in discretionary capital across our four key investment areas of Reduce, Recycle, Recover and Collect, building and strengthening our business to invest in infrastructure and services that enable a circular economy.

This year, we increased our plastics recycling capacity to 151,000 tonnes and prevented 98 million products, totalling c.35,000 tonnes, from going to waste through Company Shop Group (CSG). Since our IPO in 2016, we've also improved the efficiency of our waste collection services by removing 92 vehicles, which has saved 5,055 tonnes of CO₂e emissions and supports the excellent progress we have made to date in reducing our carbon footprint.

Our market

Waste matters – for our employees, customers, suppliers, communities, Government and of course the environment. We know we have a vital part to play in helping the UK to achieve its Net Zero objective and we are ready to take on the challenge.

100+
years of
heritage

151,000
tonnes of plastics
recycling capacity

10,000+
employees

3,100
collection
vehicles

No.1
for 12 years, 11 times
waste collections

c.35,000
tonnes of products produced,
not heading for landfill

70%
reduction in CO₂e emissions
since 2012

c.230
locations

Our Divisions

We operate across three divisions, each providing distinct services to our customers both large and small.

Collections

Our goal: To provide the most efficient, low carbon waste and recycling collections and related services to Industrial & Commercial (I&C), Municipal and household customers.

£873.9m

Total Revenue

(2021 : £677.6m)

Specialist Services

Our goal: To help customers fulfil their sustainability ambitions by providing bespoke solutions including surplus redistribution, integrated resource management and hazardous waste services

£174.1m

Total Revenue

(2021 : £92.4m)

Resources & Energy

Our goal: To maximise the recovery of resources and energy through our leading waste treatment and processing capabilities.

£395.2m

Total Revenue

(2021 : £272.0m)

£690.9m

I&C Revenue

(2021 : £495.5m)

£103.4m

Industrial Services Revenue

(2021 : £86.6m)

£140.8m

Recycling Revenue

(2021 : £80.6m)

£183.0m

Municipal Revenue

(2021 : £182.1m)

£70.7m

Company Shop Group Revenue

(2021 : £5.8m)

£78.0m

Organics Revenue

(2021 : £53.6m)

£136.0m


Inerts Revenue


(2021 : £98.4m)

£40.4m

Landfill Gas Revenue

(2021 : £39.4m)

 Energy Recovery see / **pages 24–25**

 For more information on how our divisions performed this year, read our Operating Review on / **pages 66–75**

Investment Case

Why invest in Biffa?

1. A leading enabler of the UK circular economy

We are a leading sustainable waste management company and have been at the forefront of the UK's waste industry for more than 100 years. Today Biffa is an established enabler of the UK circular economy, with operations that span the entire breadth of the waste hierarchy.

In February 2021, we acquired Company Shop Group, the UK's leading and largest manufacturer of surplus food and household products strengthening our leadership position by broadening our offering to customers and operating right at the top of the waste hierarchy.

We have invested £100m in plastics recycling infrastructure since September 2014 and now have the capacity to recycle 151,000 tonnes of plastic each year with plans to increase this to 140,000 tonnes by 2030.

2. Sustainability at our core

We have an ambitious approach to sustainability. Our sustainability strategy Resourceful Responses, which aligns to the UK's Sustainable Development Goals, includes a commitment to unlocking £1.2bn of green economy infrastructure investment of which £1.1bn has already been unlocked along with a further significant reduction in our carbon emissions.

The great progress we have made in delivering our business strategy, such as our entry into retail distribution and waste reduction expanding our plastic recycling operations, investing in energy recovery infrastructure and building a low carbon collection business through acquisitions, will ensure we deliver a plan to enable us to reduce our carbon emissions by a further 50% by 2030. Our aim is to reach net zero emissions by no later than 2050, in line with Government targets.

3. Strategy for organic and inorganic growth

We have continued to deliver on our plan to consolidate the fragmented WCC collections market. Acquisitions are key to us delivering our long-term ambition to be the leading collector of business waste in the UK, enjoying sector-leading margins and returns on capital. We have invested over £170m in WCC acquisitions since our IPO in 2016, including £130.8m for the VVO acquisition, which completed on 31 August 2021.

This acquisition expands our business waste collections and recycling capabilities while solidifying our leading position in UK sustainable waste management. We are also continuing to invest heavily in our customer experience, helping us to both attract new customers and give them the best experience once with us.

4. Resilient business model and financially robust

We have made a strong recovery from the pandemic by delivering a record adjusted operating profit with underlying WCC collections volumes ahead of pre-pandemic levels and a good cash performance and leverage position supporting our restored dividend.

Our business model is resilient by design. Our services are essential, non-discretionary and create stable demand. Our network forms a barrier to good value offering new entry. Our contractual structures are geared to protect against commodity and inflationary exposures.

5. Attractive market dynamics

Our markets are underpinned by long term growth drivers such as a national move to increase recycling, reduce waste going to landfill and prevent the export of waste. We are well placed to benefit from the Environment Act which was passed into UK law in 2021 as well as the Deposit Return scheme in Scotland and in the Devolved Nations over the next few years.

The UK Government's ambitions and growing policies for our sector, such as the private sector investment in green economy, very low and infrastructure funds, support our aim to be a leading waste management company in the years ahead.

6. Strong national brand and service delivery

We have a deep and unrivalled understanding of the UK waste market which comes with over a century of experience. Our strong heritage, brand and reputation, along with our scale, route densities and lower operating costs gives us a competitive edge.



Key investment areas

The last two years have seen a significant period of investment for Biffa, as we have repositioned the strategy around four themes of Reduce, Recycle, Recover and Collect. In doing so, we have established a business model and service proposition that helps to enable a circular economy for our customers and aligns our positioning to the objectives of our customers, regulators and society

COLLECT

To build the UK's largest, most efficient, low carbon waste and recycling collections operation

See / pages 26–27

£180.8m
COLLECT
Investment

RECOVER

To invest in energy recovery infrastructure as a low carbon alternative to landfill for our customers' waste that can't be recycled

See / pages 24–25

£75.0m
RECOVER
Investment

REDUCE

To pioneer and operate the UK's leading waste reduction and redistribution services

See / pages 20–21

£91.5m
REDUCE
Investment

Just under
£420m
of discretionary capital
committed between
September 2019 and
March 2022

£71.7m
RECYCLE
Investment

RECYCLE

To develop and operate the UK's leading recycling solutions

See / pages 22–23

Market Overview

From Waste Hierarchy to Carbon Hierarchy: **Biffa's Blueprint for Waste Net Zero**

The Government's ambitions and emerging policies provide a significant opportunity to unlock circa

£18bn

of investment in the UK circular economy that will create more than

16,000

jobs and

43m tonnes

of circular raw materials annually, while contributing to a reduction of up to

7.1m

tonnes of CO₂e a year

The good news is that this can be achieved using existing, proven technologies and processes, and that there is a vibrant, competitive, skilled sector with the access to the capital to make this happen.

The even better news is that society supports this drive and the UK's governments are committed to implementing policies to help make this happen. All that is needed now is for sensible policies that provide long term certainty to be implemented without delay. This will create the right incentives and provide the certainty the sector needs to invest.

We have contributed extensively to the development of the emerging waste policy framework and are for the most part supportive of it.

Here are our specific policy requests:

- **Embrace the move from Waste Hierarchy to Carbon Hierarchy** – acknowledging the carbon intensity of energy recovery will be a painful but necessary step. It needs to be accompanied by support for novel recycling technologies and the implementation of carbon capture and requires intelligent reform of landfill tax to ensure no more unintended consequences.
- **More action to phase out waste export** – starting with an outright ban (not just an ex-OECD ban) on the export of plastic waste, we should then consider extending the ban to other materials over time, based on which pose the biggest risk of harm if not recycled properly. This will stimulate huge investment in the growing reprocessing sector and ensure vital recovered raw materials are available in the UK.
- **Drive more adoption of recycled plastics** – the introduction of the UK Plastics Packaging Tax is a good start; we now need forward guidance that it will be more ambitious and progressive over time to ensure investment momentum is maintained.
- **Consider a moratorium on more Energy Recovery Facilities** – the development of the UK's energy recovery facilities is almost complete. After the latest facilities that are being built or shortly to start construction are complete, we should allow the time for policies to be implemented and deliver the goals before deciding if we need any more. Sponsors of projects with consents that are not yet in construction should think carefully about whether they are needed and where the waste will come from to feed them.
- **Accept that landfill will continue to play a role** – landfill is essential for certain types of waste, and as a disposal point of last resort. We need to address this elephant in the room at a national infrastructure level and ensure planning authorities grant permissions where needed. If we don't act now, we will have a landfill capacity crisis very soon.
- **Support the transition to a zero-emissions, competitive collections market** – the transition to zero emissions collections will need both carrot as well as stick; introducing zero-emissions zones in urban areas will be needed to accelerate the transition, with funding support for local authorities to help them foot the bill. In pushing for more efficient collections, governments must resist the temptation to interfere in what is a dynamic, competitive market that responds well to customers ever changing needs.

Biffa's business model is uniquely present across the entire waste hierarchy. Our efficient, low carbon collections network supports capabilities in waste reduction, recycling, energy recovery and disposal to landfill. Our positioning aligns us with the ambitions of our customers, regulators and society at large. We work to move waste up the hierarchy, improving environmental outcomes while saving our customers money.

We believe this positioning across the hierarchy qualifies us to speak up on what is needed to help **deliver Waste Net Zero...**

	Carbon benefits	Policy asks and changes needed
COLLECT	Switching the UK fleet of refuse vehicles to electric would save 290 Kt of CO ₂ each year.	<ul style="list-style-type: none"> Support a transition to low / zero carbon fuels for waste – subsidies or/and ban fossil fuel vehicles from cities. Maintain competition to ensure a dynamic competitive market enabling businesses to maximise recycling.
REDUCE	1 tonne of surplus food redistributed rather than landfilled saves 0.989 tonnes CO ₂ e.	<ul style="list-style-type: none"> Introduction of food waste reporting. Incentivise businesses to redistribute surplus produce. Introduce carbon pricing to reduce waste and ensure the carbon cost of incinerating material which cannot be recycled or reused is realised.
RECYCLE	1 tonne recycled plastic saves 2.3 tonnes of CO ₂ e compared to energy recovery. ²	<ul style="list-style-type: none"> End plastic waste export and consider other materials based on the risk. Introduce a progressive plastics tax to stimulate further investment and adoption. Implement a consistent UK wide deposit return scheme.
RECOVER	Every tonne of residual household waste diverted from landfill avoids 0.452 tonnes of CO ₂ e emissions.	<ul style="list-style-type: none"> Bring energy recovery into Emissions Trading Scheme from 2028 to stimulate innovation. Review energy recovery development to ensure lower carbon waste reduction and recycling is prioritised and ensure no over-capacity market distortion.
DISPOSE	Average net carbon emission 0.34t CO ₂ e per tonne of input generating 584kWh of net electricity export. ¹	<ul style="list-style-type: none"> Ensure 2028 ban on biodegradable waste is workable. Reform landfill tax to ensure it doesn't work against Net Zero ambitions.

¹ Biffa Wastewater Department 2019. Biffa Wastewater Department Net Emissions 2017-2021
² Biffa Wastewater Department 2019. Biffa Wastewater Department Net Emissions 2017-2021
³ Biffa Wastewater Department 2019. Biffa Wastewater Department Net Emissions 2017-2021


Our Sustainable Business Model

Combining purpose with profit

What we do

Our business model focuses on four strategic areas – Reduce, Recycle, Recover and Collect. Concentrating on these four areas enables us to deliver efficient and sustainable waste management in line with the waste hierarchy and enables us to deliver the most value from our operational capabilities.

Our business model is resilient by design, demonstrated by how we have navigated economic uncertainty and market challenges during the year (see page 08). Our services are generally essential, non-discretionary and predictable in demand. Commercial terms either offer good levels of pricing flexibility or contractual structures designed to protect against commodity and inflationary exposures.

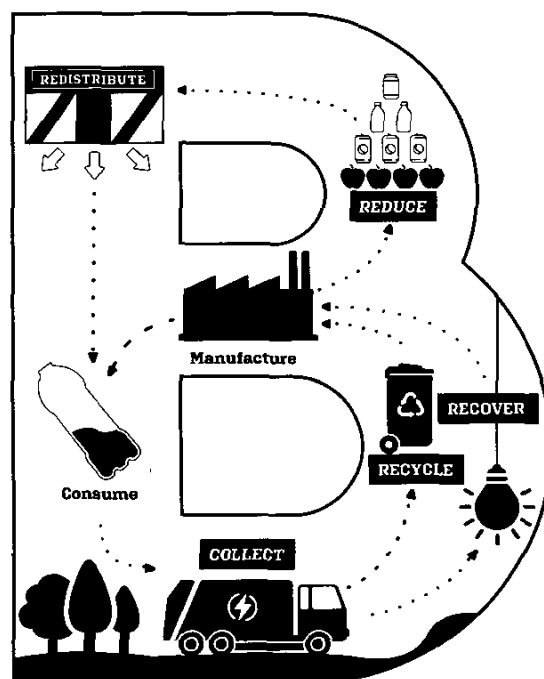
 see our operating review pages 66-75

Why we do what we do

Our business model combines purpose with profit, helping to enable the circular economy, generate profit for our shareholders and deliver our core purpose – to change the way people think about waste.

Where we focus: our objectives

Our Balanced Business Plan (BBP) is aligned to five key pillars – Safer Together, Value People, Customer First, Grow Sustainably and Protect our Planet. The actions and targets within our annual BBP help to guide activity around our business model.



REDUCE

To pioneer and operate the UK's leading waste reduction and redistribution services.

Sources of revenue:

- Sale of surplus produce to Company Shop Groups members

RECYCLE

To develop and operate the UK's leading recycling solutions.

Sources of revenue:

- Gate fees for processing and treating waste.
- Sale of commodity products

RECOVER

To invest in energy recovery infrastructure as a lower carbon alternative to landfill for our customers' waste that cannot be recycled.

Sources of revenue:

- Gate fees for processing and treating waste
- Sale of renewable energy

COLLECT

To build the UK's largest, most efficient, low carbon waste and recycling collections operation.

Sources of revenue:

- Service fees for collection and disposal of commercial waste
- Fees for outsourced provision of household collection services

How we do it: our values

Our values demonstrate how we act every day and how we make decisions. They set us apart from the competition and show that how we do things is just as important as what we do. They are the guiding principles for how we do business.

To lead the way in UK sustainable waste management

To change the way people think about waste

Our Vision

Our Purpose

Our Values


Our Sustainability Goals

Underpinning all of this is our powerful sustainability story, based around three key pillars:

BUILDING A CIRCULAR ECONOMY

TACKLING CLIMATE CHANGE

CARING FOR OUR PEOPLE, SUPPORTING OUR COMMUNITIES

 The strategy pages in this report (pages 28-57) demonstrate how we unite purpose with profit through our sustainable business model. They also demonstrate how capital is allocated between our four investment areas and how these align to our sustainability strategic pillars, divisions and risks.

Chairman's Statement

Strong foundations to grow the business

It was only a year ago that we were all left wondering how the Covid-19 pandemic would continue to develop and what further impact it might have. As it has turned out, our financial year to 25 March 2022 has proven to be a year of recovery, with the business largely returning activity to pre-pandemic levels and in some cases even better. A combination of the benefits from lessons learned during the Covid-19 pandemic and the resilience of the business, has contributed to a strong financial performance and the ongoing fulfilment of our Strategy.

Business and markets

Our business and markets have largely returned to normal levels. There have been benefits from the strength of commodity prices, however these have been offset by the impact of growing cost pressures in the business due to shortages of key resources, supply chain challenges and a shortfall in performance at Company Shop Group. As previously reported, due to the short term underperformance of CSG we booked a goodwill impairment charge of £25m at the half year. Overall, the financial performance of the Group was in line with the Board's expectations.

Stakeholder engagement and sustainability

We have continued to focus on our purpose "to change the way people think about waste" and our drive to ensure that appropriate balance is achieved between overall sustainability and the delivery of value to our shareholders.

We have had ownership of CSG for a year now. The business has provided us with the opportunity to reduce surplus products going to waste, particularly in the food sector, whilst at the same time fulfilling an extremely valuable contribution to the community. At a time when energy cost pressures are putting a strain on household budgets, CSG continues to make an increasingly valuable contribution to the communities in which it is located.

The health, safety and wellbeing of our colleagues and our communities continues to be of paramount importance, despite

the reducing impact of Covid-19, which impacted our safety performance last year. During the year, we have continued to actively support the communities in which we operate through various community projects, including our proud partnership with the charity, WasteAid.

Employee engagement

There was much talk as we exited the pandemic of the 'new normal'. Well, it has been a delight to see, as the impact of the pandemic has subsided, a return to many aspects of the old normal. There has been a steady return of people to our offices, increasing physical presence of people in meetings and the re-establishment of personal relationships, which are so important to the success of the business. Of course, our frontline operational teams have continued delivering our essential services for customers throughout the pandemic.

It has been rewarding to be able to bring sections of the workforce together at various conferences, employee forums and award events, to share their thoughts and ideas and to celebrate their successes. Of course, aspects of remote working have been retained, where it is efficient and effective to do so.

We were delighted to achieve a consistent overall employee engagement score of 59%, which is 3% above the UK average (see page 52). Our Senior Independent Director, David Martin, has continued to fulfil his workforce engagement role and has had many more opportunities to spend time in the business to assess levels of engagement and pride in working at Biffa. More on this can be found on page 52.

The year has brought about its own employee related challenges in terms of absence from the workplace due

6.89p
Dividend Per Share FY22

The Board visiting our energy recovery facility at Newnurst, Leicestershire, which is currently under construction and due to become operational in FY23.

to Covid-19, as well as the shortage of personnel for key roles. Our colleagues from across the Group have responded well to these challenges and on behalf of the Board, I want to thank all our people for their ongoing commitment and dedication.

Strategy and capital allocation

The Board has actively engaged with management to discuss the continuing strategy of the business. We remain committed to further investing in sector consolidation in the collections business, investing in plastics recycling and progressing the development of our energy recovery facilities. A lot of effort has been devoted to the integration of the Vinidor business, which has been a huge undertaking. The investments in our facilities at Seaham, Washington and Redcar remain on track to deliver further capacity for closed-loop, food-grade plastic recycling and the energy recovery investments are also on track. Management has a very clear focus on the areas of greatest potential return and capital allocation has been very disciplined in this respect.

Corporate governance

The growing focus on corporate governance has continued and the increasing interest of the investment community in ESG has added to this momentum. At Biffa, we take corporate governance very seriously, focusing on the areas that create the most value for the business. Further details can be found on pages 90-143.

Shareholder returns

During the financial year, we have seen a return to dividend payments to shareholders. The dividend has been re-established at an appropriate level to ensure the right balance between investing for growth and providing returns

to shareholders. The share price has been trading higher recently as a result of the possible offer from Energy Capital Partners. The FTSE 250 index continues to underperform compared with other developed world stock market indices and so like many companies on the UK stock market, the underlying intrinsic value of our business fails to be reflected in the equity value.

Board updates

It has been rewarding to see the shape of our Board develop over recent times. Claire Miles, our Non-Executive Director, has been with us for a year now. Claire has made a great contribution latterly as Chair of the Remuneration Committee and has made a significant contribution to the work of the Board overall. On 1 December 2021, Linda Morant joined the Board as a Non-Executive Director. Linda has considerable expertise in technology and is currently the Chief Digital Officer for The Crown Estate. She also has a wealth of experience in customer facing roles and sustainability, which stands her in great stead as Chair of Biffa's Sustainability Committee. At the end of December 2021, we saw the retirement of Michael Averill who had been involved with Biffa for eight years. Michael made an enormous contribution to the Board through his experience, business acumen and knowledge of the waste sector. On behalf of the Board, I thank him for his enormous contribution.

Possible offer

On 7 June 2022, Biffa released an announcement to the London Stock Exchange confirming that it has received a series of unsolicited and indicative proposals from a US based private equity company

called Energy Capital Partners and its affiliates to acquire the entire issued, and to be issued, share capital of Biffa.

A full copy of the announcement can be found on the Company's website here: www.biffa.co.uk/investors/possible_offer

Looking to the future

We remain confident that we have a very strong business capable of meeting the needs of our key stakeholders. The foundations are in place to continue to grow the business, whilst retaining the balance between changing the way people think about waste, sustainability and delivering attractive financial returns to our shareholders.

Ken Lever
Chairman

Section 172 statement

The Directors continue to have regard to the duty they have under Section 172(1) of the Companies Act 2006 (s172) to promote the long-term success of the Company for the benefit of its members. In doing so, the Directors have regard to the interests of our employees, the business relationships with our suppliers and customers, the impact of our operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

 See the full statement / page 108

Stakeholder Engagement

Changing the way our **Employees** think about waste

Green Little Acts

The UK hosted COP26 in Glasgow at the end of 2021, where world leaders came together to discuss how they will prevent rising temperatures and the devastating effects of climate change.

We used this opportunity to engage our employees in our sustainability strategy, as our second pillar, tackling climate change, closely aligns with the objectives of COP26. We also wanted to engage employees in our purpose as we believe we have a big part to play in helping the UK deliver on its Net Zero objective.

Over the two weeks that COP26 was in summit, we ran an internal competition, #GreenLittleActs, which was all about the

little acts our employees can do to reduce their impact on the environment. Employees were asked to post their ideas on our employee app, Biffa Beat, which gave others the opportunity to like and share their posts.

We had some great ideas, with some employees choosing to try a plant-based diet, to others trialing metal instead of plastic straws. We even had one employee design a rainwater capture device at home to water their plants.

"Green Little Acts was a great way to get our employees involved in this really important topic. I came up with the idea of reusing plastic bottles to collect rainwater to water my plants at home. I'm pleased to do my bit to prevent climate change – every little act counts!"

Anthony
a Loader at Biffa

The positive momentum around the campaign showed how our employees really are the driving force in helping to make our sustainability ambitions become a reality. #LittleActsBigImpact



Biffa and WasteAid – a common purpose

Waste management is often taken for granted in the developed world; however this is not the case in developing countries where one in three people globally do not have access to a basic waste management service.

WasteAid is an independent UK charity, set up by waste management professionals to share practical and low-cost waste management knowledge with communities in developing countries.

The team at WasteAid works tirelessly to educate, train and equip some of the most disadvantaged communities in the developing world so that they can start to meaningfully tackle the waste challenges they face. Plastic pollution is at crisis point in these countries and WasteAid's work is crucial in tackling this.

We've been proud partners of WasteAid for the last three years. There is a natural affiliation between Biffa and WasteAid's work. While different in so many ways, we share a common purpose: to change the way people think about waste.

We support them through our sponsorship, employee fundraising and with their projects in the Gambia, Kenya and currently in Cameroon.

We run periodic all employee updates with the WasteAid team, to show where our funds are being spent and how we are helping to make a difference to the lives of people in developing nations.

In FY23, we hosted a WasteAid gala dinner, where customers, suppliers and industry partners joined us and helped us raise over £100k for their important work.

"The support of the Biffa team in helping WasteAid achieve its mission has been nothing short of amazing. Thanks to support from all levels of Biffa, including fantastic employee fundraising and valuable technical advice from Biffa experts, we have been able to deliver our global programmes to the highest standards."

"This proud partnership has raised the profile of waste management on both the sustainable development and climate action agendas. WasteAid continues to support and facilitate waste management and recycling across Africa and Asia, as well as promoting circular economy approaches."

"WasteAid connects key players to support innovation at grassroots level keeping waste materials out of the environment and 'in the loop'. I am incredibly proud of what we have achieved and believe that there is much more we can accomplish together."

Ceris Turner-Bailes
CEO, WasteAid

Stakeholder Engagement continued

Changing the way our **Customers** think about waste

Greggs: sustainable packaging solutions

As pioneers of a fully closed-loop recycling model, at Biffa we have in-house experts with the knowledge and expertise to support customers with improving the recyclability of their packaging. Our packaging surgeries include data analysis and insight as well as providing simpler sustainable alternatives to ensure packaging is widely recyclable.

UK bakery chain Greggs is one of our corporate customers that is really driving their sustainability agenda forward, having made a commitment to net zero emissions by 2040.

As part of the 'Greggs Pledge', they have a commitment that by 2025 they will use 25% less packaging by weight than in 2019, and any remaining packaging will be made from material that is widely recycled.

We are working with Greggs to help make this commitment a reality. Here are just some of things we've been doing to support them on their journey.

- **Sourcing an alternative baking paper** – which is cheaper, lighter and more recyclable. Following a successful trial at one of our Material Recycling Facilities, the new baking paper is now being trialled at a number of Greggs stores.
- **Supporting in their preparation for the UK plastics tax** – which came into effect 1 April 2022 and introducing them to Biffapack, which is now their compliance partner for Packaging Recovery Notes.
- **Advising to change to natural-coloured PET transit trays** – which are much easier to recycle. We are also helping to source alternative PET flake through Biffa Polymers, to make these trays even more closed-loop.

We will also help Greggs to build a data system and introduce a new performance specification document, to simplify requirements for Greggs' suppliers and help to future proof them for upcoming Extended Producer Responsibility legislation.

"Packaging is a key part of our sustainability ambition, so it is extremely useful to work alongside Biffa on their 'packaging surgery' concept. We've already identified opportunities and options for further development by combining our internal knowledge and the recycling infrastructure experience of the Biffa team, and we see this developing into a key part of our innovation approach in the future."

Paul Rhodes
Head of Sustainability and
SHE, Greggs

This is a summary of the key messages from the Biffa Sustainability Report 2021. For more information, please visit www.biffa.co.uk/sustainability. The Biffa Sustainability Report 2021 is available in English, French, German, Italian, Spanish, Chinese, Japanese, Korean, Hindi, Urdu, Bengali, Punjabi, Gujarati, Marathi, Tamil, Telugu, Kannada, Malayalam, Sinhala, Thai, Vietnamese, Indonesian, Tagalog, Filipino, Vietnamese, and Vietnamese. The Biffa Sustainability Report 2021 is available in English, French, German, Italian, Spanish, Chinese, Japanese, Korean, Hindi, Urdu, Bengali, Punjabi, Gujarati, Marathi, Tamil, Telugu, Kannada, Malayalam, Sinhala, Thai, Vietnamese, Indonesian, Tagalog, Filipino, Vietnamese, and Vietnamese. The Biffa Sustainability Report 2021 is available in English, French, German, Italian, Spanish, Chinese, Japanese, Korean, Hindi, Urdu, Bengali, Punjabi, Gujarati, Marathi, Tamil, Telugu, Kannada, Malayalam, Sinhala, Thai, Vietnamese, Indonesian, Tagalog, Filipino, Vietnamese, and Vietnamese.

Changing the way our **Suppliers** think about waste

Donating surplus stock

A key part of the Company Shop Group model is Community Shop – a growing social enterprise that sells surplus produce, donated by supplier partners, at deeply discounted prices, alongside the provision of a number of community services through Community Hub and Community Kitchen.

Surplus donations from our partners ensure that we can support thousands of families every week.

Each Community Shop member saves an average of £21.2 each month on their shopping bill and together members have saved over £7.5m in 2021 alone. This makes an immediate and concrete difference. In tough times, this difference is often a life saver.

All of this is made possible by partners who share our vision and who care passionately about communities. For many of our partners the relationship is about more than just reducing food waste. They support store openings, volunteer in projects and help us to develop new models of impact so we can do even more good in our communities.

We received a 34% increase in donations from industry partners over the year, enabling Community Shop to provide the equivalent of over 2,950,000 meals for individuals and families most in need.

"It's an honour for Ocado to be able to support the opening of a second Community Shop this year. We recognise that they are an essential lifeline to many, particularly during this challenging time. Together with Ocado customers, we look forward to being able to help future Community Shops open and reach even more people in 2022."

Jonathan Wiseman

General Counsel and Chief People Officer, Ocado Retail

"Our partnership with Community Shop has helped us serve communities throughout the UK in new and impactful ways. A great example is how we teamed up in 2021 to serve over a thousand Christmas dinners to community groups that support people who would otherwise be alone at Christmas."

Francine Hammond

Sustainability Manager - Food Waste, Tesco

"As a business rooted in the heart of our communities, we care passionately about the wellbeing of people and the planet. Over the last year we have worked in partnership with Community Shop to deliver a range of projects to support families in our communities. This relationship is about so much more than stock. It is about people working together in new and innovative ways to bring positive solutions for those who need them most. We look forward to continuing to develop this partnership in 2022."

Adam King

Community Director, Samworth Brothers

Samworth Brothers



Chief Executive Officer's Review

A strong recovery with record operating profits

A strong recovery

Biffa delivered a strong performance in the year, reporting record adjusted operating profits. Group Operating Profit improved to a loss of £8.3m (FY21: loss of £37.5m), (FY20: profit of £74.1m) and Adjusted Operating Profit more than doubled to £96.6m (FY21: £44.2m, FY20: £90.5m).

We emerged well from the pandemic and have since tackled, and continue to actively manage, a number of external challenges. Our commercial terms ensure good levels of pricing flexibility designed to protect against inflationary exposures. Whilst the evolving macro-economic and geo-political circumstances meant that it certainly wasn't the year we had expected, I am proud of our strong performance which is testament to our resilient business model, positioning in the market and our capabilities and teamwork.

With the economic recovery that followed the easing of lockdown restrictions in the early part of the year, came a strong rebound in demand for the essential services that we provide, with volumes and profitability across most of our business recovering to levels at, or slightly above, pre-pandemic levels.

Overall, the financial performance of the business was in line with the Board's expectations.

We have benefited from the investments we have made over the last three years. We have seen a strong contribution from both the Viridor and Simply Waste acquisitions. We expect an increasing contribution from these, as well as from our investments in CSG and our Seanam PET recycling plant in the year ahead.

A resilient business able to manage external challenges

The business has benefited from the strength of commodity prices, but this has been offset by the impact of growing cost pressures due to shortages of key resources, supply chain challenges and a shortfall in performance at CSG. The supply chain challenges affected our ability to source

items such as new vehicles, fuel and waste containers in addition to the impact of the well publicised national shortages of qualified HGV drivers.

Through our scale, reputation and supply chain relationships we have dealt with these challenges well, although they continue to be areas that require careful management. We have engaged constructively with trade unions and have agreed meaningful pay increases to ensure that we retain our position in our sector as an employer of choice.

Managing inflation continues to be a key priority for the business. Our business generally benefits from a level of pricing flexibility that enables us to protect our profitability. Over the course of the year, we have taken appropriate action to ensure our profitability is preserved and will continue to do so as the situation evolves.

From a business perspective, the last few years have been a testing time and have shown us how unpredictable world events can be. We have faced the challenges of Brexit, the pandemic, post-pandemic supply chain challenges, inflationary pressure and now the impact of the war in Ukraine. Through this period we have demonstrated our resilience and differentiation from our competition. Whilst certainly not immune from these events, Biffa has performed very well, demonstrating a strong rebound in demand for our services, all time low levels of customer churn and an ability to protect margins.

Climate change remains a global emergency that requires immediate action from governments and businesses alike. We deliver carbon reductions for waste producers by wholeheartedly embracing the waste hierarchy, prioritising waste

prevention, closed loop recycling and energy recovery, all supported by one of the largest, most efficient business waste collection networks in the UK. In the year, we continued to make good progress with our sustainability strategy target to reduce carbon emissions by 50% from 2020 to 2030.

We have been refused leave to appeal to the Supreme Court on the previously reported EVP/fluff landfill tax disputes, and therefore the disputes are now concluded. We are also the subject of an enquiry by HMRC for certain aspects of landfill tax compliance, as part of concerns HMRC has regarding the potential misclassification of waste across the industry. The enquiry is ongoing and a provision of £20m has been recognised but there are a range of possible outcomes and it is therefore difficult to accurately ascertain the quantum of any potential liability with any certainty or precision. Further detail on both landfill tax matters can be found in the Chief Financial Officer's Review on page 63.

Strategic execution


The last two years have seen a significant period of investment for Biffa, as we have repositioned the Group around four themes of Reduce, Recycle, Recover and Collect. In doing so, we have established a business model and service proposition that helps to enable a circular economy for our customers and aligns our positioning to the objectives of our customers, regulators and society. We committed just under £420m of investment into these four areas between September 2019 and March 2022, of which £361m had been invested by March 2022. Since then we have committed a further £80m to support Scotland's implementation of a deposit return scheme, bringing our total commitment since September 2019 to c.£500m.

REDUCE

We acquired CSG in February 2021 which added a meaningful offering in waste reduction to Biffa's portfolio. CSG provides a unique offering to manufacturers and distributors of household produce, enabling surplus products that would otherwise go to waste to be redistributed through a membership restricted outlet network. Through its activities 98 million products, totalling c.35,000 tonnes, was prevented from going to waste in the year.

Since the acquisition, we have grown the business through opening three new outlets, enabling the business to grow the amount of surplus products it can redistribute. Business performance has been challenging as shopping habits took time to normalise following the last lockdown and as previously reported, due to the short term underperformance of the business, we booked a goodwill impairment charge of £25m at the half year. However, since the final quarter of the year we have seen encouraging progress in membership, footfall and margins as a result of the recent strategic changes we have put in place, and we are confident of an improved performance in the coming year.

In addition to CSG, we made a seed investment in 'Love Junk', an online marketplace that connects upcyclers, refurbishers and reactive waste providers to people who need to dispose of waste or items they no longer need.


 Find out more **pages 20–21**

RECYCLE

Biffa is a UK leader in closed-loop, food grade plastic recycling. Our Biffa Polymers business provides solutions for the majority of post-consumer rigid plastic packaging, helping to reduce the UK's dependence on unreliable export markets while providing raw materials that are a substitute for virgin plastic packaging to UK packaging manufacturers. Demand for our solutions has grown significantly in recent years as consumers and regulators have demanded that plastic packaging become more sustainable.

In the year we completed the commissioning of our Seaham rPET plant, gaining regulatory and customer approvals for our product. Whilst progress was slower than we had hoped, we are now supplying material to our customers who include Nestle, Aipla and Esterform. The facility is now operating at full pellet production rate and we are focusing on optimising its operations. In addition we completed the commissioning of our rPP plant at Washington and commenced construction of our 3rd rHDPE line at Redcar. With the introduction of the Plastics Packaging Tax from 1 April 2022, we expect to see strong demand for the material we produce.


The Viridor acquisition added to the Group's capabilities and control of feedstock for the Polymers business.

 Find out more **pages 22–23**

Chief Executive's Review continued

RECOVER

For waste that can't be reduced or recycled, energy recovery offers a cost-effective, low carbon disposal option that also contributes to the UK's energy security. Biffa is partnering with US energy recovery operator, Covanta to develop two facilities, Newhurst in Leicestershire and Protos in Cheshire. Both facilities have been in construction during the year and are on track for delivery in 2023 and 2024 respectively.

 Find out more **pages 24-25**

COLLECT

Biffa is the largest collector of waste and recycling in the UK, and we have a long standing ambition to grow our leading I&C business, both organically and through acquisition. Since our IPO in 2016 we have acquired and successfully integrated 26 businesses (in addition to Simply Waste and Viridor) into our national I&C network, helping our I&C business to materially grow its revenues and margins over that time.


At the end of August 2021, we completed the acquisition of Viridor's collections business, adding £84m in revenues during FY22 and 21,000 customers to our business. Since then we have focused our efforts on integrating the business into Biffa's systems and operating network, a process that we expect to unlock c.£10m in operational synergies and take 12-18 months to complete. Integration of both the Viridor and the Simply Waste businesses is progressing to plan, and we remain on track to deliver our targeted synergies. The acquisition pipeline remains promising, and now that integration of these is nearing completion, we are starting to assess the market for further opportunities.

Since the year end, we acquired certain trade and assets of DJB Recycling Limited, a Sheffield based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c.£4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal completed on 30 June 2022.

In July 2022 we announced that Circularity Scotland Ltd (CSL), the scheme administrator for Scotland's deposit return scheme, appointed Biffa to provide collection, counting and sorting services for the billions of drinks containers which are placed on the Scottish market each year. The scheme requires highly complex operational management and Biffa's appointment is testament to our ability to manage such a programme from collection through to recycling.

From August 2023 drinks bottles and cans to carry a 20p refundable deposit. The DRS aims to reduce litter and increase recycling by at least 90% and similar schemes are likely to follow across the rest of the UK in due course.

The 10 year contract provides good margin protection with opportunity to underpin further growth of the Biffa Polymers business and we are working with the drinks industry to explore the opportunity to build a PET recycling facility in Scotland. The agreement includes c. £80m estimated capital (including property lease commitments) to be deployed by August 2023.

 Find out more **pages 26-27**

Well positioned for future growth

We have a well defined and ambitious investment plan that will see us continue to grow Biffa over the next few years. As we look further out, whilst being mindful of the near term challenges the UK economy is facing, we are encouraged by the secular trends affecting our industry and how they will open up opportunities for Biffa.

The UK Government, and those of the devolved nations, have ambitious plans for delivering a circular economy, including improved and more consistent collections, deposit return schemes, restrictions on exports and taxes to incentivise adoption of recycled content. After a period of extensive consultations, the direction of travel announced by the UK Government in our view balances ambition with pragmatism and, provided it is legislated well, should provide opportunities for Biffa to invest.

Delivering our sustainability commitments

We published our sustainability strategy, Resourceful, Responsible, just over two years ago. It sets out an ambitious plan for how we will continue the transformation of Biffa over the period 2020-2030.

We have made significant progress in the year. The investments we are making across our four strategic priorities will not only ensure Biffa delivers its commitment to a further 50% reduction in CO₂e by 2030 but more importantly will help our customers deliver their own sustainability commitments.

Our plan is ambitious and was not meant to be easy. One area where progress has not been as swift as we would like is in the transition to zero emissions collections where neither the supply chain nor the economic model are yet supportive of a large scale conversion. We envisage that these issues and alternative fuels will all progress over the medium term.

Nevertheless our overall reduction in CO₂e emissions since 2019 is over 208,000 tonnes, which is a 28% reduction on the 2019 baseline and 70% reduction since 2002 (scope 1 and 2). Other highlights in the year include further strides in safety, diversity and inclusion (including Board diversity), the opening of two new Community Shops by CSG and seeing the growing impact that our charity partner WasteAid is making in tackling waste issues across the world.

Our people

Biffa's success in the year could not have been achieved without the exceptional efforts of our team. We had all hoped for a more 'normal' year but it wasn't to be, and the team have had to deal with the various supply chain and inflationary challenges whilst ensuring we delivered our strategy. My thanks go to everyone at Biffa for the part they have played.

I'm pleased with the progress we have made across a number of fronts to ensure that Biffa is a safe, inclusive and engaging place to work. We continue to be a sector leader in safety, despite our accident frequency levels being somewhat higher as a result of the pandemic (which meant training for our front line and supervisory staff was more challenging), and we continue to

work hard to raise awareness of particular issues that affect our operations such as the risks associated with people sleeping in or around bins. Our efforts in tackling the risk of modern slavery and in fostering diversity, equity and inclusion are of particular note.

We have been able to engage constructively with trade unions to award enhanced terms to our people. Whilst this came at substantial cost in the short term, it was undoubtedly the right thing to do and will make our business stronger in the long run.

In the context of such a challenging year for everyone, we were pleased that our employee engagement score remained at its all time high level of 59%.

Outlook and priorities for the year ahead

I am delighted with the progress we have made in the face of another eventful and challenging year. Not only have we demonstrated the resilience of our business model, resulting in record adjusted operating profits and the reinstatement of the dividend, but we continued to invest in the infrastructure and services that are essential to the delivery of a circular economy. As we look forward, whilst being mindful of the near term challenges the UK economy is facing, we are increasingly well positioned to play a key role in the transition that our sector is embarking upon, supported by an ambitious policy agenda.

Michael Topham

Chief Executive Officer
5 August 2022

REDUC

Proving Strength and Scale in Our Investment Areas

Our Aim

To pioneer and operate the UK's leading waste reduction and redistribution services.

Biffa actively promotes waste reduction and reuse. Through our work with commercial customers, we help them to reduce waste, identify opportunities for reuse and ensure that recycling opportunities are maximised.

Our acquisition of Company Shop Group establishes us as a leading enabler of the UK circular economy, with genuine alignment to our customers' objectives to reduce waste.



Winner

Community Shop is a three-time winner of the prestigious Queen's Award for Enterprise

Progress this year:

- A difficult first year for CSG but performance now improving
- Two new CSG outlets and two new Community Shop stores opened with support of partners including Ocado and Coca-Cola European Partners
- Growth in surplus redistributed from c.28k tonnes to c.35k tonnes in year – now handling c.98m products annualised vs c./5m in 2019
- Cross selling opportunities are being realised, e.g. Pilgrim's Pride
- Committed seed investment in LoveJunk, an online marketplace that connects upcyclers, refurbishers and reactive waste providers to people who need to dispose of waste or items they no longer need

Priorities for the year ahead:

- Consolidate recent improvements in trading.
- Improve sourcing of surplus stock, adding new supplier partners, opening new categories to consumers and leveraging Biffa's existing customer relationships with potential supply chain partners
- Continue to embed broader partnerships to access greater surplus volumes.
- Continue to expand our social enterprise, Community Shop, having opened Community Shop Leicester in April 2022
- Launch CSG 'On the Go', working alongside our longstanding partner Ocado (see page 13)

See Operating Review for more information on **pages 66–75**

See Risks on **pages 76–83**

E

£91.5m
investment committed
since CMD

Pilgrim's Pride

Pilgrim's is a leading food and farming business and the world's largest producer of higher welfare pork.


Biffa was awarded the UK waste contract for Pilgrim's in 2020 and since acquiring CSG in 2021, we have worked on combining our efforts to deliver a waste strategy that concentrates on moving surplus products further up the waste hierarchy by developing new avenues of supply into CSG.

"Working with CSG means that we can redistribute quality food to those who need it most. It also has the benefit of reducing the amount of food that is potentially wasted, which is an important part of our sustainability efforts."

Julian Weeks

Site director at Pilgrim's UK

Through its relationship with CSG, Pilgrim's Pride will save a further c.120 tonnes of raw meat from going to waste.

 For more information see our Operating Review / **pages 66-75**

Proving Strength and Scale in Our Investment Areas

Our Aim

To develop and operate the UK's leading recycling solutions.


Biffa is a true pioneer of closed-loop plastic recycling, turning waste plastic into food-grade material that can be used as a substitute for virgin plastic.

Progress this year:

- Completed the commissioning of our Seaham rPET plant, gaining regulatory and customer approvals for our product. We are now supplying material to our customers who include Nestlé, Alpi and Esterform.
- Washington PP plant commissioned
- Completed the upgrade of our Aldridge plastics recycling facility
- Through the Viridor acquisition we added to the Group's capabilities and control of feedstock for the Polymers business

Priorities for the year ahead:

- Continue to capitalise on our market leading position in closed-loop, food grade plastic recycling.
- Progress the development of our third HDPE line at Redcar, which adds an additional 14,000 tonnes of capacity
- Optimise the Seaham rPET plant.
- Investigate the use of AI and robotics at our Plastics Recycling Facilities to support with advanced sortation
- Pursue further growth opportunities.

 See Risk on **pages 76-83**

RECYC

Pioneers of Closed-Loop Recycling

At Biffa, we are pioneers of closed-loop recycling – the process by which packaging is continually reprocessed and kept in constant circulation. Our world-class facilities at Redcar, Seanam and Washington are at the cutting edge of 100% recyclable food-grade plastics recycling.

We have worked closely with the dairy industry over the last decade to develop a world first in food-grade rHDPE. This is now widely used in UK milk bottles at an inclusion rate of up to 40%, allowing our customers to not only achieve their sustainability targets, but also to meet the newly introduced UK packaging tax, which requires packaging to have at least 30% recycled content.

How have we made milk bottles even more closed-loop?

- **Shrink sleeve labels**

We've encouraged customers to move away from using paper labels stuck to bottles with glue and replace them with removable shrink sleeve labels, which easily fall off when the bottle is squashed and reduces the risk of contamination. The labels can then be recycled separately.

- **Colourless caps**

We've encouraged the dairy industry to remove the colour from milk bottle caps and to instead use a natural cap. This will not only reduce levels of contamination, but will also mean the caps themselves will become part of the closed-loop process. This is now being rolled out across the industry and we hope all milk bottles sold in the UK will soon have a natural cap.

Biffa's expertise in polymer recycling means we are well placed to support customers, including those in the dairy, food & beverage and retail industry, to develop and continually improve their packaging from a sustainability perspective, helping to enable the UK circular economy.

LE

1

£71.7m

investment committed
since CMD

Proving Strength and Scale in Our Investment Areas

Our Aim

To invest in Energy Recovery Facility (ERF) infrastructure as a lower carbon alternative to landfill for our customers' waste that can't be recycled.


As the UK's largest waste collector, we are committed to waste reduction and recycling, however, we recognise that the technology which will enable a zero-waste future is still many years away. In the meantime, having access to domestic, low-carbon energy recovery is essential, and ERFs helps to tackle this waste gap as a low carbon alternative to landfill, while contributing to UK energy security.

Progress this year:

- Two ERFs (Newhurst and Protos) on track (see case study on page 25)
- Agreements in principle for the remaining tonnage in place

Priorities for the year ahead:

- Commence commissioning of our Newhurst facility
- Continue construction of our Protos facility
- Investigate opportunities to increase consented capacities
- Investigate carbon capture opportunities, with the Protos facility participating in the deployment process for BEIS Cluster Sequencing for Carbon Capture Usage and Storage

 See Risks on **pages 76–83**

RECOV

Energy recovery – reducing waste to landfill

Construction work is well underway on our two WtFs which will drastically reduce the amount of non-recyclable waste sent to landfill, while producing enough electricity to power around 170,000 homes.

In a joint venture with Covanta, Biffa is investing a total of £75m in the two projects that will provide up to 91MW of renewable electricity to the UK grid by safely incinerating up to 750,000 tonnes of non-recyclable household and business waste each year.

The Newnurst WtF in Leicestershire is due to enter commercial operation in 2023, while the Protos WtF in Cheshire is set to follow in 2024.

It is currently not possible to reduce and recycle all UK-generated waste, therefore energy recovery is a much more sustainable alternative to landfill. When waste is sent to landfill, it decomposes and generates methane – a greenhouse gas 28-34 times more potent than CO₂.

The carbon saved from energy recovery compared to landfill is 0.05 tonnes of CO₂e per tonne of residual waste. Over a 12-month period, that's a saving of 37,500 tonnes of CO₂e – equivalent to the energy-generated emissions from 4,700 homes or 8,000 fossil-fuel-powered cars.

Energy recovery also plays a vital role in energy security, now providing c.3% of the UK's electricity needs. It will also help us to enable the circular economy, by decreasing the UK's dependence on exporting waste, while recovering metals and aggregates for recycling from the ash.

The heat generated by the facilities can also be captured and used for district heating schemes and commercial applications.

Based on the Total UK Energy from Waste statistic published in 2020.

ER

£75.0m
investment committed
since CMD

COLLE

Proving Strength and Scale in Our Investment Areas

Our Aim

To build the UK's largest, most efficient, low carbon waste and recycling collections operation.


Our business waste collections platform is the UK's largest and most efficient. We offer our customers flexible solutions which helps them to maximise their recycling. We believe our industry-leading 'route density' also means we have the lowest emissions. Our goal is to continue to grow our business, both organically and through acquisition whilst continuing to focus on delivering an efficient, high-quality service, keeping costs firmly under control and delivering efficiencies through the increased use of technology.


Progress this year:

- Viridor acquisition completed – our I&C business now includes Viridor's nationwide I&C fleet of 270 vehicles along with 15 depots across the UK, servicing 21,000 customers and generating £84m of revenue in FY22. We expect to deliver synergies of at least £10m in full by the end of FY23.
- A strong year for organic growth with all time low levels of customer churn.
- Made headway with the transition to alternative fuels and electric vehicles.

Priorities for the year ahead:

- Complete integration and synergy delivery of Viridor and Simply Waste acquisitions
- Recommence M&A where appropriate – small I&C deal (c. £4.7m turnover) completed end June 2022
- Further investment in digital – new customer portal and in-cab technology being rolled out.
- Maintain pricing discipline to ensure protection of margins against inflation

 See Operating Review for more information on **pages 66–75**

 See Risks on **pages 76–83**

CT


£180.8m
investment committed
since CMD

Lower carbon collections

Consolidating our fleet business through acquisitions helps to unlock significant emissions and traffic benefits.

Since our IPO in 2016, we've improved the efficiency of our waste collection services by removing 97 vehicles, which has saved 5,033 tonnes of CO₂e emissions to date.

Adding to the carbon-saving benefits of consolidating the fleet, each of the vehicles removed represents the elimination of duplicate routes, along with an improvement in route density.

 For more information see our Operating Review / **pages 66–75**

Sustainability

Biffa's Sustainability Strategy, 'Resourceful, Responsible'

Biffa's Sustainability Strategy

In March 2020, we published our sustainability strategy 'Resourceful, Responsible', setting out our goals to 2030. The strategy is focused on three core pillars, each aligned to the United Nations Sustainable Development Goals, where we believe we can make the most meaningful contributions. From building a circular economy, to tackling climate change and caring for our people, supporting our communities.

As an enabler of the UK circular economy, we are committed to unlocking £1.25bn of investment in green economy infrastructure, to cut our carbon emissions by a further 50% from our 2019 baseline by 2030 and to reach net zero by no later than 2050, in line with Government targets (see pages 32-33).

We have also initiated climate change scenario modelling, analysis of supplier ('scope 3') emissions and committed to the Science Based Targets initiative.

Our actions have enabled us to reduce the carbon intensity of our revenues by 89% since 2005.

We are breaking the link between the management of waste and carbon, but there is still much more to do.

The full strategy document is available on our website: www.biffa.co.uk/sustainability

Did you know?

We recycle

500,000
tonnes

of materials each year and keep

98.5%

of plastics recycled within the UK

Since 2018, we have saved

17,700
tonnes

of CO₂ emissions by utilising
rail networks to transport inactive waste
as an alternative to road haulage.

We have reprocessed over

three billion

HDPE milk bottles over the last
decade and around

85%
of milk bottles

in the UK contain Biffa material.

We generate enough low carbon
energy to power around

117,000
homes

Through CSG,
we prevented

c.35,000
tonnes

of materials from going to waste.

The UK Plastics Packaging Tax
incentives manufacturers to include
at least

30%

recycled content in packaging.
Biffa is helping customers
achieve and, in many cases,
exceed this number

Sustainability continued

Sustainability highlights

CO ₂ Emissions (tonnes)	CO ₂ Emissions (tonnes)	Employee Engagement	Lost Time Injury Rate	Plastics Recycling Capacity (tonnes)
538,000 [Scope 1 & 2]	622,000 [Scope 3]	59%	0.39	151,000
per tonne of waste collected in 2021/22	per tonne of waste collected in 2021/22	per tonne of waste collected in 2021/22	per tonne of waste collected in 2021/22	per tonne of waste collected in 2021/22

COLLECT

Carbon benefits

switching the UK fleet of refuse vehicles to electric would save 740 kt of CO₂ each year

Policy asks and changes needed

- Support a transition to low / zero carbon fuels for waste
- subsidies for and ban fossil fuel vehicles from cities
- Maintain competition to ensure a dynamic competitive market enabling businesses to maximise recycling

REDUCE

tonne of surplus food redistributed rather than landfill = avoids 1 tonnes CO₂e

- Introduction of food waste reporting
- Introduce businesses to redistribute surplus produce
- Introduce carbon pricing to reduce waste and ensure the carbon cost of generating material which cannot be recycled or reused is realised

RECYCLE

tonne recycled plastic saves 2.3 tonnes of CO₂e compared to energy recovery

- End plastic waste export and consider other materials based on the risk
- Introduce a progressive plastics tax to stimulate further investment and adoption
- Implement a consistent UK wide deposit return scheme

RECOVER

Every tonne of residual household waste diverted from landfill results in 452 tonnes of CO₂e emissions

- Bring energy recovery into Emissions Trading Scheme from 2026 to stimulate innovation
- Review energy recovery development to ensure lower carbon waste reduction and recycling is prioritised and ensure no over capacity market distortion

DISPOSE

Average net carbon emissions 341 CO₂e per tonne of input generating 364kWh of net electricity output

- Ensure 2026 ban on biodegradable waste is workable
- reform landfill tax to ensure it doesn't work against Net Zero ambitions

Our upcoming Reality Check paper 'From Waste Hierarchy to Carbon Hierarchy: Biffa's Blueprint for Waste Net Zero' will be published in due course.

ESG Index Scores

MSCI	AA
Sustainalytics	improved from medium risk to low risk
CDP	improved from C to B-
EcoVadis	silver medal (top 10% of all companies)
S&P	top 34% within industry



For more information read our Sustainability Report or
<https://www.biffa.co.uk/sustainability>

Sustainability highlights in our four investment areas

REDUCE

Surplus redistribution

- CSG is the UK's only large-scale commercial redistributor, redistributing c.35,000t of produce to consumers, avoiding over 34,500t of CO₂ compared to landfill¹
- We are leveraging **this unique integrated offering across waste, recycling and redistribution** to FMCG manufacturing and distribution sectors.

RECYCLE

Plastics recycling

- Biffa is a UK pioneer in closed-loop, food-grade, plastic recycling
- WRAP estimates 1 tonne of plastic recycled through a closed-loop process saves 2.3 tonnes of CO₂, vs energy recovery²
- We are making **significant investment to meet the growing demand for plastics recycling** – c.£50m invested and capacity increased by 127% since 2019

RECOVER

Energy recovery

- **Avoids harmful methane emissions** from landfill – **28-34 times** more powerful than CO₂³
- We have **improved our methane capture rate** in our Landfill Gas business to an industry-leading 85% ahead of the COP26 commitments around methane reduction.
- **Carbon saved from energy recovery vs landfill** is 0.050t CO₂ per tonne of residual waste.⁴
- Energy recovery also plays a **vital role in energy security**, now providing **c.3%** of the UK's electricity needs

COLLECT

I&C collections

- **Emissions can be significantly reduced by achieving greater route density** Since acquiring Viridor, we've removed 22 trucks from the road (with a further 29 to be removed in H1 FY23). This equates to a total CO₂e saving of 1,473t per year.
- **Since IPO, more than £270m invested in 25 acquisitions in I&C division**, with 92 vehicles removed from service through route density synergies

1. <https://www.biffawaste.com/eng/industry/food-waste/food-waste-factors-2017-2020>
 2. WRAP, 'Materialisation report 2021 - Food packaging' page 45

3. UNEP, <https://www.unep.org/energy>
 4. <https://www.biffawaste.com/eng/industry/food-waste/food-waste-factors-2017-2020>

Materiality Assessment and Sustainability Reporting

This year, we carried out our second materiality assessment with the dual aims of identifying material sources of Environmental, Social and Governance (ESG) as well as economic risk and opportunity and informing our sustainability reporting processes. We asked our key stakeholders, including our employees, customers, investors, suppliers, government, regulators and community representatives to rate the ESG topics that matter most to them.

These topics were informed by internationally accepted reporting frameworks set out by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), sector trends, and investor perceptions.

Our Sustainability Report also provides our annual sustainability performance data, including environmental performance and our alignment to the most widely recognised sustainability reporting frameworks.

You can read the outcomes of our materiality assessment in our Sustainability Report and on our website www.biffa.co.uk/sustainability

For further information on stakeholder engagement, **pages 102-107**

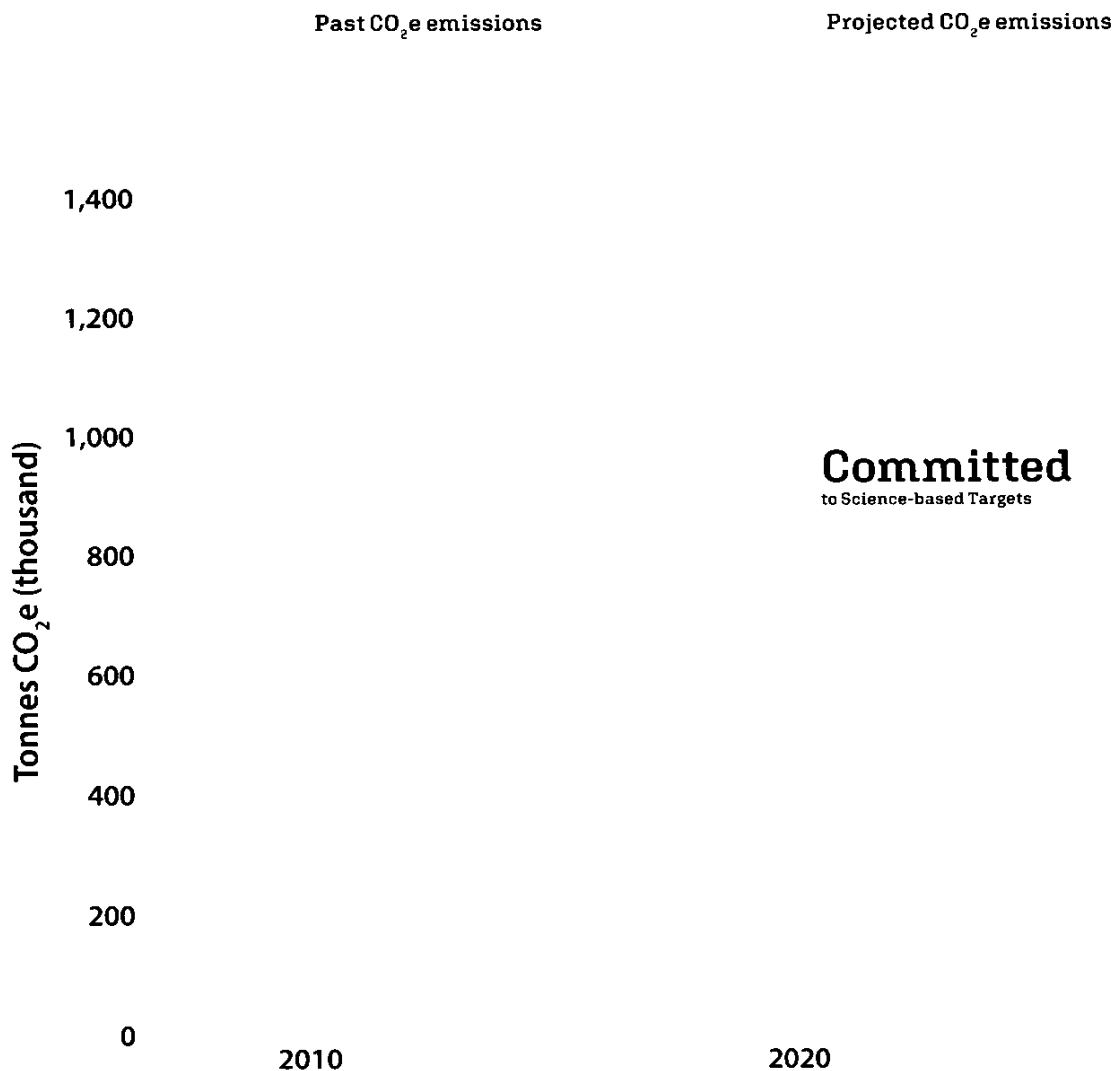
Sustainability continued



**TACKLING CLIMATE
CHANGE**

Net Zero

Down to Zero: our pathway to Net Zero carbon



Our path to 2030

Our 2030 targets are based on existing technology and realistic deployment. This deliverable strategy builds the foundations for the next phase of our long-term ambition of reaching net zero emissions across our direct operations (Scope 1 and 2 emissions) by no later than 2050.

20% increase in collection route efficiency

Cease buying fossil fuels

Buy 100% renewable electricity

Develop our renewable energy capacity

50%
reduction in carbon emissions

Scaling up to deliver Net Zero by no later than 2050

Emerging technology and process innovation will bring opportunities to further accelerate the reduction of our emissions and allow us to achieve net zero emissions by no later than 2050.

<5% of emissions will require new technologies or offsetting activities

**Net Zero by
no later than
2050**

2030

2040

2050

Sustainability Pillars

Our sustainability strategy scorecard, outlining our progress to date against our 2025 and 2030 targets.



For an in-depth update on our progress against our sustainability strategy, read our Sustainability Report: <https://www.biffa.co.uk/sustainability>

Sustainability pillar



BUILDING A CIRCULAR ECONOMY

Objective

- Leading on plastics recycling
- Investing in energy recovery
- Growing business waste recycling collections
- Diverting general waste from landfill
- Recyclable commodities trading
- Supporting customers on sustainable waste management



TACKLING CLIMATE CHANGE

- Reducing our carbon footprint
- Greening the collection fleet
- Improving collection route efficiencies
- Moving waste by rail
- Renewable energy purchasing
- Investing in solar power development



CARING FOR OUR PEOPLE, SUPPORTING OUR COMMUNITIES

- Engaging our employees
- Supporting the living wage
- Maintaining high health & safety standards
- Tackling Modern Slavery
- Promoting diversity & inclusion
- Training staff
- Investing in communities
- Supporting biodiversity

Sustainability strategy scorecard key

On track to meet 2025 and 2030 targets

Not on track to meet 2025 target but likely to meet 2030 target

Not on track to meet 2025 or 2030 targets

2025 Target	2030 target	Progress to date
Triple plastic recycling capability	Quadruple plastics recycling	See page 22 and Sustainability Report page 13
Build and commission two ERFs	Both plants optimised	See page 24 and Sustainability Report page 18
25% more waste collected for recycling	50% more waste collected for recycling	See Sustainability Report page 15
80% of inputs to landfill inactive	90% of inputs to landfill inactive	See page 31
All waste plastics recycled within the UK	All waste plastics continue being recycled within the UK	See Sustainability Report page 15
Provide all waste service customers with sustainable waste advisory services including waste reduction and re-use	Provide all waste service customers with sustainable waste advisory services including waste reduction and re-use	See case study on page 21 and Sustainability Report page 15
30% reduction	50% reduction	See page 41
Introduce 10% non-fossil-fuelled RCVs	Cease buying fossil-fuelled RCVs	See page 42 and Sustainability Report page 21
Increase efficiency by 10%	Increase efficiency by 20%	See page 42
50% of our inputs to landfill by rail	Dependant on the availability of rail served landfill	See page 41
Buy 100% renewable electricity	Maintain 100% renewable electricity	See page 41 and Sustainability Report page 23
Develop 50MW of renewable energy capacity through solar farms	Develop 100MW of renewable energy capacity through solar farms	See page 44 and Sustainability Report page 23
In top quartile for employee engagement	Consistent top quartile business	See page 52 and Sustainability Report page 31
Employees paid Living Foundation rates where possible	Become living wage workplace and member of Living Wage Foundation	See page 47
25% reduction to Lost Time Injury (LTI) rate	50% reduction in LTI rate	See page 48
Maintain zero tolerance and be an acknowledged market leader in anti-slavery practices within the UK waste sector	Maintain zero tolerance and be an acknowledged market leader in anti-slavery practices, engaging and collaborating to positively impact practices beyond our industry	See page 56
Increase the diversity of the workforce	Create an inclusive culture and representative workforce	See page 54
Increase training interventions per employee by 30%	Double training interventions per employee	See page 53
£15m delivered through Biffa Award	£25m delivered through Biffa Award	See page 57 and Sustainability Report page 33
Manage 20% of estate for biodiversity	Manage 30% of estate for biodiversity	See page 57 and Sustainability Report page 34

BUILDING A CIRCULAR ECONOMY

Unlock £1.25bn of investment in green economy infrastructure by 2030.

We are contributing to a sustainable future built around a circular economy: educating our customers and wider society, whilst influencing the UK Government and policy makers to use materials responsibly, to reuse as much as possible and to divert even more general waste away from landfill into recycling and recovery.

We are making significant investments in our plastics recycling capabilities, increasing our capacity from 63,000 tonnes to 151,000 tonnes since 2019. We also recognise that energy recovery will have a vital role to play for many years as we transition to a more circular economy and we have collaborated with established, expert operators to build the energy recovery infrastructure that the UK currently needs to manage waste in a lower carbon, sustainable way.

We've also invested in surplus produce redistribution through the acquisition of CSO, enabling us to deliver a unique circular economy proposition for the UK.

We have now unlocked c.£1bn of the target of £1.25bn investment in green economy infrastructure by 2030 as set out in our sustainability strategy.

A communications campaign for operatives and business customers has been carried out to ensure appropriate use of recycling containers and the volumes collected for recycling continue to improve.



For more information on how we are enabling the circular economy, read our sustainability report www.biffa.co.uk/sustainability

While we recognise that landfill is necessary for some specialist and inert-type waste, and our sustainability strategy reflects this, market pressures have meant that less refuse derived fuel (RDF) is being produced and exported resulting in landfill being used for the responsible disposal of active waste. With an intelligent reform of Landfill Tax and a workable approach to the 2028 ban on biodegradable waste to landfill, we expect inactive waste to make up a greater proportion of our inputs to landfill and our 2030 target remains within reach.

This year alone, we have increased our plastics recycling capacity by a further 25% to 151,000 tonnes. This will save up to 71,000 tonnes of CO₂e when compared to energy recovery.

TACKLING CLIMATE CHANGE

Having reduced emissions by 70% since 2002, we will deliver a further 50% reduction by 2030 and will be Net Zero by no later than 2050.

Climate change is a global emergency that requires action now. Our services deliver carbon reductions for waste producers by wholeheartedly embracing the waste hierarchy, prioritising waste prevention through surplus redistribution, closed-loop recycling and energy recovery, all supported by the largest, most efficient business waste collection network in the UK.

Our programme of mergers and acquisitions over recent years has helped to improve collection efficiencies and route densities. While it has been a challenging year due to the impact of Covid-19 and driver shortages, we have seen an improvement on our collection efficiencies baseline in the latter half of the year. We will be undergoing a rerouting exercise to further realise efficiencies from the Viridor integration to ensure this upward trend continues.

During the year, 24% of our total inputs to our landfill sites were by rail and 43% of our inactive inputs to landfill were also by rail. We have increased our total volumes moved by rail to landfill by 35% this year compared to FY21 volumes, mainly due to the opening of our third rail hub in Barking in May 2021. While the 2025 target remains challenging due to the need for more rail-linked sites, we believe that as the economy recovers, and with our additional rail hub in Barking, we will continue to make positive progress towards our sustainability strategy targets.

Environmental Performance

Biffa has a team of environmental regulation and policy specialists, who engage with the UK Government, regulators and policy makers to help shape the national regulatory and policy framework in relation to environmental matters. See our stakeholders on pages 106-107.

We also provide our expertise in our Reality Check papers, published in the press and on our website, which provide Biffa's expert opinion on important topics such as recycling, plastics, exports and waste treatment. We will soon be publishing our latest Reality Check paper 'From Waste Hierarchy to Carbon Hierarchy: Biffa's Blueprint for Waste Net Zero' in which we set out why the UK should handle more of its waste on its own shores and prioritise those processes which deliver the most carbon benefit, to accelerate the UK pathway to Net Zero.

Despite our successes, we recognise that we are in a transitional period and remain reliant on new technologies, UK Government investment alongside the practical deployment of emerging legislation from the Environment Act in order to deliver on some of the key aspects of our strategy, such as the deployment of electric vehicles and alternative fuels. Likewise, the viability of solar energy generation on closed or restored landfill sites has proved challenging due to biodiversity requirements on the sites conflicting with our plans, which we will continue to manage closely.



For more information on how we are tackling climate change, read our Sustainability Report at www.biffa.co.uk/sustainability

Sustainability continued



TACKLING CLIMATE CHANGE

Task Force on Climate-related Financial Disclosures (TCFD)

Listing Rule Compliance

We've complied with the requirements of LR 9.8.6R, by including climate-related financial disclosures that are consistent with the TCFD recommendations and recommended disclosures across the four pillars: governance, strategy, risk management and metrics and targets.

This is our second year of climate-related disclosure, in line with the TCFD recommendations. Using this framework enables us to explain our process for responding to climate-related opportunities and risks in a purposeful and comparable context to our key stakeholder groups.

Biffa's Climate Change Response

Governance How climate-related risks and opportunities are managed	The Board has overall accountability for the long-term success of the business, which includes ensuring that we have robust frameworks and processes in place to manage our response to climate change
Strategy Climate-related risks and opportunities	Climate change is a global emergency that requires action now. The waste sector will play a pivotal role in enabling a circular economy and the UK's transition to a net zero future. As a leader in sustainable waste management, our journey to net zero will also include supporting our customers with their own sustainability agendas. Anticipating and taking advantage of opportunities presented by emerging technologies and process innovations will enable us to achieve our ambitious targets as well as play a positive role in tackling climate change
Risk management Biffa's process for assessing and managing climate-related risks	Climate change is incorporated into our robust risk management and business planning processes. When assessing climate-related opportunities and risks we consider both our existing business model and long-term strategy
Metrics and targets Metrics used to assess our efforts	<ul style="list-style-type: none"> Reduce Scope 1 and Scope 2 emissions by a further 50% by 2030 from a 2019 baseline and reach net zero emissions across our direct operations by no later than 2050, in line with UK Government targets We are in the process of setting Scope 3 targets and will be submitting these, along with our Scope 1 and 2 targets for SBTi validation over the next six months Increase our collections route efficiency by 10% by 2025 and 20% by 2030 Purchase 100% renewable electricity by 2025

Governance

Board

The Board is responsible for the delivery of sustainable value to our shareholders and key stakeholders and provide oversight of our strategic commitments, which are aligned with our sustainability strategy which includes a pillar on Biffa's actions on tackling climate change. This ensures climate-related risks and opportunities are managed across our business including through capital expenditure, acquisitions and performance objectives. The Board's role and governance framework is described further in this Annual Report on page 96.

Board Sustainability Committee

The Board established a Sustainability Committee in November 2020 to oversee, on its behalf, the Company's sustainability strategy and response to climate change. During FY22, the Board Sustainability Committee met twice and received updates on progress made against the strategy from members of the Group Executive Team and Corporate Affairs Team. For the full Sustainability Committee Report, see pages 116-117 of this Annual Report.

Executive Sustainability Committee

The Executive Sustainability Committee is responsible for overseeing the Company's sustainability strategy and response to climate change at a business level. The Group Executive Team oversees senior management who are responsible for the day-to-day implementation, monitoring and management of our sustainability performance including climate-related risks and opportunities.

Corporate Affairs Team

As part of the overall risk management process, we have a Corporate Affairs Team which includes a dedicated sustainability team, reporting into the Corporate Affairs Director

The Corporate Affairs Team works closely with management teams and employees across the business to:

- Ensure that any emerging climate-related risks and opportunities are identified and reported to the Corporate Affairs Director and Group Executive Team.
- Drive awareness of our sustainability targets including emission reduction targets and commitments across the business and ensure that where relevant, sustainability targets are incorporated into our divisional balanced business plans.
- Evolve and refine the sustainability strategy and associated targets, ensuring it keeps pace with Biffa's overall ambitions, market developments and the latest Science-based Targets.
- Ensure performance monitoring and reporting is completed and rigorously audited, through both internal audit and external verification to ensure that accurate information is communicated across the business.
- Escalate any issues that may impact the delivery of the sustainability strategy to the Corporate Affairs Director and Group Executive Team.
- Maintain our sustainability dashboard which tracks performance against the targets set out in our sustainability strategy. This allows for greater transparency and visibility of performance data amongst management teams.
- Participate in industry working groups, along with other subject matter experts, and monitor best practice.
- Ensure the Company position is reflected in relevant, developing Government policy through transparent and proactive interaction with our regulators and policy makers.

Audit Committee

The Audit Committee supports the Board in the management of risk. Our Audit Committee reviews financial and non-financial risks outlined in the Group Risk Register, which includes climate change.

For the Audit Committee Report, see page 118 of this Annual Report

Biffa plc Board of Directors

Sustainability Committee

Audit Committee

Executive Sustainability Committee

H&S Excellence Forum

Corporate Affairs Team

Sustainability continued

TACKLING CLIMATE CHANGE

Task Force on Climate-related Financial Disclosures (TCFD) continued

Strategy

As a leader in UK sustainable waste management, we play a critical role in climate action; enabling the UK circular economy and allowing customers and society to reduce their emissions by moving waste further up the waste hierarchy. Our business strategy 'Reduce, Recycle, Recover and Collect' guides the services we offer, our operations, our supply chain management and our investment in research and development.

These four areas of our sustainable business model reflect the outcomes and value creation delivered by our operational capabilities and our capital allocation:

- **Reduce:** To pioneer and operate the UK's leading waste reduction and redistribution services
- **Recycle:** To develop and operate the UK's leading recycling solutions.
- **Recover:** To invest in Energy Recovery Facilities infrastructure as a lower carbon alternative to landfill for our customers' waste that can't be recycled
- **Collect:** To build the UK's largest, most efficient, low carbon waste and recycling collections operation

See page 5 of the Annual Report for more information.

To further align our funding strategy with our sustainability strategy and the climate related risks and opportunities identified, we have established a Sustainability-Linked Finance Framework which was published in December 2020. You can download the framework from the Biffa website: www.biffa.co.uk/investors/sustainability/sustainability-linked-finance-framework.

Our sustainability strategy, Resourceful, Responsible, was published in March 2020 and identifies 20 clearly defined targets which mitigate against climate-related risks and capitalise on climate related opportunities. The strategy, including climate related risks and opportunities, is reviewed annually and will take on board any changes in regulations, societal demand, technology availability and the development of climate science. Where required, the strategy will be adapted to reflect these changes.

Scenario Analysis

Undertaking scenario analysis is critical to ensuring our business model and sustainability strategy remain resilient to a range of potential future scenarios to 2030 and beyond. We have evaluated against two scenarios which enable us to explore the key transitional and physical risks and opportunities that Biffa may be exposed to

- **The 'sustainable' scenario** – enables us to assess the opportunities and risks arising from a successful transition to a low carbon world, aligned with the Paris Agreement and its goal to limit global warming to 1.5 °C, compared to pre-industrial levels
- **The 'business as usual' scenario** – enables us to assess the risks where the Paris Agreement is not met and we must face the acute risk of severe weather events and chronic impacts of temperature and precipitation changes. This scenario allows for global average temperatures rising to above 4°C by the end of the century

Our scenarios considered were informed by the International Panel on Climate Change (IPCC) Representative Concentration Pathways and Shared Socioeconomic Pathways (SSPs). Data from the UK Met Office was also used in the 'business as usual' scenario so we could consider the UK specific physical impacts of climate change, as this is most applicable to our UK operations.

The assessment was completed through climate related workshops across the business and central functions. We carried out our second materiality assessment this year with our key stakeholder groups to ensure that no material risks or opportunities were overlooked. See page 4 of our Sustainability Report for more information on outcomes of the assessment: www.biffa.co.uk/sustainability

We assessed the financial impacts of the climate-related risks and opportunities identified using the criteria in our risk management framework.

Summary of our most material climate-related risks and opportunities – Scenario 1 (sustainable world)

			Potential financial impact			
			Short 1-3 years	Medium 3-10 yrs	Long 10+ yrs	
TCFD category	Sub-topic					Strategic response and resilience
Opportunities	Resource Efficiency	More efficient technology	Reduced and avoided operating costs for facilities and collections fleet			Our ambitious carbon reduction target requires a focus on energy efficiency across our UK operations and collections fleet
	Products/ Services/ Markets	Increased demand for low carbon services and materials	Increased revenue due to the continued development and reduced operating costs			Our sustainability ambitions will be delivered by optimising our processes and combining these with our actions to help customers move their waste further up the waste hierarchy, helping to reduce the carbon footprint of the services we offer.
		Additional technology	Increased revenue from continued development of additional services			Our ambition is to unlock £1.25bn of investment in green economy infrastructure by 2030, which includes but isn't limited to investments in plastics recycling.
	Resilience	Collaborative relationships	Increased market value and revenue due to reputational benefits.			We engage collaboratively with our key stakeholder groups to help find solutions to the most difficult climate challenges and help our customers meet their own sustainability targets.
		Mergers and acquisitions	Reduced operating costs due to efficiency gains and increased revenue			We continue to develop our capabilities through M&A, which will enable us to continue to gain operating efficiencies and new capabilities, helping us to achieve our ambitious sustainability targets.
	Policy and Legal	Emissions legislation	Increased operating costs in order to maintain emissions compliance and comply with low emission zones.			Our commitment of a 50% reduction in our emissions by 2030 is aligned with Science based Targets. We have also set a target for Net Zero by no later than 2050. Achieving our targets will reduce our expose to emission-related costs.
Renewable energy legislation		Impact on revenue due to changes in initiatives available.			The cessation of the renewable obligation schemes for landfill gas which we currently receive for our landfill gas operations has been built into our five-year business plans. We are exploring other sources of renewable energy that will allow us to utilise our large land holding and grid infrastructure.	
Waste legislation		Impact on revenue and operating costs due to change in service demand and materials			Changes in legislation have the potential to significantly impact service demand and the materials we collect. We engage productively and transparently with regulators and policy makers to ensure that we have foresight of upcoming legislation. Medium term impacts arising from Extended Producer Responsibility (EPR) and Deposit Return Schemes (DRS) have been modelled on the current business model. A greater demand for recycled material as well as the potential to be involved with the collecting and processing of the materials under DRS offers great opportunity for Biffa.	
Risks						

Sustainability continued

TACKLING CLIMATE CHANGE

Task Force on Climate-related Financial Disclosures (TCFD) continued

Risks	TCFD category	Sub-topic	Potential financial impact			Strategic response and resilience
			Short 1-3 years	Medium 3-10 yrs	Long 10+ yrs	
	Technology	Low emission technology	Costs to transition to low carbon technology			We collaborate with suppliers on technology advances that will enable efficiency gains in the use of resources and operational processes. Our target on alternative fuelled vehicles takes into account the life expectancy of our existing fleet and allows vehicles to be replaced when they come to the end of their life expectancy, however the viability of a wider roll-out of these vehicles is dependent on national infrastructure investment and at present this is not as advanced as we need it to be.

Summary of our most material climate-related risks – Scenario 2 (business as usual)

Risks	TCFD category	Sub-topic	Potential financial impact			Strategic response and resilience
			Short 1-3 years	Medium 3-10 yrs	Long 10+ yrs	
	Acute physical impacts (increase in severity of extreme weather) and chronic physical impacts (long term climate shifts)	Damage to property/site infrastructure from extreme weather events	Increased costs due to physical damage Increased insurance premiums and reduced insurance availability for high risk areas.			Understanding the exposure of our operations to the risk from extreme weather events, including flooding, allows us to identify business-critical locations which can then be assessed for climate change adaption investment. New facilities incorporate climate change and flooding measures into their planning phases and development.
		Increase in fire risk	Increased capital costs as a result of fire damage to buildings/vehicles. Indirect costs due to impacts on health and wellbeing. Increase in operational costs for heating, cooling and change in operating practices due to shifting temperatures.			Whilst the frequency and extent of extreme weather is hard to predict, we continue to monitor changing weather patterns on a short-term basis and take action to mitigate any negative effects.

The Risks and Opportunities Identified

Our analysis indicates that the most material risks we face in Scenario 1, are intrinsically linked to changes in policy and legislation along with technological advancements and innovation that support a low carbon, energy efficient economy.

Whilst there are waste and resource-specific elements to these risks, those that relate to transport and emissions impact most sectors. We have also considered reputational risks that may arise from Scenario 1, however when considering the mitigation we have in place through the support from subject matter experts and monitoring future changes, these have remained a low risk across all timescales. The risks identified from this high-level analysis are addressed by our current business model and will continue to be monitored on an annual basis.

Scenario 1 also provides significant opportunities for Biffa. These opportunities include changes in resource efficiency, societal shifts resulting in increased demand for recycling services and low carbon materials as well as reputational benefits. These opportunities are enhanced by England's Resources and Waste Strategy, which supports the circular economy and green consumerism. Our business strategy ensures we are well placed to capitalise on these opportunities over the next few years.

We have considered the risks we face under a 'business as usual' scenario. As with other businesses around the world we could face changes in market conditions if global mitigation and adaption are unsuccessful, however the nature and size of these impacts is highly uncertain. We recognise that the physical impacts from climate change, primarily related to severe weather events, could pose a risk to our workforce and facilities in the long term and additional safety measures and training could be required. We believe the best mitigation against the risks from this scenario is to support the goals of the Paris Agreement and make a positive contribution ourselves and through our value chain.

We recognise that due to the amount of carbon already in the atmosphere, some increase in extreme weather events and long-term changes in temperature and rainfall patterns will impact our business, even if the 'sustainable' scenario is achieved. We expect that these impacts will be of a lesser magnitude compared to the 'business as usual' scenario.

Our business continuity planning ensures that we remain resilient to any disruption caused by extreme weather events, and is informed by both past and simulated events. Business-critical operations that are at a higher risk can be assessed for adaptation if required.

Risk Management

We use our well established risk management framework to review our climate-related risks and opportunities.

Risk Governance

The Board recognises its responsibility to ensure that the Group's internal control systems and risk management framework are effective. The Audit Committee has specific delegated authority to review the effectiveness of the risk management and internal control processes during the year.

The Group Executive Team is responsible for the day-to-day risk management and control. This ensures that management provides leadership and direction to employees so that our overall risk-taking activity is kept within our risk appetite.

Biffa operates the 'Three Lines of Defence' model (page 76) to manage the ongoing effectiveness of risk and control, to define the relationship between the various management and oversight functions, and to demonstrate how responsibilities are allocated. The Internal Audit function assesses our risks and controls independently and objectively.

Risk Appetite

The Board sets our overarching risk culture and appetite and ensures that we manage risk appropriately across the Group. Health and safety, legal, regulatory and environmental risks (including climate-related risks) are our major focus. Biffa dedicates significant resources and focus to managing and monitoring these risks, with other key risks considered and reviewed alongside. In each case, controls and mitigating actions aligned to the risk appetite are put in place.

Risk Assessment

A risk assessment matrix is used to ensure that risks are assessed consistently. This matrix considers the likelihood of the risk materialising and its potential impact. We assess both the inherent risk, before any mitigating actions, and the residual risk, after considering mitigating actions and controls. We also identify any additional activities that could be undertaken to further mitigate the risk.

Sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Emerging Risks

In addition to known risks, we identify and analyse emerging risks and the need for mitigation as part of our existing risk management processes. These risks are reviewed by both the Group Executive Team and the Audit Committee, and include risks relating to climate change, such as flood risk arising from high rainfall, and pandemic and infectious diseases.

Risk Management Processes

The Group's risk management processes are centrally coordinated utilising a risk management tool, and consider the existing business model and future strategy. Within this tool, climate-related risks each have a separate section, but these risks are also included within the operational risk profile for each area of the business where relevant. An established network of 'Risk Champions' is in place to facilitate updates to risks during the year. The Risk Champions are members of the senior management team and take a lead role in engaging local management to identify, agree and update risk information on a regular basis.

The Group Executive Team are updated regularly on the principal and emerging risks and ownership of each of these risks is assigned to individual members of the Team.

The Audit Committee undertakes regular reviews of the principal and emerging risks, as identified and assessed by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit function, which operates a risk based annual plan of assurance reviews.

Our risk management systems are intended to mitigate and reduce risk to the lowest extent possible; however, we cannot eliminate all risks to the Group. The risk management processes can only provide reasonable and not absolute assurance against material misstatement or loss.

Metrics and Targets:

Our series of climate change indicators, that are relevant to our business, enable us to assess our effectiveness of integrating climate-related risks and opportunities into our business across multiple time horizons. Our targets positioned under our 'tackling climate change' pillar are:

- Reduce our Scope 1 and 2 carbon emissions by 50% by 2030 from a 2019 baseline (740,925 tCO₂e) and achieve Net Zero by no later than 2050. During FY23 we will be developing Scope 3 targets and submitting these to the SBTi along with our Scope 1 and 2 targets for validation.
- Introduce 10% non-fossil-fuelled collection vehicles by 2025.
- Increase collection route efficiency by 10% by 2025.
- 50% of our inputs to landfill to be moved by rail by 2025.
- Purchase 100% renewable energy by 2025.
- Develop 50MW of renewable energy capacity through installation of solar farms on our landfill estate by 2025.

These targets are detailed within our sustainability strategy. 'Resourceful, Responsible, with performance against these indicators shown in the table below with further detail on pages 34-35 of this Annual Report. Our internal audit provides a thorough examination of our performance data and select KPIs are also externally assured. The assurance statement is published here: www.biffa.co.uk/sustainability

Reducing our own carbon emissions and developing our ability to offer low carbon services to our customers is critical to maintaining our position as a leader in UK sustainable waste management. Our emissions reduction targets built into the Group Balanced Business Plan (BBP). This influences our divisional BBPs which in turn determines senior leaders' remuneration policy. Where relevant, the other metrics are incorporated into our divisional BBPs.

Metric	2021/22	2020/21	2019/20
Total Scope 1 and 2 emissions (Location based) (tCO ₂ e)	537,950	533,187	646,677
% reduction in Scope 1 and 2 emissions since 2019	27.98	28.62	13.42
Scope 3 (tCO ₂ e)	622,120	484,368	524,212
% of alternative fuelled collection vehicles	1.90	<1	0
Collection route efficiency (lifts per km)	0.49	0.42	0.48
% increase in collection route efficiency from 2019	2.08	12.50	0
% landfill inputs transported by rail	24	21	15
% inactive landfill inputs transported by rail	43	35	23
% renewable energy purchased	72	60	0
Solar power development	Two sites selected for planning application process		

Comments on the data

1. During 2022 we moved our main reporting vehicle weight estimates from tonnes to a standard 1000kg conversion factor.
2. Our 2022 Scope 3 emissions data is significantly lower than FY2021 as we have not yet included all our Scope 3 emissions in our reporting. We are currently working on this and will update our reporting in FY23.
3. The 2022 data is based on the following assumptions: 1. 100% of our collection vehicles are now 1000kg.

Streamlined Energy and Carbon Reporting

We have seen a reduction in our Scope 1 and 2 carbon emissions of almost 28% compared to our 2019 baseline. When taking into account our purchasing of renewable energy,² this reduction is 29.88%.

This has been achieved through the continued improvement of our landfill gas capture and efficiency gains within our operations, including the removal of 31 diesel RCVs to date as a result of our acquisitions of Simply Waste and Viridor, equating to a saving of 395 tCO₂e per year. We will continue to explore further collection route efficiencies and already have plans in place to remove a further 29 RCVs across the first half of FY23.

In FY20 we transitioned our portfolio to a new energy management system to aid more granular data analysis. Following our SECR audit in June 2021, carried out by Carbon Decoded, an independent auditor, it was recommended that we remove our reliance on manual meter readings. As a result, during May 2022 we have undertaken a Non Half-Hourly (NHH) meter replacement exercise, working with our electricity provider to replace over 150 older manual meters with newer dial-in meters. Together, these actions allow us to have quicker access to accurate data in order to analyse trends and identify problems and gives us a greater understanding of our true electricity usage. As a result, we are now able to focus on implementing the most effective energy efficiency measures.

We operate a rolling upgrade programme of energy efficiency improvements across our sites and complete an annual survey to assess progress. This year's results show 48.8% of survey respondents have installed LED lighting and 14.6% have installed motion sensors. This is an increase on FY21 when the results were 33% and 3.5% respectively.

In our Municipal business, we have undertaken an energy and utility audit to identify potential areas for energy efficiency improvements to be made. By identifying our sites individual energy usage, we can take more effective measures to reduce the energy consumption. The plan for FY23 is to roll out a similar audit across our WCC estate.

As a result of our positive progress to date, we are well on course to achieve our sustainability strategy targets to reduce carbon emissions by 30% by 2025 and 50% by 2030.

UK GHG Emissions and Energy Use Data for period 1 April 2021 to 31 March 2022

Emissions from: (in tonnes CO ₂ e)	Current reporting year 2021/22	2020/21	2019/20
Scope 1	507,630	506,228	617,527
Scope 2 (Market-based)	16,079	20,355	29,150
Scope 2 (Location-based): Electricity, heat, steam and cooling	30,320	26,959	29,150
Total Scope 1 and 2 emissions (Market-based)	523,709	526,583	646,677
Rebased Scope 1 and 2 emissions (Market-based)	331,825	547,435	668,232
Total Scope 1 and 2 emissions (Location-based)	537,950	533,187	646,677
Rebased Scope 1 and 2 emissions (Location-based)	546,552	554,039	668,232
Scope 1 and 2 (Market-based) intensity ratio – tCO ₂ e per £m revenue	363	505	556
Rebased Scope 1 and 2 (Market-based) intensity ratio – tCO ₂ e per £m revenue	369	525	575
Scope 1 and 2 (Location-based) intensity ratio – tCO ₂ e per £m revenue	373	512	556
Rebased Scope 1 and 2 (Location-based) intensity ratio – tCO ₂ e per £m revenue	379	532	575
Scope 1 and 2 (Market-based) intensity ratio – tCO ₂ e per employee	53.75	63.92	80.32
Rebased Scope 1 and 2 (Market-based) intensity ratio – tCO ₂ e per employee	54.55	66.45	83.00
Scope 1 and 2 (Location-based) intensity ratio – tCO ₂ e per employee	55.21	64.72	80.32
Rebased Scope 1 and 2 (Location-based) intensity ratio – tCO ₂ e per employee	56.09	66.45	83.00
Total Scope 3	622,120	484,568	524,212
Rebased Total Scope 3	686,639	567,857	712,434

1. Based on the location-based methodology
2. Based on the market-based methodology

Sustainability continued

TACKLING CLIMATE CHANGE

Comments on the data

1. Methane and diesel emissions are calculated using the 2019/20 emissions factor from the 2019/20 emissions table. We have narrowed the 2019/20 table to include only the relevant emissions factors for the relevant emissions. Methane emissions are calculated using the 2019/20 table. Diesel emissions are calculated using the 2019/20 table.
2. To compare emissions of methane and diesel, we have used the same conversion factors as used in the 2019/20 table. The conversion factors are based on the 2019/20 table. The conversion factors are based on the 2019/20 table.
3. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table.
4. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table.

Energy Consumption within the UK

Climate Change/GHG emissions table (kWh)	Current reporting year 2021/22	2020/21	2019/20
Methane emissions (utilised)	389,925	422,215	434,148
Diesel fuel used	457,705,737	342,316,629	449,367,933
Rd diesel used	77,179,734	71,590,025	80,800,198
Unleaded petrol used	643,513	196,097	846,055
Kerosene used	87,499	87,542	106,848
LPG	2,133	12,162	8,164
Natural gas	9,389,522	9,229,118	7,700,377
HVO	1,670,603	—	—
Purchased electricity	108,025,000	31,480,638	76,585,313
Self-supplied electricity	34,769,481	34,155,151	37,460,319
Total kWh	689,863,147	539,489,627	653,310,355

Comments on the data

1. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table.
2. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table.
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4. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table. The data reported is based on the 2019/20 table.

Energy Generation

	Current reporting year 2021/22	2020/21	2019/20
Generation (GWh)	383	396	423
Carbon benefit (k tonnes CO ₂ e)	81	92	108

Caring for our people, supporting our communities

Be recognised as a top ranking employer and continue to support good causes to make a real difference

Caring for our people

Our team of more than 10,000 colleagues are delivering on Biffa's purpose of changing the way people think about waste and deliver essential waste services to homes and businesses across the country. We strive to create an inclusive environment where differences are valued, and our workforce can thrive.

Our people strategy guides our priorities with a focus on attraction, leadership, engagement, development and performance and our policies underpin this. They ensure that our positions on key topics are clearly defined and communicated to our employees and that we take consistent and appropriate action.

The labour market has been very challenging this year, particularly with the nationwide shortage of HGV drivers, which resulted in pressures on pay, coupled with increased inflation and higher staff absenteeism, as a result of the ongoing impact of the Covid-19 pandemic.

We responded decisively by introducing a driver referrals scheme and running a national HGV driver campaign with the Sun newspaper, which was designed to attract more drivers into our industry. We also ran a 'loaders to drivers' programme, which enabled current employees to diversify their skill base, as well as providing more flexibility to the organisation and introduced our Driver Academy, to ensure a steady pipeline of talent into our industry. We also increased pay for our frontline workforce in line with market demand and increased our Biffa Minimum Wage to 20 pence above National Living Wage, helping us move further towards Living Wage Foundation rates.

We also continued to prioritise health & safety performance. We operate in a high-risk industry and want to ensure our people, and the public, are kept safe. Safety is firmly embedded within our culture and championed at all levels through our Safer Together pact.

Sustainability continued

Caring for our people, supporting our communities

Health & Safety

Keeping our people **safer** **together**

Our Performance

The pandemic had a significant impact upon our business as our key workers kept the business going under very difficult circumstances, so that we could continue to provide our essential services to homes and businesses across the UK. This year, we emerged positively and the Covid-19 related factors that contributed to our previous year's performance subsided.

We were able to reconnect with our workforce and re-engage with them using our Safer Together pact as the platform for meaningful conversations about H&S. As a result, we have now seen a reversal of the deterioration in our frequency rates for incidents that result in time off work, both of which are now in decline, which we believe is sustainable.

Our frequency rate for lost time injuries peaked during the year at 0.48 per 100,000 hours worked but we have now reversed this trend and as we exited full year, our LTI rate was 0.39. We continue to improve, and our aim is to return to pre-pandemic levels of performance (LTI rate of 0.20) by the end of the coming year as we push for our 2030 target of 0.14.

The frequency rate for the most serious incidents, i.e., those reportable under the RIDDOR regulations, saw an even better improvement. Our in-year peak was 0.31 injuries per 100,000 hours worked, but as we exited full year this was down to 0.17 and continues to fall.



For more information on RIDDOR: <https://www.hse.gov.uk/riddor>

Lost time injury rate

0.39

RIDDOR rate

0.17

Our Achievements

Our improvement in performance hasn't happened by chance. We've moved forward progressively in several areas that we believe will help us to ensure that these improvements are sustainable. Notable developments include:

- We have implemented a programme to reduce serious, at-fault road traffic collisions. This uses fleet intelligence software to help our drivers understand and improve their driving behaviour which will keep them, and the public, safer together.
- We continue to produce learning from incidents videos where injured employees can tell their stories so that their colleagues can learn, first hand, how behaviours can prevent workplace injuries.
- We have seamlessly integrated operations from our two major acquisitions (Vindor and Simply Waste) into our H&S management system, without any material impact on performance.
- We have retained the external certification of our H&S management system to the internationally recognised ISO 45001 standard.
- The British Safety Council has once again awarded us a maximum five stars in their comprehensive, contemporary, and quantified audit process of our R&E division. This allowed us to test our H&S performance against the latest legislation, recognised standards, and best practice techniques.
- We have adopted the Top Set incident investigation methodology to help us to apply the insight we gain from incidents into effective preventive strategies.
- A positive review by an external risk consultancy of our Group Engineering Technical Authority Organisation has recognised the value it brings by raising H&S standards across the business.

0.39 LTI rate per 100,000 hours worked
0.17 RIDDOR rate per 100,000 hours worked
0.14 2030 target

Our year

This year has represented a turning point for H&S at Biffa. After a very difficult period during the Covid-19 pandemic, we are now seeing meaningful improvements in keeping each other safe. We know waste is a hazardous industry and we remain committed to continually reducing the likelihood and severity of workplace harm.

Our H&S function has a new management team in place who are helping us to realise our H&S vision of being a waste industry leader where people are, and feel, safer together. Safer because we keep pushing to improve and together, because it's a team effort; every Biffa employee has a role to play in looking out for one another

Our Challenges

The shortage of skilled and capable workers was another significant factor in our H&S performance this year, like many of our peers, despite the reduced impact of Covid-19. The need to recruit and train high numbers of staff placed an increased stress on our resources and required us to constantly refresh our H&S messaging.

The nature of the waste we handle means that the risk from fire at our premises requires constant attention. The removal of lithium batteries and, seasonally at least, disposable barbecues in general waste, is another industry wide problem that requires industry wide and societal change

Another big issue for the waste sector is people sleeping in and around bins. We continue to work with our peers, supply chain and customers to find ways to prevent incidents which can have devastating consequences. We are also engaging with third sector organisations such as St Mungo's, Crisis, Streetlink and Simon Scotland, to try and influence the societal factors behind this challenging issue. We participated in the much publicised inquest into the tragic death of Corrie McKeague, and we subsequently responded constructively and positively to the Report to Prevent Future Deaths issued by the coroner and continue to work with the HSE and other stakeholders to improve risk controls relating to rough sleepers across our sector

Our employees continue to experience challenges from impatient drivers who drive on the pavement when passing our vehicles. This places our employees, the vehicle driver and members of the public at significant risk. Instances of violence and aggression towards our employees are a so an ever present risk. We had hoped that the key worker status our employees gained during the pandemic would have changed attitudes more widely, but it remains a challenge for the entire industry

Our Plan

We continue to develop our Safer Together pact, and to help us address some of the challenges we face, we have developed a progressive, nine-point plan so we can achieve, and go beyond, our 2030 targets.

Our focus will be on standards, tools, and people:

Standards

- Simplified management systems written with operations in mind
- Effective and pragmatic controls for fire and other key risks.
- Focused, risk-based assurance

Tools

- Data driven insight and decision making.
- Scorecards that measure leading and lagging indicators.
- Using investigations to improve learning.

People

- Behaviours to bring our Safer Together pact to life
- A positive culture to maximise engagement
- Value adding support from the H&S team.

Sustainability continued

Caring for our people, supporting our communities

Our Purpose and Values

We are changing the way people think about waste

We were delighted to launch a new set of values in the year, which were co-created with our employee forum, the Biffa Involvement Group (BIG), and were reviewed and approved by the Board. By working with BIG, we captured the essence of Biffa and ensured that the language used was meaningful and understandable.

Our values complement our purpose and our vision – to be the leader in sustainable waste management. Our vision, purpose and new values form a roadmap that can be followed by everyone at Biffa, ensuring we have the right culture in place so that Biffa remains a great place to work.

We were thrilled to win the 'People and Purpose' Award at the Personnel Today Awards for our vision, purpose and values campaign 'Little Acts Big Impact' which is all about how the little acts our employees do each day all contribute to a much bigger impact in helping to change the way people think about waste. The award recognises how we have connected our people strategy with our purpose and driven employee engagement.

Our New Values

Our values demonstrate that it is not just what we do that is important, but how we do things and go about our everyday tasks – and more importantly, how we work together as a team.

Working collaboratively with BIG, which encompasses c.100 colleagues from all across Biffa, the majority of whom are on the front line, we developed four distinct values.

The BIG crew helped us to create the values by defining each one and the meaning behind it to ensure they were the right fit for Biffa.

What our BIG Team had to say:

"The new values are applicable to all employees, from directors to loaders and drivers."

Roy

Administrator, based in the Midlands

"Simplifying the values to words that actually mean something and are relatable is what was needed to help get across the right message."

Jane

Operational Support Manager, based in the North

**By living our values every day,
our employees are contributing
to a much bigger impact –
helping to change the way
people think about waste.
#LittleActsBigImpact**

Wellbeing

Supporting our employees' wellbeing continues to be a big focus for Biffa. During the year, we continued with the roll out of our E.N.E.R.G.Y programme, which began in 2020 and covers emotions, nutrition, exercise, rest, goals and you, focusing on what we all need to consider, to provide us with the best chance of staying fit and well. We specifically focused on mental health awareness, which will be our continued area of focus in FY23.

Since the year end, we've been focusing on recruiting a number of Mental Health First Aiders to bolster our support for our people who are experiencing a mental health issue or emotional distress. We'll also be focusing on training managers to be able to better recognise and support mental health, alongside a range of resources and our employee helpline which is available 24/7 to support anyone at Biffa or their family.

We also helped employees to set measurable goals through a dedicated e-learning module all about setting 'SMART' wellbeing objectives and tracking their physical, mental and financial wellbeing by launching dedicated resources for each. This culminated in a Wellbeing Week, held towards the end of the year, where employees were provided with materials and activities, such as financial wellbeing sessions with Barclays bank, yoga, mindfulness classes and relaxation clubs.

Welcoming our Workforce back to the Office

As lockdown measures started to lift in the UK, we began a 'welcome back to the office' campaign for employees at our main offices, the majority of whom had been working from home.

This was designed to enable employees to feel more comfortable with returning to the office on a more permanent basis, allowing them to talk and engage more with their colleagues, as well as to reinforce the principles of our Smarter Working + programme, which supports flexible working and a better work life balance.

Our people received a goody bag of branded items and took part in engaging activities, such as bake sales, group walks, relaxation and meditation sessions and lunch with our Group Executive Team.

Sustainability continued

Caring for our people, supporting our communities

Board Workforce Engagement Activities

David Martin, our Senior Independent Director and Non Executive Director, has Board responsibility for workforce engagement. As part of his role, David attended several workforce-related events over the course of the year, including presenting on the role of the Board and Non Executive Directors at our BIG employee forum. He was joined by Claire Miles, our Remuneration Committee Chair, who gave an overview of the role of the Board and engaged on executive remuneration.

David also attended our senior leader strategy event, our virtual manager conference, our Diamonds Awards ceremony and the Group Executive Team session to consider the annual employee engagement survey results.

David said:


"I sensed a continuing high level of engagement and a real pride in working for Biffa and an increasing awareness and buy-in to the overall strategy, particularly around sustainability."

"Once again, the Diamond Awards were a real reflection on the great things that individuals, and indeed teams, have delivered within the workplace and the communities they serve and was greatly appreciated by all attendees. There was an understandable sense of fatigue at the challenges of working through Covid-19, but it was encouraging to see a genuine appreciation of Biffa's continuing focus on initiatives that support individuals' health and wellbeing."

"The first 'in-person' gathering of BIG was very well attended (c.100 employees) and was found to be very useful by the vast majority. I believe that within BIG there is a thirst for knowledge that can be built upon going forward."

David Martin

Non-Executive Director for Workforce Engagement

 For details of how the Board has considered workforce interests during the year in its decision making, see **page 109**

Including the engagement scores of c.2,000 employees who joined the Group through acquisition our score remains at 59%, which is 3% above the UK average¹.

¹Source: Biffa and the Biffa Buzz

Engaging our People

We want our people to be engaged in their work and with their workplace. Research shows that organisations with high levels of employee engagement are more efficient and effective and that highly engaged employees care about the future of their organisation and are motivated to help it achieve its objectives. We have doubled engagement over the past 10 years and our ambition is to be in the top 25% of all companies in the UK, which we are now only 8 percentage points away from achieving.

Biffa Buzz

Last year, we launched our first digital employee engagement survey, Biffa Buzz, which is not only 100% online, but also provides managers with more actionable insights.

We worked hard this year on delivering tangible actions following the results of last year's survey. This included placing a greater focus on employee development and career progression, employee benefits, communications and wellbeing. In response, we

Improved our benefits:

- Enhanced our 'Family Friendly' policies (see page 55)
- Introduced a fuel discount card giving employees up to 5% off diesel and 2p off a litre of petrol.
- Continued our Eco Drive scheme as a tax efficient way to lease environmentally friendly electric cars and our ShareSave scheme, giving employees the chance to buy shares in Biffa at a discounted rate.

Provided more opportunities to communicate:

- Held our first ever in person BIG meet up, which allowed employees to meet with our senior team and discuss what's important to them.
- Worked with managers to ensure that local Buzz action plans were implemented, with teams being updated regularly on progress.

Offered more development and career opportunities:

- Published a training catalogue with opportunities to develop and grow, and promoted our Know-How learning platform for general training.
- Enhanced our H&S training.

Prioritised wellbeing:

- Enhanced our ENERGY programme with various wellbeing challenges and awareness days (see page 51)
- Launched a weekly relaxation club.

We continue to maintain two way engagement with our workforce, ensuring that they are kept up to date with the latest business developments and answering their questions. Our channels include regular all employee video calls with our Group Executive Team, CEO vlogs, conferences and news updates via our intranet and employee app, Biffa Beat. We were delighted to return to physical events in the year, hosting our annual Diamond Awards as well as our Leadership Conference in person.

Biffa Beat helps us to communicate and engage with our frontline workforce, enabling them to openly ask questions and voice their opinions at the touch of a button.

Fundraising through Biffa Beat to support Ukraine

At the end of the year, we ran a fundraising campaign to support the people of Ukraine. We launched a dedicated tile on Biffa Beat with fundraising initiatives that our employees could partake in to help raise money. We even asked them to vote, through a dedicated poll on Biffa Beat, on which charity they believed would benefit the most from our fundraising.

Our employees chose the British Red Cross, who are providing psychological and social support and essentials such as food and fuel to the people of Ukraine.

In just four weeks, our employees collectively raised >£7,500 for Ukraine, which was match funded by Biffa to bring the total raised to >£15,000.

This demonstrates how powerful Biffa Beat is in ensuring our employees stay connected, enabling us to quickly engage with them about important matters.

Learning and Development

We continue to invest in the personal development of our colleagues, by making learning accessible to everyone at Biffa. Since the pandemic began, we have shifted our focus to virtual as well as physical learning modules, in a broader range of subjects, using the number of training interventions per employee to measure our success. We have a target to double training interventions per employee by 2030, and this year we made good progress by increasing the number of training interventions to 4.35 days per employee.

The focus of our training this year has been on driver attract on (see page 47) as well as improving driver behaviours, which benefits the business from both an H&S perspective (fewer accidents) and from a cost and sustainability perspective.

Working with Jobcentre Plus, we have been able to access diverse talent within our communities and help people into employment, with 30 unemployed young people offered six-month work placements through the Government's Kickstart scheme this year. These placements have been in a wide range of areas including Operations, Customer Services, Human Resources and Fleet, and have helped build the employment skills and confidence of these individuals to help them into employment. Seven have been offered ongoing work with Biffa.

We also continued our 'Mates to Manager' programme, designed for people wishing to be considered for, or taking their first step into, supervisory management. This programme, through its six modules, explores the key areas of successful management, focusing on topics such as effective coaching, performance and financial management.

We also continued our Advanced Leadership Programme (ALP) to help accelerate the development of some of our brightest talent across the organisation and our apprenticeship programmes. We kicked off our second ALP cohort in March 2022 with 17 people joining the programme.

Anti-bribery

We have a long standing anti-bribery policy which sets out the standards of behaviour that is expected of anyone working for Biffa and third parties working with Biffa. It includes guidance and the requirements for our people on the giving and receiving of business gifts and hospitality. A bribery risk assessment was completed during the year and a number of recommendations were made including a review of the policy. Following review, a new anti bribery policy and separate gifts and hospitality policy and guidance have been created. These were approved by the Board at its April meeting and were published in June 2022. There was also a review of the e-learning module on this topic which has been updated to reflect the new policies and guidance. The e-learning module is required to be completed by all new starters with a Biffa email address. Our existing workforce with an email address will also be required to complete the e-learning to refresh their understanding in this area. Any breaches of policy are investigated by the Internal Audit function and are reported to the Audit Committee (see further details on pages 118-125).

For more information, please visit our ESG website.

Sustainability continued

Caring for our people, supporting our communities

Championing Diversity & Inclusion (D&I)

We are creating an inclusive culture by promoting inclusive leadership behaviours with the ambition of creating a representative workforce. Our D&I strategy and policy is underpinned by our values and is key to our desire to care for our people and provide an environment where all our colleagues can thrive. We are taking a holistic approach to D&I, through acknowledging and celebrating the fact that we are all different – as we believe it is our differences that make us stronger as an organisation. Each year, we develop a D&I action plan which is reviewed by the Group Executive Team and the Nomination Committee.

The waste sector is traditionally a male-dominated industry, with the vast majority of operational teams being male. Across the Group, the workforce comprises 20% female and 80% male employees. We've taken great steps this year to improve the gender balance, having exceeded the Hampton-Alexander target for both the Board (13%) and the Group Executive Team and their direct reports (35%). We also met the Parker Review ethnic diversity target following Board changes in the year.



Further details on our D&I policy can be found in our non-financial information statement on page 37. More information on our D&I strategy (including targets for the next 10 years) can be found in our sustainability Report: www.biffa.co.uk/sustainability

Although women account for only 20% of the overall workforce, they are better represented within professional and managerial roles, which means on average they receive higher levels of pay and results in a negative mean gender pay gap of -2.6%. However, we have a positive median gender pay gap, which indicates that the median male is paid more than the median female. Both figures have been significantly impacted by the changing composition of our workforce with the acquisition of CSG, who employ a larger number of women in relatively lower paid frontline roles. More information can be found in our Gender Pay Gap report for FY21 <https://www.biffa.co.uk/about-us/policies>.

We understand that gender is just one area of diversity and that there is much more to do to create a consistently inclusive environment, where differences are valued and where all colleagues can feel a sense of belonging. Our D&I calendar continues to embrace and recognise a wide variety of topics and events to promote awareness and action including: National Inclusion Week, Black History Month, Pride Month, International Women's Day, International Men's Day and International Day of People with Disabilities. We also recognise and celebrate different religious and cultural observances in order to raise awareness and embrace the richness of our diverse workforce, such as Ramadan, Eid al-Fitr, Eid al-Adha, Diwali, and Christmas.

Our Gender Statistics

	Females on the Board		Female Executives		Female Direct Reports of the Group Executive Team		Female Executives and Female Direct Reports of the Group Executive Team		Female All Employees	
	No	%	No	%	No	%	No	%	No	%
31 March 2021	1	16.7%	3	33.3%	12	27.9%	15	28.3%	1,670	18.2%
31 March 2022	3	42.9%	3	33.3%	15	35.7%	18	35.3%	2,043	20%
Difference	+2	+26.2%	0	0	+3	+7.8%	+3	+7.0%	+373	+1.8%

D&I Training

In the year, we delivered D&I manager briefings, designed to be delivered as bite-sized toolbox talks to our frontline employees, who also have access to our D&I tile on Biffa Beat, where interactive content, videos and campaign communications are all shared. We have also launched an anti-harassment and bullying toolbox talk, designed to raise awareness of bullying and harassment and what to do if it happens at work.

Women in Waste Group

In 2020, we established our Women in Waste group to support, empower and build the confidence of women at Biffa, to attract and develop more women, raise awareness of gender D&I and to raise the profile of women within the waste sector. During the year, membership grew to over 200 and the group established a mentoring programme and launched our feminine fit 'PPE', which is designed specifically for the female form. The group held four meetings during FY22 and heard from various guest speakers, including Claire Miles (our Non-Executive Director).

We're Family Friendly at Biffa

Supporting our employees both inside and outside of work is one of our top priorities. We're keen to make sure everyone at Biffa feels like they have the right level of flexibility and support to do their job well, whilst balancing family life.

Following a review of our policy framework, in order to support our D&I strategy and further improve our employee proposition, in 2021 we launched a new suite of family friendly policies, which include the following benefits:

- Company maternity pay increased to 26 weeks full pay and 13 weeks half pay (inclusive of statutory maternity pay).
- Company paternity pay increased to two weeks full pay (inclusive of statutory paternity pay) and optional two weeks unpaid leave
- Flexible return to work option where the individual can work 80% of contracted hours on full pay for the first three months
- Child's first (adoptive) birthday paid leave for both parents.
- Child's first day of school paid leave for both parents.
- Up to three days paid leave for IVF treatment per cycle.

We also updated our flexible working policy, introduced a new menopause policy, sabbatical policy, retirement policy and a volunteering policy, which includes one day's paid leave for team volunteering activities.

The response to the policies has been extremely positive, helping us to become an employer of choice and will enable us to attract and retain key talent.

A Biffa employee benefiting from our family friendly policies

Pride Group

We are actively supporting and educating on other strands of diversity and have had great success with our Pride group, representatives of which received a Diamond Award for our Pride Campaign, which helped to raise awareness and educate the business about the LGBTQIA+ community. This received great engagement and feedback across the business and provided a network of people for the LGBTQIA+ community to connect with.

Whistleblowing

The Group has a long established whistleblowing policy by which all employees (or other stakeholders) may, in confidence, report any concerns where the interests of the Group or others are at risk. Employees are encouraged in the first instance to talk to their manager, a higher level of management or a member of the Human Resources (HR) team. However, in circumstances where this is not possible, or is inappropriate, the Group has provided an independent, external whistleblowing hotline, via Safecall, for the reporting of such matters on a named or anonymous basis.

All reports are entered in the Group Whistleblowing Register and are treated in the strictest confidence. Any material investigations are typically reviewed by a review body, which confirms the outcome and any action to be taken, comprising the Group HR Director, General Counsel and Company Secretary and other senior leaders as appropriate, dependent on the nature of the complaint. The policy is reviewed annually to ensure it is fit for purpose and continues to reflect best practice.

Ethics and Human Rights

We conduct our business with honesty, integrity, fairness and respect and encourage all our people to embrace these principles. Our employee handbook sets out our expectations and we also have specific policies including whistleblowing, anti-fraud, bribery and corruption, disciplinary and grievance, D&I, modern slavery and human trafficking and corporate responsibility.

This year the Group received 79 reports of concerns, ranging across the categories of dishonesty, health, safety and environment and people issues. 62 of the cases were investigated as whistleblowing matters with 16% of the investigations that have been completed resulting in disciplinary action, changes to processes or systems or other action.

Sustainability continued

Caring for our people, supporting our communities

Tackling Modern Slavery

Modern Slavery (MS) is unfortunately a growing world-wide issue, exacerbated by the rapid rise in global migration. Some of the risk factors associated with MS include country, sector and workforce demographics. At Biffa, we have a robust and effective approach towards MS and human trafficking in order to protect our people and supply chain. We procure goods and services under the Code of Ethics of the Chartered Institute of Procurement & Supply and complete due diligence checks on new and existing suppliers.

We have developed a three-strand MS strategy focusing on:

- **Raising awareness** – we are proud of the efforts we have made to raise awareness of human trafficking and MS and will continue to champion internal and external campaigns, promoting awareness of this important global issue across our business, supply chains and wider industry.
- **Strengthening our response to the threat** – we are vigilant in our practices and policies to identify and proactively deal with any suspected issues within our organisation or supply chain. We strive to continuously improve and are not complacent to the realities of guarding against MS.
- **Victim and survivor support** – we will expand our support for any employees or individuals in our supply chain identified as victims or survivors of slavery or trafficking to prevent re-exploitation, and to enable rehabilitative care as appropriate. We work with experienced partners to provide an appropriate, survivor-centred remediation offering.

Ride for Freedom

A group of determined Biffa cyclists took to the road, joining forces with Ride for Freedom – a social enterprise movement that undertakes inspiring cycling challenges to raise awareness of modern slavery.

Starting in Newcastle, four teams took part in the relay challenge to pass on a padlock to be attached to a 'Freedom Wall' at Biffa's head office in High Wycombe, showing support and raising money for victims of MS.

Across four days, Biffa cyclists collectively cycled 248 miles, with an additional 526 miles pledged by supporters, which was a major triumph for the team and the Ride for Freedom movement.

Systems and Training

We have strengthened our response to MS and expanded our support for victims by implementing the following:

- We introduced MS 'Freedom champions' in high-risk parts of the business to strengthen our response and support awareness raising and best practice.
- The Slave Free Alliance provided in-depth 'Taking Action Against Modern Slavery' training to all managers and supervisors working at Biffa sites with a managed service, as well as MS Champions, HR, and representatives from Risk and Procurement (c.200 employees).
- Reviewed our MS Policy and introduced support for victims and survivors identified in our employment or supply chain.

Maintain zero tolerance on MS and be an acknowledged market leader in anti-slavery practices, engaging and collaborating to positively impact practices beyond our industry.



More information can be found in our Modern Slavery Statement at www.biffa.co.uk

Giving Back to Our Communities

At Biffa we feel it is important to give something back to the community, and we are proud to do so through our biodiversity programmes, our Biffa Award funding programme and our charity partnership with WasteAid. We also actively support campaigns, such as the British Red Cross Ukraine Appeal, via employee fundraising.

Protecting our National Environment through Biodiversity

Our current landfill portfolio is around 4,522 acres and around 1,441 acres (over 30%) is currently managed for biodiversity.

Landfill sites offer dedicated space for microhabitats, enabling endangered species, such as bees and butterflies, a space to thrive.

We have restored >30% of our landfill sites for biodiversity, in line with our sustainability strategy.

In the year we worked on introducing quality measures for biodiversity and will be introducing a benchmarking survey in FY23 to align our biodiversity goals to external benchmarks.

However, we must continue to balance biodiversity goals with the potential repurposing of our sites for new green energy projects, such as solar power, in line with our sustainability strategy goals.

Social Value Biffa Award

Biffa Award is a multi-million pound environment fund, managed by the Royal Society of Wildlife Trusts, which utilises landfill tax credits donated by Biffa. The scheme is regulated by ENTRUST and managed according to Government regulations.

Since 1997, Biffa Award has awarded grants totalling more than £180m to community and environmental projects.

An independent study conducted by M-E-L Research in 2021, found that in the last five years, over 3 million people have benefited from Biffa Award across the UK, 22% of which are in areas of high deprivation.

Chief Financial Officer's Review

Significant improvement from the impact of the pandemic

"The growth in the year is attributed to both organic growth and acquisitions, notably the acquisition of the Viridor collections business and certain recycling assets."

Richard Pike
Chief Financial Officer

Group Performance

Financial performance across the Group improved significantly in FY22 as the business recovered from the impact of the pandemic. Most performance measures have returned to and surpassed FY20 levels. The growth is attributed to both organic growth and acquisitions, notably the acquisition of the Viridor collections business and certain recycling assets.

Record Statutory Revenue of £1,443m was achieved, 39% higher than FY21 and 24% above FY20 (17% excluding acquisitions). The growth is attributed to both organic growth and acquisitions, notably the acquisition of the Viridor collections business and certain recycling assets.

The business has experienced significant headwinds versus FY20 including driver pay and other inflationary impacts, declines in margins in Landfill Gas ("LFG") due to expected lower volumes, and Inerts as a result of the Westmill Landfill site closure, and underperformance versus expectation in CSG and Polymers. Despite this we have been able to improve overall profits, primarily due to the flexibility built into our contracts enabling inflation recovery and contribution from Simply Waste and Viridor.

Adjusted EBITDA increased from £138m in FY21 to £195m, surpassing the £174m level achieved in FY20. A similar improvement has been seen in Operating Profit, increasing from a £38m loss in FY21 to an £8m loss despite the £25m impairment in CSG Goodwill, £21m EVP dispute write-offs and £17m charge relating to the HMRC landfill tax enquiry. Adjusted Operating Profit of £97m is an all time record for Biffa.

The Adjusted Operating Profit Margin however fell to 6.7% in FY22 versus 7.8% in FY20, primarily because of the decline in higher margin contributions from LFG and Inerts.

Group financial performance for the last three years is summarised in the table below:

	FY22 £m	FY21 £m	FY20 £m
Statutory Revenue	1,443.2	1,042.0	1,163.1
Net Revenue	1,363.9	988.1	1,102.8
Adjusted EBITDA	195.0	138.2	174.0
Operating Profit / (Loss)	(8.3)	(37.6)	74.1
Adjusted Operating Profit	96.6	44.2	90.5
Adjusted Operating Profit Margin	6.7%	4.2%	7.3%

The following investments have been made in the year:

- The acquisition of the Viridor collections business and certain recycling assets for a total consideration of £131m, plus £17m of lease liabilities.
- Further equity and shareholder loans of £25m invested into the joint ventures ("JVs") facilitating the ongoing build of our Protos and Newhurst energy recovery facilities.
- Capital expenditure of £8m to upgrade plastics recycling plants.

The Viridor business performed strongly in the seven months of FY22 after it was acquired. The acquisition has expanded the Group's collections business and recycling capabilities, solidifying our leading position in UK sustainable waste management. The integration is ongoing, and the Group expects to benefit from further synergies in FY23.

The financial performance of CSG, acquired in February 2021, has been below expectations and as a result the acquired goodwill was impaired by £25m at half year. The factors disclosed at half year have continued to impact performance in the second half of the year, albeit a number of strategic changes have been made, and the benefits of these changes have had a positive impact on the performance in the last quarter of the year. We expect this positive trajectory to continue into FY23.

Biffa remains in a well funded financial position at March 2022, with headroom of £341m on the rolling credit facility ("RCF") and a Covenant Basis Leverage Ratio of 2.9x, significantly below the 4.5x limit stipulated in the lending covenants. This is consistent with the guidance issued in the March 2022 Trading Update.

Statutory Performance

To enable a better understanding of business performance, certain items are excluded when calculating the Group's business performance. These Alternative Performance Measures ("APMs") are also used to enhance the comparability of information between reporting periods and the Group's divisions.

Adjusting Items

Adjusting items are fully explained in the Appendix to the Financial Statements. The net impact of adjusting items on Profit Before Tax was a charge of £104m (FY21: £82m charge). The main adjusting items were impairment of the goodwill recognised on the Company Shop acquisition (£25m), impact of the negative outcome on the EVP dispute (£21m), recognition of a provision for the HMRC landfill tax enquiry (£17m), strategy related costs including costs relating to the systems replacement project (£5m), acquisition related costs (£9m) and amortisation of acquisition intangible assets.

Chief Financial Officer's Review continued

A reconciliation from Adjusted Operating Profit to Statutory Profit/(loss) after tax is set out below:

	FY22 £m	FY21 £m	Change £m	FY20 £m	Change £m
Adjusted Operating Profit	96.6	44.2	52.4	90.5	6.1
Adjusted net finance charges	(19.9)	(14.4)	(5.5)	(13.7)	(1.2)
Share of joint venture	(1.1)	(0.3)	(0.8)	(0.1)	(1.0)
Adjusted Profit Before Tax	75.6	29.0	46.6	71.7	3.9
Adjusting items:					
Onerous contracts	–	(10.3)	10.3	1.5	(1.5)
Strategy related and restructuring costs	(4.8)	0.4	(5.2)	(1.0)	(3.8)
Acquisition-related costs	(9.4)	(2.0)	(7.4)	(1.1)	(8.3)
Asset impairment	(25.0)	(21.9)	(3.1)	(3.8)	(21.2)
Unwind of EVP balances	(20.8)	–	(20.8)	–	(20.8)
Provision for HMRC landfill tax enquiry	(17.0)	–	(17.0)	–	(17.0)
Amortisation of acquisition intangibles	(29.6)	(27.4)	(2.2)	(16.9)	(12.7)
Impact of real discount rate changes on provisions	0.3	(20.6)	20.9	4.9	(4.6)
Other items	2.1	–	2.1	1.1	1.0
Statutory Profit / (Loss) Before Tax	(28.6)	(52.8)	24.2	56.4	(85.0)
Tax credit / (charge) excl. tax credit on EVP unwind	(4.5)	12.3	(16.8)	(10.3)	6.3
Tax credit on EVP unwind	15.5	–	15.5	–	15.5
Statutory Profit / (Loss) After Tax	(17.6)	(40.5)	22.9	45.6	(63.2)

(£30m). Tax relating to adjusting items was a credit of £26m (note the tax credit/charge figures in the table below sum to the total statutory tax credit/charge).

The impact of real discount rate changes on provisions was a £0.3m credit for the full year and a full reversal of the £1.7m charge recognised at half year. This is due to the return of the discount rate to March 2021 levels.

The total cash impact of adjusting items in FY22 was an outflow of £11m (FY21: £11m outflow).

A reconciliation from Adjusted Operating Profit to Statutory Profit/(loss) after tax is set out above.

Taxation

The Group remains committed to fully discharging its responsibilities in respect of all relevant tax legislation in a clear and transparent manner based on a collaborative relationship with all tax agencies. Our tax strategy is approved annually by the Board and is available on the Group's website.

The effective tax rate on Adjusted profit before tax was 20% (FY21: 22%) due to the impact of usual non-deductible tax items.

The statutory effective tax rate was 38% (FY21: 23%), significantly higher than the prevailing rate due to certain charges being disallowed for UK corporation tax and Profit before tax being at low levels. Payments in respect of corporation tax in the year were £0.3m (FY21: £0.6m). The Group's deferred tax liability balance of £32.5m (FY21: £11.1m) includes balances totalling £53.7m (FY21: £40.8m) in respect of accelerated capital allowances, previously written off goodwill and losses which will continue to moderate tax payments in future years.

Earnings per Share

Statutory basic earnings per share improved from a loss of 13.7 pence in FY21 to a loss of 5.8 pence in FY22. Adjusted basic earnings per share increased from 7.7 pence in FY21 to 19.7 pence in FY22.

Retirement Benefits

The Group operates a defined benefit pension scheme for certain employees, which is closed to new entrants, and which is closed to future accrual for the majority of its members as at 1 November 2013. At 25 March 2022, the 'AS 19 net retirement

benefit surplus was £156.1m compared to a surplus of £112.1m at 26 March 2021.

Capital Allocation

The Group seeks to balance the allocation of its discretionary capital between shareholder returns, organic growth opportunities and the Group's four key investment areas: Reduce, Recycle, Recover and Collect. The main areas of capital allocation are: &C M&A, Plastics recycling capacity, Energy Recovery ("ERF") and the Viridor business acquired during the year.

In the year c.£8m has been invested in plastics recycling facilities, while £25.0m of investment has been made in the form of shareholder contributions to the ERF JVs. The Viridor business was acquired for a total cash consideration of £130.8m, plus £17.0m of lease liabilities.

Dividends have been reinstated for FY22. During the year an interim dividend of 2.20p was paid (FY21: nil). The Board is recommending a final dividend of 4.69p (FY21: nil).

Finance Income and Charges

Adjusted net finance charges increased £5.5m from FY21, primarily due to the higher borrowing levels required to fund the Company Shop and Viridor acquisitions. Net finance charges are more consistent year on year as both IFRIC 12 interest income and exceptional interest income have been recognised in FY22.

A breakdown of net finance charges is provided below:

	FY22 £m	FY21 £m	Change %	FY20 £m	Change %
Interest on net borrowings	9.7	6.7	44.8	10.7	(9.3)
Interest on lease liabilities	9.8	8.5	15.3	8.4	16.7
Unwinding of discount provision	2.4	1.8	33.3	1.6	50.0
Interest on forward contracts	0.1	0.6	(83.3)	–	100.0
Pensions and other interest	(2.1)	(3.2)	(34.3)	(2.0)	5.0
Adjusted net finance charges	19.9	14.4	38.2	18.7	6.4
IFRIC 12 provision discount unwind	0.4	–	100.0	–	100.0
Exceptional interest income	(1.1)	–	(100.0)	–	(100.0)
Discount unwind on EVPI instrument and IPO costs	–	–	–	(1.1)	100.0
Net finance charges	19.2	14.4	33.3	17.6	9.1

Cash Flow

Continued focus on cash delivery has resulted in strong cash generation as the business recovers from the impacts of Covid-19.

A summary of the Group's cash flows is shown below:

	FY22 £m	FY21 £m	Change £m	FY20 £m	Change £m
Adjusted EBITDA	195.0	138.2	56.8	174.0	21.0
Working capital movement (including provisions)	(16.7)	5.0	(21.7)	15.2	(31.9)
Net capital expenditure	(68.7)	(47.9)	(20.8)	(55.8)	(12.9)
Net interest paid	(19.4)	(14.5)	(4.9)	(16.9)	(2.5)
Lease principal payments	(56.9)	(43.4)	(13.5)	(50.2)	(6.7)
Pension deficit payments	(4.3)	(4.0)	(0.3)	(4.1)	(0.2)
Employee share scheme purchase	(3.6)	(4.5)	0.9	(6.0)	2.4
Exercise of share options	0.6	4.9	(4.3)	–	0.6
Tax paid	(0.3)	(0.6)	0.3	(0.2)	(0.1)
Adjusted Free Cash Flow	25.7	33.2	(7.5)	56.0	(30.3)
Adjusting items	(10.6)	(11.0)	0.4	(14.2)	3.6
EFW JV investment	(25.0)	(9.2)	(15.8)	(7.4)	(17.6)
Acquisitions (net of cash acquired)	(122.9)	(103.1)	(19.8)	(5.1)	(117.8)
Changes in borrowings	153.9	(59.1)	213.0	0.5	153.4
Equity raise	–	97.7	(97.7)	–	–
Movement in financial assets	(4.4)	(5.5)	1.1	10.1	(14.5)
Dividends	(6.7)	–	(6.7)	(18.3)	11.6
Net cash flow	10.0	(57.0)	67.0	21.6	(11.6)

Chief Financial Officer's Review continued

Year end breakdowns of both Group Net Debt and Covenant Basis Net Debt are as follows:

	FY22 £m	FY21 £m	Change %	FY20 £m	Change %
Cash and cash equivalents	40.8	30.8	32.5	37.8	(53.5)
Bank loans (RCF)	(9.0)	(197.6)	95.4	(249.0)	96.6
Private placements	(345.0)	–	(100.0)	–	(100.0)
Lease liabilities	(276.3)	(283.7)	2.6	(258.0)	(7.1)
EVP preference liability	(6.3)	(6.3)	–	(6.3)	–
Group Net Debt	(595.8)	(456.8)	(30.4)	(425.5)	(40.0)
EVP preference liability	6.3	6.3	–	6.3	–
Other financial assets	10.7	8.7	23.0	3.3	224.2
Capitalised loan arrangement fees	–	(2.4)	100.0	(3.0)	100.0
Covenant Basis Net Debt	(578.8)	(444.2)	(30.3)	(418.9)	(38.2)

Return on Capital

Group Adjusted Return on Capital Employed ("ROCE") increased from 1.9% in FY21 to 7.0% in FY22. The recovery did, however, stop short of the 8.9% level achieved in FY20.

Group Adjusted Return on Operating Assets ("ROOA") increased from 9.1% in FY21 to 18.2% in FY22, but again stopped short of the 19.4% level achieved in FY20.

The increased returns in FY22 are due to the improvement in Operating Profit as the Group recovers from the pandemic. Both measures above are expected to increase further in FY23 and surpass the FY20 level as CSG's performance improves and the acquired Viridor business contributes a full year of profits and delivers further synergies.

Cash flow

Adjusted free cash flow has decreased by £7.5m despite the £6.8m increase in Adjusted EBITDA, reflecting the step up in capital expenditure and lease payments and the unwinding of working capital as the Group has relaxed Covid-19 cash management procedures.

The net cash flow of £10.0m represents the ongoing investments in acquisitions, plastics recycling facilities and JVERF construction activities. Borrowings increased by £133.9m during the year primarily to fund the Viridor acquisition.

Systems Replacement Project

A Group wide IT system replacement programme was re-launched during the year, following the integration of the Viridor acquisition.

Accounting guidance has changed in FY22, resulting in the majority of IT related spend on the transformation project no longer meeting the requirements for capitalisation. Instead, these Software as a Service (SaaS) costs have been expensed as incurred.

£4.6m of costs have been expensed as adjusting items in strategy related and restructuring costs, with a similar amount treated as adjusting cash items and hence excluded from Adjusted Free Cash Flow. The Group is expected to incur costs in the range £10-15m in each of the following few years.

Net Debt and Borrowings

Group Net Debt is £595.8m (FY21: £456.8m), representing 3.1x Adjusted EBITDA (FY21: 3.3x). The year on year improvement despite the acquisition of the Viridor business demonstrates continued strong cash performance across the Group.

Covenant Basis Net Debt is £578.8m (FY21: £444.2m), representing 2.9x Covenant Basis EBITDA (FY21: 3.0x). This is consistent with the guidance issued in the March 2022 trading update and gives significant headroom against the covenant limit of 4.5x. It should be noted that currently the covenant limit is due to fall to 4.0x in September 2023.

The Group has a target leverage ratio of 3.0-3.5x on a Covenant Basis.

Covenant Basis Interest Cover is 10.7x, slightly above the FY21 level of 10.0x. This also gives satisfactory headroom against the covenant limit of 4.0x.

During the year, the RCF covenants have been changed to a post-IFRS 16 basis so that they are now closely aligned with current accounting principles. This has increased the leverage covenant limit from 3.5x to 4.5x.

There were two private placement issuances during the year. The funds from the first issuance in July 2021 were used to acquire the Viridor business with an average all-in cost of 2.73%. The funds from the second issuance in February 2022 were used to significantly reduce the drawdown on the RCF with an average all-in cost of 2.49%.

The covenants on the two private placements and the Group's surety lines are all consistent with those of the RCF.

Although the EVP/Fluff dispute has now been concluded, there is still interest due to pre-IPO shareholders and pre-IPO management. £5.3m has therefore continued to be included in Group Net Debt, in line with previous years and consistent with the arrangements in place at the time of the Group's IPO.

To align our funding strategy with our sustainability strategy, we have established a Sustainability Linked Finance Framework linked to two KPIs

1. Biffa's scope 1 and 2 GHG emissions
2. Biffa Polymers plastics recycling capacity

The interest rate margin under our RCF will be adjusted based on performance against sustainability targets linked to the above KPIs. We will report our progress on these targets annually within the Annual and Sustainability Reports.

Our sustainability-linked finance framework is available on the Biffa investor website www.biffa.co.uk/investors

Landfill Tax Matters

- **Historical EVP/Fluff Case:** The Group has been engaged in a dispute with HMRC concerning historical landfill tax. Biffa has recently been refused leave to appeal by the Supreme Court and therefore the dispute is now concluded. The amounts originally paid to HMRC are now irrecoverable and of the £60.5m previously classified as owing to pre-IPO shareholders and pre-IPO management in the future, £7.8m will still be payable in respect of interest and a further sum, of up to £10m will be due to the same stakeholders, as and when tax deductions are obtained by the Group and approved by HMRC.

- **Hazardous Waste:** As previously disclosed, HMRC assessed Biffa for £8.5m of landfill tax relating to the period 2012 to 2016. Biffa paid these monies to HMRC in December 2019 and is appealing the assessment. The cash payment is held on the balance sheet within prepayments as we expect to successfully defend this case.

- **HMRC Landfill Tax Enquiry:** Biffa is currently the subject of an HMRC enquiry (the "Enquiry") primarily relating to the interpretation of the qualifying fines regime set out in the landfill tax guidance. HMRC also raised concerns, based on its analysis of Biffa's data, over the potential conduct of Biffa and specific customers which may have led to the incorrect rate of landfill tax being paid. To date, no formal claim for tax has been received from HMRC and there is no certainty that HMRC will bring a claim in respect of the Enquiry.

The potential liability for the relevant period could range from approximately £170,000, up to approximately £168m (being the total amount of protective assessments issued by HMRC to Biffa for the period from March 2016 to June 2020) plus penalties and interest. The total protective assessments figure has increased from the £153m figure disclosed by the Group on 7 June 2022 due to the Group subsequently receiving £15m of further protective assessments from HMRC.

The protective assessments have been issued before the conclusion of the Enquiry to ensure that any claim for payment of landfill tax that may be made by HMRC because of the Enquiry is not time barred.

A provision of £3m was recognised in the year to 26 March 2021, based on Biffa's best estimate of the liabilities at that point in time, recognising the fact that the Enquiry was at an early stage. This reflected the information that had been shared with Biffa at that time and the Directors' expectations of how the matter would be resolved. Following the receipt of further correspondence from HMRC in February 2022, the provision at the year end has been increased to £20m.

This reflects Biffa's best estimate of the potential liabilities arising from all specific amounts asserted by HMRC to date.

Further liabilities could however arise, for example in relation to the interpretation of Biffa's responsibilities under the landfill tax guidance, or in relation to Biffa and its customers' conduct, and the cost of settling any such liabilities is uncertain. The remaining amount of the total protective assessments figure has been disclosed as a contingent liability.

Richard Pike
Chief Financial Officer
5 August 2022

Key Performance Indicators

Our financial performance

	Organic Net Revenue Growth (%)	Acquisition Net Revenue Growth (%)	Adjusted Operating Profit Margin (%)
	20.0%	18.0%	6.7%
Performance	The Group experienced significant organic net revenue growth as a result of strong recovery from the pandemic, offsetting the decline seen in FY21. Another contributing factor is the rise in B&C volumes, surpassing +Y20 levels.	Acquisitions of the Green Circle and Virocor businesses were completed during FY21. The growth has been driven by the Virocor acquisition that was completed on 31 August 2021, thus contributing seven months of revenue in the year.	Operating Profit Margin has improved as a direct result of the recovery from the pandemic. The recovery stopped short of +Y20 levels due to inflationary cost pressures, supply chain disruption and driver shortages.
Target	CPI +1%	> 2.5%	Continuous improvement.
Remuneration Linkage	Associated with annual bonus financial or personal metrics.	Associated with annual bonus financial or personal metrics.	Associated with annual bonus financial or personal metrics.
Link to Strategic Sustainability Pillars	BUILDING A CIRCULAR ECONOMY TACKLING CLIMATE CHANGE	BUILDING A CIRCULAR ECONOMY TACKLING CLIMATE CHANGE	BUILDING A CIRCULAR ECONOMY TACKLING CLIMATE CHANGE
Definition	The increase/(decrease) in Net Revenue in the period excluding Net Revenue from acquisitions completed in the period and Net Revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such Net Revenue falls in the current period. Where comparative periods differ in duration, the KPI is adjusted on a pro-rata basis.	Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from all acquisitions completed in the relevant period and all acquisitions completed in the 12 months prior to the relevant period up to the anniversary of the relevant acquisition date to the extent such Net Revenue falls in the current period. Acquisition Revenue Growth is calculated on the same basis as net revenue in place of Net Revenue.	Profit before adjusting items, net finance costs and taxation expressed as a percentage of statutory revenue.

Adjusted Return on
Operating Assets (%)

18.2%

Adjusted Return on Operating Assets has risen back towards FY20 levels, driven by the improvement in Adjusted Operating Profit. The recovery has been impacted by Company Shop Group performance.

Adjusted Return on Capital
Employed (%)

7.0%

Adjusted Return on Capital Employed has increased significantly as a result of the improvement in Adjusted Operating Profit. It has slipped short of FY20 levels due to joint ventures remaining yet to provide a return on investment and the Vinlor acquisition not contributing a full 12 months of Operating Profit.

Adjusted Basic Earnings per
Share (pence)

19.7p

Adjusted Basic EPS has risen in line with the increase in profit for the year as a result of the strong recovery from the pandemic.

Group Leverage Ratio (Net
Debt: EBITDA) (x)

3.1x

Leverage has reduced by 0.2x due to the improvement in Adjusted EBITDA during the year, despite the increased borrowing levels to fund the Vinlor and Company Shop Group acquisitions in August 2021 and February 2022 respectively.

**Grow to over 20% and
maintain above this
level.**

Associated with annual bonus
financial or personal metrics

**Grow to over 10% and
maintain above this
level.**

Associated with annual bonus
financial or personal metrics

Consistent growth.

T.P. – Earnings Per Share 50%

**<3.5x and to return to
≤3x over medium term
(post-IFRS 16).**

Associated with annual bonus
financial or personal metrics

**BUILDING A CIRCULAR
ECONOMY**

**TACKLING CLIMATE
CHANGE**

Adjusted Operating Profit divided by the average of opening and closing tangible fixed Assets plus net working capital.

**BUILDING A CIRCULAR
ECONOMY**

**TACKLING CLIMATE
CHANGE**

Adjusted Operating Profit less amortisation of acquisition intangibles divided by the average of opening and closing shareholders' equity. Net Debt including lease liabilities, net defined benefit surplus on pensions and environmental provisions.

**BUILDING A CIRCULAR
ECONOMY**

**TACKLING CLIMATE
CHANGE**

Adjusted Profit for the year divided by the number of shares in issue.

**BUILDING A CIRCULAR
ECONOMY**

**TACKLING CLIMATE
CHANGE**

The ratio of Group Net Debt at year end to Adjusted EBITDA for the year.

Our Non-Financial KPIs are set out on **pages 34-35**
and in our Sustainability Report **www.biffa.co.uk/sustainability**

Operating Review

Collections division

“During the year, Biffa acquired Viridor's Collections business, broadening our customer base and solidifying our leading position in UK sustainable waste management.”

Maxine Mayhew

Chief Operating Officer, Collections
& Specialist Services

	FY22 £m	FY21 £m	Change %	FY20 £m	Change %
Statutory Revenue	873.9	677.6	29.0	781.0	11.9
I&C	690.9	495.5	39.4	603.7	14.4
Municipal	183.0	182.1	0.5	177.3	3.2
Net Revenue	873.9	677.6	29.0	781.0	11.9
Operating Profit	65.6	27.8	136.0	56.6	15.9
Operating Profit Margin	7.5%	4.1%	n/a	7.2%	n/a
Adjusted EBITDA	130.7	98.5	32.7	115.3	13.4
Adjusted Operating Profit	75.0	40.9	83.4	62.7	19.6
Adjusted Operating Profit Margin	8.6%	6.0%	n/a	8.0%	n/a

The Collections division comprises the Industrial & Commercial (“I&C”) and Municipal businesses. It provides sustainable waste and recycling collections and related services to industrial, commercial, public sector and local authority customers.

The division delivered a strong performance against a challenging economic backdrop coupled with tough operating conditions including driver shortages, cost inflation and supply chain issues.

Collections Net Revenue for FY22 was 12% higher than the comparable period two years ago at £874m (FY20: £781m). As a result, Adjusted EBITDA improved by 13% to £131m (FY20: £115m). Adjusted operating margins have also improved over the same period from 8.0% to 8.6%, principally due to improved underlying performance in I&C.

During the year, Biffa acquired Viridor's Collections business, broadening our customer base and solidifying our leading position in UK sustainable waste management. Integration of both this business and Simply Waste is progressing to plan and we remain on track to deliver our targeted synergies.

Industrial and Commercial

The I&C business provides waste collection and materials handling services for commercial customers, covering 95% of UK postcodes. Biffa is the largest operator in the fragmented UK I&C Collections market benefitting from scale, higher route densities and as a result, lower operating costs and a lower comparative carbon footprint than our competitors.

Performance Summary

The I&C business performed strongly in the year against challenging conditions. I&C volumes (adjusted for acquisitions) were marginally above FY20 levels which, together with the impact of acquisitions and price increases, resulted in a 14% uplift in revenues to £691m.

The I&C business has been affected by substantial inflationary cost pressures impacting the UK economy. Whilst these pressures have had a significant impact on our operating costs, pricing flexibility built into our contracts has enabled the business to pass on most of these cost increases to customers and protect our profitability.

We have also been impacted by various supply chain challenges which have affected our ability to source items such as new vehicles, fuel and waste containers. Through our scale, reputation, and supply chain relationships we have dealt with these challenges well, but they continue to be areas that require careful management. As a measure of how well we have dealt with these difficulties, SME customer churn rates continued at historically low levels at 7.2% (FY21: 8.3%, FY20: 9.9%).

We have successfully managed the well publicised national shortages of qualified HGV drivers. We engaged constructively with trade unions and have agreed meaningful pay increases to ensure that we retain our position in our sector as an employer of choice. As a result, the shortage of HGV drivers eased in the second half of the year but requires careful ongoing management.

At the end of August 2021, we completed the acquisition of Viridor's collections business, adding £84m in annualised revenues during FY22 and 21,000 customers to our business. The acquisition is a key step in our consolidation of the highly fragmented I&C collections market and we continue to expect to deliver annualised synergies of at least £10m by the end of FY23.

New corporate clients included Barnardo's and Co Op Retail. We also secured a three year contract with Sainsbury's to service their front of store customer recycling bins and renewed key customer contracts including Saint Gobain Building Distribution, Dunelm, B&Q and Northumbrian Water.

During the year we supported more customers to improve the recyclability of their packaging by deploying our internal packaging expertise. This process identifies opportunities to improve the design of packaging to optimise recycling and offer alternative materials and labelling options.

We continue to develop our digital estate and have rolled out next generation in cab devices which will further improve customer experience. We also installed energy efficient driver software, which provides data on fuel usage and wear and tear on vehicles, to further improve driving standards.

Strategy and Outlook

We will continue to drive forward our plan to consolidate the fragmented I&C collections market. Acquisitions are highly synergistic, due to the removal of duplicate routes and locations, and result in a more efficient, flexible service proposition for our customers with a lower carbon intensity. The acquisition pipeline remains promising, and now that the integrations of the Simply Waste and Viridor businesses are nearing completion, we are starting to assess the market for further opportunities.

Since the year end, we acquired certain trade and assets of iDJB Recycling Limited, a Sheffield based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c. £4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal completed on 30 June 2022.

In July we were also appointed as the logistics provider for the Deposit Return Scheme for Scotland by Circular.ty Scotland Ltd (CSL) with responsibility for collecting, counting and sorting bottles and cans from c.30,000 locations. DRS will start in August 2023 and drinks containers will carry a 20p refundable deposit with the aim of reducing litter and increasing recycling by at least 90%.

The 10 year contract includes c. £80m estimated capital (including property lease commitments) to be deployed by August 2023.

Supporting customers with improved digital capabilities is a key focus. We have invested in refreshing our 'Customer Zone' providing improvements to an already leading edge customer self service portal as well as developments in allowing customers to get quotes and book services directly which we believe will see increased revenues and improve customer service. The portal became available to customers in Q1 FY23.

We plan to expand the services we offer our established corporate customer base and capitalise on the synergies we have available through the acquisition of CSG. We have made progress, particularly with supermarket chains in showcasing the benefits of Biffa's integrated offering. We also see opportunities to grow our SME customer base, both organically and inorganically.

Operating Review continued

Collections division continued

"We continued with the roll out of the UK's largest fleet of electric Refuse Collection Vehicles in Manchester. Our 27 strong fleet is now in operation, supporting Manchester City Council's objective to be Net Zero by 2038."

Roger Edwards
Managing Director, Municipal Division

Municipal

The Municipal business provides household waste and recycling collections, street cleaning and other services for households, on behalf of local authorities.

Performance Summary

The Municipal business performed well this year, despite difficult market conditions. Revenues were up 3% versus FY20 at £183m.

The business continued to experience the impact of Covid-19 in the early part of the year, followed by driver shortages, supply chain issues and inflationary pressures. Some services, such as green, food and bulky waste, were temporarily suspended in the first half of FY22 with the agreement of our municipal customers; however, services have since returned to normal. The Viridor acquisition added two household waste recycling centre ("HWRC") contracts to the Municipal business. These contracts generated c£11m of revenue in FY20 (prior to acquisition) and have performed as expected since the acquisition, generating c£9m of revenue.

New contract wins in the period included a street cleansing contract with Stratford-on-Avon District Council, a further profitable eight year extension with Manchester City Council and an extension with Cannock Council.

We continued with the roll out of the UK's largest fleet of electric Refuse Collection Vehicles ("eRCVs") in Manchester. Our 27-strong fleet is now in operation, supporting Manchester City Council's objective to be Net Zero by 2038. We are trialling eRCVs with other local authorities, such as Kent and South Oxfordshire, an electric recycling vehicle in Anglesey and

electric sweepers with Stratford-on-Avon and Arun. Our scale and route density positions us well, but the transition will take time as despite the positive progress made so far, the supply chain, infrastructure and economics do not currently support a more widespread roll out.

Many local authorities are currently considering how the new Environment Act will impact them, both from a financial perspective and through changes to their operating model. This uncertainty is causing many customers to seek to extend contracts until the timing and form of the changes become clearer. The Environment Act has a particular focus on areas such as extending producer responsibility to make producers pay for the cost of collection and recycling of packaging, greater consistency of recycling collections in England and charges for single use plastics and restricting exports of waste outside the OECD countries.

Strategy and Outlook

The Municipal business is well placed to continue to deliver its growth strategy, capitalising on its scale and expertise.

In the short term the business will face ongoing inflationary pressures including driver pay and the ongoing disruptions to supply chains. However, the business benefits from higher inflation indexation that positions it well to withstand these challenges, but it will require careful management.

Looking further out, the business will seek to capitalise on the opportunities that are presented by the regulatory changes that are approaching, including rolling out food waste collection services and playing our role in the Scottish DRS Scheme.

Operating Review continued

Specialist Services division

“CSG has worked collaboratively with the wider Biffa business to unlock more opportunities for customers and increase supplier volumes into CSG.”

Maxine Mayhew

Chief Operating Officer, Collections & Specialist Services

	FY22 £m	FY21 £m	Change %	FY20 £m	Change %
Statutory Revenue	174.1	92.4	88.4	89.8	93.9
Industrial Services	103.4	86.6	19.4	89.8	15.0
Company Shop Group	70.7	5.8	1,119.0		n/a
Net Revenue	174.1	92.4	88.4	89.8	93.9
Operating Profit/(Loss)	(19.9)	8.2	n/a	9.5	n/a
Operating Profit Margin	(11.4%)	8.9%	n/a	10.6%	n/a
Adjusted EBITDA	11.6	11.3	2.7	11.1	4.5
Adjusted Operating Profit	5.4	8.2	(34.1)	9.5	(43.2)
Adjusted Operating Profit Margin	3.1%	8.9%	n/a	10.6%	n/a

The Specialist Services division helps customers fulfil their sustainability ambitions by providing bespoke solutions including surplus redistribution, integrated resource management and hazardous waste services. The division contains two businesses: Industrial Services and CSG.

The Industrial Services business provides bespoke solutions to customers who have more complex waste requirements such as manufacturing and distribution businesses. Solutions include on-site services and equipment rental, “Integrated Resource Management” or “IRM”), hazardous waste collection and treatment and packaging producer responsibility compliance services (“Biffpack”).

The acquisition of CSG in February 2021, added waste reduction and redistribution capabilities to Biffa’s range of sustainable waste management solutions. It also enables us to support customers in moving surplus products further up the waste hierarchy, and to deliver on their sustainability ambitions. Alongside its core network, CSG operates Community Shop

a not-for-profit community interest company that supports some of the most deprived areas of the UK through a network of hubs which sell products provided by donations from supplier partners at deeply discounted prices, alongside the provision of a number of community services.

The division delivered a mixed performance during the year, with a strong performance from Industrial Services being partially offset by the previously reported underperformance in CSG.

Net Revenue for FY22 was £174m, up 94% on the comparable period two years ago due to the strong growth in Industrial Services and a full year of contribution from the CSG acquisition. Adjusted EBITDA was £12m (FY20: £11m). The division reported an operating loss of £20m after the previously reported CSG impairment charge and an Adjusted Operating Profit of £5m (FY20: £10m).

Industrial Services

Performance Summary

Industrial Services continued to perform strongly this year. Revenues in the business were £103.4m, up 15% vs FY20. Organic growth has doubled, and the business has also benefited from higher packaging recovery note ("PRN") prices.

The IRM business performed well, supported by new contract wins and retentions including Mitsubishi Chemicals and Moy Park, who are also a key supplier into CSG. Biffpack performed in line with expectations, helping customers to meet their legal compliance with packaging regulations. The Hazardous Waste business meanwhile saw further top line and margin improvements.

Industrial Services is a growing market and Biffa's unique position in having a fully integrated waste management platform means we can take advantage of cross selling services from our I&C customer base. The business had similar challenges this year to the Collections division, with labour, fuel and supply issues. Despite these difficulties, there were no disruptions to services.

Strategy and Outlook

Through the Viridor acquisition, the Industrial Services business acquired depots in Taunton and Thurrock as well as a wastewater treatment plant in Rickmansworth, complementing the existing geographical coverage of the business. We also acquired the tanker fleet of Viridor, broadly doubling our operational fleet in the division. Initial optimisation work has assisted a reduction in "empty miles", being the number of non-revenue earning road miles travelled, by 14%. We are confident that this will continue to improve in FY23.

We will continue to focus on organic and acquisitive growth, particularly in the Hazardous Waste sector and build on our enhanced geographical coverage and improved service delivery, which has been strengthened by the Viridor acquisition.

Company Shop Group

Performance Summary

The past 12 months provided unique challenges not only in terms of the macroeconomic issues highlighted above, but also Covid-19 related changes in shopping patterns. However, retailers and manufacturers have shown a clear desire and commitment to reducing food waste.

As previously reported, CSG's performance in the year was challenged as a result of lower footfall and gross margins, especially at stores which were opened immediately prior to, and during the pandemic. Due to the short term underperformance of the business, we booked an impairment charge of £25m at the half year. We continued to experience losses through the second half, however, in the final quarter of the year we saw encouraging progress in membership, footfall and margins and are confident of an improved performance in the coming year. CSG has worked collaboratively with the wider Biffa business to unlock more opportunities for customers and increase supplier volumes into CSG.

Operating Review continued

Specialist Services division continued

Other highlights in the year include Community Shop winning the Queen's Award for Enterprise in the Promoting Opportunity category, awarded for deep social impact that helps build stronger individuals and more confident communities. This is the third time CSG has received royal recognition, having won awards in both 2015 and 2019. Also, the Luminary Programme, which is CSG's mentoring scheme for leaders and rising stars in the food and drink sector, won the prestigious Innovation Award at the Food and Drink Federation Awards 2021 and the Grocer Gold 'Waste Not Want Not' Award 2021.

Strategy and Outlook

The CSG business is firmly focused on recovery, following a challenging 12 months, and returning to financial performance levels achieved prior to the pandemic. We are improving our sourcing of surplus stock, adding new supplier partners, opening new categories to consumers and leveraging Biffa's existing customer relationships with potential supply chain partners.

We anticipate that we will continue to see further improved footfall as the cost of living continues to rise and the need for discounted products grows, particularly for low income households. Ultimately our goal is to generate long-term loyalty so we can capture and retain members in the most sustainable way.

We will seek to continue to expand our social enterprise, Community Shop, having opened Community Shop Leicester in April 2022.

We will also be trialling the Community Shop 'On the Go' concept – a greengrocer style van that enables local people to buy *fresh fruit and vegetables at convenient* locations, such as schools, helping to bring the economic and social benefits of Community Shop out to vulnerable communities. We are working alongside our longstanding partner, Ocado, to launch the initiative in FY23.

Resources & Energy division

"In the year we've made good progress in our Polymers business increasing capacity to 151kt. With the introduction of the Plastics Packaging Tax from 1 April 2022, we expect to see strong demand for the material we produce."

Mick Davies

Chief Operating Officer, Resources & Energy

	FY22 £m	FY21 £m	Change %	FY20 £m	Change %
Statutory Revenue	395.2	272.0	45.3	292.3	35.2
Recycling	140.8	80.6	74.7	79.5	77.1
Organics	78.0	53.6	45.5	56.9	37.1
Inerts	56.7	44.5	27.4	52.4	8.2
Landfill Gas	40.4	39.4	2.5	43.3	(6.7)
Net Revenue	315.9	218.1	44.8	232.1	36.1
Operating Profit/(Loss)	17.5	(43.9)	n/a	32.5	n/a
Operating Profit Margin	4.4%	(16.1%)	n/a	11.1%	n/a
Adjusted EBITDA	73.4	40.7	80.3	63.4	15.8
Adjusted Operating Profit	41.1	11.8	248.3	37.7	90
Adjusted Operating Profit Margin	10.4%	4.3%	n/a	12.9%	n/a

The Resources & Energy ("R&E") division focuses on the sustainable treatment, recycling, energy recovery and ultimate disposal of waste. It comprises the Recycling, Organics, Inerts and Landfill Gas businesses as well as our equity investments in two new Energy Recovery Facilities ("ERFs") which are under construction in Cheshire and Leicestershire.

The R&E division had a strong performance this year with Net Revenues of £316m, 36% higher than the comparable period two years ago (FY20: £232m), reflecting the ongoing expansion of our Recycling business, as well as the acquisition of certain Viridor assets. Adjusted Operating margins improved year on-year but dropped compared with FY20 from 13% to 10% as a result of the expected reduced contribution from the higher margin inerts and Landfill Gas ("LFG") businesses, due to the closure of the Westmill landfill and LFG yields declining as expected each year, as well as the delayed contribution from the Polymers Seaham plant.

Performance Summary

Recycling

Our recycling business comprises our leading Polymers plastics business and our Materials Recycling Facilities ("MRFs"). Net Revenues in the year were up 77% on FY20 at £141m.

The Polymers business had a transitional year due to customer acceptance at the Seaham facility taking longer than anticipated. However, following the facility receiving food-grade status by the European Food Safety Authority in January 2022, we achieved customer acceptances and signed various multi-million pound agreements with customers to supply food grade rPET pellet.

Operating Review continued

Resources and Energy division continued

By converting 57,000 tonnes of rPET each year, 130,000 tonnes of CO₂e is saved when compared to energy recovery. We expect demand for plastics recycling will continue to strengthen following the introduction of the UK Government's Plastic Packaging Tax.

The Washington plant (rPP line) is fully commissioned and performing in line with expectations. In addition, the Aldridge upgrade was completed during the year, and we commenced construction of our third rHDPE plant at Redcar.

We saw a good performance at our MRFs again this year due to strong operational performance, improved commodity prices and a number of customer wins and retentions. This includes a six-year contract with Staffordshire Waste Partnership, a three-year extension with Durham County Council and a three-year extension with Milton Keynes Council.

Three MRFs have also been added to the Recycling business through the acquisition of Viridor and these have traded ahead of expectations. By November 2022, more than 80% of the feedstock required for the food grade Polymers business will be internally sourced.

Organics

The Organics business includes Biffa's anaerobic digestion ("AD"), composting and residual waste treatment assets. Assets are generally supported by long term local authority contracts. In the year the business was expanded through the addition of contract backed assets from the Viridor acquisition.

The business had a good year, with the composting business performing strongly AD performing in line with expectations, and the assets acquired from Viridor performing well. Net Revenues are up 37% on FY20 levels to £78m, mainly as a result of the acquired revenues from Viridor.

Inerts

Our Inerts business includes the treatment and disposal of complex construction waste and provides landfill disposal for untreatable residues.

The business saw Net Revenues up by 8% at £57m on the comparable period two years ago (FY20) due to ongoing improvements in pricing. Volumes have returned to pre pandemic levels, as a result of a growth in tonnages from our rail hubs and in commercial waste volumes.

Our rail hubs are proving a successful gateway into landfill sites, particularly those in city centres, helping to reduce road haulage and transportation costs. Inputs to landfill by rail have increased by 35% this year, mainly due to the opening of our third rail hub in Barking in May 2021. Since 2018, over 1.5m tonnes of inert waste has been transported by rail instead of road, saving 17,700 tonnes of CO₂e emissions.

We've had a strong improvement in environmental compliance this year, which has resulted in close to a 50% reduction in the number of complaints received from the public.

As part of our sustainability strategy, we have a target in place to manage 30% of our landfill estate for biodiversity. In the year we worked on introducing quality measures for biodiversity and will be introducing a benchmarking survey in FY23 to align our biodiversity goals to external benchmarks.

Landfill Gas

The Landfill Gas business provides energy generation from landfill gas extraction. Profitability in FY22 was broadly consistent with FY21 due to prices achieved counteracting the expected volume declines, but was 17% lower than FY20. Margins have fallen across both FY21 and FY22.

Export power prices are 100% hedged through FY23 fixed @ £61.98 per MWh.

Energy Recovery

The treatment of general waste for energy recovery remains an important part of our investment strategy for waste which cannot be avoided, reduced or recycled.

Good progress is being made on the construction of our two energy recovery facilities, both of which are being developed in partnership with Covanta. The Newhurst facility, which is due to start its commissioning in late 2022, remains on track to begin operations in 2023. We have already secured most of the tonnage for the site, which will process residual waste sustainably, avoiding landfill and help to decrease the UK's dependence on exporting waste. The Protos facility remains on schedule for 2024 and is making good progress through its build phase, having already completed the majority of the ground engineering works.

We are investigating opportunities to increase consented capacities as well as carbon capture opportunities, with the Protos facility participating in the deployment process for BEIS Cluster Sequencing for Carbon Capture Usage and Storage.

Strategy and Outlook

Looking ahead, the priorities for the R&E division are to optimise operations (including the newly commissioned Seaham facility) while continuing the development of plastics recycling and energy recovery infrastructure.

Other priorities will include investigating the use of Artificial Intelligence and robotics to support with advanced sortation, developing our fourth rail hub to support our Inerts offer, and looking into the viability of solar energy generation on closed or restored landfill sites. We have a number of planning consultations in progress; however, it is proving to be more challenging than we first envisaged due to biodiversity requirements on the sites conflicting with our solar plans. This is something we will continue to manage to ensure the most sustainable outcome.

We are continuing to partner with a wide variety of stakeholders across the value chain, from start-ups and academic institutions to large corporations and non-governmental bodies, to help innovate and develop new technologies, systems and services. Through partnerships, we share insights and expertise that help us to jointly tackle the key challenges our industry faces, supporting the sustainability and circularity of both our customers and the sector more broadly.

Managing Our Risks

Proactive risk management underpins the success of our growth strategy

The Board has overall responsibility for risk management at Biffa. In support of this, risk management is firmly embedded within our everyday business activities and our culture.

Governance

The Board recognises its responsibility to ensure that the Group's risk management and internal control systems are effective. The Audit Committee supports the Board in the management of risk and has been delegated with authority to review the effectiveness of the risk management and internal control processes during the year.

Day-to-day risk management and control is the responsibility of the Chief Executive Officer supported by the Group Executive Team who ensure that management provides leadership and direction to our workforce so that our overall risk taking activity is kept within our risk appetite.

Risk Management Framework

Biffa operates the 'Three Lines Model' to manage the ongoing effectiveness of risk and control, to define the relationship between the various management and oversight functions, and to demonstrate how responsibilities are allocated. Refer to the Risk Management Framework below.

The Internal Audit function assesses our risks and controls independently and objectively. On a quarterly basis, management self-certify that the key controls within their area of responsibility have been operating effectively. The Internal Audit function independently validate these results through sample testing.

Risk Appetite

The Board sets our overarching risk culture and appetite and ensures that we manage risk appropriately across the Group. Health and safety, investment, legal and regulatory risks are our top priority. Biffa dedicates significant resources and focus to managing and monitoring these risks, with other key risks considered and reviewed alongside this.

Management assess the appetite for risk, which the Board has considered and agreed. The Group categorises these risks into four areas: investment risk, commercial contract risk, commodity and other disposal risk, and insured categories of risk. This assessment includes the associated mitigations or compensating returns. This enables Biffa to have informed decision making in line with its risk appetite, ensures confidence in the response to risks, enables transparency over the principal risks faced and how these are managed.

Risk Management Framework

Board		
Audit Committee		
Group Executive Team		
1st Line Owns and manages risks and implements, operates business controls.	2nd Line Oversight of risks and control, compliance	3rd Line Independent assurance
Who is responsible: Operational management/employees	Who is responsible: Compliance/oversight functions	Who is responsible: Internal Audit
Activity/controls: <ul style="list-style-type: none">• Policies and procedures• Internal controls• Planning, budgeting, contracting processes• Delegated authorities• Business workflows / system controls• Personal objectives and incentives	Activity/controls: <ul style="list-style-type: none">• H&S team with audit programme in place• Environmental, legal/regulatory compliance• Risk management• Controls compliance monitoring• Management/Board reporting and review of KPIs and financial performance• Corporate policies and central function oversight	Activity/controls: <ul style="list-style-type: none">• Approved internal Audit plan• Internal audit reporting into Audit Committee• Regular internal Audit updates to Audit Committee

Risk Management Processes

The Group's risk management processes are centrally coordinated via a second line risk management function working with an established network of Risk Partners in place to facilitate updates to risks during the year. The Risk Partners are members of the senior management team and take a lead role in engaging local management to identify, agree and update risk information on a regular basis.

We use a risk assessment matrix to ensure that all risks are assessed consistently. This matrix considers the likelihood of the risk materialising and its potential impact. We assess both the inherent risk, before any mitigating actions, and the residual risk, after considering mitigating actions and controls. We also identify any additional activities, such as further actions, that could be undertaken to further mitigate the risk.

The Group Executive Team engages with the risk management function to review and update principal risks on a cyclical end-to-end process. Risks are updated individually by Group Executive Team members in conjunction with the risk management function on a regular basis prior to Group

Executive Team meetings. The risks are then assessed and reviewed and then further updated as part of the cycle. Ownership of each of these risks are assigned to individual members of the team. They are responsible for ensuring the effectiveness of the internal control systems and for implementing risk mitigation plans. The Audit Committee undertakes regular reviews of the principal and emerging risks, and mitigations, as identified and evaluated by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit function, which operates a risk-based annual plan of assurance reviews.

Our risk management systems are intended to mitigate and reduce risk to the lowest extent possible, however we cannot eliminate all risks to the Group. The risk management processes can only provide reasonable and not absolute assurance against material misstatement or loss.

We now consider Covid-19 to be part of business as usual operations and so no longer consider it to be a separate principal

risk on the basis that any Covid controls are now well incorporated into relevant key risk mitigations.

Emerging Risks

In addition to known risks, we have a horizon scanning review process to consider emerging risks. This entails involving key stakeholders, including members of the Group Executive Team and external third parties, in the identification of emerging risks (including usage of internal surveys) along set timeframes, collating the information, reviewing and considering in-depth analysis and then creating a risk radar to illustrate the relative time horizons and assessments.

This enables us to engage in a systematic examination of information to identify potential threats, risks, emerging issues and opportunities. These risks are reviewed by both the Group Executive Team, the Board and the Audit Committee, and include risks relating to future environmental, social and governance challenges, funding the transition to a greener environment, waste zoning, post pandemic talent and the use of alternative fuels.

Overview of our Principal Risks and Uncertainties

Principal Risks	Link to Strategic Sustainability Pillars	Risk Movement	Current Risk Level
Strategic			
Changes in Government policy and legal and regulatory compliance			
Strategic/competitive threat to business model			
Strategic initiatives			
Operational			
Long term contracts and tendering			
Health & Safety			
Business continuity, cyber security and IT resilience			
Availability and cost of labour			
Commodities market and pricing volatility			
Financial			
Finance availability/investment			
Economic environment			

Link to Strategic Sustainability Pillars

- Building a circular economy
- Tackling climate change
- Caring for our people
- Supporting our communities

Risk Movement

- Increasing
- Stable
- Decreasing

Risk Level

- Low
- Medium
- High

Principal Risks and Uncertainties

Risks	Description	Mitigating Actions	Changes in Year
Changes in Government policy and legal and regulatory compliance	<p>The Group operates in a highly regulated industry and any changes to Government policy requirements with or failure by our staff or third parties who we do business with to comply with laws or regulations or to uphold our environmental standards could have an adverse impact on the Group's operations and results.</p>	<p>Experienced and qualified teams supported by external advisers where necessary, that monitor changes and plan appropriate mitigations and other policies and procedures.</p> <p>Representation on the Environmental Services Association and other external bodies, liaison with policy-makers and Regulators at national and local levels, responses to Government/regulatory consultations and sustainability reporting.</p>	<p>We continue to fully co-operate with HMRC in relation to the ongoing and full tax enquiry and are receiving advice from Ernst & Young.</p> <p>An independent review was commissioned by the CEO following the Group's conviction in August 2021 for the illegal export of household waste and a report presented to the Board. Good progress has been made with the recommendations contained in the report.</p> <p>We continued to work to embed data protection compliance across the Group.</p> <p>See page 50 for details of modern slavery initiatives delivered during the year.</p> <p>A bribery risk assessment was completed during the year and a number of areas identified where improvements could be made. New anti-bribery and gifts and hospitality policies have recently been developed.</p>
Link to stakeholder groups <ul style="list-style-type: none"> Employees Customers Investors Suppliers Government & Regulators 	<p>A key industry area of risks is and will be tax compliance, in particular the misclassification of waste causing the incorrect rate of and/or tax to be paid.</p> <p>Historically, the Group has made a number of material payments to HMRC due to what HMRC perceive to be non-compliance with and/or tax guidance.</p> <p>The latest and full tax enquiry to arise poses a significant financial risk to the business, given the scale of the protective assessments issued by HMRC.</p> <p>There remains a high level of uncertainty around the final outcome of the enquiry.</p>	<p>Direct involvement from HMRC, on a without prejudice basis, in the design of testing procedures to ensure compliance with the desired intention of the and/or tax guidance.</p> <p>Environmental compliance strategy in place including annual reviewed targets and actions at local, divisional and Group levels.</p> <p>Established compliance policy and procedures are in place to manage other regulatory compliance risks, such as and/or tax or perv, data protection, modern slavery, competition and vehicle operating licences.</p> <p>Industry leader raising awareness of modern slavery risk and founding member of the Slavery-free Alliance.</p> <p>Developed a three-strand strategy for dealing with modern slavery including raising awareness, strengthening our response to the threat and victim and survivor support.</p> <p>Training for staff on a range of compliance topics including and/or tax procedures, modern slavery, anti-bribery, data protection and competition.</p>	
Risk movement and level			
Strategic sustainability pillar			
Risk impact <ul style="list-style-type: none"> Reputational Regulatory Financial 			

Link to strategic sustainability pillars

Building a circular economy
Tackling climate change
Caring for our people
Supporting our communities

Risk movement

Increasing
Stable
Decreasing

Risk level

Low
Medium
High

Risks	Description	Mitigating Actions	Changes in Year
Strategic/competitive threat to business model Link to stakeholder groups Employees Customers Investors Suppliers Risk movement and level Strategic sustainability pillar Risk impact Financial	Market disruption from the adoption of new technology and the advent of new business models could change the waste supply chain and adversely impact Biffa's established operating asset base of a traditional collection network and processing facilities	Internal business innovation Special Interest Group focuses on market developments and acts as an incubator for ideas and new business models Continuous competitor analysis to consider threats and changes to the landscape Annual strategy review to ensure that Biffa business model remains current and competitive Customer surveys to ensure that the Biffa offering remains relevant and compelling Ongoing investment in and improvement of the customer experience through digitalisation, improved processes and management information	Collaboration has increased this year with external parties such as universities, start-ups and incubators to broaden our innovation scope Consortia have been joined which are aligned to our interests of digitalisation of collections, sustainable packaging and hard to recycle wastes The innovation Special Interest Group has been developed as a way of our senior leaders assessing and collaborating on emerging concepts
Strategic initiatives Link to stakeholder groups Employees Customers Investors Suppliers Government & Regulators Environment & Communities Risk movement and level Strategic sustainability pillar Risk impact Financial Operational	Failure to deliver strategic initiatives, such as energy recovery facilities and business transformation, acquisition, integrations, commercial projects and system implementations Business transformation is focused on our products and services, how they are sold and delivered, the technology used and the on-line services offered to customers The key M&A risks are not being able to find and secure suitable targets and risks and issues that arise post completion, that impact on the investment case As with any such projects, there are risks that the project fails to deliver the anticipated improvements and/or benefits for the budgeted investment, adversely impacting reputation and operating results CSG's performance in the year was below expectations due to lower footfall and margins	Board and Group Executive team sponsorship and leadership Selected software is a proven off the shelf product Dedicated programme team and experienced resources recruited Post-investment reviews of all projects Change network in place to ensure the management ownership of business transformation Robust due diligence completed prior to financial close of EIR projects Proven EIR technology, substantial UK and worldwide reference plants with >30 operational treating more than 10m tonnes per annum EIR joint venture providing complementary skillsets and experience to minimise risk Limited recourse project structure Due diligence undertaken for all M&A transactions, including use of external advisers depending on target value and complexity. A standardised approach using an established valuation model is in place with all transaction reviewed/approved by the Investment Committee and (where appropriate) the Board Dedicated corporate finance expertise in place, who together with experienced Biffa subject matter experts act as senior stakeholders for the acquisition process and drive opportunities through the pipeline	Good progress on our digital customer propositions with a new customer portal nearing completion and ready to deploy in early FY23 New incub devices and software installed on our RC and Hazardous Waste fleet New EIR solution has been built and is entering test ready to deploy in FY23 Transformation team remodelled following pandemic and focus on integration of the Vindor acquisition Next phase of transformation will focus on finance and procurement Newnurst and Protos EIR are continuing in accordance to plan Newnurst EIR is expected to start commissioning in September 2022. Both projects benefit from fixed time and cost contracts Completed the acquisition of Vindor's collections business and certain recycling assets, as well as Green Circle Polymers

Principal Risks and Uncertainties continued

Risks	Description	Mitigating Actions	Changes in Year
Long-term contracts and tendering Link to stakeholder groups Employees Customers Suppliers Risk movement and level Strategic sustainability pillar	The Group is exposed to risks inherent in long-term fixed-price contracts, in particular in its Municipal and Resources & Energy divisions and related operations. Risks include inaccurate long-term cost estimates due to changes in the external operating environment and market dynamics that lead to material deviations from initial underlying assumptions.	Group Delegated Authorities provide for the review/approval of bids by senior management, Investment Committee and the Board (depending on bid size and compliance with risk framework). Material bids are controlled by dedicated development teams with significant expertise and experience. They are supported by subject matter experts as appropriate. Protection from change of law or force majeure for unforeseen circumstances is agreed in contracts, where possible. A contract risk framework is in place to identify key commercial/legal risks and confirm through the governance process that these have been considered and mitigated.	The risk framework has been embedded and firmly reinforced in the bidding process, with two successful tenders during the year, most successfully and operating at excellent profit levels. Improved capacity and capability across our project management and mobilisation, facilitating a culture of continuous improvement. Increased resourcing levels in the commercial department to build on last year's investment.
Risk impact Financial Reputational Operational			
Health & Safety Link to stakeholder groups Employees Customers Investors Suppliers Government & Regulators Environment & Communities Risk movement and level Strategic sustainability pillar	Biffa's operations present inherent H&S risks to our employees, our customers and the wider public. Violations of H&S laws/regulations could have a material adverse effect on Biffa's business and reputation.	Group H&S Director reports to the CEO. Active and regular engagement by senior management, including weekly reporting and calls with the Group Executive Team. inclusion of H&S targets and objectives within Group Balanced Business Plans with one of the five pillars being Safer Together. Existing H&S standards updated and incorporated into a new Group Integrated Management System. Embedded policies, standards and procedures in place across Biffa for the systematic control of significant H&S risks. Primary authority relationships with H&Mopre & S&E of Wight Fire and Rescue Service enables access to advice and counsel on fire risk issues. Maintained management system certification of ISO 45001:2018.	A programme has been implemented to reduce serious, at fault road traffic collisions. This uses fleet intelligence software to help our drivers understand and improve their driving behaviour which will keep them, and the public, safer together. Operations from our two major acquisitions (Virodor and Simo V Waste) have been seamlessly integrated into our H&S management system without any material impact on performance. The British Safety Council has again awarded us a maximum five stars in the comprehensive contemporary and quantified audit process of our H&S division.
Risk impact Reputational Regulatory			

Link to strategic sustainability pillars

Building a circular economy
 Tackling climate change
 Caring for our people
 Supporting our communities

Risk movement

Increasing
 Stable
 Decreasing

Risk level

Low
 Medium
 High

Risks	Description	Mitigating Actions	Changes in Year
Business continuity, cyber security and IT resilience Link to stakeholder groups Employees Customers Suppliers Risk movement and level Strategic sustainability pillar	<p>A significant disruption to Biffa's infrastructure, including IT systems, could potentially have an impact on the activity of the Group's customers, such as increased waiting times, interruptions to collection operations and processing logistics and additional costs.</p> <p>Additionally, theft, loss, destruction, misappropriation, or release of sensitive and/or confidential information could result in business disruption, data protection breach, negative publicity or brand damage.</p>	<p>Crisis management and emergency response plans in place for key sites and operations.</p> <p>Server infrastructure supporting key IT services hosted in Microsoft Azure Cloud providing resilience, fail over and backup services.</p> <p>ISO 27001 certification (information security) in place.</p> <p>Cyber Essentials Plus certification in place.</p> <p>Intrusion detection in place and a cloud-based always on security service provided by Microsoft protecting against key cyber threats.</p> <p>Cyber security education initiatives taken place.</p> <p>Established data protection policy and procedures to ensure compliance.</p>	<p>Cyber Essentials Plus certification renewed.</p> <p>ISO 27001 renewed (three-year cycle).</p> <p>Microsoft security score improved by 38 bits.</p> <p>IT Security Manager appointed.</p>
Risk impact Financial Reputation Operational			
Availability and cost of labour Link to stakeholder groups Employees Customers Suppliers Risk movement and level Strategic sustainability pillar	<p>Ine ability to source and retain appropriately skilled and skilled labour to maintain competitive advantage, could have a material adverse effect on Biffa's business results, operations, financial condition and prospects.</p>	<p>Implemented market rates for key roles e.g. Drivers and Fleet Technicians to support recruitment and aid retention.</p> <p>Ongoing review of the recruitment and retention of key workers such as Drivers.</p> <p>Benefits appropriate and comparable to market including Performance Share Plan for senior management and Sharesave Scheme for all employees.</p> <p>Talent and management development programmes deployed at senior levels and progress view to other levels going forward.</p> <p>Established apprenticeship programme.</p>	<p>&C pay negotiations agreed and implemented.</p> <p>Municipal GM3 National Agreement talks progressing well with the GM3 recommending acceptance of our proposals.</p> <p>We have made significant progress on our journey to becoming a Living Wage Foundation employer with 80% of our employees currently paid at or above Living Wage Foundation rates (currently excluding CSC).</p> <p>Launched Advanced Leadership Programme for 17 high potential leaders.</p> <p>Introduced a new suite of family friendly policies to aid retention.</p>
Risk impact Financial Operational			

Principal Risks and Uncertainties continued

Risks	Description	Mitigating Actions	Changes in Year
Commodities market and pricing volatility	Biffa produces significant volumes of recycled commodities for resale. Commodities produced include various paper grades, card, plastics and ferrous and non-ferrous metals.	Ongoing monitoring and improvements to product quality within recycling processes. Off-taker strategy review to limit dependency where able on non-OCG markets.	Investment in sorting technology and process improvements to ensure we can continue to supply markets with a high-quality product and that we maximise the product captured and recycled.
Link to stakeholder groups Customers	In addition, Biffa generates power from renewable sources and changes to electricity export prices impact revenues and profits achieved.	Continuity or price risk sharing with long-term commercial contracts. Working with key customers to agree gate fees to reflect any increased costs and quality collection methods.	Supply agreements now in place with domestic processors and OCGs for the off-take of all mixed papers. There is a 100% export of cardboards to non-OCG countries but this represents a significant transition.
Risk movement and level	Markets for these recycled products have no visual supply and demand dynamics impacting both price and availability of off-take.	Power price hedging policy in place which is regularly reviewed. Route to market Power Purchase Agreement with local off-taker gives off-take certainty and credit worthiness.	Continued investment in basic recycling has significantly reduced reliance on exports with most of recovered basics being processed to end use nationally. At the end of FY22, we mitigated 63% of commodity price risk through this approach. This is a significant improvement from FY21 due to certain contracts acquired from Vindor On a take-or-pay basis excluding Vindor our mitigation increased from 54% to 67%.
Strategic sustainability pillar			
Risk impact Financial Operational			
Finance availability/investment	If the Group were to not maintain adequate cash balances, the Group would be unable to pay suppliers, payroll and other creditors in a timely manner or on agreed terms. This could result in decreasing of operations, both of which could lead to reputational damage and a deterioration in financial performance.	Significant and flexible bank funding facility with substantial headroom to enable the Group to progress strategy priorities and accommodate any downside performance risk. As at the end of the year, the Group held a cash balance of £40.3m. £350m unsecured revolving credit facility expiring in March 2025, with 64% of the facility available until March 2025. As at the end of the year, £341m of the facility was undrawn. Drawdowns can be requested and processed at short notice if the need arises.	The Group has arranged a private placement with two lenders for £150m covering a term of 7 and 10 years with an average borrowing cost of 7.73%.
Link to stakeholder groups Investors			The Group has arranged an additional private placement with three lenders for £195m covering a term of 8, 10 and 12 years with an average borrowing cost of 7.49%.
Risk movement and level	If the Group were to fail to comply with any of the financial or non-financial covenants in its credit facilities (due, for example, to deterioration in financial performance), it could result in a default and the acceleration of the Group's obligations to repay those borrowings, increased borrowing costs or cancellation of certain credit facilities.	In addition to the bank funding facility, the Group has over £50m of undrawn asset financing facilities, although these are uncommitted. Ongoing monitoring of financial and non-financial covenants with regular updates to the Board. Incorporate cash performance and funding requirement considerations into budgeting and forecasting processes. Consider the impact on covenants when making key strategic decisions such as acquisitions, disposals and capital expenditure.	The covenants on the revolving credit facility have been changed to a post-FRS 16 basis so that they are more closely aligned with current accounting principles. This has increased the covenant metrics by 1.3x. The covenants on the private placements are consistent with those of the revolving credit facility.
Strategic sustainability pillar			The Group has established a sustainability-linked finance framework which aligns the Group's funding with the sustainability strategy.
Risk impact Financial	A large one-off cash outflow, similar in amount to the total protective assessments issued by HMRC as part of the ongoing HMRC and tax enquiry, would increase the risk of covenant non-compliance.	Ongoing monitoring of the status of the HMRC and tax enquiry with regular updates to the Board. The Group has significant headroom on the ending covenants and intends to maintain high levels of headroom going forward. This, combined with the flexibility in the business model, enables the Group to mitigate any financial risks that materialise.	The Group has recognised a provision of £10m in relation to the HMRC and tax enquiry. This is accompanied by a contingent liability disclosing that the protective assessments issued by HMRC sum to £168m plus penalties and interest. Covenant basis leverage ratio was 2.9x at March 2022, an improvement from the ratio of 3.0x reported at March 2021. This provides significant headroom against the covenant limit of 4.0x (note the limit was fair to 4.0x in September 2023).

Link to strategic sustainability pillars

Risk movement

Risk level

Building a circular economy

Increasing

Low

Facing climate change

Stable

Medium

Engaging our people

Decreasing

High

Supporting our communities

Risks	Description	Mitigating Actions	Changes in Year
Economic environment	Economic conditions in the UK may have an adverse impact on the Group's operational and financial performance.	The Group has revenues and costs that are impacted by the value of Sterling relative to key currencies such as the US Dollar or the Euro. This provides some degree of offset and natural hedge.	The Group continues to monitor the specific value impact of increasing interest rates, inflationary pressures and supply chain constraints and remains confident that existing mitigations enable the impact of any weakening conditions to be minimised.
Link to stakeholder groups	The Group exposure includes: <ul style="list-style-type: none"> Political, social and macroeconomic risks relating to the UK's exit from the EU. An economic weakness that leads to reduced volumes of waste and recycle. A deterioration in macroeconomic conditions resulting in increased pricing pressure and customer turnover. 	To improve short-term earnings visibility and reduce the susceptibility of financial performance to price fluctuations, the Group enters into forward contracts for: <ul style="list-style-type: none"> The sale of electricity. Short-term currency exposures. The purchase of fuel. 	
Risk movement and level		During the year the Group held interest rate swaps to reduce exposure to the impact of rate fluctuations on the rolling credit facility interest charge. This arrangement was terminated towards the end of the year when the drawdown on the facility fell to low levels, thus reducing the exposure significantly.	
Strategic sustainability pillar		Biffa provides services to customers in the public and private sectors right across the UK economy. The breadth of customers offers a degree of protection against economic pressures that may affect specific markets and industries.	
Risk impact	Financial		

Non-Financial Information Statement

The Non-Financial Reporting Requirements set out in the Companies Act 2006 are addressed in the statement below, which cross references other areas of the Annual Report and Accounts, the Sustainability Report and the Biffa website where further information can be found.

The statement reflects Biffa's approach to environmental, social and employee-related matters and the majority of our policies can be found: www.biffa.co.uk/about-us/policies

Main policies and standards which govern our approach	How we monitor the effectiveness of the policies	Where material information can be found
Colleagues'		
Anti-bribery and gifts and hospitality policies Updated policies have been recently reviewed and approved by the Biffa plc Board. They set out the standards that are expected of anyone working at Biffa and third parties working with Biffa. It includes guidance and the requirements on the giving and receiving of <i>business gifts and hospitality</i> .	<ul style="list-style-type: none"> Biffa enforces a strict prohibition against the giving, receiving, offer, acceptance, payment or authorisation of any bribes, and also against any other form of corruption. We also demand transparency and integrity in all of our business dealings, to avoid any improper advantage, or the appearance of questionable conduct by our employees or <i>third parties with whom we do business</i>. Any instances of potential or actual non-compliance with these policies are fully investigated and reported to the Audit Committee 	For further information see page 53 of the Annual Report and page 30 of the Sustainability Report: https://www.biffa.co.uk/investors/sustainability
Whistleblowing policy The Group has a long-established whistleblowing policy by which all employees may, in confidence, report any concerns where the interests of the Company or others are at risk.	<ul style="list-style-type: none"> All whistleblowing reports are entered in the Group Whistleblowing Register and are thoroughly investigated. The output of an investigation is typically reviewed by the Group HR Director, General Counsel and Company Secretary and other senior leaders as appropriate, dependent on the nature of the complaint, which confirms the outcome and any actions to be taken. The Audit Committee has responsibility (delegated from the Board) for monitoring the Group's whistleblowing policy and arrangements 	For further information see page 55 of the Annual Report and page 30 of the Sustainability Report https://www.biffa.co.uk/investors/sustainability

Colleagues¹ continued

Diversity and inclusion policy

Our Diversity Policy is designed to provide equal opportunities in employment and to avoid unlawful discrimination.

Biffa will not discriminate directly or indirectly in our recruitment, employment and post-employment practices because of age, disability, sex, gender reassignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origins), sexual orientation, religion or belief, or because someone is married or in a civil partnership.

- Every employee is required to assist us to meet our commitment to provide equal opportunities in employment and avoid unlawful discrimination.
- We have manager guidelines for diversity, helping them to consider diversity/equal opportunity obligations. Managers are also advised to make reasonable adjustments to our standard working practices to overcome barriers caused by disability and we have a Flexible Working Policy in place to support requests for variations to standard working practices.
- Our Diversity Policy also covers specific arrangements for people with disabilities including:
 - Giving full and fair consideration to applications from disabled persons, having regards for their skills and abilities.
 - Continuing the employment of and arranging appropriate training for those who have become disabled while at Biffa.
 - Career development and promotion of disabled employees.

For further information see page 34 of the Annual Report and page 32 of the Sustainability Report
<https://www.biffa.co.uk/investors/sustainability>

You can also read our annual Gender Pay Gap Report here: www.biffa.co.uk/media/files/sustainability/csr/biffa_gender_pay_gap_2021.ashx

Family friendly policies

Following a review of our policy framework in order to support our D&I strategy and further improve our employee proposition, in 2021 we launched a new suite of 'family friendly' policies.

Benefits include extended company maternity and paternity pay, child's first (adoptive) birthday paid leave, child's first day of school paid leave and up to three days paid leave for IVF treatment per cycle.

We have also introduced a new menopause policy, sabbatical policy and retirement policy.

- The policies exist to maintain a clear procedure that ensures the reasonable, fair and consistent treatment of all employees.
- Managers are responsible for ensuring reasonable adjustments are made to provide a supportive working environment for employees.

See page 35 of the Annual Report for more information.

Health, safety and wellbeing policy

Health, safety and wellbeing is the highest priority within the business and Biffa is committed to monitoring and reviewing performance on a regular and ongoing basis. Our goal is to keep our people, our customers and the public safe through effective leadership and risk management, promoting high standards of health, safety & wellbeing in the workplace and in all our activities.

- Employees are expected to report and discuss health, safety and wellbeing matters with their managers, and company Health & Safety business partners who will offer or obtain further expert advice where necessary.
- Employees are encouraged to contribute good ideas and improvements and report any shortfalls so management can make informed decisions and improve standards across the business.
- We monitor performance through our LT rate and have a target in place to reduce lost time injuries by 50% by 2030 from our 2019 baseline. See page 48.

For further information see page 48 of the Annual Report and page 28 of the Sustainability Report
<https://www.biffa.co.uk/investors/sustainability>

¹Our people and policies are a key part of our proposition to our stakeholders and are a key element of the Biffa proposition.

Non-Financial Information Statement continued

Colleagues' continued

Salary review and changes policy

The policy is in place to effectively manage salary levels and changes to salaries in order to maintain our competitiveness in the market, attract and retain talented employees and ensure our practices are fair, equitable and affordable

- We are committed to paying our people fairly and ensuring our employees are valued and treated well. To support pay parity, we have a robust structured approach to pay
- The annual salary review process provides the opportunity for Biffa to review salaries against a range of factors (including but not limited to: prevailing economic indicators and forecasts, business performance, and other relevant considerations) and make any appropriate changes that are agreed at that time.

For further information see page 127 of the Annual Report and page 31 of the Sustainability Report
<https://www.biffa.co.uk/investors/sustainability>

Environmental Information

Environment, sustainability and carbon policy

Protection of the environment and the climate is a cornerstone of Biffa's business, both operationally and at corporate level. It is underpinned by our Vision and Purpose to be the leader in UK sustainable waste management and to change the way people think about waste and it is delivered by our sustainability strategy and our operational environmental compliance strategy. Biffa is committed to its compliance obligations as well as promoting high standards of environmental, sustainability, carbon and energy management at all our workplaces, and in all our activities

- Our Corporate Affairs and H&S teams work together across the business ensuring we meet our compliance obligations by monitoring, evaluating, auditing, coaching and training.
- Our Board Sustainability Committee oversees sustainability strategies and performance. Responsibility for environmental compliance sits with the Board
- We report on our progress against our sustainability strategy targets annually in our Sustainability Report.

For further information see page 116 of the Annual Report and page 7 of the Sustainability Report
<https://www.biffa.co.uk/investors/sustainability>

You can also visit:
www.biffa.co.uk/sustainability

Human rights

Modern slavery and human trafficking policy

The policy sets out the measures, systems and procedures which Biffa employs to minimise the opportunity for modern slavery and human trafficking taking place within the Group and within our supply chain.

- Biffa conducts risk assessments across its activities and supply chain in order to identify any area of its operations that might represent higher potential risks for slavery or human trafficking to occur.
- Biffa works with specific recruitment agencies and labour resourcing partners who are equally committed to ensuring the work environment is free of slavery and human trafficking.
- All Biffa colleagues and managed service providers have regular meetings with onsite account managers where we discuss their actions regarding the prevention of modern slavery. It is a standing item on monthly business meeting agendas and quarterly business reviews. Labour providers also give biweekly updates on any activity of concern.
- We produce an annual modern slavery statement, which the Board reviews and approves.

For further information see page 36 of the Annual Report and page 30 of the Sustainability Report
<https://www.biffa.co.uk/investors/sustainability>

And you can read our modern slavery statements and case studies here
www.biffa.co.uk/about-us/policies

Social matters

Suppliers – social responsibility and ethical standards

Our suppliers of goods and services must comply with all relevant legislation and international standards including trading policy, child and forced labour, health and safety of workers, non-discrimination, employment law, human rights, bribery and corruption. We procure under the Code of Ethics of the Chartered Institute of Purchasing and Supply.

- We have a social responsibility to our suppliers. When problems arise with a supplier's performance, we work with the company concerned to help them to meet requirements.
- We will be fair and lawful in our dealings but avoid any conduct which could be counteractive to our corporate social responsibility and ethical standards. We reserve the right to discontinue business with suppliers who do not comply with our requirements in this area.
- Our standard trading terms with suppliers are 60 days. This has been the policy since May 2008 and is applicable to all existing and new suppliers alike.

For further information visit
<https://www.biffa.co.uk/about-us/suppliers/social-and-ethical-standards>

Non-Financial Information Statement continued

Social matters continued

Sustainable procurement policy

In the delivery of cost effective and high-quality services to our customers, Biffa is a significant purchaser of goods and services. We recognise that the impact of this spend requires us to ensure our procurement practices are not only responsible, but also environmentally, economically, and ethically sound.

- Biffa works with key stakeholders both within the business and externally in order to share best practice, identify new opportunities and deliver programmes that promote our aims for sustainable procurement.
- Performance is monitored and recorded, and key performance measures such as carbon emissions reductions are regularly reported.

For further information see page 36 of the Annual Report
www.biffa.co.uk/sustainability

Corporate responsibility policy

Our corporate responsibility framework encompasses our people, health, safety & wellbeing, communities, the environment, our marketplace and relationships with our customers, suppliers and other parties as well as our commitment to business ethics and conduct.

- We are committed to complying with our permits as well as promoting high standards on all of our sites, premises, and in all of our activities.
- Our Group Executive Team is responsible for the delivery of the policy at a business level, with oversight and direction from the Sustainability Committee. Its success is measured through our sustainability KPIs, which track our performance across three key areas (building a circular economy, tackling climate change and caring for our people, supporting our communities), enabling us to deliver against our responsible business objectives.

For further information see page 33 of the Annual Report

Employee volunteering policy and procedure

Biffa recognises that facilitating the voluntary involvement of our employees in community based projects can result in a range of positive outcomes.

Biffa will grant one day's paid leave per annum, in line with an employee's contracted hours, to eligible employees to get involved in team volunteering opportunities within our local communities and environmental based projects.

- Managers are responsible for assessing local operational needs and employees proposed volunteering activity, taking into account the benefits to both the employee and to Biffa.
- Managers will also consider personal development and where appropriate, volunteering may be offered as one of the methods of meeting development needs.
- Since its introduction, Biffa employees have volunteered for a wide-range of organisations.

For further information, see page 33 of the Annual Report

Other non-financial information

Non-financial information	Section	Pages
Business Model	Our Sustainable Business Model	38-39
Principal Risks	Managing Our Risks	76-83
Non-Financial KPIs	Sustainability Pillars	34-35

The Strategic Report was approved by the Board and signed on its behalf by



Michael Topham
Chief Executive Officer
5 August 2022

Viability Statement and Going Concern

During FY22, Biffa's financial performance recovered strongly from the previous year, which had been materially impacted by the Covid-19 pandemic and the associated lockdown measures. The Group has since seen a return to pre-Covid-19 performance levels but has encountered new macroeconomic challenges in the form of significant inflationary cost pressures and labour shortages.

As of March 2022, the Group had unutilised committed bank facilities available of £341.0m and cash and cash equivalents of £40.8m.

The Group completed the acquisition of Viridor's Collections business and certain recycling assets on 31 August 2021. Total consideration was £130.8m and an additional £17.0m of lease liabilities was recognised on acquisition. The acquisition contributed £84.0m and £11.8m to Revenue and Profit Before Tax respectively for the seven months to March 2022. The contribution is expected to be greater in FY23 due to both a full year of trading and realisation of further synergies, as the business is integrated further into the Group.

The Viridor acquisition was funded by the issuance of a private placement facility with two investors for £150m covering a term of 7 and 10 years with an average interest rate of 2.73%.

There was an issuance of an additional private placement facility in February 2022 with three investors for £195m covering a term of 8, 10 and 12 years with an average interest rate of 2.49%. This funding has been used to significantly reduce the amount drawn down on the rolling credit facility.

The financial covenants on the rolling credit facility were changed to an IFRS 16 basis during the year. The equivalent covenants on the private placements are aligned with those of the rolling credit facility as of March 2022. Additionally, a sustainability-linked finance framework has been incorporated into the rolling credit facility, with the interest rate margin linked to the Group's performance against two environmental key performance indicators.

The Group has satisfactory headroom on the net debt/EBITDA lending covenants, with a ratio of 2.9x on a covenant basis at March 2022 versus the covenant threshold of 4.5x. The headroom on the interest cover covenant is significantly greater.

While the Group is subject to a number of principal risks as disclosed in the Strategic Report (see pages 76-83), these are considered to be well managed by the Board. The Group's business model has proven its resilience over the last year, seeing a strong recovery from the pandemic despite encountering significant macroeconomic headwinds.

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Group over a longer period than twelve months and has adopted a period of five years for the assessment. In determining the appropriate period over which to assess viability, the Board has considered budgeting, forecasting and strategic planning cycles, the timeframe within which the Group assess risks and the maturity of the Group's credit facilities.

Five years is considered a reasonable period for a shareholder to expect a waste business to be assessed over. It also aligns with the Group's internal budgeting and forecasting as reviewed by Management. Beyond the five year period, the Group is satisfied that the longer term pre-Covid-19 strategy is still relevant and appropriate. This includes further recycling capacity, reduction in waste, acquisition growth and investment in energy recovery.

The viability of the Group has been assessed by considering a number of the principal risks in the Strategic Report including availability and cost of labour, commodities market and pricing volatility and long term contracts and tendering. However the focus of the assessment has been on the finance availability/investment principal risk, as the key impact of the other risks is the reduction in financial performance and liquidity.

The base case assumes the Group will continue to progress with the plastic processing plants and small scale M&A activity. The base case is formed of a Board approved detailed budget for FY23, which has been modelled on a site-by-site basis using a bottom-up approach. The forecast for years 2 to 5 is from the 5-year plan for the Group, which has been built up on a sub-divisional basis and approved by the Board.

The low case assumes depressed volumes similar to those experienced during the Covid-19 lockdowns, and for a longer period of time, alongside no M&A activity. This has total impacts of £325m and £225m on EBITDA and Net Cash Flow respectively across the five year assessment period.

An additional low case has been tested which involves a large one-off cash payment in FY23, similar in amount to the sum of the protective assessments issued by HMRC on the ongoing landfill tax enquiry.

The Group's profitability, liquidity and financial headroom have all been assessed and incorporated within the above mentioned scenario analysis.

Within these forecasts the Board carried out a robust assessment of the principal risks facing the Group, including the impact of further Covid-19 lockdowns on the various sectors the business operates in and the waste streams arising in all the Group's operating areas. To assess viability, multiple, material risks are selected by the Board and are assumed to crystallise in parallel during the assessment period, putting financial and operational performance of the business under plausible, but unlikely, stresses.

If certain risks do materialise and the financial position of the Group worsens significantly, the Board has considered the various mitigating actions available to improve liquidity. These include reducing dividends, reducing discretionary capital expenditure and disposing of assets. These are considered to have substantial beneficial impacts on liquidity if utilised. Further options are available can be taken as a last resort, which include an equity raise and applying for a covenant waiver.

Based on the results of this analysis and after careful consideration of the uncertainty and dynamic nature of Covid-19, including reviewing the fast changing external factors and their cumulative impact in the short, medium and long term, and other considerations including the Group's business model and ability to model a range of severe, but plausible, reasonable worst-case scenarios, the Directors confirm that they have a reasonable expectation that the Group will be able to withstand the impact of each of these scenarios, in isolation and in a number of plausible combinations, should they occur in the course of the five year assessment period.

In each event the Group would continue in operation and meet its liabilities as they fall due. Therefore, the Board have concluded that there is a reasonable expectation that the Group will remain viable for the entire five-year assessment period based on the analysis performed over this period.

Governance at a Glance

The UK Corporate Governance Code: How we comply

The Corporate Governance Report, which includes the principal Committee Reports and Directors' Report, explains how the Board has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the Code). The Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk.

The Board confirms that it has applied the principles and complied with the provisions of the Code throughout the year ended 25 March 2022 except for provision 38 which requires pension contribution rates for Executive Directors to be aligned with those available to the wider workforce.

As stated in the Directors' Remuneration Policy, newly appointed Executive Directors' pension contributions will be aligned to the wider workforce from appointment. The incumbent Executive Directors, being Michael Topham and Richard Pike, will remain on their current pension contribution rates until the end of 2022 when they will be aligned to the wider workforce rates. Further information can be found in the Directors' Remuneration Report on page 129.

The tables below sets out where the key content can be found in the Corporate Governance Report. The Report has been organised to follow the structure and principles of the Code.

1. Board Leadership and Company Purpose

A. An effective Board	p.98
B. Purpose, values and culture	p.97
C. Governance framework	p.96
D. Stakeholder engagement	p.102-107
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2. Division of Responsibilities

F. Roles and responsibilities	p.110
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H. Time commitment and conflicts of interest	p.110
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3. Composition, Succession and Evaluation

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4. Audit, Risk and Internal Control

M. Financial reporting	p.122
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P. Remuneration aligned with purpose and values	p.128
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Board Composition

Board Independence

As at 25 March 2022

As at 25 March 2022

As at 25 March 2022

As at 25 March 2022

As at 25 March 2022

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As at 25 March 2022

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Board Tenure

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As at 25 March 2022

As at 25 March 2022

Scheduled Board attendance FY22

The table below sets out the Directors' attendance at scheduled meetings they were eligible to attend for the year ended 25 March 2022.

Director	Independent	Board meetings attended/maximum possible meetings
Michael Avenill (until 31 December 2021)	Yes	5/5
Carol Chesney	Yes	7/7
Ken Lever	Yes	7/7
David Martini	Yes	6/7
Claire Miles	Yes	7/7
Linda Morant (from 1 December 2021)	Yes	2/2
Richard Pike	No	7/7
Michael Topham	No	7/7

1. The Board was scheduled to November 2021 Board meeting. David Martini was unable to attend this meeting due to illness. He attended the November 2021 Board meeting.

Documents available at: www.biffa.co.uk

- Biffa plc Articles of Association
- Matters Reserved to the Board
- Terms of Reference for Board Committees
- Board Diversity and Inclusion Policy
- Modern Slavery Statement
- Tax Strategy
- Gender Pay Gap Report
- Whistleblowing Policy

Chairman's Introduction

Delivering strong shareholder value for the future

On behalf of the Board, I am pleased to introduce the Company's Corporate Governance Report for this year.

The Board's focus has been to navigate the Group through its strong recovery from the impact of the Covid-19 pandemic and the ongoing fulfilment of our strategic objectives. The Board approved the re-establishment of the Company's dividend policy during the year with payment of an interim dividend in December 2021.

I was pleased that the Board could resume physical Board meetings during the year and hold meetings at the Company Shop Group's head office in Barnsley in September 2021 and the Company's Newhurst Energy Recovery Facility in April 2022. The site visits provide an important opportunity for the Board to engage with employees and other stakeholders. See pages 98 and 100 for more details.

In May 2021, we announced the agreement to acquire the collections business and certain recycling assets from the Viridor Group, for a total purchase consideration of £131m. The transaction marked a significant step forward in the Group's growth strategy. Further information on how the Board considered our stakeholders in their decision-making process to approve the transaction can be found on page 109.

Changes to the Board during the Year

There have been a number of changes to the Board and its Committees during the year. In September 2021, we announced that Michael Averill had informed the Board of his intention to relocate to Australia and to retire from the Board at the end of 2021 and that Linda Morant would be appointed with effect from 1 December 2021.

Michael retired from the Board on 31 December 2021 following a long involvement with Biffa making an enormous contribution to the Board. Linda joined

the Board as a Non-Executive Director, Chair of the Sustainability Committee and member of the Nomination Committee from 1 December 2021. Her biography can be found on page 93 and details of her selection and appointment process can be found on page 112.

Claire Miles was appointed Chair of the Remuneration Committee, succeeding Michael Averill, on 7 September 2021. Claire joined the Board on 1 April 2021 and has been a member of the Remuneration Committee since that date. She was also previously a member of the Remuneration Committee at Northgate plc for four and a half years. In addition, Claire joined the Nomination Committee and Sustainability Committee on 6 September 2021 and the Audit Committee on 1 January 2022.

Diversity and Inclusion

I am pleased to report that, following the changes to the Board during the year, the Board has met the Hampton-Alexander Review and Parker Review targets for gender and ethnic diversity as set out in the Board's Diversity and Inclusion Policy. There are now three female members of the Board, which amounts to 43% of the Board, and one Board member from an ethnic minority background. Further information can be found on 115.

Sustainability

The Company has continued to make progress towards our ambitious sustainability goals with support and focus from the Board Sustainability Committee. See pages 116-117 for more details.

Values

The Board is responsible for setting the Company's values and ensuring that they are aligned with the Group's culture. The Company spent considerable time developing a new set of values to reflect the development of the business and capture the essence of Biffa. These were reviewed and approved by the Board during the year. Further details can be found on page 97.

Governance

We take corporate governance seriously at Biffa but continue to seek to achieve a balance and focus on those areas that are supportive of creating value.

Set out on pages 108-109 is the Board's s172 statement. During the year, the Board has clearly demonstrated its s172 duties in the principal decisions it has taken. Stakeholder engagement remains a focus of the Board and details of how the Board has engaged with the different stakeholder groups during the year can be found on pages 102-107.

Ken Lever

Chairman
5 August 2022

Board of Directors

<p>Ken Lever Non-Executive Chairman</p>	<p>Michael Topham Chief Executive Officer</p>	<p>Richard Pike Chief Financial Officer</p>	<p>Carol Chesney Non-Executive Director</p>
<p>Date of Appointment 28 September 2016</p>	<p>Date of Appointment 18 August 2016</p>	<p>Date of Appointment 29 September 2018</p>	<p>Date of Appointment 12 July 2018</p>
<p>Committee Memberships N S</p>	<p>Committee Memberships None</p>	<p>Committee Memberships None</p>	<p>Committee Memberships A N R S</p>
<p>Nationality British</p>	<p>Nationality British</p>	<p>Nationality British</p>	<p>Nationality American/British</p>
<p>Relevant Skills and Experience Ken was appointed Chairman in March 2018. He has strong leadership skills and extensive listed company experience in a number of UK industry sectors. He also has a wealth of corporate finance experience, having previously held board executive director positions with Numonyx BV, Tomkins plc, Albright and Wilson plc and Alfred McAlpine plc. Ken joined Xchanging plc as its chief financial officer, and was subsequently appointed and served as its chief executive officer from 2011 to 2015. Ken is a Fellow of the Institute of Chartered Accountants and a former partner at Arthur Andersen.</p> <p>Ken was previously a non-executive director of Blue Prism Group plc, Catesby Property Group plc, iSoft plc and Vega Systems plc, and served for six years on the UK Accounting Standards Board between 2006 and 2012.</p>	<p>Relevant Skills and Experience Michael was appointed Chief Executive Officer in September 2018, having previously held the role of Chief Financial Officer from 2013. He has proven abilities to develop and acquire companies which deliver sustainable growth while strengthening the Group portfolio.</p> <p>Michael has more than 15 years' experience in the waste management sector, having held divisional managing director and finance director roles within Biffa before being appointed Chief Financial Officer, and as finance director of Greenstar UK prior to its acquisition by Biffa in 2010.</p> <p>He trained as a Chartered Accountant with PwC in London where he held positions in both the audit and transaction services practices.</p>	<p>Relevant Skills and Experience Richard was appointed Chief Financial Officer in September 2018. Richard has a wealth of financial experience, having trained as a chartered accountant with Price Waterhouse, he went on to hold a variety of financial and management positions at Pilkington plc, Scapa Group plc and Manchester Airports Group.</p> <p>Latterly, Richard was the chief financial officer of AB Sugar, managing director of British Sugar and group chief financial officer of Boparan Holdings Limited.</p>	<p>Relevant Skills and Experience Carol has a wealth of financial and regulatory experience. She is a Fellow of the Institute of Chartered Accountants in England and Wales, and qualified with Arthur Andersen in the UK.</p> <p>Carol was previously a non-executive director of Renishaw plc and the company secretary of Halma plc, the FTSE 100 health, safety and environmental technology group, where she oversaw governance, pensions, group insurance and ethics compliance from 1998 until 2018. Prior to this role, Carol was Halma's group financial controller with oversight of all day-to-day financial planning and reporting matters.</p>
<p>External Appointments Ken is chairman of RPS Group plc and a non-executive director of Vertu Motors plc and Rockwood Strategic plc.</p>	<p>External Appointments Michael is a director of the Environmental Services Association Limited.</p>	<p>External Appointments None</p>	<p>External Appointments Carol is a non-executive director of Hunting plc and IQE plc.</p>

Committee Membership			
A	N	R	S
Committee Chair			

Group Executive Team

Michael Topham

Chief Executive Officer

Michael's full biography appears on page 92..

Maxine Mayhew

Chief Operating Officer,
Collections and Specialist Services

Mick Davis

Chief Operating Officer,
Resources & Energy

Date of Appointment

April 2022

Date of Appointment

September 2010

Maxine leads Biffa's Collections and Specialist Services divisions. Using her significant experience, Maxine is focused on growing both businesses in line with their strategy.

Prior to joining Biffa in April 2022, Maxine was the managing director of the natural resources division at Costain Group plc, where she was responsible for the water, energy and defence sectors as well as Costain's consultancy proposition. Maxine has also held senior roles at other companies including Karbon Homes, Northumbrian Water Group and United Utilities. Maxine is the senior independent director at Low Carbon Contracts Company and Electricity Settlements Company and is a council member at Cranfield University.

Mick joined Biffa when it acquired Greenstar UK in 2010, where he was recycling director. He progressed to become Managing Director of Biffa's Resource, Recovery & Treatment business, before taking on the position of Chief Operating Officer for the Resources & Energy division in 2019. The Resources & Energy division is responsible for much of Biffa's recycling infrastructure and initiatives, with Mick playing an instrumental role in the development of Biffa's state-of-the-art £27.5m plastic recycling facility in Seaham. He is also responsible for the Newhurst and Protos energy recovery facilities, which will turn non-recyclable waste into much-needed renewable energy for the UK.

In addition, Mick is a Trustee of the Biffa Award, which supports community projects around the UK such as improving local biodiversity as well as sitting on Biffa's steering committee for its WasteAid partnership, where Biffa supports the charity to help less developed countries tackle waste in a sustainable manner.

Richard Pike

Chief Financial Officer

Richard's full biography appears on page 92..

Sarah Parsons

General Counsel and Company Secretary

Sarah's full biography appears on page 93.

Roger Edwards
Managing Director,
Municipal

Date of Appointment
October 2010

Roger started his career in the waste industry over 30 years ago with Drinkwater Sabey before becoming a founding member of Verdant Municipal, joining Biffa in 2010 after the acquisition of Greenstar UK. Roger leads Biffa's Municipal business.

He has successfully grown recycling levels across the Municipal business and is focused on developing a more sustainable future for waste management including the further development of the Group's alternative fuels strategy. Additionally, he is focused specifically on Biffa's sustainability strategy pillar 'Caring for our People, Supporting our Communities', ensuring that Biffa is supporting its local communities and championing local causes through its Community Shop business.

Jane Pateman
Group HR Director

Date of Appointment
December 2010

Jane joined Biffa in 2010 having worked as HR director for several FTSE listed companies, providing strategic HR direction and implementing people programmes to support business growth. She has a strong track record of delivering business benefits through the effective deployment of human capital strategies. At Biffa, Jane focuses on its people strategy to ensure that Biffa maintains its industry-leading approach to people management and employee wellbeing.

Her responsibilities include employee relations, learning and development, employee engagement, and rewards and benefits. Under Jane's leadership Biffa's employee engagement score has doubled since 2011.

Jane is also a non-executive director and remuneration committee chair of the legal and professional services business, Knights plc.

David Gooding
Chief Information Officer

Date of Appointment
July 2011

David oversees Biffa's IT, business intelligence and innovation functions. He has worked in the waste management industry for 20 years, starting at Biffa as its Head of IT Business Systems before spending two years at Greenstar UK prior to its acquisition by Biffa in 2010.

As Chief Information Officer, David is responsible for technology and business model innovation, developing and optimising Biffa's systems, ensuring that the business is operating as efficiently as possible and maximising opportunities for development. As part of this he helps align new projects with Biffa's strategy, such as initiatives supporting the growth of the circular economy.

David sits on the Board of Community Shop. Outside of Biffa, David is also a trustee of Oasis Church Trust in Birmingham.

Cory Reynolds
Corporate Affairs Director

Date of Appointment
November 2020

Appointed in 2020, as Biffa's first Corporate Affairs Director, Cory is focused on delivering sustainability and environmental strategy alongside strategic communications to build a positive profile around Biffa's purpose 'changing the way people think about waste.'

She is responsible for Biffa's Corporate Affairs including environment and sustainability strategy, media relations and PR, brand, social media, investor relations, regulatory and public affairs. Cory is also the lead for internal employee communications.

Cory's background is in both public and private sector communications with a focus on environment and sustainability. Before joining Biffa, she was the director of communications, brand, and public affairs at Southern Water and prior to this she worked for Brighton & Hove City Council.

Cory had experience in the media earlier in her career as a BBC senior journalist and editor, giving her a unique insight into the most effective way to communicate through the media.

Our Governance Framework

The Company has a clear corporate governance framework which was established to provide clear lines of accountability and responsibility.

The framework comprises the Matters Reserved to the Board, the Board and Executive Committees with their Terms of Reference and the Group Delegated Authorities Policy and Matrix which ensures decision making takes place at appropriate levels within the Group.

Board of Directors

The role of the Board is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society by providing effective leadership and direction to the business as a whole. It sets the Group's strategy and sustainability strategy, having regard to stakeholders, while maintaining a balanced approach to risk within a framework of effective controls. It has also established the Company's purpose and values and monitors culture to ensure alignment. It sets the tone and approach to corporate governance and is responsible for the overall financial performance of the Group.

Board Committees¹

Audit Committee

The Audit Committee reviews the integrity of Biffa's Financial Statements, the adequacy and effectiveness of Biffa's systems of internal control and risk management and maintains the relationship with the External Auditor. Further information can be found in the Audit Committee Report on pages 118-125.

Nomination Committee

The Nomination Committee reviews Board composition and diversity, proposes new Board appointments and reviews succession planning and talent development. Further information can be found in the Nomination Committee Report on pages 113-115.

Remuneration Committee

The Remuneration Committee proposes the Directors' Remuneration Policy and sets remuneration for the Chairman, Executive Directors and Group Executive Team taking into account wider Group remuneration policies. It also approves performance linked pay schemes and share incentive plans. Further information can be found in the Remuneration Committee Report on pages 126-140.

Sustainability Committee

The Sustainability Committee oversees the Company's sustainability strategy and broader stakeholder engagement on behalf of the Board. Further information can be found in the Sustainability Committee Report on pages 116-117.

Group Executive Team

The Group Executive Team is responsible for the day-to-day running of the business. It meets monthly and receives regular reports on financial and business matters, health & safety, and receives periodic presentations on other areas of the business. The biographical details of the Group Executive Team are on pages 94-95.

Investment Committee

The Investment Committee is an executive management committee comprising the Chief Executive Officer, the Chief Financial Officer, and the General Counsel and Company Secretary. It reviews and approves significant capital expenditure, potential acquisitions and disposals, major contracts and tenders and property transactions within specified authority limits delegated by the Board.

Executive Sustainability Committee

The Executive Sustainability Committee is an executive management committee comprising the Chief Executive Officer, Chief Financial Officer, Group HR Director, Director of Corporate Affairs, and General Counsel and Company Secretary. It oversees at a business level the Company's sustainability strategy and broader stakeholder engagement and reports to the Board Sustainability Committee.

H&S Excellence Forum

The H&S Excellence Forum is an executive management committee comprising the Chief Executive Officer, Chief Operating Officer Collections and Specialist Services, Chief Operating Officer Resources & Energy, Managing Director Municipal, and Group Health & Safety Director. The purpose of the forum is to provide the leadership, direction and support on health and safety matters across the Group enabling the provision and maintenance of a safe and healthy workplace.

Purpose, Values and Culture

The Board is responsible for establishing the Company's purpose, values and strategy and satisfying itself that these and the Group's culture are aligned.

Our purpose to change the way people think about waste

Our Values and Culture


We pride ourselves on our common-sense approach to sustainable waste management, our collaborative way of working and our ability to get things done. We work hard to create a culture and an environment that allows everyone to thrive, working together effectively and safely, treating people fairly and with respect, to contribute to the growth of the Group. Biffa's culture is underpinned by our values.

The Company launched a new set of values in the year, which were co-created with our employee forum – the Biffa Involvement Group (BIG). The new values were developed to reflect the development of our business and capture the essence of Biffa. Before the launch of the newly developed values, they were reviewed and approved by the Board. For further information see page 50.


How the Board Monitors Culture

The Board plays a vital role in monitoring and assessing the culture of the Group and its alignment with purpose, values and strategy. There are a number of areas that help inform the Board:

Leading by Example - The Board, Group Executive Team and senior management lead by example, acting in accordance with the Company's values and therefore, promoting the Group's culture to our workforce.

 See **page 108**

Measurement - A number of our sustainability KPIs, such as Lost Time Injury Rate and employee engagement, allow trends and changes in the culture of the Group to be monitored. The Board receives reports throughout the year on these KPIs.

 See **pages 28-57**

Risk Management - The Group dedicates significant resources and focus to manage and monitor risks via our Risk and Internal Audit function. The Audit Committee monitors risk management processes and controls on behalf of the Board, receiving reports at each meeting from the Risk and Internal Audit functions.

 See **page 122**


Alignment of Remuneration - Our annual bonus schemes are directly linked to the annual Group BBP targets which include the annual employee engagement survey results and the health & safety improvement targets. In addition, behaviours are taken into account in determining individual bonus outcomes.

 See **pages 127-130**

Employee Engagement - Employee engagement is measured through the annual survey, which provides valuable insight in respect of engagement and culture. David Martin, the designated Non-Executive Director for workforce engagement, attended a number of workforce events during the year on which he provided feedback to the Board.

 See **page 52**

Whistleblowing - Mechanisms are in place to facilitate the Company's workforce and third parties reporting matters of concern. The Audit Committee, with delegated authority from the Board, receives a report on whistleblowing matters at each meeting from the Group Counsel and Company Secretary and Head of Risk and Internal Audit.

 See **page 125**

Workforce Policies and Practices

The Board is responsible for ensuring that our workforce policies and practices are consistent with the Company's values and support its long-term sustainable success.


Under the Matters Reserved to the Board, the Board is responsible for approving any key policies and these are reviewed annually.

The Board and its Committees also receive periodic updates on workforce policies and practices.

Nomination Committee - the Committee received an update on the Group's diversity and inclusion policies and initiatives and gave consideration to the Company's new suite of 'family friendly policies'.

 See **pages 113-115**

Remuneration Committee - the Committee received a report on the Group's general pay and conditions which included an update on reward and benefits across the Group and the Group's reward policies.

 See **page 127**

Board - the Board reviewed and approved a revised anti-bribery policy and gifts and hospitality policy.

 See **pages 100-101**

Further information on our workforce policies and practices can be found in the Non-Financial Information Statement on pages 84-88.

Activities of the Board

The key activities undertaken by the Board during the year are set out on pages 100-101. The Board recognises the value of positive relationships with our key stakeholders and the importance of these relationships when delivering the Group's strategy and in day-to-day business operations. The Board considers the interests of the Group's key stakeholders in its decision making. Further information can be found in the s172 statement on pages 108-109.

Board Meetings

The Board had seven scheduled meetings during the year. Directors' attendance at scheduled Board meetings held during the year is set out on page 90.

Additional unscheduled Board meetings were held when circumstances required the Board to meet at short notice. The Board also approved a number of matters during the year by written resolution.

Agendas for each scheduled Board and Committee meeting are prepared in advance and are aligned with the approved annual Board and Committee programmes. For each scheduled Board meeting there are a number of standing items such as the Chief Executive Officer and

Chief Financial Officer Reports. All matters are given due consideration by the Board and are reviewed at the appropriate point in the regulatory and financial cycles. Flexibility is retained in the programmes to include additional items requested by the Board, Committees or senior management. The key activities of the Committees during the year, can be found in the Committee Reports.

Directors are provided with papers at least five days in advance of each Board or Committee meeting, where possible, and meeting packs are provided on a secure Board portal. The Chairman has calls with each of the Non-Executive Directors in advance of each scheduled Board meeting to discuss the papers and the business of the meeting. Even if a Director is unable to attend a meeting because of exceptional circumstances, they will continue to receive all the material for the meeting and have an opportunity to have a briefing discussion with the Chairman in advance. Feedback is provided to the Directors unable to attend on the decisions taken at the meeting.

Non-Executive Directors communicate directly with senior management between Board and Committee meetings, where required. Members of the Group Executive Team also present at the annual strategy Board meeting and at other times during the year on their areas of responsibility, along with members of their teams. During the year, the Chairman had weekly catch ups with the Chief Executive Officer and

regular catch ups with the General Counsel and Company Secretary and Chief Financial Officer.

Meetings of the Non-Executive Directors, without the presence of the Executive Directors, are scheduled in the Board's annual programme. During the year, Non-Executive Directors met on two occasions without the Executive Directors. These meetings provide the Non-Executive Directors with the opportunity to share experiences and discuss wider business topics, fostering debate in Board and Committee meetings and strengthening working relationships.

How Governance Supports Strategy

Biffa has a clear strategy for growth and the Board is responsible for delivering value for our shareholders by setting the Group's strategy and overseeing its implementation by the Group Executive Team and management.

The Board carries out an annual strategy review, which in FY22 was done in December 2021. At this meeting the Board received presentations from the Group Executive Team on the strategies for the business and on innovation. The Executive Directors also presented the Group Strategy Plan, which was approved by the Board. The Board receives updates on strategy progress at each scheduled Board meeting. Further information on the Company's strategy can be found on page 28.

Newhurst ERF Site Visit

In April 2022, the Board visited the Newhurst Energy Recovery Facility in Leicestershire which is in the final stages of construction. The Board received a presentation from management, setting out the history of the development, corporate structure, financial data, health and safety information and progress to date.

The Board had the opportunity to walk around the site, meeting employees from Biffa, and its partner Covanta and viewing the tipping hall, boiler hall, waste bunker and turbine hall. The Board were impressed with the scale and structure of the site and look forward to returning when the site has been commissioned.



For more information
biffa.co.uk/case-studies

Statement on 2021 Annual General Meeting Resolution Votes Against

At the Company's AGM held on 19 July 2021, the total votes in favour of the re-election of the Chairman, Ken Lever, were below 80%.

As previously reported, the Company has extensively consulted and engaged with major shareholders to better understand concerns regarding the resolution to re-elect the Chairman. The feedback received was that the votes against the re-election of the Chairman were influenced by his board commitments not meeting numerical overboarding guidelines and the Board not meeting the gender diversity requirements of some shareholders and proxy advisers.

Overboarding

Recognising the concerns of some shareholders, the Chairman gave a commitment in June 2021 to review his board appointments with a view to complying with numerical overboarding guidelines by the time of the Company's AGM in 2022.

The Chairman stood down as a director of Blue Prism plc following the delisting of that company in March 2022. In addition, the Chairman has informed the Board that, following a series of corporate actions, the principal shareholder of Rockwood Strategic plc (Rockwood) has changed and that company is no longer in run off. The new chair of Rockwood is reviewing

the composition of the Rockwood board but as the Chairman is the only remaining director, and is therefore important for the continuity of that board, he has agreed to remain on the Rockwood board for a period of time until the new board composition is settled. The work involved for a small AIM listed investment company is substantially less than a fully listed board role.

During the Chairman evaluation process, David Martin (Senior Independent Director) discussed at length with other Board members the Chairman's time commitment. The Board remained of the firm view that the Chairman devotes more than sufficient time to his duties and is always available to give issues at hand the time and attention they require. The Chairman has also confirmed that if an event was to arise which required an additional time commitment he would ensure that he was available.

Gender Diversity

At the time of the AGM in July 2021, the Board had two female members (a total of 29%). Following the appointment of Linda Morant to the Board on 1 December 2021, female Board representation increased to 43%. The Company has now exceeded its objective of reaching the Hampton-Alexander Review target of one third female representation by its AGM in July 2022.

Activities of the Board continued

Key Board Activities for FY22

Strategy	Stakeholder
Board Strategy <ul style="list-style-type: none"> Considered and approved the Group Strategy Plan. Received progress updates from the Executive Directors on the Groups Strategy Plan. 	●●●●●●
Business Transformation <ul style="list-style-type: none"> Received updates on the progress of the business transformation plan. 	●●●●●
Acquisitions and Capital Investment <ul style="list-style-type: none"> Considered and approved the acquisition of the collections business and certain recycling assets of the Viridor Group. Received regular updates on the M&A pipeline. Received updates on M&A integration. Reviewed the planned capital expenditure required to fulfil the DRS contract. 	●●●●●●
Workforce and Culture	Stakeholder
Workforce <ul style="list-style-type: none"> Received updates from David Martin, the designated Non-Executive Director for workforce engagement, and approved the workforce engagement plan for FY23. Reviewed and approved the Group's new values. Received an update from the Group HR Director on our people strategy and priorities for FY23. 	●●●●●●
Whistleblowing <ul style="list-style-type: none"> Received updates on whistleblowing matters (from the Audit Committee) 	●●●●
Business Performance	Stakeholder
Operational Performance <ul style="list-style-type: none"> Received regular reports from the CFO on business performance, health & safety performance and people. Received operational performance reviews throughout the year. Received an update on IT security and governance. Received regular updates on the performance of CSC. 	●●●●●●

Company Shop Group Site Visit

The Board were pleased to resume site visits in September 2021, following relaxation of Covid-19 restrictions, with their visit to the Company Shop Group.

The day began with a site visit to the Community Shop in Athersley to see the fantastic work the team are undertaking in the community. The Board had an opportunity to meet employees and customers and see first hand how Community Shop, as well as offering access to its members to deeply discounted food, is providing its members with life-changing learning and development programmes.

The Board went on to visit Company Shop Group's headquarters and received a presentation from management, walked around the distribution centre in Tankersley and the store where members enjoy a unique way of shopping, offering them surplus products from well known brands at amazing prices. In addition, the Board held a dinner with senior management, where David Saikou, non executive director of Company Shop Group, was the pre-dinner speaker.



For more information
biffa.co.uk/case-studies

Finance and Risk	Stakeholder
Financial Management <ul style="list-style-type: none"> Received regular reports from the CFO on financial performance across the Group Received regular reports on investor relations Approved two private placement issuances in July 2021 and February 2022 	●●●●●●●●
Budget <ul style="list-style-type: none"> Reviewed and approved the budget for FY23. 	●●●●●
Results and Regulatory Reporting <ul style="list-style-type: none"> On the recommendation of the Audit Committee, reviewed and approved the full-year results announcement for FY21, half-year results announcement for FY22 and the September and March Pre-Close Trading Statements for FY22 On the recommendation of the Audit Committee, approved the going concern and long-term viability statements in the FY22 half-year results and the FY21 Annual Report and Accounts 	●●●●●●●●
Dividends <ul style="list-style-type: none"> On the recommendation of the Audit Committee, approved the re-establishment of the Company's dividend policy and the payment of an interim dividend for FY22. 	●●●●●●●●
Risk and Internal Control <ul style="list-style-type: none"> Considered and reviewed the Group's principal risks and emerging risks Received updates from the Audit Committee on current and emerging risks and internal control effectiveness Particular focus was put on the assessment of the risk and internal control effectiveness in relation to the ongoing landfill tax enquiry. 	●●●●●
Governance, Compliance and Regulatory	Stakeholder
Board Evaluation <ul style="list-style-type: none"> Approved the internally facilitated Board evaluation and received a presentation on the results Received a progress update on the FY22 Board evaluation actions. 	●●
Modern Slavery <ul style="list-style-type: none"> Received an update on the progress made and actions for FY22 on modern slavery. Approved the Company's 2021 Modern Slavery Statement. 	●●●●●●●●
Gender Pay Gap Report <ul style="list-style-type: none"> Following recommendation from the Remuneration Committee, approved the 2022 Gender Pay Gap Report. 	●●●●●●
Sustainability <ul style="list-style-type: none"> Undertook a deep dive on UK waste policy and the regulatory environment. 	●●●●●●●●
AGM <ul style="list-style-type: none"> Approved the notice of meeting for the 2021 AGM. 	●
Governance <ul style="list-style-type: none"> On the recommendation of the Nomination Committee, approved the appointment of Linda Morant as a Non-Executive Director and changes to the Board Committees Received updates on material litigation matters Approved an application to the Supreme Court for leave to appeal the EVP/fluff matter following a recommendation from the EVP Committee Received updates on shareholder engagement. Received updates at every meeting on the HMRC landfill tax enquiry. This led to extensive discussions with management and external specialists and assessments of internal controls. Received updates on the possible offer from Energy Capital Partners Received updates on Disclosure Committee meetings held to consider disclosures under MAR. 	●●●●●●●●
Policy and Procedures <ul style="list-style-type: none"> Reviewed and approved updates to Group policies throughout the year, including the Board Diversity and Inclusion Policy Approved a revised Delegated Authorities Policy and Matrix. 	●●●●●●●●
Key to stakeholder groups <ul style="list-style-type: none"> ● Employees ● Customers ● Investors ● Suppliers ● Government & Regulators ● Environment & Communities 	

Stakeholder Engagement

Engaging and listening to our stakeholders

Stakeholder	What matters to them	How the Board engaged
Employees <p>We have a team of more than 10,000 talented and diverse colleagues who support Biffa's purpose of changing the way people think about waste. We pride ourselves on having an open and honest relationship with our workforce, empowering them to have their say, whilst ensuring they remain supported. We engage with each other respectfully, encourage each other and help make Biffa a fair, inclusive and fun place to work.</p>	<ul style="list-style-type: none"> • Pay and benefits. • Communications • Development and career opportunities. • Diversity and inclusion • Wellbeing, specifically mental health support. • Senior leader visibility. 	<ul style="list-style-type: none"> • David Martin, our Non-Executive Director for workforce engagement attended various workforce events during the year, and a presentation on the results of the annual employee engagement survey. See page 52 for more details and the feedback that he gave to the Board. • David Martin and Claire Miles, Chair of the Remuneration Committee, attended an employee forum during the year to engage on executive remuneration. • The Board received presentations from the Group HR Director and her team on a number of workforce related matters including the Company's new values which were finalised following feedback from the BIG employee forum. • The Nomination Committee received a presentation on diversity and inclusion in September 2021. • The Board met with senior leaders during the year, through presentations at Board and Committee meetings and the visits to Company Shop Group in September 2021 and at Newhurst ERF in April 2022. See page 98 and page 100 for details. • All the Directors have access to our employee app, Biffa Beat, giving them the ability to view employee feedback on announcements and other communications.
Customers <p>We care about our customers and their needs. Every day we provide essential services to a wide range of customers across the UK, from large corporates to thousands of local businesses and to local authorities. We focus on delivering excellent services consistently as promised every time. Our sustainable approach, responsiveness to customer needs and delivery makes us the first choice for customers.</p>	<ul style="list-style-type: none"> • Consistent, reliable, cost-effective services. • Health and safety of our people and the general public. • Reduction in carbon emissions from operations to reduced climate change impact. • The impact of proposed waste regulatory changes on customer businesses. • Innovation, including tools to provide better insight into where their waste goes. • Social value and in particular the work we are doing with WasteAid to improve waste infrastructure in developing nations. • Ability to self-serve online through dedicated customer portal. • Reduction in service cost by optimisation of services. 	<ul style="list-style-type: none"> • The Board receives updates at Board meetings on customers through the CEO's report. • The CEO and CFO engage with customers during the year.

Positive relationships with our stakeholders, who have an interest in our business and may be impacted by the decisions we make, are key to our long term success.

This section provides an overview of how our business and our Board engaged with our stakeholders during the year to understand what matters to them and the outcomes of that engagement. You can read more about how our Board take into consideration stakeholder views and other factors in their decision making in the s172 statement on pages 108-109.

How our business engaged	How we listened
<ul style="list-style-type: none"> • Our employee app, Biffa Beat, company intranet, online Q&A service with our CEO and CEO vlogs. • All employee and leadership calls with the Group Executive Team which include the opportunity to ask questions. The all employee calls are recorded and made available on Biffa Beat. • BIG, our employee forum, designed to encourage two-way direct and positive communications with our colleagues, particularly those in operational roles. • Printed and digital newsletters. • Biffa Buzz – our annual engagement survey. • Conferences and award events, including our ‘Diamonds Awards’ and leadership and manager conferences. • Employee Resource Groups such as Women in Waste and Pride. • Green little acts – see page 12. • Working with WasteAid – see page 13. 	<ul style="list-style-type: none"> • Increased Biffa minimum wage (see page 47). • Continued our ShareSave scheme, allowing employees the chance to buy shares in Biffa at a discounted rate and our Eco Drive scheme as a tax efficient way to lease an environmentally friendly electric car. • Held our first in-person BIG employee forum meeting, which allowed colleagues to meet with our senior team and Board members and discuss what’s important to them (see page 52). • Launched a new set of values, in collaboration BIG, our employee forum. • Published a training catalogue with opportunities to develop and grow and promoted our Know How learning platform for general training. • Launched mentoring programme and feminine fit PPE through the Women in Waste group. • Launched a new suite of Family Friendly policies (see page 55) and a Pride campaign, to bring awareness to the LGBTQI+ community. • Enhanced our E.N.E.R.G.Y programme with various wellbeing challenges and awareness days, including a real focus on mental health (see page 51).
<ul style="list-style-type: none"> • Re-established ‘in person’ engagement with customers, in addition to the continuation of virtual meetings. • Workshops held through the year with key Biffa experts on topics such as waste strategy creation, packaging surgeries, supply chain audits, etc. • ‘Waste walks’ with customers at their manufacturing sites to help them identify opportunities for surplus redistribution. • Customer attendance at various webinars, including our ESG webinar and the virtual conference, which was in aid of the COP26 summit. • A return to site visits and on-site engagement as Covid-19 restrictions eased. 	<ul style="list-style-type: none"> • Supported customers throughout the driver shortages ensuring continuity of essential services. • Identified sustainable packaging solutions with our customers (see page 14). • Continued to support corporate customers with their long-term ambition to achieve 100% diversion from landfill target. • Various waste segregation initiatives, including the launch of Waste Munchers online game, designed to engage customers, particularly SMEs, on where their waste goes. • Developed the MyBiffa customer portal (which launched in early FY23).

Stakeholder Engagement continued

Stakeholder	What matters to them	How the Board engaged
Investors As a FTSE 250 listed business we work with our investors, shareholders, analysts, lenders and rating agencies to ensure they have a good understanding of Biffa and help them to recognise us as a strong, sustainable investment opportunity.	<ul style="list-style-type: none"> Financial and business performance including: <ul style="list-style-type: none"> – recovery in volumes as restrictions have been lifted – cost inflation and the ability to offset through pricing – driver availability and other supply chain challenges – commodity prices – ESG performance Progress in our strategic investment areas: <ul style="list-style-type: none"> – Reduce – Company Shop's financial performance and what the impact has been on the Group – Recycle – Progress in our PET plant development (including customer acceptance at Seaham) – Recover – Energy Recovery Facilities build progress – Collect – completion and integration of Viridor & Simply Waste acquisitions and delivery of synergies, as well as the M&A pipeline Progress against our sustainability strategy objectives Future capital allocation. Regulatory and legislative environment 	<ul style="list-style-type: none"> Our Annual General Meeting was subject to Covid 19 restrictions but shareholders were given the opportunity to join the meeting remotely and ask questions in advance. Our Chairman and Senior Independent Director met with our major shareholders ahead of our AGM in July 2021 Claire Miles, our Remuneration Committee Chair, wrote to our major shareholders on her appointment as Chair in September 2021 and followed up with a number of calls The CFO updated the Board on IR activities at each meeting, including any feedback received.
Suppliers Our suppliers play an important role in helping our business deliver for our customers. We form strong, sustainable and trusted partnerships and look to secure excellent value for money, whilst minimising risk in our supply chain.	<ul style="list-style-type: none"> Clarity around terms and conditions and order process requirements to ensure smooth and accurate payments within agreed terms. Engagement with the Company and opportunities to join external events Sustainability strategy and reducing carbon emissions Future strategy and growth of the business Long term partnerships. 	<ul style="list-style-type: none"> The Sustainability Committee received a presentation on the Group's strategic suppliers during the year The Board receives updates on suppliers through the CEO's report. During the year, the CEO and CFO engaged with suppliers as part of the Group's wider supplier relationship program

How our business engaged

- Half and full year results virtual presentations and roadshows
- Analyst calls and trading updates
- Investor brief emails around key announcements
- CEO, CFO and Head of Investor Relations have regular dialogue with investors, including virtual 1:1s with shareholders and non-holders, lenders and noteholders
- Attended virtual conferences throughout the year
- Investor site visits to Company Shop Group and our Polymers business
- Through the Company's website, the principal medium through which results and other news releases such as acquisitions, contract wins and new strategic initiatives are published, including key financial calendar information, details of live webcasting services for key presentations and the source of past key presentations and announcements.

How we listened

- On-going reporting on capital committed in strategic investment areas.
- Demonstration of our volume recovery and management of cost inflation, driver availability and supply chain challenges
- Held ESG Webinar for investors to provide further detail on our Sustainability Strategy and progress against our targets

-
- Supplier surveys.
 - Regular review meetings.
 - Formal supplier relationship management programmes and direct engagement looking at commercial, operational, environmental, social and governance issues
 - Supplier score carding and balance of trade reviews.

- We have been standardising our supplier payment terms and refreshed our general terms and conditions whilst making them more accessible to both employees and suppliers to ensure consistency across the supply base. Whilst Biffa's standard terms remain 60 days for large companies, we have been actively pursuing a policy to bring micro and SME suppliers wherever possible down to 30-day terms
 - Suppliers are invited to attend all large scale events.
 - Carbon emissions data is shared between suppliers and Biffa as part of our Scope 3 emissions requirements.
 - We share information around projected volumes and Biffa's growth strategy to give suppliers the best possible opportunity to meet future supply demands, allowing them to make more informed decisions around scaling up or scaling down their businesses.
 - Working with our suppliers to donate surplus stock (see page 15).
-

Stakeholder Engagement continued

Stakeholder	What matters to them	How the Board engaged
<p>Government and Regulators</p> <p>The UK waste sector's policy framework is devised by the UK Governments (comprising England, Wales, Scotland and Northern Ireland). As leaders in the UK waste industry, we are working closely with the UK Governments as they develop their Resources and Waste Strategies and climate change prevention plans.</p> <p>Our industry is regulated by the Environment Agency (and equivalents in the UK devolved nations), Local Authorities and HMRC/ Revenue Scotland. We work closely with our regulators to keep them up to date of our activities and strategic priorities.</p>	<ul style="list-style-type: none"> • Consultation around new legislative changes, including the new Environment Act • The Environment Act also sets out the framework for Extended Producer Responsibility (EPR) (UK wide), Deposit Return Schemes (DRS) (Scotland already legislated for England Wales and Northern Ireland considering) and Collections Consistency in England 	<ul style="list-style-type: none"> • The Board received an update on UK Waste Policy and regulatory engagement in April 2021 • The Sustainability Committee received updates during the year on the UK legislation including the Environment Act and Resources and Waste Strategy
<p>Environment and Communities</p> <p>Sustainability is at the heart of our business. We're committed to changing the way people think about waste and doing the right things to protect our planet, which includes minimising our carbon footprint whilst delivering the most environmental, social and financial value from the resources we collect. We are also proud to give something back to the communities we serve and in doing so create value for all our stakeholders.</p>	<ul style="list-style-type: none"> • Tackling modern slavery, how we are mitigating the risks to support local communities • How we are bringing social value to our communities through our operations • The processes we have in place to ensure the health and safety of our people, customers and communities. • Biffa's role in a circular economy (including plastics recycling and consumer behaviour). • Biodiversity, restoring former landfill sites to enable new species to be introduced and maintaining diverse and functioning ecosystems • Food waste, Biffa's actions to dispose of or avoid food waste through Company Shop Group operations • Energy recovery, as a means of diverting waste from landfill and providing base load localised energy sources. • Carbon emissions from Biffa's operation, to prevent climate change impacts on the environment • Community relations, how Biffa engages with local communities and investment in those communities • Leadership and governance, including transparency in sustainability reporting • Ongoing management of local environmental impacts e.g., odour 	<ul style="list-style-type: none"> • The Board receives updates at every meeting on health & safety • The Sustainability Committee receives updates at every meeting on how the Group is progressing with the Company's sustainability targets. • The Board received an update and approved the Company's modern slavery statement in September 2021 • The Board undertook a site visit of Company Shop Group in September 2021.

How our business engaged

- Participation in expert working groups, Government consultations, waste sector liaison groups and councilor training.
- Meeting with key Government figures including Kwasi Kwarteng, Secretary of State at the Department of Business, Energy and Industrial Strategy (BEIS), Jo Churchill Parliamentary Under Secretary for Department for Environment, Food and Rural Affairs and Mark Pawsey, member of BEIS and Chair of the All-Party Group for Packaging

How we listened

- Input to, and member of, industry working groups – the ongoing dialogue enables Biffa to better understand the development of the policy and regulations
- Responses to statutory consultations and calls for evidence, including DRS and Collections Consistency.
- Liaison over new national policy and regulation issues
- Publication of Biffa “Reality Check” report series on website, including latest report ‘From Waste Hierarchy to Carbon Hierarchy: Biffa’s Blueprint for Waste Net Zero’

-
- Attend parish council and local liaison meetings.
 - Invite community members to our sites (outside of Covid-19 restrictions)
 - Participate in volunteering and fundraising activities.
 - Regular newsletters, website articles, blogs and social media updates
 - Educating school children on waste and recycling.
 - Engaged with Jobcentre Plus to attract candidates from our diverse communities

- Direct contributions through community, sponsorship and fundraising.
- Continued investment in UK circular economy infrastructure.
- Local project funding through Biffa Award scheme.
- Review of scope 3 carbon emissions as part of our commitment to the Science Based Targets initiative and our commitment to achieving net zero emissions by no later than 2050
- Social value delivered through Company Shop Groups Community Shop
- Helping young people into employment through the Government’s Kickstart scheme
- Biodiversity campaigns to promote and provide habitats for pollinating species.
- Established relationships with Homeless.co.uk and Simon Community Scotland

Discharging Directors' Duties

How the Directors Discharge their Section 172 Duties

The Directors have a duty under s' 172 of the Companies Act 2006 (s172) to promote the success of the Company for the benefit of its members. In doing so, they must have regard to the interests of our employees, the business relationships with our suppliers and customers, the impact of our operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

To be able to fulfil their s172 duty when making decisions, it is essential that the Directors understand what matters to the Company's stakeholders. Details of our key stakeholder groups and how the business and the Board have engaged with them during the year are set out on pages 102-107.

Much of the stakeholder engagement at Biffa is carried out at a business level. The Board receives details of stakeholder engagement *and their interests through presentations* from the Executive Directors and senior management and the Board papers. All Board papers for principal Board decisions contain a section on s172 and stakeholder interests.

A key responsibility of the Board Sustainability Committee is overseeing stakeholder engagement on behalf of the Board. Further details are set out in the Sustainability Committee Report on page 117.

In addition, the Directors also engage directly with our investors and our employees. Employee engagement is primarily conducted through David Martin, our nominated Non-Executive Director for Workforce Engagement (see page 52). Site visits and Board dinners also provide an opportunity for direct engagement with employees. For further information see pages 28 and page 100.

Examples of some of the principal decisions that the Board has taken during the year and how s' 172 considerations have been factored into the Board's decision making are set out opposite.

How the Board fulfil their s172 duties

Each of the Directors is aware of their Director's Duties and has received training on s' 172.



All Board papers for principal Board decisions contain a section on s' 172 and stakeholder interests.

Our Board directly and indirectly engages with our stakeholders. Read more on pages 102-107.



s' 172 factors are considered in the Board's discussions on strategy, including how they underpin the Company's long-term success.

The Company's open and honest culture helps ensure there is proper consideration of the impact of Board decisions on our stakeholders.

The Board considers the quality of information it has received and seeks assurance where appropriate.



Outcomes of Board Decisions are assessed and further engagement with stakeholders is undertaken where appropriate.

As a result of the Board's engagement, the necessary actions are taken.

Further information on how s' 172 has been applied by the Directors can be found throughout the Annual Report:

s172 duties	Read more	Pages
Consequences of decisions in the long-term	Our Sustainable Business Model	08-09
	Principal Risks and Uncertainties	76-83
	Viability Statement and Going Concern	89
Interests of employees	Board Activities	100-101
	Non-financial Information Statement	84-88
	Caring for our people, supporting our communities	47-57
	Employee Engagement	52
	Diversity and Inclusion	54
Fostering business relationships with suppliers, customers and others	Culture and Values	97
	Operating Review	66-75
	Sustainability Performance	34-35
	TCFD Disclosures	38-46
	Sustainability Committee Report	116-117
Impact of operations on the community and the environment	Non-financial Information Statement	84-88
	Culture and Values	97
	Whistleblowing	55
	Anti-fraud, Bribery and Corruption	53
	Modern Slavery	56
Maintaining high standards of business conduct	Shareholder engagement	104
	Voting Rights	142
Acting fairly between members		

Board Decision Making

Examples of principal decisions of the Board

Acquisition of Viridor's collections business and certain recycling assets

During the year, the Board considered and approved the significant opportunity to acquire Viridor's collections business and certain recycling assets. The acquisition supports Biffa's strategic areas of 'reduce' and 'recycle' and long-term sustainability strategy.

Link to stakeholder groups
● ● ● ● ● ● ● ●

Board Discussion and s172 Considerations

- The long-term financial benefits to the Group from post synergy returns and the significant earnings enhancement that would benefit the Company's investors, along with the how the acquisition would support the Group's sustainability strategy benefiting a wide range of stakeholders.
- How the acquisition would be perceived by the Group's workforce and the uncertainty it might bring to both existing and new staff during the integration period. They further took into account the positive impact the increased number of staff, job roles and opportunities would have on those employees following the acquisition.
- The combination of the businesses provides a wider, integrated service offering to Biffa's customers and a broader Group customer base and supply requirement.
- The acquisition would have a positive impact on the environment and local communities following the integration of the businesses with reduced road congestion and CO₂ emissions.

See page 18

Dividend

Due to the Group's strong recovery from the Covid-19 pandemic, in November 2021 the Board approved re-instating dividends and paying an interim dividend for the year.

Link to stakeholder groups
● ●

Board Discussion and s172 Considerations

- The importance of dividends for the long-term success of the Company.
- The key views of the Company's investors with dividend payments being an important element of the Group's investment case and in line with investor expectations.
- The benefit to those employees who participate in the Company's share schemes or hold shares through private pensions or other investments.

See page 60

Private placement loan notes issuance

The Board approved the issuance by the Company of £150m loan notes in August 2021 to maintain adequate funding headroom following the acquisition of Viridor. This was followed in February 2022 by the issuance of £195m loan notes, the funds of which were used to reduce the drawdown on the Company's revolving credit facility and provide additional headroom for future growth in the business.

Link to stakeholder groups
● ● ● ● ● ● ● ●

Board Discussion and s172 Considerations

- The benefits to the long-term success of the Group of 7-12-year monies, diversifying the Company's source of debt and reducing exposure to variable interest borrowing in an environment of increasing interest rates.
- The funding is linked to the Group's sustainability-linked finance framework, aligning the Group's funding strategy with the Sustainability Strategy which will bring benefit to a broad range of stakeholders.
- The additional headroom for future growth in the business supporting the Group's investment areas and bringing benefits to stakeholders.

See page 61

Key to stakeholder groups

● Employees ● Customers ● Investors ● Suppliers ● Government & Regulators ● Environment & Communities

Division of Responsibilities

The Board members have clearly defined roles and responsibilities, which are set out below. They also have a range of skills, knowledge and experience that is relevant to the successful operation of the Board (see the biographies on pages 92-93 and Board Composition and Skills table on page 115).

Independence of the Non-Executive Directors

The Nomination Committee, on behalf of the Board, reviews the independence of the Non-Executive Directors annually and has confirmed to the Board that it considers each of the Non-Executive Directors to be independent in accordance with the Code.

Time Commitment

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role. During the year, the Nomination Committee considered the time commitment of all the Non-Executive Directors and were satisfied that the required time commitment from each of them remains appropriate.

Additional Appointments

All Directors are required to consult with the Chairman and obtain Board approval before taking on any additional appointments. Executive Directors are not permitted to take on more than one non-executive directorship of a FTSE 100 company or other significant appointment. As part of the selection process for any new Board candidates, any significant external time commitments are considered before an appointment is agreed. Further information on the appointment process of new Directors can be found on page 112.

Roles and Responsibilities

Chairman – Ken Lever

- Leads the Board and is responsible for its overall effectiveness.
- Facilitates constructive Board relations and the effective contribution of all Non-Executive Directors.
- Promotes a culture of openness and debate.
- Engages with stakeholders and ensures their views are understood and considered appropriately in Board decision making.
- Sets the agenda and drives Board effectiveness.
- Ensures that the Board receives accurate, timely and clear information.

Senior Independent Director – David Martin

- Provides a sounding board for the Chairman.
- Serves as an intermediary for the other Directors and shareholders, where necessary.
- Leads the annual appraisal and review of the Chairman's performance.

Non-Executive Directors – Carol Chesney, David Martin, Claire Miles and Linda Morant

- Responsible for bringing an external perspective.
- Provide sound judgement and objectivity to the Board's deliberations and decision making.
- Support and constructively challenge the Executive Directors using their broad range of experience and expertise.

Independent Non-Executive Director for Workforce Engagement – David Martin

- Responsible for helping to ensure the views and concerns of the workforce are taken into account by the Board and its Committees.

Chief Executive Officer – Michael Topham

- Responsible for the day-to-day running of the Group's businesses.
- Responsible for the development and implementation of the strategy and the Group's overall performance.
- Facilitates effective two-way communication between the Board, the business, the workforce and other stakeholders.
- Leads the Group Executive team.
- Represents the Company externally to all stakeholders.

Chief Financial Officer – Richard Pike

- Supports the Chief Executive Officer in developing and implementing strategy.
- Oversees the day-to-day financial activities of the Group.
- Responsible for the preparation and integrity of financial reporting.
- Ensures the maintenance of effective internal control and risk management procedures.
- Oversees the Company's relationship with its investors.

Company Secretary – Sarah Parsons

- Supports the Board to ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.
- Advises the Board on all governance matters.
- Supports the Chairman and the Chief Executive Officer in the delivery of the corporate governance agenda.
- Facilitates the Directors' induction programmes and assists with professional development.
- Provides advice, services and support to all Directors, as needed.

Composition, Succession and Evaluation

Board Evaluation

As required by the Code, there is an annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. The evaluation helps to identify areas for improvement and informs training plans for the Directors.

There was an externally facilitated Board and Committee evaluation in FY21 and therefore the Board agreed for FY22 that the evaluation should be conducted by the Company Secretary by way of an online questionnaire.

FY22 Board Evaluation

All Directors, regular meeting attendees and the Company Secretary were invited to complete separate Board and Committee questionnaires covering all aspects of Board and Committee performance, which included:

- Board/Committee composition
- Conduct of meetings.
- Corporate strategy, purpose, values and culture

- Transactions and approvals.
- Risk management and internal controls.
- Measuring and monitoring performance.
- Stakeholders

Additional questions were included to assess progress with the areas of focus that were identified from the FY21 externally facilitated Board and Committee evaluation.

The participants were asked to score 29 statements on a scale of 1 to 5 and provide written comments, including areas for improvement.

FY22 Board and Committee Evaluation Findings

The results of the Board and Committee evaluations were presented to the Board for discussion at its meeting in March 2022.

The overall assessment is that the Board continues to operate effectively and has performed well during the year, with the overall scoring up from FY20, which is when the last internally facilitated evaluation took place.

The review of the Committees confirmed that they continue to operate effectively, with no significant matters raised.

The Board agreed that, with input from the Company Secretary, the Chairman and Chairs of each of the Committees should identify any actions for the Board and Committees for FY23. Further information on the actions for FY23 will be provided in the Annual Report and Accounts 2023.

In addition to the review of the Board and its Committees, the Chairman reviewed the performance of each Director and the Senior Independent Director led a review of the performance of the Chairman. It was agreed that each Director continues to contribute effectively.

Update on FY21 Board Evaluation Outcomes

The FY21 Board performance evaluation was externally facilitated by Claire Chalmers and James Littlefair of Claire Chalmers Limited and is described in further detail in the Annual Report and Accounts 2021 on page 95.

The evaluation identified a number of areas of focus for FY22 with good progress made in all these areas during the year.

Focus Area	Actions during FY22
Increasing the Board's awareness of customers, and, suppliers as well as potential regulatory changes and the regulatory relationship.	The Board received presentations on the regulatory relationship and landscape and customers during the year at Sustainability Committee meetings. A presentation on customers has been included in the FY23 Sustainability Committee programme.
Making more room for performance review in the Board agenda.	A post-investment review for acquisitions by the Company was presented to the Board during the year. Business reviews were also completed for the Specialist Services Industrial and Company Shop Group businesses.
Continuing to improve the quality and timeliness of Board papers to include ensuring thorough s172 compliance.	Progress was made during the year on consistency of Board and Committee papers. Timeliness of papers was also improved overall.
Continuing focus on succession, development and talent to maximise potential across the business.	A talent and succession review was presented to the Nomination Committee during the year. The Board also had dinner with a number of senior leaders.
Greater use of external contributors at Board meetings or as pre-dinner speakers to increase Board knowledge and awareness of relevant business matters.	David Salkeid, Non-Executive Director of Company Shop Group, was a pre-dinner speaker at a Board dinner during the year.

Composition, Succession and Evaluation continued

Conflicts of Interest

Under the Company's Articles of Association, the Board may authorise any actual or potential conflicts of interest and impose limits or conditions as appropriate. The Board has a detailed process for the management of conflicts of interest which is monitored by the Nomination Committee on its behalf. The Directors are required to disclose any conflicts of interest on appointment and then as they arise for consideration by the Board.

Following the annual review in January 2022, the Nomination Committee, on behalf of the Board, noted that there were no current conflicts of interest and each Director confirmed that there were no new conflicts of interest to report.

Board Appointments Process

The Board has a formal and transparent procedure for the appointment of new Directors to the Board which it has delegated to the Nomination Committee. This process includes taking into account the annual Board composition review by the Nomination Committee to ensure that any new appointments complement or address any identified gaps in Board skills, knowledge, experience or diversity.

The Nomination Committee ensures that the selection process is rigorous and transparent and, if appropriate, it will appoint a professional external search firm. Candidates from a wide range of backgrounds that meet the role specification will be considered and all appointments will be made entirely on merit, with due regard to the benefits of all aspects of diversity.

Directors' Induction

On their appointment to the Board, all new Directors receive a comprehensive and tailored induction programme coordinated by the Company Secretary.

For Claire and Linda this included:

- A presentation on their duties as a director of a UK premium listed company
- Introductory meetings with the other Directors, the Group Executive Team members and Heads of Group Functions

Training and Development

During the year, the Board received a corporate governance update on remuneration matters from FIT, our external Remuneration Advisor, and corporate governance updates from an audit and risk perspective from the External Auditor.

In addition, the Directors undertake their own training and development which has included during the year topical updates on corporate governance, technology, sustainability, and cyber security matters.

Site Visits

In order to facilitate greater understanding and awareness of our business and to meet management, visits to key sites are incorporated into the annual Board programme. During these visits, the Directors receive briefing sessions from local management, allowing them to ask questions, learn about the business and spend time with different teams and individuals to observe and experience first hand how the culture and values are embedded across the Group. Further information on the Board's site visits during the year can be found on page 98 and page 100.

Appointment of Linda Morant

During the selection and appointment process undertaken in 2021 for the appointment of Claire Miles (see the Annual Report and Accounts 2021 for details), the Nomination Committee was made aware of Linda Morant as a potential candidate.

The selection and appointment process was undertaken by professional external search firm, Spencer Stuart. Spencer Stuart has no other connections to the Company or any individual director.

Linda was included in the comprehensive interview process, however, due to Linda's availability at that time, the Committee agreed that her appointment to the Board should be considered, if an additional Non-Executive Director position became available later in the year.

In September 2021, the Committee were made aware of Michael Averill's intention to retire from the Board on 31 December 2021 and following a thorough due diligence, and referencing process, the Committee recommended the appointment of Linda to the Board as a Non-Executive Director, Chair of the Sustainability Committee and member of the Nomination Committee with effect from 1 December 2021.

In addition, Claire prepared for her appointment as Remuneration Committee Chair with a series of meetings with the Company's remuneration advisers, FIT, and the Group HR Director.

Linda undertook a number of meetings with the Corporate Affairs Director to discuss sustainability matters to assist with her new role as Sustainability Committee Chair.

Nomination Committee Report

Nomination Committee Report

"The Committee is pleased to see that the Company has a capable and highly experienced senior leadership group."

Ken Lever

Chair of Nomination Committee

Meetings held

2

Overall attendance

100%

Members and attendance

Member	Attendance
Ken Lever (Chair)	100%
Michael Averill ¹	100%
Carol Chesney	100%
David Martin	100%
Claire Miles	100%
Linda Morant	100%

¹ Resigned from Committee on 27 September 2021

I am pleased to present the Nomination Committee (Committee) Report on behalf of the Board for the year.

As outlined in my statement on page 91, there have been a number of changes to the composition of the Board and its Committees during the year.

In April 2021, we welcomed Claire Miles to the Board as a Non Executive Director. Details of Claire's appointment process can be found on page 94 of the 2021 Annual Report and Accounts.

In September 2021, Michael Averill announced that he would retire from the Board in December 2021, following his decision to relocate to Australia.

Linda Morant was appointed as a Non-Executive Director to the Board and Chair of the Sustainability Committee with effect from 1 December 2021. The Committee led the process for Linda's appointment during the year. Further details can be found on page 112.

In addition, Claire Miles was appointed Chair of the Remuneration Committee with effect from 7 September 2021 and a member of the Nomination Committee and Sustainability Committee as of 6 September 2021 and the Audit Committee as of 1 January 2022.

During the year, the Committee focused on the Group's diversity and inclusion policies and initiatives, including the revision of its Board Diversity and Inclusion Policy. Further information on this can be found on page 115.

The Committee monitored succession planning at Board and Group Executive level and continued to recognise the importance of developing our people through a diverse talent pipeline. The Committee received an update on key activities undertaken including an update on the outcomes of the talent review of the Group's senior leadership team. The Committee was pleased to see that the Company has a capable and highly experienced senior leadership group, however it was noted that further investment in the talent pipeline was needed to ensure the Group has the resources to lead and support growth.

During the year, an evaluation of the Board and its Committees was undertaken in accordance with the Committee's Terms of Reference. Further information can be found on page 111.

Our priority areas for the coming year will be to continue to focus on succession planning and to ensure we have a diverse talent pipeline with the right capabilities across the Group.

Ken Lever

Chair of Nomination Committee

Nomination Committee Report continued

Activities of the Committee

During the year, the Committee's key activities were as follows:

- Led the appointment process for Linda Morant
- Recommended to the Board the membership changes to the Audit Committee, Remuneration Committee and Sustainability Committee.
- Received an update on diversity and inclusion for the Group
- Recommended a revised Board Diversity and Inclusion Policy for approval by the Board
- Reviewed the structure, diversity, size and composition of the Board including considering Board succession planning.
- Reviewed succession plans for the Executive Directors, Group Executive Team and senior leaders
- Received an update on the talent review of the senior leadership team including an update on the Biffa Advanced Leadership Programme.
- Reviewed Non-Executive Directors' independence and time commitments and Board conflicts of interest.

Membership of the Committee and Attendance

The Committee, under the chairmanship of Ken Lever, currently comprises all of the Non-Executive Directors who are all independent.

The Company Secretary attends all the Committee meetings as Secretary to the Committee and, by invitation, they are also attended by the Chief Executive Officer, the Chief Financial Officer and the Group HR Director. Additional attendees are invited at the Committee's request.

The Committee held two scheduled meetings during the year. Attendance at those meetings is shown on page 113.

Role and Responsibilities of the Committee

The role of the Committee is to lead the process for Board appointments, ensure that plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession to ensure that the Group has the best talent to perform effectively now and in the future.

The Committee's responsibilities are set out in its Terms of Reference and include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.

- Succession planning for the Board and senior management
- Leading the process for Board appointments and making recommendations to the Board
- Assessing whether Directors can commit sufficient time to fulfil their responsibilities.
- Taking an active role in setting diversity objectives and strategies for the Company as a whole and monitoring the impact of diversity initiatives

Board Composition and Skills

The Committee annually reviews the composition of the Board and each of the Director's skills, experience and knowledge, taking into account tenure and diversity. The Committee considers that, following the recent Board and Committee changes, the current Board membership provides the right mix of skills, knowledge and experience. Information on each of the Directors' skills, experience and knowledge is set out opposite.

Succession Planning

During the year, the Committee reviewed the succession plans for the Board, the Group Executive Team and the senior management talent pipeline.

The Committee takes an active interest in the quality and development of talent and capabilities within Biffa, ensuring that appropriate opportunities are in place to develop high-performing individuals.

These opportunities include the Biffa Advanced Leadership Programme which is targeted at developing the capability of talented managers who have the potential to reach senior leadership roles.

In addition, during the year, the Committee received an update on the Company's first Graduate Programme with 12 graduates being recruited onto the 12 month development programme; the Company's support of the Government's Kickstart scheme, and the driver recruitment challenges and the work undertaken to establish a new Group driver recruitment service, as well as implementing a broad range of initiatives to attract and retain our drivers.

The Committee remains focussed on all aspects of talent attraction and management. Capability at all levels of the organisation is a key enabler of continued positive performance at Biffa.

During the year, the Board had an opportunity to meet high performing individuals during site visits, meetings and Board dinners. In September 2021, the Board met senior management from the Company Shop Group at the site visit and Board dinner, and in April 2022 the Board met senior management at their visit to the Newnurst ERF. The Board is looking forward to having further opportunities to meet high performing individuals during FY23.

Board Composition and Skills

Board Skills, Knowledge and Experience	Carol Chesney	Ken Lever	David Martin	Linda Morant	Claire Miles	Richard Pike	Michael Topham
Independence	●	●	●	●	●		
Functional background: Operations			●		●	●	●
Functional background: Finance	●	●	●			●	●
Functional background: Technology				●			
CEO and leadership experience		●	●	●	●	●	●
Waste sector						●	●
Logistics/networks			●	●	●	●	
M&A/restructuring	●	●	●		●	●	●
Governance and regulatory	●	●	●	●	●	●	●
International	●	●	●	●		●	
Stakeholder/IR/PR	●	●	●	●	●	●	●
Technology/e-commerce	●	●	●	●	●	●	●
Business evolution/strategy development	●	●	●	●	●	●	●
People	●	●	●	●	●	●	●
Sustainability		●		●		●	●

Diversity and Inclusion

The Board recognises that having a diverse, highly talented and skilled group of people at all levels within the Group is fundamental to the success of the business. It fully supports the Company's policy on diversity and inclusion and during the year received a detailed presentation on the activities that have been undertaken and the progress against its objectives in relation to this. Further information on the Company's Diversity Policy for employees can be found in the Non Financial Information Statement on page 85.

As reported last year, the Board is actively aware of the need for greater gender and ethnic diversity on the Board and

published its first Board Diversity and Inclusion Policy in November 2020, setting itself the objective to meet the Hampton-Alexander Review targets by July 2022 and the Parker Review target by the end of 2024. Following the changes to the Board during the year, those objectives have been met. See below for further details on our progress against the Board Diversity and Inclusion Policy objectives.

In January 2022, the Committee reviewed and recommended to the Board a revised Board Diversity and Inclusion Policy which included updated objectives. The Policy is available on the Company's website www.biffa.co.uk/investors/shareholder-information/corporate-governance

Board Gender Diversity¹

43%

Women on the Board

Male – 4

Female – 3

Group Executive Gender Diversity¹

44%

Women on the Group Executive

Male – 5

Female – 4

As at 31 August 2022

Our Progress against the Board Diversity and Inclusion Policy Objectives

Policy Objective	Progress
Support the recommendations set out in the Hampton Alexander Review with regard to gender diversity and maintain at least one third women on the Board.	At the beginning of the year, there were two women on the Board, which amounted to 29% of the Board. With the changes to the Board during the year, there are now three women on the Board which amounts to 43% of the Board. Following the appointment of Maxine Mayhew, Chief Operating Officer, Collections and Specialist Services in April 2022, there are now four women in the Group Executive Team out of a total of nine, which amounts to 44%.
Support the recommendations of the Parker Review on ethnic diversity and maintain at least one Director from an ethnic minority background on the Board.	With the changes to the Board during the year, there is one Board member from an ethnic minority background.

Sustainability Committee Report

Sustainability Committee Report

"Sustainability is at the heart of everything we do at Biffa."

Linda Morant
Chair of Sustainability Committee

I am pleased to present the second annual report of Biffa's Sustainability Committee (Committee) and the first report since I became Chair of the Committee on 1 December 2021.

As a leader in UK sustainable waste management, sustainability is at the heart of everything we do at Biffa. The Committee oversees, on behalf of the Board, the delivery of the Company's sustainability strategy and response to climate change, as well as broader stakeholder engagement. The Committee ensures that the Directors give clear focus and challenge to the Company's sustainability strategy and targets and understands the actions required for the Group to achieve its targets and make progress towards Net Zero.

I was delighted to take over from our Chairman as Chair of the Committee and would like to thank him for his work with the Committee since it was established in November 2020. I am a passionate advocate for sustainability, constantly developing my knowledge in this space and understanding the role of digital technologies supporting companies' ability to reach their sustainability goals.

Earlier this year, we completed our first effectiveness evaluation for the Committee and I will be reviewing the results, alongside the Committee's Terms of Reference, to consider whether there are any enhancements that should be made to the Committee.

Our focus for FY23 will be to continue to monitor the progress of our ambitious sustainability strategy against our targets and the Company's progress to Net Zero and, look at where we can further deliver social value through our operations. More information can be found on pages 32-35.

Linda Morant
Chair of Sustainability Committee

Meetings held
2

Overall attendance
100%

Members and attendance	
Member	Attendance
Linda Morant (Chair)	100%
Michael Averil ¹	100%
Carol Chesney	100%
Ken Lever	100%
David Martin	100%
Claire Miles	100%

Activities of the Committee

During the year, the Committee's key activities were:

- Reviewed progress against the sustainability strategy targets
- Received an update on the Company's journey to Net Zero
- Received an update on the Sustainability Linked Finance Framework
- Approved and recommended to the Board the Sustainability Report 2021
- Approved and recommended to the Board the stakeholder engagement section and sustainability section (including the Company's first Task Force on Climate-related Financial Disclosures) of the Annual Report and Accounts 2021
- Received a presentation on the Group's strategic suppliers and engagement
- Received an update on the Resources and Waste Strategy and environmental legislative changes
- Received an update on the Group's alternative fuels strategy

Membership of the Committee and Attendance

The Committee is comprised of all the Non-Executive Directors and the Chairman.

The Assistant Company Secretary attends Committee meetings as Secretary to the Committee. The meetings are also attended by the Chief Executive Officer, the Chief Financial Officer, the Corporate Affairs Director, the General Counsel and Company Secretary and the Group Human Resources Director

The Committee met twice during the year and the attendance at those meetings is shown opposite.

Role and Responsibilities of the Committee

The role of the Committee to oversee, on behalf of the Board, the Company's sustainability strategy and response to climate change. The Committee's responsibilities are set out in its Terms of Reference and include

- Reviewing and recommending the annual Sustainability Report and the sustainability sections of the Annual Report and Accounts (including the Task Force on Climate-related Financial Disclosures) to the Board

- Monitoring progress and reviewing the Group's sustainability strategy targets.
- Reviewing, and receiving feedback on, stakeholder engagement activities on behalf of the Board.
- Reviewing the Group's sustainability ratings and accreditations.
- Reviewing the Company's sustainability reporting requirements and changes to Government's strategy, policies and laws impacting sustainability

Progress against the Sustainability Strategy and Targets

The Committee reviewed at each meeting the Group's progress against the sustainability strategy and targets. Further information can be found in the Company's Sustainability Report at www.biffa.co.uk/sustainability/sustainability

Reporting Frameworks

The Group reports under several frameworks to provide a complete picture of our progress and activities and to allow comparison with our peers and other companies

This includes the Task Force on Climate Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative

(GRI) and we have also committed to the Science Based Targets initiative (SBTi). Our sustainability strategy targets are closely aligned to the UN's Sustainable Development Goals (SDGs)

Sustainability-Linked Finance Framework

In December 2021, the Committee oversaw the publication of the Company's first Sustainability Linked Finance Framework, which aligns the Group's funding with the its Sustainability Strategy. Two performance targets underpin the basis of the framework, both of which form an integral part of Biffa's Sustainability Strategy:

- Reducing scope 1 and 2 GHG emissions by 50% by 2030.
- Tripling Biffa Polymers' plastics recycling capacity by 2025

The framework was established in alignment with the International Capital Market Association's guidelines, with reference to the sustainability linked bond principles and the Loan Market Association's sustainability linked loan principles

To ensure the framework aligns to best practice, it has been independently reviewed by S&P. The framework is available to download on the Company's website: <https://www.biffa.co.uk/investors/sustainability/sustainability-linked-finance-framework>

Stakeholder Engagement

Stakeholder engagement is key to the Company's long-term success. During the year, the Committee received an update on the work being undertaken on supplier engagement, in particular how the Company is developing long-term strategic alignment with its suppliers to encourage innovation and improve operational performance and communication. Further information on our suppliers can be found on page 15

Audit Committee Report

Audit Committee Report

“A key focus of the Committee has been a review of the continuing use of alternative performance measures in the Group’s financial reporting.”

Carol Chesney
Chair of Audit Committee

Meetings held

4

Overall attendance

94%

Members and attendance

Member	Attendance
Carol Chesney (Chair)	100%
Michael Averill	100%
David Martin ²	75%
Clare Miles	100%

¹ During the year, Carol Chesney was absent from the first meeting. The Committee was able to meet the other requirements of the Listing Rules and the Companies Act 2006.

I am pleased to present this year’s Audit Committee (Committee) Report. The Report outlines how the Committee discharged its responsibilities over the past year and the key areas it considered in doing so.

The Committee has provided financial oversight and stewardship of our financial reporting and has continued to monitor the implementation of the business strategy and its impact on the Group’s internal control and risk management framework.

A key focus for the Committee this year has been a review of the continuing use of alternative performance measures in the Group’s financial reporting and impairment testing. Management have recommended their continued use with enhancements to ensure that reporting is balanced, and the Committee are supportive of this approach.

An additional focus for the Committee has been a review of the controls and financial reporting with respect to the HMRC landfill tax enquiry. The Committee has reviewed and are supportive of the judgements and estimates management has made in arriving at their conclusions. The Committee has approved the provision recognised, the contingent liability disclosed and the ongoing landfill tax related controls framework.

The Committee are cognisant of the proposals for the reform of UK corporate reporting and audit regime and received various updates during the year, to assess the potential impact this may have on the future work of the Committee and to enable areas of focus to be planned accordingly. In anticipation of such reform, an external high level assessment of the Group’s internal control over financial reporting environment was undertaken to assess its maturity. For further information, see page 123.

Carol Chesney
Chair of Audit Committee

Activities of the Committee

During the year, the Committee's key activities were as follows.

Key areas	Activities during the year
Financial Reporting	<ul style="list-style-type: none"> Reviewed the Annual Report and Accounts FY21, confirming they were fair, balanced and understandable, the significant judgements and estimates, going concern statement and viability statement Reviewed the half year accounts for FY22, including the significant judgements and estimates Reviewed the External Auditor's report on the full year audit for FY21 and the half year audit for FY22. Reviewed the full year results announcement for FY21, half-year results announcement for FY22 and the September and March Pre-Close Trading Statements Reviewed the use of alternative performance measures and confirmed support for their continuing use with enhancements. Reviewed the provision, contingent liability and supplementary disclosures relating to the ongoing HMRC landfill tax enquiry
External Audit	<ul style="list-style-type: none"> Reviewed the External Auditor's independence, objectivity and effectiveness. Considered the re-appointment of the External Auditor, External Auditor fees and terms of engagement. Reviewed the Non-Audit Services Policy and the External Auditor's non-audit services and fees
Risk and Internal Control	<ul style="list-style-type: none"> Reviewed the Group's principal risks and emerging risks with a particular focus on the risk of non-compliance with landfill tax guidance Reviewed the effectiveness of the Group's risk management and internal control systems at half year and full year. Increased scrutiny was placed upon the controls designed to ensure compliance with landfill tax guidance. Considered recommendations for control improvements highlighted by the External Auditor Reviewed the risk management and internal control disclosures in the half year and full-year accounts Received updates on the implementation of the key control framework.
Internal Audit	<ul style="list-style-type: none"> Reviewed and approved the annual Internal Audit plan for FY23. Reviewed internal audit effectiveness including resourcing. Approved the Internal Audit Charter. Considered the bribery risk review and recommendations. Reviewed internal audits performed on certain areas of the landfill sub-division in previous years Monitored delivery of the FY22 Internal Audit plan and reviewed various Internal Audit reports (see page 124 for more details).
Other Areas	<ul style="list-style-type: none"> Reviewed the results of the annual evaluation of the effectiveness of the Committee. Received an update on tax matters for the Group and reviewed and recommended the Group's annual tax strategy to the Board. Received updates on treasury matters. Reviewed the related parties policy and list. Reviewed the internal control over financial reporting maturity results and received a presentation on UK corporate reform from the External Auditor. Received updates on material litigation and whistleblowing matters Recommended to the Board the re-establishment of dividend payments and the payment of an interim dividend for FY22 Reviewed the proposals for renewal of the Group's insurance programme for FY23.

Audit Committee Report continued

Significant Financial Judgements and Estimates Considered

Significant financial judgements and estimates considered by the Committee in relation to the Annual Report and Accounts FY22	How these issues were addressed by the Committee
<p>Landfill Accounting</p> <p>The Committee reviewed the valuation of the landfill provisions and assets, the level of such landfill provision and the extent of the depreciation of such assets. It being noted that the responsibility for a landfill site extends beyond the cessation of land filling operations until the Group has fulfilled its aftercare and restoration obligations which is estimated to be up to 60 years post closure of the site</p> <p>(See Note 19 on pages 195-197 for further details on landfill provision)</p>	<p>The Committee considered the Group Landfill Capital and Provisioning Policy which includes the accounting methodology and the two key estimates being the gross cost and discount rates applied.</p> <p>The Committee determined that with the combination of external third party reports and guidance, and the Group's experience in providing for these estimated costs, the current landfill accounting treatment and level of provisioning were appropriate.</p>
<p>Asset Impairment Review (Company Shop Group Goodwill)</p> <p>The Group carries different classes of intangible assets on its balance sheet which include goodwill, landfill gas rights, the Biffa brand, customer contracts and a small proportion of the development costs associated with the Group wide IT system replacement programme.</p> <p>The Group's assessment of the carrying value of goodwill and the other intangible assets is dependent on the disaggregation of the operating segments and assumptions of future cash flows, including both short and long term growth rates</p> <p>It was decided that there were indicators of impairment on the goodwill recognised on the acquisition of Company Shop Group, due to its trading underperformance since acquisition. A full impairment assessment was performed at the half year and as a result an impairment of £25.0m was recognised. A further impairment assessment was performed at year end, with no further issues noted.</p> <p>Additional impairment assessments were carried out on the goodwill allocated to the remaining cash generating units.</p> <p>(See Note 1 on page 175 for further details on the Company Shop Group goodwill impairment.)</p>	<p>The Committee reviewed and discussed management's report on the impairment review and considered the External Auditor's audit report.</p> <p>After due consideration, the Committee concluded that it was satisfied with the impairment recognised.</p> <p>Details of the key assumptions and judgements used are set out in Note 1 to the Financial Statements.</p>

Significant financial judgements and estimates considered by the Committee in relation to the Annual Report and Accounts FY22	How these issues were addressed by the Committee
Onerous Contract Provision	<p>The Committee reviewed management's judgements and estimates used to determine onerous contracts and any required provision for future losses.</p> <p>In addition, the External Auditor's audit report was taken into consideration.</p> <p>The Committee concluded that it was satisfied by management's assessment and the approach adopted.</p>
HMRC Landfill Tax Enquiry	<p>The Committee, alongside detailed discussions with management and external independent specialists, reviewed management's reports on the current status and potential outcomes of the enquiry. After due consideration, the Committee agreed with the judgements made, the provision recognised and the associated disclosures included in the financial statements.</p>
Business Combinations on Viridor acquisition	<p>The Committee reviewed management's approach to the assessment of fair values and considered the External Auditors testing of these.</p> <p>It was concluded that the Committee was satisfied with management's assessment at the year end.</p>

Audit Committee Report continued

Membership of the Committee and Attendance

David Martin and Claire Miles are Committee members, alongside Carol Chesney as Chair, and all are independent. Claire Miles joined the Committee on 1 January 2022 following Michael Averni's retirement from the Board.

Carol Chesney and David Martin both hold a professional accounting qualification, and the Board considers their financial experience to be recent and relevant.

The Company Secretary attends all the Committee meetings as Secretary to the Committee and, by invitation, meetings are also attended by other Board members, the External Audit Partner, the Head of Risk and Internal Audit and the Director of Group Finance. The Committee met with the External Audit Partner and the Head of Risk and Internal Audit without management present after each scheduled meeting and the Chair maintains regular dialogue with the External Audit Partners and the Head of Risk and Internal Audit throughout the year.

The Committee held four scheduled meetings during the year. Attendance at those meetings is shown on page 118.

Role and Responsibilities of the Committee

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the integrity of the Group's financial reporting and the effectiveness of the Internal and External Audit functions and risk management framework and system of internal control.

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted by the Board during the period under review.

The Committee's responsibilities are set out in its Terms of Reference and include:

- Monitoring the integrity of the financial statements of the Company
- Reviewing and reporting to the Board on

significant financial reporting issues and judgements.

- Reviewing the adequacy and effectiveness of the Company's internal controls and risk management system.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship with the External Auditor.

Financial Reporting

One of the Committee's principal responsibilities is to review and report to the Board on the quality and appropriateness of the Group's Financial Statements, including the half-year accounts and the Annual Report and Accounts, with a particular focus on:

- The suitability of accounting policies
- The effectiveness of internal control
- The appropriateness of underlying assumptions, judgements and estimates made by management.
- Key audit matters identified by the External Auditor.
- Compliance with relevant accounting standards and other regulatory financial reporting requirements including the Code
- Advising the Board on whether the Annual Report and Accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Additional focus was placed on assessing the impact of the HMRC landfill tax enquiry on the Group's Financial Statements. This includes the provision recognised, the contingent liability disclosed and the associated significant judgements and estimates disclosure.

In making its assessment, the Committee reviews reports from the Chief Financial Officer and members of the Finance team and the External Auditor. Through discussions and detailed written reports, the Committee is able to understand and assess the significant judgements and estimates and how they are being recorded and disclosed in the Group's Financial Statements.

The significant financial judgements and estimates considered in relation to the Annual Report and Accounts FY22 are detailed in the table on pages 120-121.

Risk Management

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework. The Board delegates responsibility for review of risk management and the effectiveness of internal control to the Committee.

The Chief Executive Officer has overall accountability for the control and management of the risks faced by the Group and, working with the Group Executive Team, has established processes to monitor:

- Strategic plan achievement, through a regular review of progress towards strategic objectives
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action
- Capital investment and asset management
- Performance, with detailed appraisal, authorisation and post investment reviews
- The identification, evaluation and management of the principal and emerging risks facing the Group
- The maintenance of appropriate insurance cover to insure Group risks.

On behalf of the Board, the Committee has reviewed the work done by management on the assessment of the Group's principal and emerging risks. A comprehensive review of the principal risks was completed in November 2021 for our half year reporting and this exercise, which included an assessment of emerging risks, was undertaken again in February 2022 and with the Board in April 2022.

The review of the principal risks considers the likelihood of the risks materialising and the potential impact, in terms of both the inherent risks, before any mitigating actions, and the residual risks, after considering mitigating actions and controls. The emerging risks reviewed by management and the Committee included risks relating to environmental, social and governance, post pandemic talent and use of alternative fuels.

Particular focus was put on assessing the impact of the HMRC landfill tax enquiry on both the likelihood and impact of the principal risks, and the necessary mitigating actions required to manage this increased risk.

Further details of the Group's risk management and internal control systems and principal and emerging risks are included in the Strategic Report on pages 76-83.

Risk Appetite

The Company's approach to risk appetite has been developed in line with the Code.

Management assess the appetite for risk, which the Board considers and agrees. The Group categorises these risks into four areas: investment risk, commercial contract risk, commodity and other disposal risk, and insured categories of risk. This assessment includes the associated mitigations or compensating returns.

By clarifying the type and level of risk it is willing to take in order to achieve its strategic objectives, the Company aims to support consistent, risk informed decision making across the Group.

The Company's risk appetite has been incorporated into the risk management framework and the Committee monitors whether the Group is operating within that appetite through a review of a series of agreed metrics and a review of the principal and emerging risks.

Internal Control

The Committee reviews the Group's internal control systems, including their design and operating effectiveness, and supports the Board in carrying out an annual review of their effectiveness.

The following is taken into account by the Committee as part of its review:

- Reports from management, the Internal Audit function, including the implementation of internal audit recommendations, and the External Auditor (including the External Audit management letter).
- Responses by the Biffa leadership team to the twice yearly compliance questionnaire and management declarations from the Group Executive Team on the effectiveness of key controls and the management of significant risks within their areas of responsibility.
- The results of the quarterly self certification by management confirming that key controls have been operating effectively.

The review considered all material controls in accordance with Financial Reporting Council guidance. Following this review, where deficiencies have been noted in the design or implementation of controls, either by management, Internal Audit or the External Auditor, the Committee ensures that appropriate action is taken to resolve any weaknesses in the control environment. Any new or changes to key controls will be incorporated into the key control framework and therefore subject to independent review by the Internal Audit function. The Board and the Committee will continue to monitor and review the internal control environment.

The Committee performed a review of controls designed to mitigate the risk of non-compliance with landfill tax, as a number of updates have been made in this area due to the HMRC landfill tax enquiry.

In addition to the processes to control and monitor risks, as described on pages 76-83, other key features of the Group's internal control and risk management systems include:

- Well defined policies and procedures communicated across the Group.
- Clear levels of accountability and delegation of authority, approved by the Board.
- A key controls framework, in respect of operational and financial processes, that requires a quarterly self certification by management, confirming that key internal controls within their area of responsibility have been operating effectively, and are subject to independent review by the Internal Audit function.
- A risk management and internal audit function whose work spans the whole Group.
- A whistleblowing process which allows for concerns to be reported anonymously, where required, through an independent and confidential helpline. The Committee receives a whistleblowing report at each meeting.

During FY22 an internal controls over financial reporting health check was completed in preparation for the proposed reforms as set out in the BEIS White Paper 'Restoring Trust in Audit and Corporate Governance'. Overall, the assessment found that the maturity of the Group's current internal controls over financial reporting is developing. A key area of focus for FY23 will be to continue to strengthen the Company's financial reporting control environment.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss.

Remuneration Committee Report continued

Remuneration for FY23

Base salaries:	The Executive Directors received a salary increase of 3% effective 1 April 2022, in line with those applied to the wider workforce.
Pensions:	Pension provision for current Executive Directors (20% of salary for the CEO and 15% of salary for the CFO) remains unchanged, although will be aligned to those available across the workforce from 1 January 2023.
Annual bonus:	Annual bonus potential for the CEO and CFO continued to be set at 130% and 110% of salary. 70% of the bonus will be based on financial targets with the remainder based on strategic/personal objectives.

Alignment to culture – Our executive pay policies are fully aligned to the Group's culture through the use of metrics in both the annual bonus plan and PSP awards that measure how we perform against key targets and objectives within the Group Balanced Business Plan.

Pay and Performance

Biffa has had a year of strong recovery, with the majority of operations returning to normal levels. The Group has delivered a strong set of financial results, which include increasing statutory revenues by 39% compared with the previous year and 24% above FY20. Along with the growth from recovery, the Group made a series of earnings enhancing acquisitions and investments. Adjusted profit before tax increased significantly year on year and first record result was also over 5% above FY20 levels.

As a result, in respect of the financial targets for the Executive Directors' FY22 annual bonus, the actual operating profit was £21.4m and the free cash flow result was £39.6m. In addition, the majority of the strategic/personal performance targets were either partially met or were met in full. As such, bonus awards of 113% of salary for Michael Topnam and 97% of salary for Richard Pike were awarded in cash (there will be no deferral in shares given that both Executive Directors have met the 200% of salary share ownership guidelines). See pages 132-133.

The above awards under the annual bonus have been calculated and awarded in recognition of the successful year that the Group has had in delivering both its financial and non financial targets. The Committee is mindful of and has given due consideration to the HMRC and fill tax enquiry and the provision that has been made within Adjusting Items, including taking independent advice from its advisers and seeking the views of the whole Board. The Committee notes that the enquiry is still at an early stage, and that no formal demands for payment of tax have been made. In the event that the enquiry results in a material liability at a future date, the Committee will consider the implications for Executive remuneration at that time.

The 2019 PSP award is subject to adjusted EPS performance to 25 March 2022 and TSR performance. The estimated overall payout for the award is 50% of maximum.

The Committee considers that the Remuneration Policy operated as intended during FY22 and that remuneration outcomes are consistent with the Group performance. The Committee determined that no discretion needed to be applied for the above remuneration outcomes.

Remuneration for FY23

Looking forward into FY23, we have given consideration to actions on pay matters which we regard as appropriate and designed to support shareholders' interests over the long term.

The 2022 PSP award levels will be maintained at the 175% of salary level (for both the CEO and CFO) which is no more than the median level for the FTSE 250 and therefore the Committee will consider whether this is a more appropriate ongoing grant level as part of the policy review next year.

Due to the increase in share price over the last year, it is anticipated that the 2022 PSP awards will be over a lesser number of shares than the 2020 and 2021 awards.

The Committee will also consider the inclusion of ESG targets within the Company's incentive arrangements as part of the review of the Directors' Remuneration Policy during the year.

Long-term Incentives

As outlined above, the CEO and CFO will receive a PSP award of up to 175% of salary.

A two-year holding period applies.

Vesting will continue to be dependent on performance against adjusted EPS (50%) and TSR (50%) performance.

As confirmed in our Policy, the Committee has the ability to adjust the formulaic outcomes from performance conditions where appropriate and the Committee will ensure that outcomes reflect Group and executive performance as well as the experience of shareholders and other stakeholders.

Directors' Annual Report on Remuneration

FY22 Remuneration

The following section provides details of how the Directors were paid during the financial year to 25 March 2022.

Single Total Figure Table (audited)

The remuneration for the Executive and Non-Executive Directors who performed qualifying services during the year is detailed below (with prior year comparative).

Directors		Salary/Fees	Taxable benefits ¹	Bonus ²	Long-term incentives ^{3, 4}	Pension	Total Remuneration	Total fixed remuneration ⁵	Total variable remuneration ⁶
Executive Directors									
Michael Topnam	2022	£503,700	£10,919	£530,006	£606,405	£100,740	£1,801,670	£615,259	£1,186,411
	2021	£445,500	£9,583	£0	£365,525	£99,000	£919,308	£554,183	£365,525
Richard Pike	2022	£330,700	£43,129	£322,214	£331,797	£49,605	£1,077,735	£423,734	£654,001
	2021	£292,500	£18,952	£0	£199,381	£48,750	£560,083	£360,202	£199,881
Non-Executive Directors									
Ken Lever	2022	£200,000	–	–	–	–	£200,000	£200,000	–
	2021	£162,000	–	–	–	–	£162,000	£162,000	–
David Martin	2022	£75,000	–	–	–	–	£75,000	£75,000	–
	2021	£60,300	–	–	–	–	£60,300	£60,300	–
Carol Chesney	2022	£65,000	–	–	–	–	£65,000	£65,000	–
	2021	£51,300	–	–	–	–	£51,300	£51,300	–
Claire Miles ⁶	2022	£60,692	–	–	–	–	£60,692	£60,692	–
	2021	–	–	–	–	–	–	–	–
Linda Morant ⁷	2022	£21,667	–	–	–	–	£21,667	£21,667	–
	2021	–	–	–	–	–	–	–	–
Michael Averill ⁸	2022	£48,750	–	–	–	–	£48,750	£48,750	–
	2021	£51,300	–	–	–	–	£51,300	£51,300	–
Gab Baroaro ⁹	2022	–	–	–	–	–	–	–	–
	2021	£17,180	–	–	–	–	£17,180	£17,180	–

¹ Taxable benefits include company car and private health insurance. The aggregate value of taxable benefits for the year ended 25 March 2022 was £10,919 (2021: £9,583).

² The bonus is based on the achievement of the performance targets set for the year ended 25 March 2022.

³ The long-term incentives are awarded in the form of shares in the company. The aggregate value of long-term incentives for the year ended 25 March 2022 was £606,405 (2021: £365,525). The aggregate value of long-term incentives for the year ended 25 March 2022 was £606,405 (2021: £365,525).

⁴ The long-term incentives are awarded in the form of shares in the company. The aggregate value of long-term incentives for the year ended 25 March 2022 was £606,405 (2021: £365,525).

⁵ The aggregate value of fixed remuneration for the year ended 25 March 2022 was £615,259 (2021: £554,183).

⁶ Claire Miles was appointed to the Board with effect from 1 April 2022.

⁷ Linda Morant was appointed to the Board with effect from 1 April 2022.

⁸ Michael Averill resigned from the Board with effect from 31 December 2021.

⁹ Gab Baroaro was appointed to the Board with effect from 1 January 2022.

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for the year ended 25 March 2022 was £1,510,102 (2021: £1,256,465). The aggregate value of vested long-term incentives of all the Directors for the year ended 25 March 2022 was £938,192 (2021: £565,506).

FY22 Annual Bonus (audited)

The Executive Directors' annual bonus targets were set at the beginning of the financial year. As a result of strong adjusted financial performance, the Group exceeded the threshold operating profit and free cash flow targets set by the Board for the purposes of awarding the FY22 annual bonuses of the Executive Directors.

More particularly, the profit before tax and cash flow bonus targets (as adjusted appropriately for acquisitions made during the year) were as follows:

	Threshold £m	Target £m	Maximum £m	Actual £m	Max. Payout (of total bonus potential)	Actual Payout
Adjusted Profit Before tax	–	£68.8	£72.24	£71.4	50.0%	90%
Adjusted Free Cash Flow	£31.23	£34.70	£38.17	£39.5	20.0%	100%
Total:					70.0%	65%

¹ No long-term incentives were awarded for the year.

² Actual Target Bonus for the year ended 25 March 2022 was £938,192 (2021: £565,506).

³ The aggregate value of long-term incentives for the year ended 25 March 2022 was £606,405 (2021: £365,525).

Directors' Annual Report on Remuneration continued

In respect of the personal performance targets set for each Executive Director, these personal performance targets were set against a range of strategic targets. Details of the measures and actual performance against these measures, to the extent they are not commercially sensitive, are shown below.

Personal Performance Targets

Measure	Target	Performance	Maximum Potential	Actual Payout
1. Safer Together				
	Reduce LTI rate to 0.21	Rate was reduced compared with prior year but target was missed		
	EE wellbeing index score improved	Results improved to 64% (increase of 1% on last year)	6%	4%
	Serious RTAs reduced (by at least 10%)	Reduction by 20%		
2. Value People				
	Increase EE score up and 3% above UK average	Improved to 61% on a like for like comparison. Remains 3% above UK average		
	EE D&I index score improved	78% result which was consistent with last year	6%	5%
	Improved diversity of senior team	Met Hampton Alexander targets (up 8% to 36%)		
3. Customer First				
	I&C SME churn less than 9%	Met		
	I&C new business of £30m including £3m new sales from digital skips	Exceeded	6%	5%
	2 Municipal contracts won or extended	3 significant contracts		
4. Protect our Planet				
	CAR scores reduced by 5%	Reduced by 7%		
	25% increase in waste by rail	Actual 26% - Increase from 507kt to 683kt		
	+56% (18,000) tonnes sold by Company Shop	Actual 20% increase	6%	5%
	Develop electric vehicle roll out plan	Plan and fleet de-carbonisation project on track (66 new BEV in fleet)		
5. Grow Sustainably				
	Complete at least £25m of acquisitions in I&C	The completion of the Viridor acquisition at c.£100m		
	Grow profit back to pre-Covid levels	EBIT of £96.6m compared with £90.5m in FY20		
	I&C organic growth and market share gain	Actual of 3.4% growth	6%	6%
	Newhurst and Protos ERF	Progressing to plan		
	Replace back office systems	Two significant systems upgrades progressing to plan		

On the basis of the above performance, the Committee determined that payment of 23% for the CEO and 23% for the CFO of the maximum 30% of this part of the bonus was proportionate and reasonable in the circumstances. This performance resulted in the following performance assessment for the year:

	Weightings	Outcomes	
	CEO	Michael Topham	Richard Pike
Financial performance (% of potential)	70%	65.1%	65.1%
Strategic performance (% of potential)	30%	23.5%	23.5%
Total performance outcome (% of potential)		88.6%	88.6%
Total performance outcome (% of salary)		115.1%	97.4%

External Auditor's Independence and Non-Audit Services

To preserve objectivity and independence, the Committee has a policy on the provision of non-audit services which restricts the work and fees available to the External Auditor which is reviewed by the Committee annually.

The policy specifies certain activities which the External Auditor may not undertake such as tax, consulting, valuation or corporate services (other than reporting accounting arrangements). Permitted services are set out in a whitelist and the fees are capped at 70% of the average audit fees paid in the last three years.

The policy requires prior Committee approval for any non-audit services work permitted under the policy whose value exceeds £50,000, or where it will cause the cumulative fees for the year to exceed 10% of the amount of the prior year's audit fee, or where the cumulative fees for the year already exceed 70% of the average of the external audit fees paid in the last three years. Prior approval of the Chief Financial Officer is required for any non-audit services work permitted under the policy whose value exceeds £10,000.

Non-audit fees are monitored by the Committee and the Committee is satisfied that all non-audit work undertaken this year was in line with the policy and did not detract from the objectivity and independence of the External Auditor.

The External Auditor confirms its independence at least annually. The fees paid to Deloitte LLP in respect of non-audit services during the year related to the review of interim Financial Statements and governance compliance certificates and totalled £104,000, representing 8.5% of the total audit fee (FY21: £126,600 and 10.9%).

Whistleblowing

The Group has established procedures in place for our workforce and third parties to report, in confidence, any concerns they may have. Our workforce can raise their concerns through their line manager, senior management or through Safecall, an independent, confidential, whistleblowing helpline.

The Board has overall responsibility for monitoring the Group's whistleblowing arrangements under the Code. It has delegated this to the Committee which updates the Board on a regular basis on all significant whistleblowing matters. The Committee receives a report on whistleblowing cases at each meeting and considers lessons to be learned and how our processes can be updated and improved.

During the year, the Whistleblowing Policy was reviewed and no changes were proposed, following the last review in FY21. The Committee is satisfied that the Whistleblowing Policy is effective and facilitates the proportionate and independent investigation of reported matters and allows appropriate follow-up action to be taken. Further details on the Group's Whistleblowing Policy can be found on page 84.

Remuneration Committee Report

Remuneration Committee Report

"The whole Board is grateful to our shareholders for the continued support received on remuneration matters."

Claire Miles

Chair of Remuneration Committee

Meetings held

4

Overall attendance

100%

Members and attendance

Member	Attendance
Claire Miles (Chair) ¹	100%
Michael Averill ²	100%
David Martin	100%
Carol Chesney	100%

¹ Chair of the Remuneration Committee
² Retired Group HR Director

Following my appointment as Chair of the Remuneration Committee in September 2021, I am pleased to introduce the Directors' Remuneration Report for 2022. I would like to thank my former colleague Michael Averill for his hard work and dedication as the previous Chair since the Company's IPO.

The whole Board is grateful to our shareholders for the continued support received on remuneration matters at the Company's 2021 AGM where our Directors' Remuneration Report was approved by 97.5% of our shareholders.

The Directors' Remuneration Report comprises two sections:

- The Directors' Annual Report on Remuneration, which sets out payments and awards made to the Directors for 2021/22 and how the Policy will operate for 2022/23
- The Directors' Remuneration Policy, which provides a summary of the Remuneration Policy for which shareholder approval was obtained at the 2020 AGM and which will continue to apply without amendment for the forthcoming year

As no changes are proposed to the existing Policy, only one remuneration resolution will be tabled at the 2022 AGM, namely the advisory shareholder vote on the Directors' Annual Report on Remuneration

The Committee's priorities for FY23 will be to review the Directors' Remuneration Policy and consider whether any revisions are required when it is renewed at the 2023 AGM; and monitor developments in market best practice

Claire Miles

Chair of Remuneration Committee

Membership of the Committee and Attendance

David Martin and Carol Chesney are Committee members, alongside Claire Miles as Chair, and all are independent Non-Executive Directors

Claire Miles was appointed Chair of the Committee with effect from 7 September 2021. Michael Averill² stepped down from his role as Chair on 6 September 2021 and continued as a member of the Committee until 31 December 2021

The Company Secretary attends all the Committee meetings as Secretary to the Committee and, by invitation, they are also

attended by other Board members, the Group HR Director and external professional advisers for all or part of any meeting as and when appropriate and necessary.

The Committee held four scheduled meetings during the year. Attendance at those meetings is shown opposite

Role and Responsibilities of the Committee

The role of the Committee is to establish a formal and transparent procedure for developing policy on remuneration in accordance with the Code. It sets the remuneration of the Chairman, the Executive Directors and senior management with

Activities of the Committee During the Year

During the year, the Committee's key activities were:

- Approved the Directors' Remuneration Report and the Directors' Remuneration Policy for the 2021 Annual Report.
- Approved the grant and vesting of the PSP awards.
- Oversaw the grant in FY22 under the all employee Sharesave Plan.
- Approved an update on Group employee pay and conditions and employee share plans.
- Reviewed and recommended the Gender Pay Gap report for FY22 to the Board for approval.
- Reviewed and agreed an increase to the Executive Director and Group Executive Team base salary levels from 1 April 2022.
- Received an update on the AGM season voting outcomes and market developments.

due account taken of all relevant factors such as, individual and Group performance and remuneration payable by companies of a comparable size and complexity and, in relation to the Executive Directors, the remuneration of, and remuneration policies applying to, the Groups employees.

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted under the period of review.

The Committee's responsibilities are set out in its Terms of Reference and include

- Reviewing the ongoing appropriateness and relevance of the Directors' Remuneration Policy
- Having responsibility for setting and authorising all remuneration arrangements.
- Ensuring remuneration schemes promote alignment with long-term shareholder interests.
- Reviewing material remuneration related policies applicable to the workforce

Advisers

FIT Remuneration Consultants LLP (FIT), signatories to the Remuneration Consultants Group's Code of Conduct, are the Committee's appointed adviser. FIT provides advice to the Committee on matters relating to executive remuneration and all-employee share awards. During the year, FIT provided no other services to the

Company and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of FY22 were £65,000 plus VAT, charged on the basis of the firm's standard terms of business for advice provided.

Wider Workforce Pay

The Committee is periodically updated on wider employee matters such as information on our wider workforce pay and conditions, our CEO to employee pay ratio, our gender pay statistics and our diversity initiatives. The Committee has reviewed these elements and is satisfied that the executive remuneration structure remains appropriate

Stakeholder Engagement

David Martin, our Senior Independent Director, has Board responsibility for workforce engagement and engages with employees on a range of matters. During the year David and Claire Miles attended the BIG employee forum, which was open to the wider employee population explaining the role of the Board. As part of this employee engagement, there was the opportunity for employees to ask questions and provide feedback on the strategy of the Company, including how this links to remuneration. The Company uses several initiatives to obtain insights from the broader employee population, including the annual engagement survey. See page 52 for further details on employee engagement.

The Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Code.

Clarity – Our Directors' Remuneration Policy is well understood by our senior management team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during consultation when changes are being made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives, and long-term incentives which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by shares in our incentive plans including the deferral under the annual bonus share and the holding period under the Performance Share Plan (PSP) (together with in employment and post cessation shareholding guidelines); and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. Examples of the range of outcomes under the Policy are shown within the scenario charts. The use of shares within our incentive plans means that actual pay outcomes are highly aligned to the experience of our shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive based pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Remuneration Committee Report continued

Remuneration for FY23

Base salaries:	The Executive Directors received a salary increase of 5% effective 1 April 2022, in line with those applied to the wider workforce
Pensions:	Pension provision for current Executive Directors (20% of salary for the CEO and 15% of salary for the CFO) remains unchanged, although will be aligned to those available across the workforce from 1 January 2023
Annual bonus:	Annual bonus potential for the CEO and CFO continued to be set at 130% and 110% of salary. 70% of the bonus will be based on financial targets with the remainder based on strategic/personal objectives

Alignment to culture – Our executive pay policies are fully aligned to the Group's culture through the use of metrics in both the annual bonus plan and PSP awards that measure how we perform against key targets and objectives within the Group Balanced Business Plan

Pay and Performance

Biffa has had a year of strong recovery, with the majority of operations returning to normal levels. The Group has delivered a strong set of financial results, which include increasing statutory revenues by 39% compared with the previous year and 24% above FY20. Along with the growth from recovery, the Group made a series of earnings enhancing acquisitions and investments. Adjusted profit before tax increased significantly year on year and this record result was also over 5% above FY20 levels.

As a result in respect of the financial targets for the Executive Directors' FY22 annual bonus, the actual operating profit was £71.4m and the free cash flow result was £39.5m. In addition, the majority of the strategic/personal performance targets were either partially met or were met in full. As such, bonus awards of 115% of salary for Michael Topnam and 97% of salary for Richard Pike were awarded in cash (there will be no deferral in shares given that both Executive Directors have met the 200% of salary share ownership guidelines). See pages 132-133

The above awards under the annual bonus have been calculated and awarded in recognition of the successful year that the Group has had in delivering both its financial and non-financial targets. The Committee is mindful of and has given due consideration to the HMRC landfill tax enquiry and the provision that has been made within Adjusting Items, including taking independent advice from its advisers and seeking the views of the whole Board. The Committee notes that the enquiry is still at an early stage, and that no formal demands for payment of tax have been made. In the event that the enquiry results in a material liability at a future date, the Committee will consider the implications for Executive remuneration at that time.

The 2019 PSP award is subject to adjusted EPS performance to 25 March 2022 and TSR performance. The estimated overall payout for the award is 50% of maximum.

The Committee considers that the Remuneration Policy operated as intended during FY22 and that remuneration outcomes are consistent with the Group performance. The Committee determined that no discretion needed to be applied for the above remuneration outcomes.

Remuneration for FY23

Looking forward into FY23, we have given consideration to actions on pay matters which we regard as appropriate and designed to support shareholders' interests over the long term.

The 2022 PSP award levels will be maintained at the 175% of salary level (for both the CEO and CFO) which is no more than the median level for the FTSE 250 and therefore the Committee will consider whether this is a more appropriate ongoing grant level as part of the policy review next year.

Due to the increase in share price over the last year, it is anticipated that the 2022 PSP awards will be over a lesser number of shares than the 2020 and 2021 awards.

The Committee will also consider the inclusion of ESG targets within the Company's incentive arrangements as part of the review of the Directors' Remuneration Policy during the year.

Long-term Incentives

As outlined above, the CEO and CFO will receive a PSP award of up to 175% of salary.

A two year holding period applies.

Vesting will continue to be dependent on performance against adjusted EPS (50%) and TSR (50%) performance.

As confirmed in our Policy, the Committee has the ability to adjust the formulaic outcomes from performance conditions where appropriate and the Committee will ensure that outcomes reflect Group and executive performance as well as the experience of shareholders and other stakeholders.

Directors' Annual Report on Remuneration

FY22 Remuneration

The following section provides details of how the Directors were paid during the financial year to 25 March 2022.

Single Total Figure Table (audited)

The remuneration for the Executive and Non-Executive Directors who performed qualifying services during the year is detailed below (with prior year comparatives).

Directors		Salary/Fees	Taxable benefits ¹	Bonus ²	Long-term incentives ^{3, 4}	Pension	Total Remuneration	Total fixed remuneration ⁵	Total variable remuneration ⁵
Executive Directors									
Michael Topnam	2022	£503,700	£10,819	£580,006	£506,405	£100,740	£1,801,670	£515,259	£1,196,411
	2021	£445,500	£9,588	£0	£355,525	£70,000	£919,308	£554,183	£365,125
Richard Pike	2022	£330,700	£43,429	£322,214	£331,787	£49,605	£1,077,735	£423,734	£654,001
	2021	£292,500	£8,952	£0	£199,881	£48,750	£560,083	£360,202	£199,881
Non-Executive Directors									
Ken Lever	2022	£200,000	–	–	–	–	£200,000	£200,000	–
	2021	£162,000	–	–	–	–	£162,000	£162,000	–
David Martin	2022	£75,000	–	–	–	–	£75,000	£75,000	–
	2021	£60,300	–	–	–	–	£60,300	£60,300	–
Carol Chesney	2022	£65,000	–	–	–	–	£65,000	£65,000	–
	2021	£51,300	–	–	–	–	£51,300	£51,300	–
Claire Miles ⁶	2022	£60,692	–	–	–	–	£60,692	£60,692	–
	2021	–	–	–	–	–	–	–	–
Linda Morant ⁷	2022	£21,667	–	–	–	–	£21,667	£21,667	–
	2021	–	–	–	–	–	–	–	–
Michael Averill ⁸	2022	£48,750	–	–	–	–	£48,750	£48,750	–
	2021	£51,300	–	–	–	–	£51,300	£51,300	–
Gab Barbaro ⁹	2022	–	–	–	–	–	–	–	–
	2021	£17,180	–	–	–	–	£17,180	£17,180	–

1. The aggregate value of taxable benefits for all Directors was £10,819 (2021: £9,588) comprising £10,819 (2021: £9,588) of company pension contributions and £0 (2021: £0) of other benefits.
2. The bonus payments for the year ended 25 March 2022 were £1,196,411 (2021: £365,125) for Executive Directors and £0 (2021: £0) for Non-Executive Directors. The bonus payments for the year ended 25 March 2022 were £1,196,411 (2021: £365,125) for Executive Directors and £0 (2021: £0) for Non-Executive Directors. The bonus payments for the year ended 25 March 2022 were £1,196,411 (2021: £365,125) for Executive Directors and £0 (2021: £0) for Non-Executive Directors.
3. The long-term incentives for the year ended 25 March 2022 were £506,405 (2021: £355,525) for Executive Directors and £0 (2021: £0) for Non-Executive Directors. The long-term incentives for the year ended 25 March 2022 were £506,405 (2021: £355,525) for Executive Directors and £0 (2021: £0) for Non-Executive Directors.
4. In July 2021, the company announced that the FY22 bonus was to be paid to all Directors. The bonus was paid to all Directors in July 2022. The bonus was paid to all Directors in July 2022.
5. Total fixed remuneration is the aggregate of the fixed remuneration components, which includes salary/fees, taxable benefits and pension allowances. Total variable remuneration is the aggregate of the bonus and long-term incentives.
6. Claire Miles was appointed to the Board on 1 August 2021.
7. Linda Morant was appointed to the Board on 1 August 2021.
8. Michael Averill stepped down from the Board on 1 August 2021.
9. Gab Barbaro stepped down from the Board on 1 August 2021.

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for the year ended 25 March 2022 was £1,510,102 (2021: £1,256,465). The aggregate value of vested long-term incentives of all the Directors for the year ended 25 March 2022 was £938,192 (2021: £565,506).

FY22 Annual Bonus (audited)

The Executive Directors' annual bonus targets were set at the beginning of the financial year. As a result of strong adjusted financial performance, the Group exceeded the threshold operating profit and free cash flow targets set by the Board for the purposes of awarding the FY22 annual bonuses of the Executive Directors.

More particularly, the profit before tax and cash flow targets (as adjusted appropriately for acquisitions made during the year) were as follows.

	Threshold £m	Target £m	Maximum £m	Actual £m	Max. Payout (of total bonus potential)	Actual Payout
Adjusted Profit Before tax	–	£68.8	£72.24	£71.4	50.0%	90%
Adjusted Free Cash Flow	£31.23	£34.70	£38.17	£39.5	20.0%	100%
Total					70.0%	65%

1. No bonus was paid to the Non-Executive Directors.
2. The aggregate bonus for the year ended 25 March 2022 was £1,196,411 (2021: £365,125).
3. The aggregate bonus for the year ended 25 March 2022 was £1,196,411 (2021: £365,125).

Directors' Annual Report on Remuneration continued

In respect of the personal performance targets set for each Executive Director, these personal performance targets were set against a range of strategic targets. Details of the measures and actual performance against these measures, to the extent they are not commercially sensitive, are shown below.

Personal Performance Targets

Measure	Target	Performance	Maximum Potential	Actual Payout
1. Safer Together				
	Reduce LTI rate to 0.2%	Rate was reduced compared with prior year but target was missed		
	EE wellbeing index score improved	Results improved to 64% (increase of 1% on last year)	6%	4%
	Serious RTAs reduced (by at least 10%)	Reduction by 20%		
2. Value People				
	Increase EE score up and 3% above UK average	Improved to 61% on a like for like comparison. Remains 3% above UK average	6%	5%
	EE D&I index score improved	78% result which was consistent with last year		
	Improved diversity of senior team	Met Hampton Alexander targets (up 8% to 36%)		
3. Customer First				
	I&C SME churn less than 9%	Met		
	I&C new business of £30m including £3m new sales from digital skips	Exceeded	6%	5%
	2 Municipal contracts won or extended	3 significant contracts		
4. Protect our Planet				
	CAR scores reduced by 5%	Reduced by 7%		
	25% increase in waste by rail	Actual 26% increase from 507kt to 683kt.		
	+56% (18,000) tonnes sold by Company Shop	Actual 20% increase	6%	5%
	Develop electric vehicle roll out plan	Plan and fleet de-carbonisation project on track (66 new BEV in fleet)		
5. Grow Sustainably				
	Complete at least £25m of acquisitions in I&C	The completion of the Viridor acquisition at c.£100m		
	Grow profit back to pre-Covid levels	EBIT of £96.6m compared with £90.5m in FY22		
	I&C organic growth and market share gain	Actual of 3.4% growth	5%	6%
	Newhurst and Protos ERF	Progressing to plan		
	Replace back-office systems	Two significant systems upgrades progressing to plan		

On the basis of the above performance, the Committee determined that payment of 23% for the CEO and 23% for the CFO of the maximum 30% of this part of the bonus was proportionate and reasonable in the circumstances. This performance resulted in the following performance assessment for the year:

	Weightings	Outcomes	
	CEO	Michael Topham	Richard Pike
Financial performance (% of potential)	70%	65.1%	65.1%
Strategic performance (% of potential)	30%	23.5%	23.5%
Total performance outcome (% of potential)		88.6%	88.6%
Total performance outcome (% of salary)		115.1%	97.4%

Vesting of Long-Term Incentive Awards (audited)

The PSP awards granted in 2019 are partly subject to EPS performance to the year ended 25 March 2022 and partly based on TSR performance to the third anniversary of the grant date. The performance conditions attached to this award and performance against these conditions is as follows:

(i) Adjusted EPS targets as to 50% of the award, and (ii) relative TSR targets as to the remaining 50% of the award. The details of these targets are shown in the tables below:

Adjusted EPS for 2021/22 financial year (50% of award)	Portion of award vesting
Below 24p	0%
24p	25%
24p to 28p	Pro rata on straight line basis between 25% and 100%
Above 28p	100%
Actual performance	19.7p
Vesting level	0%

Biffa's TSR ¹ ranking vs the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Pro rata on straight line basis between 25% and 100%
Upper quartile	100%
Actual performance	To be confirmed at end of performance period
Vesting level (estimated)	100%

¹ TSR is calculated as Biffa's Total Shareholder Return (TSR) as a percentage of Biffa's closing share price on the last business day of the period, divided by the period from the start of the performance period to the end.

Based on the estimated vesting percentage above, details of the shares under award and their estimated value (based on the three-month average share price to 25 March 2022 of 337.3 pence per share) are as follows:

Executive	Maximum number of shares	Number of shares to vest	Number of shares to lapse	Estimated value at vesting £ ¹	Face value of awards vesting ²	Impact of share price on vesting ³
Michael Topham	359,564	179,782	179,782	£606,405	£371,250	£235,155
Richard Pike	196,731	98,365	98,366	£331,787	£203,125	£128,662

¹ Based on the three-month average share price to 25 March 2022.

² Based on the number of shares which would be expected to vest if the award is fully vested.

³ The grant of the award prior to the award vesting period and the award vesting period are affected by the award vesting period. The award vesting period is the period from the date of the award to the date of the award vesting period.

The award also receive the value of dividend equivalents.

EVP Awards (audited)

As previously disclosed, prior to the Company's admission to the London Stock Exchange, Michael Topham, along with other members of the management team, was granted an EVP Return Letter by WasteHoldco 1 Limited (the parent company of the Biffa Group of companies at that time) in connection with a dispute with HMRC regarding the payment of landfill tax for certain of its operations in the UK (EVP Dispute).

The EVP Return Letters were granted in recompense for the diminution in value of interest in the Group resulting from the EVP Dispute which was linked to incentive arrangements in existence prior to Admission, full details of which appear below in Note 31, on page 208 of the Financial Statements. As part of the proceedings, the Company was required to pay HMRC approximately £63m shortly following Admission (the EVP Paid Amount). The Company was advised by HMRC in November 2017 that the remaining penalty interest of £8.7m, payable on the EVP Paid Amount, was no longer due (EVP Interest).

HMRC was successful in its appeal at the Court of Appeal, hearing held in March 2021. The Company made an application to the Supreme Court to appeal the Court of Appeal decision and heard in May 2022 that it had been unsuccessful. The Supreme Court order refusing permission to appeal is a final, non-appealable and binding decision and therefore the EVP Dispute has been irrevocably settled in favour of HMRC.

Directors' Annual Report on Remuneration continued

As the EVP Dispute has been irrevocably settled in favour of HMRC, then there will be no EVP Paid Amount returned to the Company save for the EVP Interest. Subject to the Group receiving a net reduction in the tax liability of the Group (after taking into account of any increase in the tax liability arising in respect of any profit and loss account credits in WasteHoldco 1 Limited in respect of the EVP preference shares granted to certain shareholders prior to Admission (the Tax Deductible)), the EVP Return Letter will be canceled and Michael Topham will be entitled to a cash payment equal to a percentage of the Tax Deduction (less any amounts which the Group is required to pay in respect of costs incurred by HMRC or penalties or other associated costs of the EVP dispute) subject to a maximum payment, and a payment in respect of the EVP Interest (less tax and social security contributions).

Director	% of Tax Deduction	Maximum Tax Deduction Cash Payment	EVP Interest Payable	Total Max Payment
Michael Topham	2.366	£236,559	£185,226	£421,785

Once the Group is satisfied that the Tax Deduction is no longer open to challenge from HMRC, the Group will proceed to cancel the EVP Return Letters and make a cash payment to Michael Topham as outlined above. This is not currently expected to be until FY25.

Statement of Directors' Shareholding and Share Interests (audited)

For each Director, the total number of Directors' interests in shares at 25 March 2022 was as follows.

	Michael Topham ¹	Richard Pike ¹	Ken Lever	David Martin	Carol Chesney	Claire Miles	Linda Morant	Michael Averill ²
Number of Ordinary shares held as at 25 March 2022	881,353	397,302	65,277	30,000	10,000	7,000	—	76,340
Number of Ordinary shares held as at 26 March 2021	1,075,384	461,982	65,277	30,000	10,000	—	—	76,340

¹ Number of shares held on pages 244 to 245 in the 2021 Annual Report. The shareholding of Michael Topham and Richard Pike.

² Shares are shown as 100% of the shareholding at the 30th of December 2021.

The shareholdings above include those held by Directors and their respective connected persons. There were no changes in the current Directors' interests in shares between 25 March 2022 and 5 August 2022. Under the share ownership guidelines, the Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of salary. At the 2022 year end, both Michael Topham and Richard Pike complied with this requirement.

Long-Term Incentive Awards Granted in the Year (audited)

The following PSP conditional share awards were granted in 2021:

Director	Date of grant	Basis of award (% of salary)	Face value of awards at grant	Number of shares under award ¹	Date of vesting
Michael Topham	14 June 21	175%	£881,475	299,821	17 June 24
Richard Pike	14 June 21	175%	£578,725	196,845	17 June 24

¹ Based on the 2021 salary of the respective Directors as at 31 December 2021.

The details of these targets are shown in the table below:

Adjusted EPS for 2023/24 financial year (50% of award)	Portion of award vesting
Below 21.2p	0%
21.2p	25%
21.2p to 25.2p	Pro-rata on straight line basis between 25% and 100%
Above 25.2p	100%

Biffa's TSR ¹ ranking vs the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)	Portion of award vesting
Below Median	0%
Median	25%
Between Median and Upper Quartile	Pro-rata on straight line basis between 25% and 100%
Upper quartile	100%

¹ The TSR is calculated as the difference between the total return to shareholders of Biffa plc and the total return to shareholders of the FTSE 250 index, excluding financial services companies and investment trusts, over the period 1 January 2021 to 31 December 2021.

DSP Awards Granted in the Year (audited)

No awards were granted under the DSP in 2022.

Outstanding Share Plan Awards (audited)

Details of all outstanding share awards made to Executive Directors are set out below.

Director	Award type	Exercise Price (£)	Grant date	Interest at 26/03/21	Awards granted in the year	Awards lapsed in the year	Awards vested in the year	Interest at 25/03/22	Date of vesting/Exercise period
Michael Totham	PSP ¹	0	02 Jul 18	131,048	–	40,182	60,866	–	01 Jul 21
	PSP	0	01 Oct 18	97,029	–	51,962	45,067	–	01 Oct 21
	PSP ¹	0	01 Jul 19	359,664	–	–	–	359,664	03 Aug 22
	PSP ²	0	01 Jul 20	368,669	–	–	–	368,669	03 Jul 23
	PSP ³	0	14 Jun 21	–	299,321	–	–	299,321	14 Jun 24
	SIP ⁴	0	21 Nov 15	155	–	–	–	155	See Note 4
	SIP ⁵	0	07 Dec 20	128	–	–	–	128	See Note 5
	SAYE ⁶	1.90	07 Dec 20	1,894	–	–	–	1,894	01 Feb 24
Richard Pike	SAYE ⁶	2.88	17 Dec 21	–	625	–	–	625	01 Feb 25
	PSP	0	01 Oct 18	121,330	–	64,977	56,353	–	01 Oct 21
	PSP ¹	0	01 Jun 19	196,731	–	–	–	196,731	03 Aug 22
	PSP ²	0	01 Jul 20	201,713	–	–	–	201,713	03 Jul 23
	PSP ³	0	14 Jun 21	–	196,845	–	–	196,845	14 Jun 24
	SIP ⁵	0	07 Dec 20	128	–	–	–	128	See Note 5
	SAYE ⁶	1.81	12 Jul 19	1,988	–	–	–	1,988	01 Oct 22
	SAYE ⁶	2.88	17 Dec 21	–	625	–	–	625	01 Feb 25

¹ Performance awards for FY20/21 and FY21/22 are detailed below.

² Performance awards for FY20/21 and FY21/22 are detailed below. ³ FY20/21 = nil; FY21/22 = nil; FY22/23 = nil.

⁴ Award of £1,000,000 to Michael Totham on 21 Nov 15.

⁵ Award of £1,000,000 to Richard Pike on 07 Dec 20. The award was subject to 10% of the award being subject to the company's share plan.

⁶ Award of £1,000,000 to Michael Totham on 07 Dec 20. The award was subject to 10% of the award being subject to the company's share plan.

⁷ Award of £1,000,000 to Richard Pike on 17 Dec 21. The award was subject to 10% of the award being subject to the company's share plan.

The aggregate gains by all Directors during FY22 from share plan awards was £565,506 (2020/21: £1,142,005). The market price of the shares at the end of the financial year was 330.5 pence; the highest and lowest share price during the financial year were 256 pence and 416 pence respectively.

Payments to Past Directors (audited)

There were no payments to past Directors in the financial year 2021/22 (2020/21: nil).

Payments for Loss of Office (audited)

No payments were made to any Director in respect of loss of office in the financial year FY22 (FY21: nil).

Review of Past Performance and CEO Remuneration Table (unaudited)

The graph below shows the TSR of the Company and the FTSE 250 Index (excluding Investment Trusts) over the period from Admission to 25 March 2022. This is considered an appropriate comparator for Biffa, and this aligns with the use of the FTSE 250 in the TSR performance measure for the PSP.

Biffa TSR vs FTSE 250 since Admission

Directors' Annual Report on Remuneration continued

The table below details certain elements of the CEO's remuneration since Admission:

	Single figure of total remuneration	Annual bonus pay-out as % of maximum	Long-term incentive vesting rates as % of maximum
2021/22	£1,801,670	89%	50%
2020/21	£919,303	–	43.6%
2019/20	£1,431,496	75.9%	100.0%
2018/19	£1,819,483	82.4%	72.8%
2017/18	£1,220,437	90.1%	–
2016/17	£10,681,021	94.5%	–

1. Single figure of total remuneration is the base salary plus the bonus paid to the CEO by Management, together with any cash bonus paid in 2017/18, 2019/20 and 2020/21.

Annual change in remuneration of each Director compared to employees (unaudited)

The table below presents the year on year percentage change in remuneration for each Director and for all Group employees. The salary/fees were subject to a temporary 20% reduction between 1 April 2020 and 30 September 2020 as part of the introduction of Covid-19 related exceptional remuneration measures. The percentage increases between 2021 and 2022 shown in the table below therefore reflect a return to pre pandemic levels of fees and salary for the Directors.

	% change from 2021 to 2022			% change from 2020 to 2021		
	Salary/fee % change	Annual bonus % change	Taxable benefits % change	Salary/fee % change	Annual bonus % change	Taxable benefits % change
Executive Directors						
Michael Topnam	13.1%	100.0%	3.6%	-10.0%	-100.0%	2.7%
Richard Pike	13.1%	100.0%	127.5%	-10.0%	-100.0%	51.5%
Non-Executive Directors						
Kon Lever	23.5%	n/a	n/a	-10.0%	n/a	n/a
David Martin	26.4%	n/a	n/a	-10.0%	n/a	n/a
Carol Chesney	26.7%	n/a	n/a	-10.0%	n/a	n/a
Claire Miles	n/a	n/a	n/a	n/a	n/a	n/a
Linda Morant	n/a	n/a	n/a	n/a	n/a	n/a
Michael Averill ¹	-5.0%	n/a	n/a	-10.0%	n/a	n/a
Gab Barbaro ²	n/a	n/a	n/a	-65.6%	n/a	n/a
All employees⁴	4.7%	17.3%	3.7%	-0.1%	-50.4%	3.0%

1. Michael Averill resigned from the Board on 11 June 2021.

2. Michael Averill resigned from the Board on 11 June 2021. He was paid a salary of £10,000 per month and a bonus of £10,000 in 2020/21.

3. Gab Barbaro resigned from the Board on 11 June 2021. He was paid a salary of £10,000 per month and a bonus of £10,000 in 2020/21.

4. All employees are full-time employees.

CEO to Employee Pay Ratio

The table below shows how the CEO's single figure remuneration (as taken from the single figure remuneration table on page 129) compares to the equivalent single figure remuneration for full time equivalent UK employees, ranked at the 25th, 50th and 75th percentile. The calculations for the relevant representative employees were performed as at 25 March 2022.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021/22	A	86.1	67.1	52.1
2020/21	A	38.1	30.1	24.1
2019/20	A	80.1	61.1	49.1

The relevant regulations provide three options which may be used to calculate the pay for the employees at the 25th percentile, median and 75th percentile. We have used Option A, following guidance that this is the preferred approach of some proxy advisors and institutional shareholders. Option A captures all relevant pay and benefits for all employees in line with the single figure for remuneration calculated for Executive Directors.

The ratios shown are representative of the FTSE 25th percentile, median and 75th percentile pay for UK employees within the Group during 2021/22. Full year pay data for the 2021/22 financial year has been used to calculate the ratios.

The pay for part-time employees has been grossed up to one FTE.

The Committee has reviewed the employee data and believes the median pay ratio to be consistent with the pay, reward and progression policies for the Company's UK employees over the period.

The Chief Executive Officers' pay is based on the single figure of remuneration set out on page 129 of this report. Because a large portion of the Chief Executive Officer's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below.

Year	Salary			Total pay and benefits		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021/22	£20,080	£27,048	£33,461	£20,959	£27,548	£34,799

Relative Importance of Spend on Pay (unaudited)

The table below details the change in total employee pay between financial years 2020/21 and 2021/22 as detailed in Note 5 to the Financial Statements, compared with distributions to shareholders by way of dividend, share buy-backs or any other significant distributions or payments. These figures have been calculated in line with those in the audited Financial Statements.

	% change	2021/22 £'000	2020/21 £'000
Total gross employee pay	22.14%	£314.7m	£257.7m
Distributions to shareholders	100%	£6.7m	£0m

Statement of Shareholder Voting (unaudited)

The table below shows the advisory vote on the 2020/21 Directors' Remuneration Report at the AGM held on 19 July 2021 and the binding vote on the Directors' Remuneration Policy at the AGM held on 16 July 2020:

AGM resolution	Votes for	%	Votes against	Votes withheld
Remuneration Policy (2020 AGM)	212,372,302	96.97	6,639,109	3,129,897
Remuneration Report (2021 AGM)	221,012,084	97.52	5,619,131	5,171,361

Implementation of Policy for 2022/23 (unaudited information)

Base salary

Base salaries are as follows:

Director	1 April 2022	% Increase
Michael Topham	£529,000	5%
Richard Pike	£347,300	5%

The Executive Directors received a salary increase in line with those applied to the wider workforce.

Benefits in Kind and Pension Provision

Benefits will be paid in line with the Directors Remuneration Policy.

Pension provision for Michael Topham and for Richard Pike will remain at 20% and 15% of base salary respectively. Contributions may be made as cash supplements in full or in part. These levels will be aligned to the wider workforce rate (currently 4% of salary) from 1 January 2023.

Directors' Annual Report on Remuneration continued

Annual Bonus

The annual bonus will continue to be based on a maximum of 130% of salary for the Chief Executive Officer and 110% of salary for the Chief Financial Officer. 33% of any bonus earned will be deferred into shares for three years to the extent that the Chief Executive Officer and Chief Financial Officer do not satisfy the Share Ownership Guidelines on the bonus payment date.

70% of the bonus will be payable by reference to performance against financial targets (up to 50% will be payable based on a sliding scale of challenging Adjusted Profit Before Tax targets and up to 20% will be payable based on a sliding scale of challenging Adjusted Free Cash Flow targets). 30% of the bonus will be payable based on performance against a number of strategic/personal objectives relating to the delivery of strategy, Health and Safety measures and employee engagement.

In addition, no bonus will be payable unless the Committee is satisfied that the Company's adjusted performance warrants it and bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it may adjust the bonus outcome accordingly.

Due to issues of commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Company is committed to adhering to principles of transparency and will, therefore, provide appropriate and relevant levels of disclosure of bonus targets and performance against these targets for the 2022/23 bonus in next year's report.

PSP Awards

As set out in the Chair's Statement on page 128, a PSP award will be made in 2022 to Michael Topham as Chief Executive Officer and Richard Pike as Chief Financial Officer, of shares worth 175% of salary.

It is currently envisaged that the performance conditions will be a mix of EPS (50% of award) and relative TSR (50% of award). These are measures which encourage the generation of sustainable long term returns to shareholders.

Adjusted EPS for 2024/25 financial year (50% of award)	Portion of award vesting
Below 24.8p	0%
24.8p	25%
24.8p to 27.8p	Pro rata on straight line basis between 25% and 100%
Above 27.8p	100%

Biffa's TSR ¹ ranking vs the constituents of the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)	Portion of award vesting
Below Median	0%
Median	25%
Between Median and Upper Quartile	Pro rata on straight line basis between 25% and 100%
Upper Quartile	100%

¹TSR is defined as the annualised total return to shareholders over the 12 month period ending 31 March 2023, based on the performance of the constituent companies over the 12 month period.

The 2022 PSP awards will be subject to a 2 year post vesting holding period.

Chairman and Non-Executive Director Fees

Ken Lever is entitled to a fee of £200,000 p.a. as Chairman (with no additional fee payable for chairing the Nomination Committee).

The Non-Executive Directors are entitled to a fee of £55,000 p.a., with an additional fee of £10,000 p.a. for each of the Senior Independent Director, Chairs of the Audit Committee and Remuneration Committee and £10,000 p.a. to the designated Non-Executive Director for workforce engagement.

The fees for 2022/23 remain unchanged from the previous year.

We trust that you find this Report to be informative and transparent, and we hope to receive your support for the Directors' Annual Report on Remuneration at our forthcoming AGM.

This report was reviewed and approved by the Board on 5 August 2022 and signed on its behalf by order of the Board.

Claire Miles

Chair, Remuneration Committee

5 August 2022

Directors' Remuneration Policy

A summary of the main sections of the Directors' Remuneration Policy, which was approved by shareholders at the 2020 AGM, is shown below. Certain details have been updated to reflect the implementation of the policy in 2022/23. The Policy as approved by our shareholders can be found within our 2020 Annual Report and Accounts which are available on our website at www.biffa.co.uk/investors.

Directors' Remuneration Policy Table

Executive Directors

Element and purpose	Base salary The core element of pay, reflecting the individual's position within the Company and experience.
Policy and operation	Base salaries will be reviewed as appropriate, but typically not more than annually. In reviewing base salaries, the Committee will consider the performance of the Company and individual, any changes in responsibilities or scope of the role as well as pay practices in relevant comparator companies of a broadly similar size and complexity.
Maximum	It is anticipated that any salary increases will generally be in line with those awarded to salaried employees. That said, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance) higher increases may be made. However, no incumbent Executive Director's salary will increase more than an average of 10% p.a. over the duration of this Policy.
Performance measures	n/a
Element and purpose	Benefits in kind To provide market competitive benefits valued by recipients.
Policy and operation	The Executive Directors may receive benefits in kind including car allowance, fuel allowance, private family medical insurance and such other market competitive benefits as the Committee considers appropriate.
Maximum	Benefits may be provided up to an aggregate value of £50,000 for each Executive Director (or such higher amount as the Committee considers appropriate).
Performance measures	n/a
Element and purpose	Pension To provide retirement benefits.
Policy and operation	The Executive Directors will receive a defined contribution provision (or cash supplement).
Maximum	The maximum employer's contribution (or cash supplement) is 20% of salary. Pension contributions for new Executive Director appointments will be aligned with the pension benefits available to the wider workforce. Current contributions are 20% of salary for the Chief Executive Officer and 15% of salary for the Chief Financial Officer. These levels will be aligned to the wider workforce rate (currently 4% of salary) from 1 January 2023.
Performance measures	n/a
Element and purpose	Annual bonus To motivate Executive Directors and incentivise the delivery of business strategy over a one year operating cycle.
Policy and operation	Annual bonus plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events (e.g. corporate acquisitions, other major transactions) where the Committee considers it to be necessary in its opinion to make appropriate adjustments. The Committee retains the flexibility to pay annual bonus outcomes in cash and/or deferred shares (which may allow for dividend roll up). For current Executive Directors, one-third of any bonus earned will be deferred into shares for three years to the extent that the Executive Director does not at the bonus payment date already hold sufficient shares to satisfy the share ownership guidelines as may apply from time to time. For newly appointed Executive Director appointments, one-third of any bonus will be deferred into shares for three years. Clawback and malus provisions apply as explained in more detail in the notes to this Policy table.
Maximum	The maximum annual bonus opportunity is 110% of base salary. For 2022/23, the maximum opportunity will be 130% of salary for the CEO and 110% of salary for the CFO.
Performance measures	Bonuses will be payable subject to the achievement of performance conditions which will be set by the Committee. The targets may be financial and/or personal and strategic, with the majority based on financial targets. It is anticipated that the financial targets will have a significant profit-based element. Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 20% of the maximum portion of overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance. Bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders experience. If the Committee does not believe this to be the case, it may adjust the bonus outcome accordingly.

Directors' Remuneration Policy continued

continued

Element and purpose	Performance Share Plan (PSP) To motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests.
Policy and operation	Awards under the PSP may be granted as nil/nominal cost options or conditional awards which vest to the extent performance conditions are satisfied over a period normally of at least three years. Awards will vest at the end of the specified vesting period at the discretion of the Committee and for awards granted after 10 July 2019, Executive Directors will be required to retain shares vesting under the PSP (net of tax) until the fifth anniversary of grant. The PSP rules allow that the number of shares subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any record dates falling between the grant of awards and the expiry of any vesting period/holding period. Clawback and malus provisions apply as explained in more detail in the notes to this Policy table.
Maximum	Awards under the PSP may be granted as nil/nominal cost options or conditional awards which vest to the extent Normal maximum PSP opportunity of 150% of base salary and exceptional limit of 250% of salary For 2022/23, the maximum award levels to the CEO and CFO will be 175% of salary
Performance measures	The Committee may impose such conditions as it considers appropriate for each grant which must be satisfied before any award will vest. This currently includes EPS and TSR measures. All awards made to Executive Directors will be subject to performance conditions which measure performance over a period normally of at least three years. No more than 25% of awards vest for attaining the threshold level of performance. The Committee also has a standard power to apply its judgement to adjust the formulaic outcome of all PSP performance measures to take account of any circumstances (including the performance of the Company, any individual or business) should it consider that to be appropriate. A two year holding period applies to awards.
Element and purpose	Share ownership guidelines To promote stewardship and to further align the interests of Executive Directors with those of shareholders.
Policy and operation	The share ownership guidelines encourage Executive Directors to build or maintain (as appropriate) a shareholding in the Company. If any Executive Director does not meet the guidelines, they will be expected to retain up to 50% of the net of tax number of shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) until the guideline is met after which they are expected to retain these levels as a minimum. These restrictions do not apply to shares acquired through purchase. Executive Directors will be required to maintain a shareholding in the Company for a two year period after stepping down from that position, being 200% of salary or the Executive Directors' actual relevant shareholding at leaving this position, if lower. The Executive Directors' actual relevant shareholding will include shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) from awards granted after the date the Policy was adopted but excludes shares acquired through purchase and the release of shares under share incentive plans where the grant occurred prior to the adoption of the Policy.
Maximum	No less than 200% of base salary for any Executive Director
Performance measures	n/a

Chairman and Non-Executive Directors

Element and purpose	<p>Chairman and Non-Executive Director fees</p> <p>To enable the Company to recruit and retain Company Chairs and Non-Executive Directors of the highest calibre, at the appropriate cost.</p> <p>The fees paid to the Chairman and Non-Executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity.</p>
Policy and operation	<p>The fees payable to the Non-Executive Directors are determined by the Board, with the Chairman's fees determined by the Committee. No Director participates in decisions regarding their own fees.</p> <p>The Chairman and Non-Executive Directors do not participate in any new cash or share incentive plans since Admission.</p> <p>The Chairman and Non-Executive Directors are entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate.</p> <p>The Chairman is paid a single fee for the role, although he will be entitled to an additional fee if he is required to perform any specific and additional services.</p> <p>Non-Executive Directors receive a base fee for the role. Additional fees are paid for acting as Senior Independent Director, Chairs of the Audit, Remuneration or other Board Committee and to the designated Non-Executive Director for workforce engagement to reflect the additional time commitment. They will be entitled to an additional fee if they are required to perform any specific and additional services.</p>
Maximum	<p>Fees are paid monthly in cash.</p> <p>The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £5,000,000 p.a. in aggregate).</p> <p>Any increases in fee levels made will be appropriately disclosed.</p>
Performance measures	n/a

The full Policy also includes further information on:

- Remuneration Policy on recruitment
- Service contracts
- Remuneration Policy on termination
- External appointments
- Statement of consideration of employment conditions elsewhere in the Company
- Differences between the Directors' Remuneration Policy and the Policy on Remuneration for other employees
- Statement of consideration of shareholders' views.

Directors' Remuneration Policy continued

Illustrations of the application of the Directors' Remuneration Policy

The charts below show how the Directors' Remuneration Policy will be applied for Executive Directors for the 2022/23 financial year using the following assumptions:

Minimum	<ul style="list-style-type: none">Consists of base salary, benefits and pensionBase salary is the salary to be paid in the 2022/23 financial yearBenefits are based on estimated values for the 2022/23 financial yearPension is measured as the defined contribution or cash allowance in lieu of net after Company contributions of 20% of salary for the Chief Executive Officer and 15% for the Chief Financial Officer that will revert to the wider workforce rate (currently 4% of salary) from 1 January 2023															
	<table><tr><th></th><th>Base salary</th><th>Benefits</th><th>Pension</th><th>Total fixed</th></tr><tr><td>Michael Topnam</td><td>£529,000</td><td>£111,000</td><td>£34,640</td><td>£674,640</td></tr><tr><td>Richard Pike</td><td>£337,300</td><td>£43,000</td><td>£42,718</td><td>£422,018</td></tr></table>		Base salary	Benefits	Pension	Total fixed	Michael Topnam	£529,000	£111,000	£34,640	£674,640	Richard Pike	£337,300	£43,000	£42,718	£422,018
	Base salary	Benefits	Pension	Total fixed												
Michael Topnam	£529,000	£111,000	£34,640	£674,640												
Richard Pike	£337,300	£43,000	£42,718	£422,018												
Target	<p>Based on what the Executive Director would receive if performance was on target (excluding share price appreciation and dividends):</p> <ul style="list-style-type: none">Annual bonus consists of the on target bonus (60% of maximum opportunity used for illustrative purposes)Long term incentive plan (LTIP): consists of the threshold level of vesting (25% vesting) under the PSP															
Maximum	<p>Based on the maximum remuneration receivable (excluding share price appreciation and dividends):</p> <ul style="list-style-type: none">Annual bonus consists of maximum bonus of 130% of base salary for the Chief Executive Officer and 110% of base salary for the Chief Financial OfficerLTIP consists of the proposed 2022 face value of awards (175% of base salary for the Chief Executive Officer and 175% of base salary for the Chief Financial Officer) under the PSP															
Maximum with 50% share price growth	<ul style="list-style-type: none">As the maximum scenario plus the value resulting from share price growth of 50% from the PSP award															

Directors' Report

This Directors' Report sets out the information required to be disclosed by the Company in compliance with the Act, the UK Listing Rules and the Financial Conduct Authority's Disclosure and Transparency Rules (DTR). It forms part of the management report as required under the DTR, along with the Strategic Report (pages 31-89) and other sections of this Annual Report and Accounts, including the Corporate Governance Report (pages 90-143) all of which are incorporated by reference, as outlined in the table below.

Information	Reported in	Pages
Acquisitions and disposals	Strategic Report	17-19
Business model	Strategic Report	38-39
Corporate Governance framework	Corporate Governance Report	96
Community and charitable giving	Strategic Report	57
Customer and supplier engagement	Strategic Report	14-15
Directors' conflicts of interest	Corporate Governance Report	112
Directors' share interests and remuneration	Directors' Report on Remuneration	132
Director training and development	Corporate Governance Report	112
Diversity, equality and inclusion	Strategic Report	54
Employee engagement	Strategic Report	52
Employees with disabilities	Strategic Report	85
Financial instruments	Financial Statements (Note 17)	90
Future developments and strategic priorities	Strategic Report	17-19
Going concern statement	Strategic Report	89
Greenhouse gas emissions	Strategic Report	45
Principal risks and risk management	Strategic Report	76-83
Modern Slavery Statement	Strategic Report	56
Non-Financial information	Strategic Report	84-88
Results	Consolidated Income Statement	157
Risk management and internal control	Corporate Governance Report	122-123
Section 172 Statement	Strategic Report	11
Stakeholder engagement	Strategic Report	102-107
Statement of Directors' Responsibilities	Directors' Report	144
Viability statement	Strategic Report	89

Annual General Meeting

The Company's AGM will be held at 11:00am on Friday 23 September 2022 at Linklaters LLP, 1 Silk Street, London EC2Y 8HQ.

The Notice of the AGM will be available on the Company's website at www.biffa.co.uk/investors.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders and can be found on our website www.biffa.co.uk.

Branches

The Company does not have any branches outside of the UK.

Change of Control

The Group has in place a £350m multi-currency revolving credit facility (RCF) with a syndicate of 10 banks expiring in March 2025, with an extension of one year, to March 2026, on 84% of the facility. Under the terms of the RCF and private placement, if there is a change of control of the Company then any lender may request that its commitment be cancelled and all other outstanding amounts be repaid to that lender. The Company is not aware of any other significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are no agreements between the Company and the Directors or employees of the Group providing for compensation for loss of office or employment following a takeover bid.

Charitable Donations

During the year, the Company made charitable donations of £175,000, including £100,000 to WasteAid. Further details can be found on page 57.

Company Registration

Biffa plc is a company incorporated in England and Wales with company number 10336040.

Corporate Governance Arrangements

During the year ended 25 March 2022, we have applied the principles of the Code. Our Compliance Statement for the year is on page 90. Further details on how we have applied the Code can be found in the Corporate Governance section on pages 90-143. The Code can be found in the Corporate Governance section of the Financial Reporting Council's website www.frc.org.uk.

Directors' Report continued

Directors

Details of the Directors who served during the year are set out on pages 92-93. Claire Miles was appointed as a Director of the Company on 1 April 2021. Michael Averill resigned as a Director of the Company on 31 December 2021 and Linda Morant was appointed as a Director of the Company on 1 December 2021.

The Company's Articles of Association provide that all Directors will stand for re-election every three years out in compliance with the Code and Directors at the AGM will retire and present themselves for re-election to the Board.

The business of the Company is managed by the Board, which may exercise all the powers of the Company subject to its Articles of Association and the Act.

Directors' Indemnities and Insurance

The Company's Articles of Association provide for the Directors and officers of the Company to be appropriately indemnified subject to the provisions of the Companies Act 2006. In addition, the Group maintains liability insurance for its Directors and officers. Neither the Company's indemnity nor insurance covers claims arising from dishonesty or fraud.

Dividend

Dividends have been reinstated for FY22. During the year an interim dividend of 2.20 pence per share was paid (2021: nil). The Board is recommending a final dividend of 4.49 pence per share for the year ended 23 March 2022 (2021: nil). The final dividend will be payable on 10 October 2022 to shareholders on the register at the close of business on 26 August 2022.

External Auditor

So far as each Director is aware, there is no relevant information of which the External Auditor is unaware. Each Director has taken all steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that Deloitte LLP are aware of that information.

As detailed on page 124, the Audit Committee recommended, and the Board approved, the proposal that the current External Auditor, Deloitte LLP, be re-appointed as External Auditor of the Company at the AGM. Resolutions to re-appoint Deloitte LLP as the Company's External Auditor until the conclusion of the AGM in 2023 and to authorise the Directors to determine their remuneration will be proposed to shareholders at the AGM.

Political Donations

No political donations have been made during the financial year.

Post Balance Sheet Events

The Group has been engaged in a dispute with HMRC concerning historical Landfill Tax. Further details on the outcome of the Group's request of leave to appeal can be found in Note 31 on page 208.

Powers for the Company issuing or buying back its shares

The Company was authorised by shareholders at the 2021 AGM to purchase in the market shares in the Company up to an aggregate nominal amount of £1,018,692.

No shares were allotted or purchased under this authority during the year.

Share Capital

The Company's issued share capital as at the date of this Report is composed of a single class of 305,910,826 ordinary shares of 1 pence each. Each share carries the right to one vote at general meetings of the Company.

In addition, the Company issued and allotted 297,502, 1,209 and 10,364 ordinary shares in the Company under the terms of the Biffa Sharesave Plan 2016 at a price of 198 pence, 190 pence and 158 pence, respectively. Details of the Company's issued share capital during the year are shown in Note 22 on page 199.

The Company may vary the rights attaching to its shares by special resolution, subject to the Articles of Association and applicable laws and regulations.

The Articles of Association contain provisions governing the ownership and transfer of shares. There are no restrictions on the transfer of shares beyond those required by applicable law under the Articles of Association or insider trading laws. In accordance with the Company's share dealing policy, the Directors and certain employees are required to seek prior approval of the Company before dealing in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares and/or voting rights.

On 5 August 2022, the Biffa plc Share Incentive Plan 2016 held 1,178,364 shares and the Biffa PSP plan held 1,858,454 shares in the Employee Benefit Trust. The right to receive any dividend has been waived by the Trustee of the EBTT over the entire holding of the trust and by Wealth Nominees Limited in respect of all Biffa plc shares in their custodian account.

Employees who participate in the SIP and whose shares remain in the Plan's trust give directions to the Trustee to vote on their behalf by way of a Form of Direction.

Substantial Shareholdings

The table below shows the holdings in the Company's ordinary shares that had been notified to the Company under the Disclosure and Transparency Rules (DTRs). The information below was correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until an applicable threshold is crossed.

Shareholder	As at 25 March 2022			As at 2 August 2022		
	Direct/Indirect	Number of shares held	Holding of issued share capital %	Direct/Indirect	Number of shares held	Holding of issued share capital %
Global Alpha Capital Management	Indirect	35,868,875	11.73	Indirect	37,955,641	12.41
Lansdowne Partners	Indirect	27,532,538	9.00	n/a	n/a	n/a
Columbia Threadneedle Investments	n/a	n/a	n/a	Indirect	14,879,967	4.86
BlackRock, Inc.	Indirect	17,289,542	5.65	Indirect	14,855,463	4.86
Flat Footed	Indirect	14,168,080	4.63	Indirect	15,017,296	4.91
Legal & General Investment Management	Indirect	12,571,302	4.11	Indirect	11,994,401	3.92
BMO Global Asset Management (UK)	Indirect	11,116,222	3.63	n/a	n/a	n/a
Soros Fund Management	Indirect	10,305,010	3.33	Indirect	9,319,796	3.37
Vanguard Group	Indirect	9,869,709	3.23	Indirect	9,927,326	3.25
Fidelity International	Indirect	9,470,148	3.10	Indirect	14,445,451	4.72
Fidelity Management & Research	Indirect	9,429,927	3.08	Indirect	10,631,069	3.48

On behalf of the Board

Sarah C. Parsons

Sarah Parsons

Company Secretary Biffa plc

5 August 2022

Registered in England and Wales No

10336040

Statement of Directors' Responsibilities

in respect of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report and the Group and Company 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 are required to prepare the Group Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs). The Financial Statements also comply with the IFRSs as issued by the IASB.

The Directors have also chosen to prepare the parent company financial statements in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period.

In preparing the parent company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether the Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

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 its Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 5 August 2022 and is signed on its behalf by:

By order of the Board



Ken Lever

Chairman

5 August 2022

Independent Auditor's Report to the members of Biffa plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Biffa plc (the parent company) and its subsidiaries (the group) give a true and fair view of the state of the Group and of the parent company's affairs as at 25 March 2022 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company financial positions;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the accounting policies; and
- the related Notes 1 to 35 for the consolidated financial statements and Notes 1 to 12 of the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. 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 Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in Note 6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the members of Biffa plc continued

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Landfill accounting • Onerous contract provisions • Impairment of goodwill in relation to Company Shop Group • Valuation of specified intangibles as a result of the Viridor business combination • HMRC landfill tax enquiry <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	<p>The materiality that we used for the Group financial statements was £5 million which was determined on the basis of revenue and adjusted EBITDA. Materiality equates to 0.3% of Group revenue and 2.6% of adjusted EBITDA.</p>
Scoping	<p>The Group is organised into three divisions, within which there are eight components. We performed a full scope audit on live components, audit of specified balances on one component and desktop procedures on the remaining two components. We performed the balance sheet procedures centrally at Group level for all components. The full scope and audit of specified balances scope components account for 90.8% (2021: 98.0%) of Group revenue and 96.0% (2021: 97.0%) of net assets.</p>
Significant changes in our approach	<p>In the current year we revised our scoping approach to align to the newly created divisional structure of the Group.</p> <p>We have removed the classification and presentation of adjusting items as a key audit matter this year as they are no longer disclosed on the face of financial statements. In addition, retirement benefit obligations are no longer considered to be a key audit matter this year as the effort and volume of audit work has reduced substantially given that the implementation of Guaranteed Minimum Pensions ("GMP") equalisations, reduced judgement over the recognition of certain defined benefit schemes and other one-off items in previous years that are no longer applicable.</p> <p>This year we have included three new key audit matters:</p> <ul style="list-style-type: none"> • Impairment of Goodwill specific to Company Shop Group In the prior year we identified an impairment indicator in relation to Poplars AD cash generating unit (CGU) and Landfill gas CGU. However, this year the impairment risk has been identified in the Company Shop Group (CSG) as it exhibited impairment indicators and therefore became the focus of the impairment key audit matter. • Valuation of specified intangibles as a result of the Viridor acquisition We identified the valuation of specified intangibles as a new key audit matter in the current year due to the level of judgement involved in respect of key assumptions underpinning the customer and FMRC 12 intangible valuations. • HMRC landfill tax enquiry We identified a key audit matter in relation to HMRC's concerns over Biffa's compliance with landfill tax collection obligations. Given the uncertainty over the application of the requirements, the level of management judgement involved and the size of the potential liability, we identified the completeness and accuracy of provisions, and associated contingent liability disclosures, as a key audit matter.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- held discussions with management to understand the Group's process in respect of its going concern assessment;
- reviewed the reasonableness of assumptions applied by management in preparing its FY23 budget and FY24 plan;
- performed an analysis on the Group's results against budget to assess historical accuracy;
- assessed the level of headroom available to the Group from its loan facilities and evaluated the risk of breaching covenants;
- challenged management's reasonable worst-case analysis and whether it is appropriately plausible but severe, and performed sensitivity analysis on key variables;
- assessed the appropriateness of considerations and assumptions regarding the impact of the HMRC landfill tax enquiry and the Group's ability to settle a potential liability in the going concern period;
- evaluated the additional external funding facilities accessible to the Group;
- obtained and performed analysis on post year end results and benchmarked this against management's forecasts;
- assessed the disclosure in Note 1 to the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements; and
- assessed the going concern impact of the potential transaction disclosed in the post balance sheet events Note (Note 35) regarding the possible offer from Energy Capital Partners to acquire Biffa's entire share capital.

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 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.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Landfill accounting <>

Key audit matter description	<p>As at 25 March 2022 the Group holds a landfill restoration and aftercare provision of £73.9 million (26 March 2021: £71.9 million).</p> <p>The Group operates a number of landfill sites in the UK. A significant cost of owning and operating a landfill site in the UK arises after the land filling operation ceases due to the constructive and legal obligation to restore sites and then to care for them until it can be demonstrated that they present no ongoing risk to the environment. The liabilities extend until the waste is considered to be inert, which is generally assumed to be up to 60 years following closure of the site. The Group holds provisions for such long-term obligations through its provisions for restoration. The level of costs expected are uncertain and can vary significantly from site to site. Biffa uses internal experts to help determine the total expenditure required to remediate sites.</p> <p>As these provisions arise in connection with an asset, under IAS 16 "Property, Plant and Equipment" the costs are capitalised and depreciated over the remaining life of the associated asset.</p> <p>The key audit matter arises from a number of estimation uncertainties which exist in relation to the level of the provision and depreciation required of associated assets. These include the appropriateness of the total cost and void data, as well as the accuracy of the underlying calculations, with the key variables being gross cost assumptions utilised in determining the provision cost, void data, inflation and the discount rates applied to the cashflow forecasts.</p> <p>The associated disclosure is included in Note 19. The Audit Committee has included their assessment of this risk on page 120 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 174.</p>
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Independent Auditor's Report to the members of Biffa plc

continued

5. Key audit matters continued

5.1. Landfill accounting continued

How the scope of our audit responded to the key audit matter	<p>Our audit response focused on assessing and challenging the underlying data and key judgements used in determining the provision.</p> <p>We tested the relevant controls surrounding the landfill asset and provision.</p> <p>We assessed and challenged the assumptions and judgements in the calculations with reference to market and historical data, this included inflation and discount rates applied in the forecast cash flows. We also engaged with a specialist to review the appropriateness of the discount rate applied.</p> <p>We evaluated gross cost estimates from management's experts and challenged on the key developments during the year that would give rise to a material impact.</p> <p>Furthermore, we performed an assessment of the reasonableness of the gross cost estimates used by management, by performing a retrospective review of the costs incurred in comparison to those originally estimated. We also considered any changes in relation to regulations and climate change.</p> <p>We assessed the disclosure within Note 19 to the accounts to evaluate whether it is in accordance with the requirements of IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets".</p>
Key observations	Based on the work performed as outlined above we conclude the assumptions to be appropriate and we concur with management that the level of landfill provision is reasonable.

5.2. Onerous contract provisions

Key audit matter description	<p>In the period ending 25 March 2022, the provision against onerous contracts decreased to £20.4 million (2021: £20.5 million).</p> <p>The process to estimate the forecast results of the contracts is complex, and the Group therefore needs to make operational and financial assumptions to estimate future losses over the remaining life of the associated contracts. The onerous contract provision is determined by reference to forecast margins, and as such revenue and cost inputs are the key drivers of the balance. The key risk has therefore been identified as to whether costs will increase at a rate that cannot be matched by revenue indexation per the contract.</p> <p>There is a risk that the provision recognised in respect of these contracts does not appropriately cover the unavoidable future losses against the contract as required under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".</p> <p>We have identified a key audit matter in respect of the judgements applied in the assessment of unavoidable future cash flows, particularly in relation to key estimation areas such as future inflation, fuel, and commodity prices applied within the forecasts, and the discount rates applied to the forecast contract loss.</p> <p>The associated disclosure is included in Note 19. The Audit Committee has included their assessment of this risk on page 121 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 174.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls in place to identify contracts which may be onerous and determine whether the potential liability is appropriately accounted for and disclosed in the Group's financial statements.</p> <p>We assessed the forecast assumptions around inflation, fuel prices and commodity values against external market data. We also liaised with audit specialists to assess the reasonableness of the discount rate applied.</p> <p>We also analysed forecast future performance against historic contract results, and where appropriate, bridged any expected improvement in performance to specific one-off events in the year and considered whether they would reoccur.</p> <p>We evaluated the approach adopted in the models and tested the models for arithmetical accuracy along with reviewing publicly available external information and considered the impact of assumptions applied.</p> <p>We assessed the disclosures in Note 19 to evaluate whether it is in accordance with the requirements of IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets".</p>
Key observations	Based on the work performed as outlined above we consider the assumptions adopted to be appropriate and we are satisfied that the level of provision recognised by management is in accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets".

5.3. Impairment of Goodwill (Company Shop Group)

Key audit matter description	<p>As at 25 March 2022 the Group held non-current assets of £1,324.2 million (26 March 2021: £1,162.5 million) of which £40.6 million relates to Company Shop Group ("CSG") goodwill which could be at further risk of impairment. The directors are required to assess the carrying value of these assets and perform a full impairment review in accordance with the requirements of IAS 36 "Impairment of Assets" on an annual basis, or more frequently if an indicator of impairment exists.</p> <p>During 2022, an indicator of impairment was identified for the CSG cash generating unit ("CCU") as CSG business performance was not in line with forecasts. The recoverable amounts used in the impairment assessment was calculated on a Value in Use basis ("VIU"). Following an impairment test, an impairment charge of £25 million was recorded as at half year.</p> <p>We identified a key audit matter in relation to the CSG CCU within the Specialist Services operating division based on the low level of headroom and sensitivity to the inputs. The key audit matter was identified in relation to the key areas of estimation uncertainty in the assumptions. These include the revenue growth, gross margin, discount rate and the cashflows assumed from the terminal value.</p> <p>The associated disclosure is included in Note 10. The Audit Committee has included their assessment of this risk on page 120 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 175.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls over the Group's impairment testing process.</p> <p>We considered the reasonableness of the impairment model through testing the appropriateness of inputs including consideration of the terminal value of cash flows and engaged a fair value specialist as part of our input testing procedures.</p> <p>We involved our valuation specialists, with the relevant knowledge and expertise, to determine an acceptable range of discount rates utilising market comparable information and comparing them against the rates used.</p> <p>We further evaluated the revenue growth and gross margin improvements assumed within the cashflow forecasts with reference to recent performance, gross margin trend analysis and consideration of initiatives that have been put in place.</p> <p>We assessed the disclosure within Note 1 and Note 10 to evaluate whether it is in accordance with IAS 36 "Impairment of Assets". In particular, we assessed the appropriateness of the disclosure as to what reasonably possible change in a key assumption would cause the CCU's carrying amount to exceed its recoverable amount.</p>
Key observations	<p>Based on the work performed as outlined above we consider that the assumptions applied in the impairment models, when taken in aggregate, are within our acceptable range. We consider management's disclosure of the reasonably possible scenarios to be appropriate as it identifies the value of the applicable key assumptions and the value by which the key assumptions must change to reduce headroom to nil. Refer to Note 1 and Note 10 of the financial statements where the sensitivity disclosure is provided.</p>

Independent Auditor's Report to the members of Biffa plc

continued

5. Key audit matters continued

5.4. Valuation of specified intangibles as a result of the Viridor business combination

Key audit matter description	<p>During the year Biffa Plc acquired Syracuse Waste Limited and its subsidiaries from Viridor for a cash consideration of £130.3 million funded from the Group's existing cash and debt facilities. In accordance with IFRS 3 'Business Combinations', the identifiable assets and the liabilities were recognised at their fair value on acquisition.</p> <p>A number of significant judgements were required to estimate future revenues and margins within the cashflows used to estimate the valuation of the identified intangibles. This includes judgements involved in the valuation of the associated IIRC 1.2 asset, along with intangible assets identified specific to customers in the Industrial and Collection (I&C) segment.</p> <p>The key assumptions that feed into the customer relationships intangible valuation are the revenue forecasts, attrition rate, earnings before interest and tax (EBIT) margin and the discount rate.</p> <p>Due to the significance of the judgements around valuation of intangible assets, we have determined this represents a key audit matter.</p> <p>The associated disclosure is included in Note 9. The Audit Committee has included their assessment of this risk on page 121 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy, please see page 175.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the relevant controls around the determination of the purchase price allocation ("PPA") of the acquisition.</p> <p>We evaluated the acquisition balance sheet and fair value adjustments including challenging the identification and valuation of intangible assets and the assessment of useful economic life of the customer relationship intangible, the reasonableness of the internal forecasts upon which this asset is based and profitability pertaining to this intangible using our specialists and benchmarking.</p> <p>We assessed the appropriateness and classification of recognising an intangible asset in accordance with IIRC 1.2 Service Concession Arrangements.</p> <p>We engaged a valuation specialist in assessing the appropriateness and the application of the methodology applied to value the customer relationship intangible and in assessing the customer attrition rates and the discount rates.</p> <p>We assessed the disclosure within Note 9 to evaluate whether it is in accordance with the requirements of IFRS 3 'Business combinations'.</p>
Key observations	<p>Based on the work performed as outlined above, we are satisfied that the assumptions used to value the intangible assets when taken in aggregate, lie within a reasonable range.</p> <p>We are satisfied that the acquired businesses have been appropriately accounted for in accordance with IFRS 3 'Business Combinations'.</p>

5.5. HMRC landfill tax enquiry

Key audit matter description	<p>As set out in Note 1, Biffa is currently subject to an HMRC enquiry in respect of its compliance with landfill tax ("LFT") collection obligations. Through this process to date, HMRC have contested the Group's compliance with HMRC Excise Notice LFT 1 ("LFT1"), which sets out the requirements for an LFT registered landfill operator for the inspection and testing of certain materials deposited at landfill sites.</p> <p>HMRC has raised concerns over the manner and extent to which Biffa has complied with these requirements, asserted that specific amounts of LFT may be considered due, and concerns over the conduct of Biffa and its specific customers in relation to materials entering landfill and associated tax due.</p> <p>As HMRC has not yet concluded its enquiry into these matters, given the size of the potential liability indicated by the protective assessments issued to date by HMRC and the level of management judgement involved, we have identified the completeness and accuracy of provisions and contingent liabilities associated with this enquiry, and the Group's related disclosures, as a key audit matter.</p> <p>The enquiry commenced in February 2020, but following the receipt of further correspondence from HMRC in February 2022, the Group has conducted additional analysis, with the support of third party legal and technical advice, and re-assessed its position regarding potential amounts owed relating to landfill tax.</p> <p>Given the stage of the investigation, management judgements required in respect of the assessment of the probability of an outflow of funds, the assessment of the value of elements which are considered probable, and disclosure of contingent liabilities within the financial statements.</p> <p>Whilst the HMRC enquiry has not concluded, a provision of £20 million (£Y21: £3.0 million) has been recognised relating to the specific amounts asserted by HMRC to date, as disclosed in Note 19.</p> <p>Additionally, in light of the fact that HMRC has yet to conclude its enquiry and the general issues raised in respect of LFT1 compliance and Biffa/customer conduct, a contingent liability reflecting the range of potential outcomes for Biffa's potential additional liability for the relevant period has been disclosed in Note 29. This could be up to approximately £154 million (being the total amount of protective assessments issued to date by HMRC, excluding amounts provided for), plus related costs, interest and penalties where applicable.</p> <p>Given the significant level of estimation uncertainty, the directors have included further information in the key sources of estimation uncertainty disclosure in Note 1 on pages 175-176. The Audit Committee has included their assessment of this risk on page 121.</p>
How the scope of our audit responded to the key audit matter	<p>As part of our audit procedures, we obtained an understanding of the relevant controls in respect of landfill tax collection and the inputs and assumptions of estimation of tax provisioning.</p> <p>We engaged internal forensic specialists in evaluating the scope and findings of the Group's internal analysis which was itself supported by legal and forensic advisers, reading the reports and findings to date, considering contradictory evidence and challenging as to whether wider implications of the findings have been appropriately incorporated, specifically considering the risk of contagion.</p> <p>We also involved internal tax specialists in understanding the requirements of LFT 1, the application by the Group, analogous legal precedent and potential exposure.</p> <p>We assessed the competence, capabilities and objectivity of the legal and forensic advisers used in the Group's investigation.</p> <p>For completeness, we reviewed correspondence between the Group, HMRC and the Group's external legal advisers and obtained direct correspondence from and made direct inquiries of the Group's external legal adviser with regard to the status of claims to date and their views. When making direct inquiries of HMRC, we sought to understand the status of their investigation and to corroborate areas of inquiry as the investigation progresses.</p> <p>Additionally, we brought additional resource onto the team, including at partner and director level, who supported in challenging the findings arising from the Group's investigation, in particular in relation to the completeness and accuracy of provisions and contingent liabilities arising from the Group's internal analysis.</p> <p>We evaluated the completeness of the provisions and contingent liabilities through review of board minutes and board correspondence, internal audit reports and other supporting and contradictory evidence.</p> <p>Lastly, we also challenged the appropriateness of the disclosures included in the financial statements relating to the investigation and challenged management and the directors on the impact on the completeness of their going concern assessment and disclosure relating to this matter.</p>
Key observations	<p>We concluded that the provision of £20 million recognised in relation to specific amounts asserted by HMRC in their investigation to date, including amounts for any applicable interest and related costs was reasonable.</p> <p>In respect of the broader concerns HMRC has raised about certain aspects of Biffa's compliance with the qualifying fines regime set out in LFT1, we concluded that given the stage of investigations by HMRC an outflow of economic benefits was not probable, and that the associated contingent liability disclosures were appropriate.</p> <p>The disclosures highlight that the directors' estimates reflect significant levels of uncertainty in respect of the status of the HMRC investigation, as set out in the key sources of estimation uncertainty in Note 1 of the financial statements.</p>

Independent Auditor's Report to the members of Biffa plc

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6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£5 million (2021: £3.8m)	£1.3 million (2021: £1.2m)
Basis for determining materiality	Materiality has been determined with reference to revenue and adjusted EBITDA. The materiality determined of £5m equates to 0.3% (2021: 0.4%) of revenue and 2.6% of adjusted EBITDA (2021: 2.8%). In the prior year, materiality was determined on the same basis.	Parent company materiality was determined on the basis of net assets. It equates to 0.4% (2021: 0.3%) of net assets.
Rationale for the benchmark applied	We consider that a materiality based on these benchmarks reflects critical underlying measures of the Group. These are given substantial prominence throughout the annual report and reflect the key metrics used by analysts in their reports and communications to shareholders and investors, as well as those of peer companies.	As the Company is non-trading and operates as primarily a holding company for the Group's trading entities, we believe that the net asset position is the most appropriate benchmark to use.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (2021: 60%) of Group materiality	60% (2021: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our cumulative experience from prior year audits, our risk assessment, including our understanding of the entity and its environment, the quality of the control environment and the history of uncorrected misstatements in previous years.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.25m (2021: £0.19m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The Group primarily operates in the United Kingdom. In addition, the Group has an active overseas entity based in Gibraltar that provides insurance services to the Group.

For the current year audit, we revised our approach to the identification of components within the Group. Following the Group's growth and the establishment of the new specialist services division, we consider the divisional structure to better reflect the components of the Group, rather than the legal entity based scoping approach adopted in prior periods. The materiality and scope of work for each component has been assessed based upon its significance and contributions to the Group. Audit procedures were then performed based upon the level of scope identified.

The Group is organised into three divisions, within which there are eight components. We performed a full scope audit on five components, audit of specified balances on one component and desktop procedures on the remaining two components. We performed the balance sheet procedures centrally at Group level for all components.

The full scope and audit of specified balances scope components account for 90.8% (2021: 98.0%) of Group revenue and 96.0% (2021: 91.0%) of net assets.

In addition to the work performed at a component level the Group audit team also performed audit procedures on, but not limited to, corporate activities such as treasury and pensions as well as on the consolidated financial statements themselves, including entity level controls, litigation provisions, the consolidation, and financial statement disclosures including the parent company financial statements.

7.2. Our consideration of the control environment

The Group operates a range of IT systems, which underpin the financial reporting process, including the "Central System", which represents the main enterprise resource management system of the Group that governs the general ledger. In addition, we identified the Group-level Micro-strategy consolidation system as relevant to the audit. With the assistance of our IT specialists, we assessed the IT control environment and tested general IT controls of these systems by evaluating change management, user access and segregation of duties.

We have taken a controls reliance approach on landfill accounting by testing whether relevant controls on these areas were operating effectively during the period.

A number of control deficiencies were identified in the prior year audit, and similar deficiencies were identified during the current year audit, particularly in relation to the design and implementation of controls in respect of the onerous contract provisions, identification and valuation of intangibles arising in the Vindor acquisition, HMRC landfill tax enquiry and impairment of Goodwill in relation to Company Shop Group (see section 5). As a result of these findings, we were unable to adopt a controls-based audit approach in some of these areas except for landfill accounting, in response to the deficiencies identified, we revisited our risk assessment and altered the nature and extent of our planned testing, including setting our Group performance materiality at 60% consistent with last year (see section 6.2), tailoring our risk-focused procedures and revising the adequacy of substantive testing across these areas. As described in the Audit Committee Report on page 113, they will review management's actions to address these deficiencies as well as those identified by internal audit during the current year.

7.3. Our consideration of climate-related risks

Throughout the current year and prior year the directors have undertaken a number of steps to formalise compliance with requirements as a means to drive change, progress actions and adopt the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. In the prior year, the directors have made a voluntary disclosure in their strategic report where they explained their response to climate change.

In the current year, management performed a climate-related risk assessment which has been reviewed by the board. As a result, climate change is considered as an emerging risk this year under the principal risks and uncertainties section in the annual report, page 77. Management also reviews climate risk templates for completeness of items before instructing divisions to perform their own assessment while the Sustainability Committee Board oversee environmental compliance, sustainability strategies and performance. The directors have also disclosed their responses against Listing Rules on page 38 of the strategic report.

As stated on pages 32-33 of the strategic report, the directors' view is that they will support the UK to strengthen its climate pledge and reach its net zero ambition, in line with COP26 objectives. Further to that they have also disclosed in Note 19 of the financial statements that there are assumptions relating to climate risks that have an impact on the terminal value of the impairment assessments.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any additional reasonably possible risks of material misstatement. Our procedures were performed with the involvement of our climate change and sustainability specialists and included reading disclosures in the strategic report including the TCFD disclosures to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

We engaged with the Deloitte Gibraltar team as an integrated part of the Group audit team for the procedures performed on the Gibraltar entity. A senior member of the Group audit team oversaw the Deloitte teams work on the Gibraltar entity. We included them in our team briefings, attended key meetings with management and reviewed their audit working papers.

Independent Auditor's Report to the members of Biffa plc

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8. 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.

9. Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group 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.

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about the identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists including tax, valuations, pensions, IT, forensic and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: landfill accounting, accrued revenue, onerous contract provision and the HMRC landfill tax enquiry. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation in all relevant jurisdictions where the Group operates.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the landfill tax regulations and the Environment Act 2021.

11.2. Audit response to risks identified

As a result of performing the above, we identified landfill accounting and onerous contract provision as key audit matters related to the potential risk of fraud. We also identified a key audit matter related to the potential risk of fraud and non-compliance with laws and regulations (HMRC landfill tax enquiry). The key audit matters section of our report explains the matters in more detail and describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- inquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- in responding to the risk on accrued revenue balance (within the Municipal business), for a sample of customers we agreed the revenue recognised to supporting evidence and analysed the month-on-month revenue and compared to the year-end accrued revenue and debtor balances; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

In the 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 any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 144;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 89;
- the directors' statement on fair, balanced and understandable set out on page 144;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 76 to 83;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 76 to 83; and
- the section describing the work of the Audit Committee set out on page 118 to 125.

Independent Auditor's Report to the members of Biffa plc

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14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board on 23 August 2016 to audit the financial statements for the period ending 24 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the periods ending 24 March 2017 to 25 March 2022.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Peter Gallimore, FCA

Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
5 August 2022

Consolidated Income Statement

	Notes	52 weeks ended 25 March 2022 £m	52 weeks ended 26 March 2021 £m
Continuing operations			
Revenue	2	1,443.2	1,042.0
Cost of sales		(1,351.5)	(1,009.3)
Gross profit		91.7	41.7
Operating costs		(75.0)	(57.4)
Impairments	10	(25.0)	(21.9)
Operating Loss		(8.3)	(37.6)
Finance income	3	3.2	3.2
Finance charges	3	(22.4)	(17.6)
Share of results in joint venture	30	(1.1)	(0.8)
Loss before taxation	4	(28.6)	(52.8)
Taxation	7	11.0	12.3
Loss for the period		(17.6)	(40.5)
Loss attributable to shareholders of the Parent Company		(17.6)	(40.5)
Basic loss per share (pence)	8	(5.8)	(13.7)
Diluted loss per share (pence)	8	(5.6)	(13.4)

Consolidated Statement of Other Comprehensive Income

	Notes	52 weeks ended 25 March 2022 £m	52 weeks ended 26 March 2021 £m
Loss for the period		(17.6)	(40.5)
Other Comprehensive Income/(Loss)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension scheme	26	48.7	(27.6)
Tax relating to items that will not be reclassified subsequently to profit or loss	7	(15.0)	4.1
		33.7	(17.5)
Items that may be reclassified subsequently to profit or loss:			
Gain/(Loss) on fair value of cash flow hedges:			
Fair value gain/(loss) arising on hedging instruments during the period	17	15.0	(2.6)
Net gain/(loss) on cash flow hedges in joint ventures	30	3.5	(1.0)
Tax relating to items that may be reclassified subsequently to profit or loss	7	(2.2)	-
		16.3	(3.6)
Other comprehensive income/(loss) for the period, net of income tax		50.0	(21.1)
Total comprehensive income/(loss) for the period		32.4	(61.6)
Attributable to shareholders of the Parent Company		32.4	(61.6)

Consolidated Statement of Financial Position

	Notes	As at 25 March 2022 £m	As at 26 March 2021 £m
Non-current assets			
Goodwill	10	264.3	224.3
Investments in joint ventures	30	29.4	9.6
Other intangible assets	11	222.9	132.5
Property, plant and equipment	12	617.2	562.2
Long-term receivables	14	2.3	65.8
Loans to joint ventures	17	14.3	6.0
Derivative financial instruments	17	7.7	–
Retirement benefit surplus	26	166.1	112.1
		1,324.2	1,162.5
Current assets			
Inventories	13	35.2	22.3
Contract assets	15	71.8	50.6
Trade and other receivables	14	207.6	141.3
Financial assets	17	16.3	12.3
Derivative financial instruments	17	4.0	0.3
Cash and cash equivalents	16	40.8	30.8
		375.7	258.1
Current liabilities			
Lease liabilities	25	(53.8)	(54.7)
Trade and other payables	18	(340.7)	(257.3)
Deferred and contingent consideration	17	(4.2)	(3.4)
Contract liabilities	15	(27.1)	(19.6)
Derivative financial instruments	17	(0.2)	(3.0)
Provisions	19	(20.3)	(16.1)
		(446.3)	(360.6)
Net current liabilities		(70.6)	(102.5)
Non-current liabilities			
Borrowings	17	(368.3)	(245.2)
Lease liabilities	25	(222.5)	(229.0)
Derivative financial instruments	17	–	(0.9)
Trade and other payables	18	(6.6)	(14.6)
Deferred consideration	17	(3.0)	–
Provisions	19	(137.4)	(101.3)
Deferred tax liability	20	(32.5)	(11.1)
		(770.3)	(602.1)
Net assets		483.3	457.9
Equity			
Called up share capital	22	3.1	3.1
Share premium	22	247.6	247.0
Reshedging reserve	22	9.9	(6.2)
Merger reserve	22	170.3	170.3
Retained earnings	23	52.4	43.9
Total equity attributable to shareholders		483.3	457.9

The consolidated financial statements have been prepared on a going concern basis. The directors have a duty to ensure that the consolidated financial statements are prepared on a going concern basis.

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The financial statements were approved by the Board of Directors and authorised for issue on 5 August 2022. They were signed on its behalf by



Richard Pike

Director

Financial Director

Consolidated Statement of Changes in Equity

	Called up share capital (Note 22) £m	Share premium (Note 22) £m	Hedging reserve (Note 22) £m	Merger reserve (Note 22) £m	Retained earnings (Note 23) £m	Total equity £m
As at 27 March 2020	2.5	235.3	(2.8)	74.4	107.6	417.0
Loss for the period	–	–	–	–	(40.5)	(40.5)
Other comprehensive loss	–	–	(3.0)	–	(7.5)	(21.1)
Total comprehensive loss	–	–	(3.6)	–	(58.0)	(61.6)
Equity raise	0.5	1.3	–	95.9	–	97.7
Issue of share capital	0.1	10.4	–	–	–	10.5
Shares purchased by employee benefits trust	–	–	–	–	(1.4)	(1.4)
Value of employee service in respect of share option schemes (excluding NICs)	–	–	–	–	3.2	3.2
Deferred tax on share-based payments	–	–	–	–	1.5	1.5
As at 26 March 2021	3.1	247.0	(6.4)	170.3	43.9	457.9
Loss for the period	–	–	–	–	(17.6)	(17.6)
Other comprehensive income	–	–	16.3	–	33.7	50.0
Total comprehensive income	–	–	16.3	–	16.1	32.4
Exercise of share options	–	0.6	–	–	–	0.6
Shares purchased by employee benefits trust	–	–	–	–	(3.6)	(3.6)
Value of employee service in respect of share option schemes (excluding NICs)	–	–	–	–	2.7	2.7
Dividends paid (Note 34)	–	–	–	–	(6.7)	(6.7)
As at 25 March 2022	3.1	247.6	9.9	170.3	52.4	483.3

Consolidated Statement of Cash Flows

	Notes	52 weeks ended 25 March 2022 £m	52 weeks ended 26 March 2021 £m
Cash flows from operating activities			
Operating Loss		(8.3)	(37.6)
Share-based payments	21	3.7	3.3
Amortisation of intangibles	11	30.7	29.6
Depreciation of property, plant and equipment	12	94.9	37.2
Impairment of assets	10	25.0	28.7
Gain on disposal of 25% right to participate in the Protos JV		–	(2.9)
(Profit)/Loss on disposal of fixed assets	4	(6.2)	0.3
FVP related items		20.8	–
Pension deficit payments		(4.2)	(4.0)
Increase in inventories		(12.2)	(2.4)
(Increase)/Decrease in receivables		(72.7)	36.7
Increase/(Decrease) in payables		62.8	(33.8)
Decrease/(Increase) in financial assets		(3.4)	(5.5)
Decrease/(Increase) in provisions		13.7	24.3
Net cash from operating activities		144.6	123.5
Income tax paid		(0.3)	(0.6)
Net cash flows from operating activities		144.3	122.9
Net cash flows from investing activities			
Purchases of property, plant and equipment		(67.2)	(45.0)
Purchases of intangible assets		(2.1)	(3.9)
Funds on long-term deposit		–	(0.1)
Business combinations	9	(135.8)	(119.1)
Cash acquired from business combinations	9	14.2	16.3
Deferred consideration		(1.2)	–
Investment in joint ventures		(17.5)	(3.2)
Sale of rights to shares in joint venture		–	2.8
Proceeds from the sale of property, plant and equipment		6.9	0.8
Loan to joint venture		(7.5)	(3.6)
Interest received		–	0.1
Net cash flows from investing activities		(210.2)	(160.4)
Net cash flows from financing activities			
Interest paid		(19.3)	(14.6)
Employee share scheme purchase		(3.6)	(4.5)
Exercise of share options		0.6	4.9
New loans raised	24	345.0	70.0
Repayment of borrowings	24	(191.1)	(128.6)
Extension of borrowing fees		–	(0.6)
Cash flow on settlement of derivatives		4.1	(0.4)
Equity raise		–	97.7
Lease liabilities principal payments	21	(53.1)	(43.4)
Dividends paid		(6.7)	–
Net cash flows from financing activities		75.9	(19.5)
Net increase in cash and cash equivalents		10.0	(57.0)
Cash and cash equivalents at the beginning of the period		30.8	37.3
Cash and cash equivalents at the end of the period	16	40.8	30.3

In order to make the numbers clearer for the users of the financial accounts management have removed the adjusting items classification from the face of the cash flow statement, and included the adjusting cash items within the applicable items.

Notes to the Consolidated Financial Statements

1. Accounting Policies

General Information

Biffa plc (the Group) is a public company by shares incorporated and registered in the UK and is the ultimate parent company. The address of the Group's registered office is Coronation Road, Cressix, High Wycombe, Buckinghamshire, HP12 3TZ. The principal activity of the Group and its subsidiaries is the provision of waste management services within the United Kingdom.

These financial statements are presented in Pound Sterling (£GBP) and are rounded to the nearest £0.1m.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The comparative financial information has also been prepared on this basis.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the recording of pension assets and liabilities, share-based payments and the revaluation of certain derivative financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Financial Statements for 2022 have been prepared for the 52-week period ended 25 March 2022. The prior year was a 52-week period, to 26 March 2021. The upcoming year will be a 53-week period, to 31 March 2023.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed on pages 173 to 176.

Going concern

During FY22, Biffa's financial performance largely recovered from the effects of the Covid-19 pandemic and the associated lockdown measures. Revenue and Adjusted EBITDA saw significant growth to surpass FY20 levels despite the significant headwinds faced during the year. These included high inflationary cost pressures, driver shortages and supply chain disruption. This resilient performance gives the Directors confidence in the forecast financial performance for the next 12 months. Latest forecasts suggest strong Adjusted EBITDA growth in FY23 as CSC performance continues to recover and further synergies are realised on the Viridor acquisition.

These forecasts, when overlaid with sensitivity analysis taking into account different scenarios for fluctuations in trading performance, show that the Group is expected to be able to comfortably operate within the current levels of the facility over the next 12 months.

The Group had unutilised committed bank facilities available of £341.0m as at the FY22 year end and cash and cash equivalents of £40.3m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x, on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Group in a strong position to manage fluctuations in financial performance over the next 12 months.

The Group completed the acquisition of Viridor's Collections business and certain recycling assets on 31 August 2021 for a total consideration of £130.8m, with £17.0m of lease liabilities assumed.

In order to fund the Viridor acquisition, the Group arranged a private placement facility with two investors for £150.0m covering a term of 7 and 10 years with an average borrowing cost of 2.7%.

An additional private placement facility of £195.0m was arranged with three investors (two of which also invested in the £150.0m private placement) in February 2022, enabling the Group to reduce the drawdown on the RCF to low levels. This has a term of 8, 10 and 12 years with an average borrowing cost of 2.5%.

The cost of the commitments since the Capital Markets Day have been captured in the going concern assessments when assessing the funding requirements.

The going concern assumption has been assessed by considering a number of the principal risks in the Strategic Report. Multiple low cases have been tested, one of which involves the combination of events with a negative impact such as a recession and a large one-off cash payment in FY23 similar in amount to the sum of the protective assessments issued by HMRC on the ongoing and final tax enquiry. The Group could continue to operate for at least the next 12 months in each of these low cases.

After careful consideration, the Board recognise the medium and long term sustainability risks arising from climate change, including cessation of Renewable obligation certificates held by the landfill gas business in 2027. Short term impacts in relation to climate change are not considered to have a significant impact on the Group's business model within the Going Concern period.

On 7 June 2022, the Group announced it had received an unsolicited offer from Energy Capital Partners (ECP) to purchase 100% of the share capital in Biffa plc. The Directors have considered this offer in the context of going concern and have decided that this does not affect the conclusion as to whether the going concern basis of accounting should be adopted.

Based on the above, the Directors have concluded the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these Consolidated Financial Statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Basis of consolidation

The consolidated financial statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 25 March 2022. Control is achieved when the Company:

- Has the power over the investee,
- Is exposed, or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Where the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding or voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-Group transactions are eliminated as part of the consolidation process.

Changes in accounting policies and disclosures

New and amended IFRS Standards that are effective for the current year

At the date of authorisation of these financial statements, the below Standards and Amendments are effective for reporting periods beginning after 1 January 2021, but have not impacted on the Group's reporting.

- Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 – Leases – Amendment to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification

The adoption of the Standards listed above did not have a material impact on the financial statements of the Group.

New standards and interpretations not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted:

- IFRS 17 (including the June 2020 amendments to IFRS 17 Insurance Contracts)
- Amendments to IFRS 10 and IAS 28, Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standard 2018-2020 Cycle, Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to AS 9, Definition of Accounting Estimates
- Amendments to AS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in any future period.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity measurements related to share-based payment arrangements of the acquired, and share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired, are measured in accordance with IFRS 2 Share-based Payments at the acquisition date;
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the excess amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is tested annually for impairment or if there is an indication of impairment. Gains and losses on the disposal of a cash-generating unit include the carrying amount of goodwill relating to that cash-generating unit.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 including climate change related matters, such as the potential cessation of ROC schemes in 2027, implications from possible carbon tax regulation and deposit return scheme coming into effect. The value in use is also determined after considering market information and a consistent growth rate, thereafter, based on the underlying assets of each division.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Team.

The Group's operating segments are split into four divisions:

- Collections which encompasses Municipal and Industrial & Commercial ('I&C')
- Resources & Energy ('R&E') which consists of Inerts, Organics, Recycling and Landfill Gas sub-divisions
- Specialist Services which includes Company Shop Group ('CSG'), Hazardous Waste, Integrated Resource Management ('IRM') and Biffpack
- Group Business Function ('GBF')

During the current financial period the Group moved from recognising three divisions (Collections, Resources & Energy and Group Business Function) to recognising four divisions (Collections, Resources & Energy, Specialist Services and Group Business Function). Operations including Company Shop Group, Hazardous Waste, IRM and Biffpack which were formerly included in the Collections division are now reported in the Specialist Services Division. This represents a distinction from the Municipal and Industrial & Commercial operations retained within the Collections division. The prior period comparatives by division have been updated to reflect these allocations.

Revenue recognition

Revenue represents the fair value of goods and services delivered to customers in the normal course of business, net of trade discounts and VAT. The five-step model is used in determining when services are deemed to have been delivered when, and to the extent that, the Company has met its obligations under its service contracts. Payments received in advance of performance are deferred and recognised as revenue when the related service is delivered.

Collections division

Waste collection revenue

The Collections division collects waste from customer sites. Revenue is recognised at a point in time when the waste is delivered to transfer stations or to a third party. The transaction price is based on contractually pre-agreed prices for collecting and processing the waste. Due to the short time between start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of waste.

The Collections division also provides collections services to households on behalf of local authorities under Municipal contracts, for which revenue is recognised 'over time'. The nature of the contracts and performance obligations includes management fees to operate local authority recycling centres, waste collections and gate fees. The annual revenue for the service is agreed at the outset of the contract and invoiced in equal amounts monthly in arrears.

The Group recognises the revenue based on the working days within the accounting period, which is considered an appropriate approximation to when the process occurs. This is adjusted for any discounts given and penalties for non-delivery of services. However, gate fee revenue is recognised as customer waste is deposited and based on tonnage received.

Resources & Energy ('R&E') division

Landfill revenue

The Company generates revenue from landfill activities by accepting customer waste onto site for disposal into void space. This revenue stream consists of gate fee revenue derived from the Company's operational assets and is based on measured tonnages received from customers. Performance obligations are satisfied as the customer waste is deposited onto the landfill site and revenue is recognised at a point in time.

Revenue from sale of recyclate materials

The Group collects various waste materials, some of which are general waste and some of which are recyclable materials. The recyclable materials are generally commingled and as such then have to be separated into individual recyclate streams ready for resale. Recyclate revenues are measured at the agreed transaction price per tonne of recyclate under the contract with the customer. Revenue recognition occurs when control over the recyclate assets has been transferred and therefore the performance obligation is satisfied at the point in time of collection by the customer.

Energy revenue

The Group receives revenue from the sale of electricity from generating assets. These assets include anaerobic digestion and gas from landfill sites. Revenue from the sale of electricity is measured based upon metered output delivered at rates specified under agreed contract terms with Biffas broker, EDF, under Power Purchase Agreements ('PPA'), or prevailing market rates. Energy generation revenues are recognised at a point in time, being the point at which the power is supplied through the sale to the customer via EDF, based on the quantity of units supplied.

Specialist Services division

Revenue from redistribution of surplus food and household products

The Company Shop Group is a redistributor of surplus food and household products in the UK. The business redistributes surplus stock that it purchases from the Fast Moving Consumer Goods ('FMCG') supply chain to members who work in key sectors including FMCG businesses, emergency services and social care.

Sales are recognised at the point when the risks and rewards attached to the products, including product obsolescence, have been transferred to the customer. This occurs when the customers take possession of the stock that has been purchased.

Trade discounts

Trade discounts are agreed as part of the contractual terms of certain customer contracts. The discounts are usually in the form of a price reduction based on volume collected on a monthly basis. The calculations and terms of the discounts are set out in the respective agreed customer contracts. They are calculated in accordance with the contract, accrued automatically by the accounting system on a monthly basis, and reported as a reduction in revenue. At the end of the calendar month, the amount of the discount for that period is disclosed to and agreed with the relevant customers. This discount is then recognised either by raising a credit note or by the customer raising a separate invoice. These mechanisms are agreed at the outset of the contract. As the monetary trade discount per unit is known and the volume is known, there is no element of estimation within the calculation. Discounts are agreed with the customer on individual contracts on a monthly basis and are immaterial at year end.

The Material Recycling Facilities (MRFs) have contracts with local authorities which contain a risk-sharing mechanism. Local authorities are charged a gate fee per tonne of waste delivered, at the point the waste enters the site. In addition, once the commingled waste/recyclate streams have been sorted and sold, the local authorities are then entitled to a rebate based upon a pre-agreed percentage of the recyclate value achieved. The calculations and terms of the rebates are set out in the respective contracts with local authorities. The rebates are accrued by netting this amount off revenue every reporting period. The calculation is shared with the customer and a credit note raised (or the customer raises an invoice). Rebates are agreed with the customer on individual contracts on a monthly basis and are immaterial at year end.

When the accruals are calculated the relevant price or index is used, or in the event that the material has not been sold or the latest index price is unavailable at the reporting date, latest available pricing is used. The terms and the mechanism of the trade discounts and commodity rebates are agreed and contained within the customer contracts, thereby providing certainty of the amounts to both parties of the contract. Furthermore, the discounts and rebates are confirmed prior to the invoices being raised. As the variability is resolved promptly on a monthly basis, there is no judgement or estimation uncertainty in determining discounts and commodity rebates and accordingly no revenue is constrained in the period.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements 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 (defined by management to not exceed £5,000). For these leases, the Group 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 assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group's incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value in a similar economic environment.

Lease payments included in the measurement of the liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position. In the prior year it was included within borrowings, however management have decided for additional clarity for the users of the financial statements to split out the liability separately.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment change is due to a change in floating rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of modification.

Right-of-use assets

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

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 Group 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 disclosed in Note 12 to the Financial Statements.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment policy'.

Foreign currencies

In preparing the financial information of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are recognised as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these Consolidated Financial Statements, the Group's foreign currency denominated assets and liabilities are translated into Sterling using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

During the prior period, the Group benefited from receipts from the UK Government under the Coronavirus Job Retention Scheme (JCRS) of £12.0m. In accordance with IAS 20, amounts received were presented as a deduction to the employment costs upon which JCRS claims had been based.

Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost, including current service cost, past service cost as well as gains and losses on curtailments and settlements;
- Net interest expense or income;
- Remeasurement.

The Group presents service costs in operating costs and net interest expense or income is included in finance income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The Group makes contributions under Approved Body status to a number of local government Pension Schemes (LCPS) for the period to the end of the relevant customer contracts. The Group will only participate in LCPS for a finite period up to the end of the relevant customer contracts.

The Group determines whether an LCP scheme is accounted for under a defined benefit or defined contribution scheme based on whether the deficit/surplus can be passed through to the next contractor or Local Authority at the end of the contract. If at the end of the contract, the Group is not liable to settle any liability or equally entitled to any benefit, the scheme is recognised as defined contribution and contributions are recognised as an expense. For contracts that do not allow for pass through of pension costs, the Group recognises the defined benefit obligation less the fair value of scheme assets, and an adjustment to only recognise the amount of defined benefit for which it is responsible under the contract. Movements in this adjustment are recognised in the same way as movements in plan assets.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The accounting policy for the Biffa Group is to recognise the net surplus/deficit for defined benefit plans upon acquisition through Other Comprehensive Income as adjustment to goodwill pursuant to IFRS 3 Business Combinations and IAS 19 Employee Benefits.

Share-based payment plans

The Group's management awards employee share options, from time to time, on a discretionary basis which are subject to vesting conditions. The economic cost of awarding the share options to its employees is recognised as an employee benefit expense in the income statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to the stochastic pricing model. The charge is recognised over the vesting period of the award.

Cash flow

Cash and cash equivalents as defined for the Statement of Cash Flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception, and bank overdrafts.

Taxation

Income tax represents the sum of the tax currently payable and deferred tax. This facilitates comparison with prior periods to assess trends in financial performance more readily. It is determined by management that each of these items relates to events or circumstances that are non-recurring in nature.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounting for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits generated in subsequent reporting periods will be available to allow all or part of the asset to be recovered.

The group has considered impacts of climate change in assessing the probability of sufficient taxable profits (loss of revenue from cessation of Renewable Obligation Certificates (ROCs) in 2027, potential legislation of Deposit Return Scheme (DRS) in England and operating costs due to increased carbon taxes in subsequent reporting periods for the recoverability of the tax asset. The overall impact from the cessation of ROCs has been considered in the future forecasts, however given the low financial impact of the DRS legislation and increased carbon taxes, the Group does not consider it to have a material impact on the recoverability of the deferred tax asset.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting of a business combination, the tax effect is included in accounting for the business combination.

Property, plant and equipment

Landfill sites are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of landfill sites includes the cost of acquiring, developing and engineering sites. There are no directly attributable borrowing costs. Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual value over their useful economic lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

In the Financial Statements depreciation was recognised so as to write off the assets on the below basis.

- Buildings – length of lease straight-line method
- Plant, vehicles and equipment – 4 to 15 years straight-line method
- Landfill sites – 2 to 5* years void consumed

Land and Assets Under Construction (AuC) are not depreciated. AuCs are depreciated at the point in which the asset is deemed to be complete. It is then depreciated in line with the above classifications.

Where the obligation to restore a landfill site is an integral part of its future economic benefits, a non-current asset within property, plant and equipment is recognised. Changes to the obligation are recorded as adjustments to the carrying value of the asset. The asset recognised is depreciated based on energy production and void used.

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired in business combinations and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following useful lives have been applied to the intangible assets during the period:

- Brand – indefinite life
- Customer contracts – 3 to 20 years
- IT development – 3 to 5 years
- Service concession arrangements – over the life of the contract
- Landfill gas rights – length of projected profitable gas extraction based on the life of the site's associated Renewable Obligation Certificates (ROCs)

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the criteria listed above. When no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The Group has adopted the treatment set out in the FRIC Agenda decision and expensed configuration and customisation costs where the entity does not control the software being configured. This is a change in accounting policy for the year ending 25 March 2022. Previously costs of this nature would have been capitalised as intangible assets. However after the issuance of the two FRIC Agenda Decisions in 2020 and 2021 these costs are typically now expensed. We have assessed the impact of this change in accounting policy on the prior period comparatives, with the impact on the carrying amount of intangible assets recognised as being immaterial due to the historic impairment of Project Fusion assets of £13.7m in the year ending 26 March 2021.

The Group has a number of contracts for Software as a Service (SaaS) arrangements. These contracts permit the Group to access vendor-hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements and costs are expensed as incurred. The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under AS 38. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs, primarily relating to the configuration and customisation of the Cloud software solution, are assessed to determine whether the implementation activity relating to these costs is distinct from the Cloud

Arrangement, in which case costs are expensed as the activity occurs. If the configuration and customisation costs relate to activity which is integral to the Cloud Arrangement such that the activity is received over the term of the Cloud Arrangement, costs are recognised as a prepayment and expensed over the term of the Cloud Arrangement.

Impairment of tangible and intangible assets other than goodwill

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

The Group carries different classes of intangible assets, including, gas reserves, brand name and customer contracts. The Group also has classes of tangible assets in property, landfill gas and plant, vehicles, and machinery. The carrying value of these is dependent on future cash flows and if these cash flows do not meet the Group's expectations there is risk that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant estimates:

- Forecast energy prices including the impact of climate change to these prices
- The ROCs recycle benefit rights (which is dependent on the ROC scheme being in place)
- Forecast gate fees, tonnage prices and gas yield projections, and
- Discount rates

The above have been considered in determining the value in use of other intangible assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. Full provision is made for obsolete or defective stock.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The effects of inflation and unwinding of the discount element on existing provisions are reflected in the Financial Statements as a finance charge.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the cost of restoring landfill sites and after-care costs are made as the obligation to restore the site arises. Costs are charged to the profit or loss over the operational life on the basis of the usage of void space for each landfill site. The restoration obligation is typically fulfilled within two years of the landfill site being closed to waste.

Provisions for after-care costs are made as the void usage increases, which results in the recognition of an asset representing the future economic benefits expected to arise from future gas generation from the landfill site. Costs are charged to the profit or loss over the operational life of each landfill site on the basis of usage of void space. When the obligation recognised as a provision gives access to future economic benefits, an asset in property, plant and equipment is recognised. Changes in the provision arising from revised estimates that relate to the asset are recorded as adjustments to the carrying value of the asset.

The asset is depreciated over the period of gas generation which commences during the active phase of landfill and extends beyond the closure date, producing commercial volumes of gas for up to 16 years. After-care costs are provided for based on the Directors' expectation that the obligation will have been fulfilled 60 years post closure of the site.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Service concession arrangements

Service concession arrangements typically involve a private sector entity constructing infrastructure and using that infrastructure to provide a public service on behalf of a government or local authority for a limited period of time before handing ownership of the infrastructure back to the government or local authority.

The Group applies the financial asset model when the concession grantor contractually guarantees the payment of amounts specified in the contract or the shortfall (if any, between amounts received from users of the public service and amounts specified). This financial asset accrues finance income and is reduced as the financial payments are received. This approach has been adopted on the Leicester City Council contract.

The Group applies the intangible asset model when it has a right or a licence to charge users or the local authority based on usage of the public service. This approach has been adopted on the West Sussex Recycling contract that was acquired as part of the Viridor acquisition that was completed during the year.

Financial assets and intangible assets resulting from the application of IFRIC 12, Service Concession Arrangements are recorded in the Group Consolidated Statement of Financial Position.

Refer to Note 32 for further information.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified into the following specified categories: financial assets at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial asset. Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI").

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost and at FVTOCI.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. 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.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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, discounted at the original effective interest rate.

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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All customers are subject to credit scoring on a quarterly basis. The Group considers a financial asset to have low credit risk when the external credit rating of the counterparty exceeds the Group's minimum required score, and when the counterparty has a strong financial position and payments are being made within the contractual terms.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

The Group considers the below as constituting an event of default as historical experience indicates that financial assets that meet the following criterion are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Financial assets may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group has not participated in any material supplier financing arrangements during the current or prior year.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Borrowings are recognised initially at fair value. Any difference between the amount initially recognised and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Commitment and borrowing fees are capitalised as part of the loan and amortised over the life of the relevant agreement. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Borrowings are classified as non-current liabilities where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the entity becomes party to the contractual provisions of the instrument and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Group designates certain derivatives as either a) fair value hedge (hedges of the fair value of recognised assets or liabilities), or b) cash flow hedge (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction), or c) net investment hedge (hedges or net investments in foreign operations).

The Group documents the transaction relationship between the hedging instruments and hedged items at inception.

At inception and at each reporting date the Group assesses whether the derivatives used have been effective in offsetting changes in the fair value of hedged items.

The fair values of derivative instruments used for hedging are shown in Note 17. Movements in the hedging reserve are shown in the statement of changes in equity. At the reporting date the Group has no fair value hedges or net investment hedges.

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in equity. The Group's cash flow hedges in respect of forward foreign exchange contracts result in recognition in either the income statement or in the hedging reserve.

When a hedging instrument expires or is sold, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity will be transferred to the income statement.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

Share capital

Ordinary Shares are classified as equity and recorded at par value of proceeds received. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account net of direct issue costs.

Dividend distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved. Interim dividends are recognised when paid.

Areas of judgement and key sources of estimation uncertainty

The preparation of IFRS compliant financial statements requires the use of accounting estimates and assumptions and also requires management to exercise its judgement in the process of applying Group accounting policies. The Group continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Critical Judgements

The Group applies judgement in identifying the significant, exceptional and non-recurring items of income and expense. We have summarised the policy in more detail in the Appendix.

Legal and tax cases

The Group has provisions in place for ongoing litigation. Management exercises judgement in determining the amount of provision required. This provision is calculated using information provided by external professionals where applicable or management's best estimate.

The Group has been engaged in an EvP dispute with HMRC concerning historical landfill tax. As at 26 March 2021, £47.6m was held as a financial liability, £13.0m was held as an accrual and £63.6m was held as a prepayment. The outcome of the dispute in May 2022 has been treated as an adjusting event for the year ending 25 March 2022 in accordance with IAS 10, Events After the Reporting Period, with these amounts being adjusted accordingly. Refer to Note 31 for further information.

The Group is also engaged in a dispute with HMRC in relation to the landfill tax treatment of sub-soils with low levels of contamination from asbestos. The Group has received a protective assessment of £8.5m, which has been paid. As the Group is currently disputing this assessment, and management believe it likely that they will win the dispute, the £8.5m payment is included in prepayments in the current year. Refer to Note 31 for further information.

The Group is currently the subject of an HMRC enquiry regarding certain aspects of its landfill tax compliance as part of concerns it has regarding possible misclassification of waste across the industry. The potential liability for the relevant period could range from approximately £170,000 up to a possible maximum of approximately £168m (being the total amount of protective assessments issued by HMRC to Biffa for the period in question, from March 2016 to March 2020) plus penalties and interest. The protective assessments have been issued before the conclusion of the Enquiry to ensure that any claim for payment of landfill tax that may be made by HMRC as a result of the Enquiry, is not time-barred. There are a range of possible outcomes to the Enquiry and further speculation at this stage to the potential liability would therefore be misleading. Biffa strongly refutes HMRC's concerns. It is likely that it will be some time before the Enquiry reaches a conclusion.

Management has applied judgement in concluding on the different potential outcomes and their respective probabilities, in accordance with IAS 37, Provisions, Contingent liabilities and Contingent Assets. It has been decided at this point that a provision of £20.0m should be recognised at March 2022.

Acquisition of Viridor

On 31 August 2021 the Group acquired 100% of the share capital of Syracuse Waste Limited and its subsidiaries from the Viridor Group. Syracuse Waste Limited is a specially created entity into which Viridor hived down its collections business and certain recycling assets in order to enable the sale. The deal involves the transfer of approximately 21,000 existing Viridor business waste customers alongside a network of 15 depots across the UK. The acquisition is in line with the Group's growth strategy and complements the current operations across the Collections and Resources & Energy divisions.

The accounting on the Viridor acquisition, in accordance with IFRS 3, Business Combinations, involves a number of key judgements.

- Fair valuations on all balance sheet items as at the date of acquisition, in particular tangible fixed assets.
- Whether the West Sussex Recycling contract acquired falls within the scope of IFRIC 12, Service Concession Arrangements and, if it does, whether a financial asset model, intangible asset model or bifurcated model should be adopted, and
- Allocation of consideration between the divisions within the Viridor business, which in turn affects the goodwill allocated to each cash-generating unit in the Biffa Group.

Where necessary, the Group mitigated the risk in these judgements by using external specialists. As at 25 March 2022, the opening balance sheet for the Viridor acquisition remains within the 12 month measurement period post acquisition and should therefore be considered provisional.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Key sources of estimation uncertainty

The Group has the following key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

Environmental and after-care commitments of £73.9m (see Note 19)	<p>The Group operates a number of landfill sites in the UK. A significant cost of owning and operating a landfill site in the UK arises after the land-filling operation ceases due to the constructive and legal obligation to restore sites and then to care for them until it can be demonstrated that they present no ongoing risk to the environment.</p> <p>A provision is made for the costs associated with restoring and maintaining its landfill sites and controlling leachate and methane emissions from the sites. A number of factors create estimation uncertainty, including the impact of regulation, transportation costs, inflation and changes in the real discount rate.</p> <p>The provisions incorporate our best estimates of the financial effects of these uncertainties, but future changes in any of these estimates could materially impact the calculation of the provision.</p> <p>The associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure. In determining the provision, the estimates for future expenditure required to settle the obligation are inflated using longer-term inflation rates of 3.33%, and discounted using the nominal risk-free discount rate of 2.66%. The rates utilised reflect the period of the obligation on a site-by-site basis which varies between 10 and 50 years.</p> <p>An increase of 1% in the nominal discount rate (at current cost) would result in a decrease of environmental provisions of approximately £16.0m (2021: £15.7m). A 10% increase in forecast cash outflows would result in an increased environmental provision of £7.8m (2021: £7.7m).</p> <p>Long-term after-care provisions included in landfill restoration and after-care provisions have been inflated at a rate of 3.33% (2021: 2.8%). An increase of 1% in the rate of inflation would result in an increase of environmental provisions of approximately £23.1m (2021: £22.8m).</p>
Retirement Benefit Accounting relating to surplus of £166.1m (see Note 26)	<p>The Group operates several defined benefit pension schemes which are accounted for under IAS 19 Employment Benefits. Pension accounting is a specialist area requiring the exercise of significant management judgement and the use of technical expertise to determine the surplus or deficit of the scheme in accordance with generally accepted actuarial practices. The assumptions used in valuing the defined benefit pension liabilities including the discount rate, mortality assumption and inflation level are complex and changes to the assumptions can have a material impact on the value of pension liabilities. As at the end of the financial year the Group recognised a retirement benefit surplus of £166.1m.</p> <p>If the discount rate is 1% lower the defined benefit asset would decrease by £104.6m (2021: £113.6m).</p> <p>If the inflation assumption increases by 1% the defined benefit asset would decrease by £100.0m (2021: £94.0m).</p> <p>If the life expectancy increases by one year for both men and women, the defined benefit asset would decrease by £14.9m (2021: £18.2m).</p> <p>All pension valuations are performed as at the year end reporting date.</p>
Onerous Contract Provision of £20.4m (see Note 19)	<p>Certain contracts held by the Group are considered onerous and long-term in nature. These contracts can be complex and contain key performance indicator clauses where penalties may be incurred in the event of non-compliance. The Group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond seven years.</p> <p>Variability of contract penalties, underlying delivery costs, inflation rates, commodity prices applied and customer claims or disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions. The Group mitigates against the risk of price movements by entering into fuel hedging arrangements. Management continue to monitor potential cost impacts on services and seek to discuss those with customers as appropriate, on a case-by-case basis.</p> <p>The prediction of future events over extended periods contains inherent risk and the outcome of customer and subcontractor claims is uncertain and involves a high degree of management estimation. Management recognise the risk of future onerous contract provisions being recognised due to significant increases in certain costs as detailed above.</p> <p>The Group holds two onerous contract provisions during the year relating to contracts on Mid-Kent Partnership and Leicester.</p> <p>The future cash inflow from the remaining onerous contracts are highly predictable as they are fixed, based on the terms of the contract. However, the costs associated with delivering the contract can vary and assumptions on future cash outflows is considered a significant estimate when modelling the future net cash outflows on onerous contract provisions. On the Mid-Kent provision a 5% increase in future cash outflows would increase the provision by £1.2m and on the Leicester provision a 5% increase in future cash outflows would increase the provision by £1.0m.</p> <p>In arriving at the onerous contract provision for the Mid-Kent Partnership contract, the Group has discounted the future cash flows using a risk-free rate of 2.5%. If this rate increased by 500 basis points the provision charge would decrease by £0.4m.</p> <p>In arriving at the onerous contract provision for the Leicester contract, the Group has discounted the future cash flows using a risk-free rate of 2.3%. If this rate increased by 500 basis points the provision charge would decrease by £2.1m.</p>

Vendor Acquisition Accounting (see Note 9)	<p>The accounting relating to the Vendor acquisition involves making a number of estimates that have a significant impact on the financial position at the date of acquisition and subsequent year ends. The key estimation areas are:</p> <ul style="list-style-type: none"> • Fair valuations applied to assets and liabilities acquired, in accordance with IFRS 3 Business Combinations • Intangible assets recognised on acquisition • £37.5m of acquisition intangibles have been recognised on acquisition, split as follows: <ul style="list-style-type: none"> • £0.3m Brand • £37.2m Customer and contractual relationships • Intangible asset of £37.5m and provision of £12.7m relating to the West Sussex Recycling contract, in accordance with IFRIC 12 Service Concession Arrangements <p>The parts of the acquired business allocated to the Collections and Specialist Services operating segments contain pools of commercial customer relationships from which the business realises significant value.</p> <p>The values are derived by calculating the present value of estimated future cash flows in the areas of the business the intangible assets relate to.</p> <p>The inherent estimation uncertainty in the valuations of both intangible assets and tangible assets has been mitigated by using external valuation experts.</p>
Goodwill Impairment in Company Shop Group ("CSG") of £25.0m (see Note 10)	<p>Refer to Note 9 for further information on the amounts recognised on acquisition</p> <p>The Group recognised goodwill on completion of the acquisition of CSG in February 2021. The carrying value of the goodwill is dependent on future cashflows and, if these cashflows do not meet the Group's expectations, there is a risk that the assets will be impaired. The impairment review performed by the Group contains a number of significant estimates:</p> <ul style="list-style-type: none"> • Revenue in both the short and long term • Gross margin in both the short and long term • Discount rate <p>Changes in these assumptions can have a significant impact on the estimated value in use. An impairment assessment was performed by the Group at half year, with the outcome being the recognition of a £25.0m impairment to goodwill due to trading under performance, in accordance with AS 36 Impairment of Assets. An additional impairment assessment has been performed at year end, with the value in use exceeding the goodwill carrying amount and the outcome being no further impairment. This is due to improved trading in the final quarter of the year and our confidence in the potential of the business being confirmed. The value in use excludes any additional value which may be generated by future store roll outs.</p> <p>The key assumptions when calculating the value in use are detailed above. 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 and expectation of future performance which considers climate change, market information and a consistent growth rate.</p> <p>The valuation of the goodwill allocated to CSG has headroom of £9.0m at the end of the financial year. The pre-tax discount rate used in the value in use calculation was 9.75%, an increase in the pre-tax discount rate of 110 basis points would reduce headroom to nil. The short term compounded annual growth rate used was 7.71%, a reduction of 89 basis points in the short term compounded annual growth rate would reduce headroom to nil. The average gross profit margin on short and medium term cashflows used was 56.4%, a reduction of 250 basis points would reduce headroom to nil. The gross profit margin on long term cashflows used was 57.9%, a reduction of 100 basis points would reduce headroom to nil.</p>
HMRC Landfill Tax Enquiry	<p>The Group operates a number of landfill sites in the UK. Operators of landfill sites are responsible for collecting Landfill Tax and paying it to HMRC. Excise Notice LFT1 a general guide to Landfill Tax ("LFT1") sets out guidance published by HMRC on the application of Landfill Tax legislation to the activities of landfill site operators such as Biffa.</p> <p>In February 2020, Biffa Waste Services Limited ("BWSL") was notified by HMRC that it had concerns regarding certain aspects of Landfill Tax compliance that may have led to an underpayment of Landfill tax and was conducting an enquiry (the "Enquiry") primarily relating to the interpretation of the qualifying fines regime set out in LFT1. HMRC also raised concerns, based on its analysis of BWSL's data, over the potential conduct of BWSL and specific customers which may have led to the incorrect rate of Landfill Tax being paid.</p> <p>Fines are particles produced by a waste treatment process that involves an element of mechanical treatment. For a landfill site operator to treat fines as qualifying fines (meaning that Landfill Tax on such material is payable at a lower rate), it must be satisfied that the conditions set out in LFT1 have been met. These include pre-acceptance checks on customers, visual inspections of materials deposited at the landfill site and compliant loss on ignition ("LOI") tests conducted at the specified frequency (which is dependent on whether a customer is classified as low or high risk). LOI tests are laboratory tests on samples of waste to establish the amount of organic content in the waste.</p> <p>In response to the concerns raised by HMRC, Biffa appointed Ernst & Young ("EY") to conduct an extensive review. In May 2020, an interim report was submitted by EY and BWSL to HMRC addressing a number of the concerns raised by HMRC and outlining some immediate changes to processes at landfill sites operated by Biffa, which were made on a without prejudice basis to mitigate the risk of any ongoing potential liability.</p>

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

HMRC Landfill Tax Enquiry (continued)	<p>In March 2021, a disclosure report and supporting data (the "Disclosure Report"), prepared by EY and BWSL, was submitted to HMRC. The declared liability of BWSL in the Disclosure Report was approximately £170,000, with the other concerns, including those relating to the potential conduct of BWSL and specific customers, strongly refuted.</p> <p>In February 2022, BWSL received a further letter from HMRC which responded to a number of specific findings in the Disclosure Report, asserted specific amounts that they considered were due and indicated that HMRC would be carrying out further work on other aspects of the Disclosure Report. Following receipt of this letter further detailed work has been carried out by Biffa and its advisors.</p>
	<p>Protective assessments</p> <p>HMRC has issued protective assessments totalling approximately £153m to BWSL in respect of the period from March 2016 to March 2020. In addition, in June 2022, HMRC issued approximately £13m of further protective assessments, the majority of which were in relation to the period April to June 2020, to cover the period to the end of the Disclosure Report. Consistent with their usual practice when conducting an enquiry that may result in additional liability to tax, the protective assessments have been issued by HMRC before the conclusion of the Enquiry to ensure that any claim for payment of Landfill tax that may be made by HMRC as a result of the findings of the Enquiry is not time-barred.</p> <p>These protective assessments are not necessarily an indication of what liability may ultimately arise, nor is their existence an indication that a claim will be brought against BWSL by HMRC. BWSL is not currently required to make payment to HMRC or reserve or ringfence funds for a possible payment as a result of these protective assessments, however it has made a payment on account of £170,000 for the declared liability under the Disclosure Report.</p>
	<p>Potential outcomes and liabilities</p> <p>In Biffa's view, based on advice received to date, there are a range of possible outcomes to the Enquiry. BWSL's potential liability to Landfill tax for the relevant period could range from approximately £170,000 (based on the declared liability in the Disclosure Report) up to approximately £168m (being the amount raised in protective assessments to date), plus potential penalties and interest. In addition, BWSL will incur further costs in conducting and responding to the Enquiry.</p> <p>To date the Group has not received any formal claim from HMRC with regard to the matters that are the subject of the Enquiry.</p> <p>The Enquiry is expected to continue into 2023. At the end of the Enquiry, HMRC will be required to confirm the amount of the protective assessments. If BWSL does not accept HMRC's decision, then BWSL will be entitled to request a formal statutory review by HMRC. Assuming HMRC upholds its decision in respect of all or part of the assessments, BWSL will have 30 days from the date of HMRC's review decision to submit an appeal to the First-tier Tax Tribunal ("FTT") to challenge HMRC and formally protect BWSL's position. To bring the appeal, BWSL would be required to pay the assessed Landfill tax to HMRC at that stage, although BWSL could make a hardship application to HMRC to secure their agreement to the deferral of the payment of the assessed tax, failing which BWSL could apply to the FTT directly on grounds of hardship. If the Enquiry resulted in BWSL being liable to pay additional Landfill Tax, such amounts should be tax deductible.</p>
	<p>Provision (see Note 19)</p> <p>A provision of £3m was recognised in the year to 26 March 2021, based on Biffa's best estimate of the liabilities at that point in time, recognising the fact that the Enquiry was at an early stage. This reflected the information that had been shared with Biffa at that time and the Directors' expectations of how the matter would be resolved. Following the receipt of further correspondence from HMRC in February 2022, the provision at the year end has been increased to £20m.</p> <p>This reflects Biffa's best estimate of the potential liabilities arising from all specific amounts asserted by HMRC to date. Further liabilities could however arise, and the cost of settling these liabilities could vary from the provision recognised. Changes to this liability in the future cannot currently be estimated.</p>
	<p>Contingent liability (see Note 29)</p> <p>As noted above, a provision has been recognised relating to specific amounts asserted by HMRC to date. However, broader concerns have also been raised by HMRC about how certain requirements within the qualifying fines regime set out in FTT1 were intended to be applied in practice, and the extent to which Biffa has complied with these requirements. No specific amounts have been associated with these issues to date by HMRC. Based on advice received to date for these areas, noting the early stages of HMRC's enquiry, it is considered that a present obligation does not exist and a liability is not probable. BWSL's potential additional liability for Landfill tax for the relevant period could be up to approximately £154m (being the total amounts raised in protective assessments less the provision made excluding costs), plus penalties, interest and further costs in responding to the Enquiry.</p> <p>Based on advice received, the Directors do not consider a liability is likely to arise in respect of these broader concerns, and therefore this item is treated as a contingent liability and no provision arises for these broader concerns.</p>

In order to illustrate the impact that changes in assumptions could have on the Group's results and financial position, further sensitivity analysis has been included within the Notes.

2. Segmental Information

The Group is managed by type of business and is organised into three operating divisions:

- Collections which encompasses Municipal and Industrial & Commercial
- Resources & Energy which consists of Inerts, Organics, Recycling and Landfill Gas sub-divisions
- Specialist Services which includes Company Shop Group and Industrial services

These operating divisions represent the business segments in which the Group reports its primary segment information and are consistent with the internal reporting provided to the chief operating decision maker. Head office costs are recorded within the Group Business Function (GBF) division, however for operating and business decisions only three divisions are considered. Group Business Function costs represent shared services and corporate costs (including, inter alia, Board and corporate costs, finance, HR, IT, legal and insurance, external affairs and Safety, Health, Environment and Quality Management (SHEQ)) remaining after allocation to operating divisions. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating divisions, has been identified as the Group Executive Team. The activities of the divisions are detailed on pages 60 to 76. The operations acquired as part of the Viridor acquisition have been integrated and allocated appropriately across the three operating divisions.

During the current financial period the Group moved from recognising two operating divisions (Collections and Resources & Energy) to recognising three operating divisions (Collections, Resources & Energy and Specialist Services). Operations including Company Shop Group, Hazardous Waste, IRM and Biffpack which were formerly included in the Collections division are now reported in the Specialist Services Division. This represents a distinction from the Municipal and Industrial & Commercial operations retained within the Collections division. The prior period comparatives by division have been updated to reflect these allocations.

The Group's segmental results are as follows:

	2022 £m	2021 £m
Revenue		
Collections	873.9	677.6
Resources & Energy	395.2	272.0
Specialist Services	174.1	92.4
Total	1,443.2	1,042.0

Revenue within divisions is eliminated upon consolidation. Sales between operating divisions are carried out at arms length. There have been no other material amounts of revenue recognised in the year that relate to performance obligations satisfied or partially satisfied in previous years. Revenue received where the performance obligation will be fulfilled in the future is classified as deferred income or contract liabilities and disclosed in Note 15.

All trading activity and operations are in the United Kingdom and there is therefore no secondary reporting format by geographical segment. There is no single customer that accounts for more than 10% of the Group's revenue (2021: none).

	2022 £m	2021 £m
Operating Profit/(Loss)		
Collections	65.6	27.8
Resources & Energy	17.5	(13.9)
Specialist Services	(19.9)	8.2
Group Business Function	(71.5)	(29.7)
Total	(8.3)	(37.6)

	2022 £m	2021 £m
Tangible assets net book value		
Collections	319.3	264.1
Resources & Energy	226.6	194.8
Specialist Services	50.5	44.0
Group Business Function	20.8	59.3
Total	617.2	562.2

Notes to the Consolidated Financial Statements continued

2. Segmental Information continued

	2022 £m	2021 £m
Intangible assets net book value		
Collections	21.3	14.8
Resources & Energy	121.8	101.3
Specialist Services	5.4	–
Group Business Function	74.4	66.4
Total	222.9	182.5

	2022 £m	2021 £m
Capital expenditure		
Collections	104.1	57.3
Resources & Energy	96.2	64.1
Specialist Services	16.4	47.9
Group Business Function	7.1	9.6
Total	223.8	178.6

Capital expenditure comprises additions to intangible assets and property, plant and equipment including leased assets and acquisitions.

	2022 £m	2021 £m
Depreciation		
Collections	55.8	51.8
Resources & Energy	29.7	28.9
Specialist Services	6.2	2.1
Group Business Function	3.2	4.4
	94.9	87.2
Amortisation		
Collections	4.5	4.6
Resources & Energy	25.1	22.8
Specialist Services	–	–
Group Business Function	1.1	1.2
	30.7	28.6
Total Amortisation and Depreciation	125.6	115.8

3. Finance Income and Charges

	2022 £m	2021 £m
Finance charges		
Interest on bank overdrafts, bonds and loans	(9.7)	(6.7)
Interest on lease liabilities (Note 25)	(9.8)	(8.5)
Interest unwind on discounted provisions (Note 19)	2.3	1.8
Interest on forward contracts	(0.1)	(0.6)
Total finance charges	(22.4)	(17.6)
Interest income	0.9	0.1
Net interest on the net defined benefit surplus (Note 26)	2.3	3.1
Total finance income	3.2	3.2
Net finance charges	(19.2)	(14.4)

4. Loss Before Taxation

	2022 £m	2021 £m
The following costs / (income) have been included in arriving at the Loss Before Taxation:		
Employee costs (Note 5)	361.0	294.3
Cost of inventories recognised in expense (Note 13)	58.3	54.1
FVP tax dispute (Note 31)	20.8	–
Provision for HMRC landfill tax enquiry	17.0	3.0
Defined benefit obligation expense/(income) (Note 26)	0.5	(3.3)
Depreciation of property, plant and equipment (Note 12)		
• Owned assets	42.8	37.6
• Right-of-use assets	52.1	49.6
Amortisation of intangible assets (Note 11)		
• Acquisition intangibles	29.6	27.4
• Other intangibles	1.1	1.2
Expense relating to short-term leases and leases of low-value assets:		
• Plant and machinery	21.0	16.5
• Other	4.5	2.0
Impairments	25.0	21.9
Income from sub-leasing right-of-use assets	(3.3)	(3.3)
(Profit)/loss on disposal of property, plant and equipment, and intangible assets	(6.2)	0.3
Income from grants	(0.4)	–
Expected credit loss recognised	1.2	0.3

During the current financial period an impairment of £25.0m was recognised in relation to the goodwill arising from the Company Shop Group acquisition, see Note 10 for further information. In the prior period a one-off cost of £8.2m relating to the impairment of the Poolaris Anaerobic Digestion plant was recognised, in addition to the write off of £13.7m of obsolete capitalised work in relation to Project Fusion.

Operating costs have been split into administration and distribution costs as detailed below:

	2022 £m	2021 £m
Operating costs		
Distribution costs	26.1	18.8
Administrative expenses	48.9	33.6
	75.0	52.4

Notes to the Consolidated Financial Statements continued

5. Employees and Directors

The average monthly number of persons (including Executive Directors) employed by the Group by reporting division during the period was:

	2022 Number	2021 Number
By division		
Collections	6,749	6,370
Resources & Energy	1,105	967
Specialist Services	1,454	1,093
Group Business Function	436	398
	9,744	8,828

During the current financial period the Group made financials comprising two operating divisions: Collections and Resources & Energy, comprising three operating divisions: Collections, Resources & Energy and Special Services, comprising operations including Company's and Group's operations. Waste, RM and Special Services are included within the Collections division and are reported in the Special Services Division. The Group's primary operations have been defined as follows: those operations:

	2022 £m	2021 £m
Their aggregate remuneration comprised:		
Wages and salaries	314.7	257.7
Social security costs	30.4	24.5
Other pension costs	13.2	10.4
Redundancy and termination payments	2.7	1.9
	361.0	294.5

In the prior period, the Group also received £12.0m in furlough payments from HMRC as part of the Coronavirus Job Retention Scheme (CJRS). These payments were netted off against respective salary and wage costs. In the current year the Group received £nil from the CJRS.

The remuneration of the Directors within the Directors' Report on Remuneration is set out on pages 126 to 140 and forms part of these financial Statements.

Key management compensation

	2022 £m	2021 £m
Their aggregate remuneration comprised:		
Wages and salaries	2.4	1.9
Social security costs	0.5	0.7
Other pension costs	0.3	0.3
Long-term incentives	1.9	0.7
	5.1	3.6

Key management personnel have been defined as the Group Executive Team.

6. Auditor's Remuneration

The analysis of the Company and Biffa Group's auditor's remuneration is as follows:

	2022 £m	2021 £m
Fees payable to the Company's auditor for the audit of the Company's Consolidated Annual Financial Statements	1.0	0.7
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	0.5	0.1
Total audit fees	1.5	0.8
Audit-related assurance services	0.1	0.1
Total audit and non-audit fees	1.6	0.9

The other assurance services provided by the auditor related to agreed upon procedures and other assurance services outside of statutory requirements.

7. Taxation Recognised in Profit or Loss

	2022 £m	2021 £m
Current tax		
Current period	0.2	–
Adjustment in respect of prior years	–	(0.2)
	0.2	(0.2)
Deferred tax		
Origination and reversal of temporary differences	(9.5)	(8.7)
Adjustment in respect of prior years	0.3	(3.4)
Adjustment attributable to changes in tax rates and laws	(2.0)	–
	(11.2)	(12.1)
Total tax credit	(11.0)	(12.3)

Corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the period. The charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	2022 £m	2021 £m
Loss before tax	(28.6)	(52.8)
Loss multiplied by the standard rate of corporation tax in UK of 19% (2021: 19%)	(5.4)	(10.0)
Effects of:		
Adjustments in respect of prior years	0.3	(3.5)
Expenses not deductible for tax purposes	(0.2)	1.4
Effect of super deduction	(3.6)	–
Effect of change in rate	(2.0)	–
Non-taxable income	(0.1)	(0.1)
Total tax credit	(11.0)	(12.3)

During the current financial period a deferred tax asset and corresponding credit to the income statement of £15.5m (2021: £nil) has been recognised as a result of the outcome of the EYP Dispute. Refer to Note 31 for further details.

In addition to the amount credited to the consolidated income statement, the following amounts have been charged/(credited) directly to equity:

	2022 £m	2021 £m
Deferred tax charge/(credit) arising on actuarial (gains)/losses	15.0	(4.1)
Deferred tax charge/(credit) arising on hedging	2.2	–
Deferred tax charge/(credit) arising on share-based payments	–	(1.5)
Total deferred tax charged/(credited) directly to equity	17.2	(5.6)

The Finance Act 2021, which provides for an increase in the main rate of corporation tax from 19% to 25% effective from 1 April 2023, was enacted on 24 May 2021. As deferred tax assets and liabilities are measured at the rate that are expected to apply in the periods of reversal, deferred tax balances at the balance sheet date have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

Notes to the Consolidated Financial Statements continued

8. Earnings per Share

Basic Earnings per Ordinary Share are based on the Group profit for the year and a weighted average of 305,323,338 (2021: 296,643,559) Ordinary Shares in issue during the year.

	2022		2021	
	Loss for the period £m	Earnings per Share pence	Loss for the period £m	Earnings per Share pence
Basic earnings per share	(17.6)	(5.8)	(40.5)	(13.2)
Diluted earnings per share	(17.6)	(5.6)	(40.5)	(13.4)

	2022 £m	2021 £m
Total number of weighted Ordinary Shares	305.7	297.8
Shares held in employee benefit trust in respect of share options	(0.4)	(3.2)
Weighted average number of Ordinary Shares for the purposes of basic Earnings per Share	305.3	294.6
Effect of potentially dilutive Ordinary Shares:		
Impact of share options	6.8	7.2
Weighted average number of Ordinary Shares for the purposes of diluted Earnings per Share	312.1	301.8

9. Acquisitions

52-week period ended 25 March 2022

Green Circle (Polymers) Limited

On 25 June 2021, the Group acquired the trade and assets of Green Circle (Polymers) Limited in exchange for cash consideration of £5.6m and deferred cash consideration of £3.7m payable over a period of 13 years. The deferred consideration has an acquisition date fair value of £3.3m. This acquisition includes a 50,000 tonne capacity Plastics Recycling Facility ("PRF") at Grangemouth in Scotland, which helps to secure feed stock for our Seaham, Redcar and Washington Polymers plants.

Goodwill of £6.0m arising from the acquisition of Green Circle (Polymers) reflects the secured feed stock as well as being the only plastics recycling facility in Scotland putting it in an ideal position to process the materials collected through Scotland's Deposit Return Scheme ("DRS") which comes into force in 2022. The Green Circle acquisition is part of the business within the Resources & Energy division.

Since acquisition to the end of the financial year Green Circle (Polymers) has generated revenues of £4.2m and a loss before tax of £0.2m. If the Green Circle (Polymers) acquisition had been completed on the first day of the financial year, Group revenues for the year would have been £1,448.8m and Group loss for the period would have been unchanged.

At the end of the financial year the Group does not anticipate any of the trade and other receivables within Green Circle (Polymers) Limited to be irrecoverable.

Syracuse Waste Limited

On 31 August 2021, the Group acquired 100% of the share capital of Syracuse Waste Limited and its subsidiaries from Viridor. Syracuse Waste Limited is a specially created entity into which Viridor hived down its collections business and certain recycling assets in order to enable the sale. The deal involves the transfer of approximately 21,000 existing Viridor business waste customers alongside a network of 15 depots across the UK. The acquisition is in line with the Group's growth strategy and complements the current operations across the Collections and Resources & Energy divisions.

Goodwill of £65.4m arising from the acquisition of Syracuse Waste Limited reflects the additional national scale of the collections business, in line with the Group's strategy to consolidate the highly fragmented UK I&C collections market and become the leading UK-based integrated waste management business.

Since acquisition to the end of the financial year Syracuse Waste Limited has generated revenues of £84.0m and a profit before tax of £11.8m. If the Syracuse Waste Limited acquisition had been completed on the first day of the financial year, Group revenues for the year would have been £1,587.2m and Group loss for the period would have become a profit of £2.6m.

As at 25 March 2022, the opening balance sheet for the Viridor acquisition remains within the 12 month measurement period post acquisition and should therefore be considered provisional.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below

	Green Circle £m	Syracuse Waste £m	Total £m
Intangible assets	–	69.0	69.0
Property, plant and equipment	3.5	45.5	49.0
Trade and other receivables	–	17.5	17.5
Inventory	0	0.7	0.8
Cash and cash equivalents	–	14.2	14.2
Deferred tax liability	(0.4)	(15.0)	(15.4)
Current tax liability	–	(0.4)	(0.4)
Provisions	–	(23.1)	(23.1)
Trade and other payables	–	(26.0)	(26.0)
Borrowings	(0.3)	(17.0)	(17.3)
Total net assets	2.9	65.4	68.3
Goodwill	6.0	65.4	71.4
Total consideration			
Satisfied by:			
Cash	5.6	130.2	135.8
Deferred consideration	3.3	–	3.3
Corporation tax to be paid through	–	0.6	0.6
Total consideration transferred	8.9	130.8	139.7
Net cash outflow arising on acquisition			
Cash consideration	5.6	130.2	135.8
Less: cash and cash equivalent balances acquired	–	(14.2)	(14.2)
	5.6	116.0	121.6

Acquisition-related costs included in adjusting items amount to £9.4m (2021: £2.0m), see Appendix for further details

52-week period ended 26 March 2021

On 24 February 2021, the Group acquired 100% of the share capital of Company Shop Group Limited in exchange for consideration of £93.2m, being £86.0m of cash, £2.2m of deferred consideration and £5.0m of contingent consideration based upon the performance of the acquired business. As at 26 March 2021 net assets acquired were valued at £21.2m, leading to the recognition of £72.0m of goodwill. During the current financial period and within the measurement period to 24 February 2022, two further adjustments have been made with respect to the acquisition accounting for this transaction, resulting in a decrease in goodwill recognised by £6.4m. See Note 10 for further details.

On 1 September 2020, the Group acquired the trade and assets including vehicles, wheelie bin and rear end load (REL) commercial services, from Donald Ward Limited for consideration of £2.6m. Net assets of £0.3m were recognised upon acquisition in addition to £1.3m of goodwill. During the current period, outstanding contingent consideration of £0.5m was settled.

On 8 October 2020, the Group acquired 100% of the share capital of Camo Ltd (which trades under the name of Simply Waste), in addition to two dormant subsidiaries, in exchange for consideration of £32.7m. Net assets of £14.4m were recognised upon acquisition in addition to £18.3m of goodwill. During the current period, outstanding deferred consideration of £0.6m was settled.

Notes to the Consolidated Financial Statements continued

10. Goodwill

	Total £m
Cost:	
As at 26 March 2021	224.8
Additions (Note 9)	71.4
Reversal of contingent consideration (Note 9)	(5.0)
Fair value uplift on CSC assets (Note 9)	(1.4)
As at 25 March 2022	289.8
Accumulated Impairment Losses:	
As at 26 March 2021	(3.3)
Impairment charge	(25.0)
As at 25 March 2022	(25.5)
Net book value:	
As at 26 March 2021	221.5
As at 25 March 2022	264.3

	2022 £m	2021 £m
By division		
Collections	158.5	108.7
Resources & Energy	56.7	39.2
Specialist Services	49.1	76.4
	264.3	224.3

- During the current financial period, the Group moved from recognising two operating divisions (Collections and Resources & Energy) to recognising three operating divisions (Collections, Resources & Energy and Specialist Services) following Company Shop Group's acquisition of Waste & Resource Management. The Specialist Services Division's financial performance has been added, together with the other divisions, to the Specialist Services Division. The prior period comparatives have been adjusted, where these adjustments are applicable, to reflect the impact of the acquisition.
- Within the current period, a provision has been made of a further £4.5m of goodwill impairment, presented within the Resources & Energy Division. This provision was a result of a change in the Specialist Services Division and its contribution to the value of the Group's operating divisions.

Operating Divisions

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 operating division 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 operating division.

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 including climate change related matters such as the potential cessation of ROC schemes in 2027, implications from possible carbon tax regulation and deposit return scheme coming into effect. The value in use is also determined after considering market information and a consistent growth rate, thereafter, based on the underlying assets of each division.

The pre-tax discount rates used in the value in use calculations at year end are as follows:

- Collections: 10.00%
- Resources & Energy: 9.75%
- Specialist Services: 9.25%

The annual growth rate assumption for the Group's operating divisions beyond the five-year plan period, based on market trends, after adjustment for assumed inflation, is 2.0% (2021: 2.0%). This is considered appropriate due to the long-term nature of the business. These forecasts are adjusted to the extent that events since they were developed, the impact of Covid-19 indicate that they may no longer be relevant. No reasonably foreseeable change in the assumptions used in the value in use calculations would cause an impairment to any of the operating divisions.

Company Shop Group

There have been two measuring period adjustments during the current financial period to the goodwill arising from the Company Shop Group acquisition. Goodwill was reduced by £5.0m as the contingent consideration decreased as a result of post-acquisition performance and by a further £1.4m due to an increase in the fair value of the property acquired.

During the current financial period, the Group moved from recognising two operating divisions to three operating divisions, leading to the recognition of goodwill balances previously reported in Collections in the newly recognised Specialist Services division.

Following the change in recognition, the goodwill balances recognised within the Specialist Services division were subject to an impairment analysis. Due to trading underperformance at the time, the goodwill associated with the Company Shop Group acquisition was impaired by £25.0m during the interim reporting period. No other goodwill allocated to the Specialist Services Division required impairment at interim or at the year end.

The valuation of the goodwill allocated to CSC has headroom of £9.0m at the end of the financial year. The pre-tax discount rate used in the value in use calculation was 9.75%, an increase in the pre-tax discount rate of 1.0 basis points would reduce headroom to nil. The short term compounded annual growth rate used was 7.71%, a reduction of 89 basis points in the short term compounded annual growth rate would reduce headroom to nil. The average gross profit margin on short and medium term cashflows used was 56.4%, a reduction of 250 basis points would reduce headroom to nil. The gross profit margin on long term cashflows used was 57.0%, a reduction of 100 basis points would reduce headroom to nil.

11. Other Intangible Assets

	Landfill gas rights £m	IT development £m	Brand £m	Customer contracts £m	Service Concession Agreements £m	Total £m
Cost:						
As at 27 March 2020	190.2	18.4	37.0	66.4	–	312.0
Acquired through business combination	–	–	8.2	16.0	–	24.2
Additions	–	4.0	–	–	–	4.0
Impairments	–	(13.7)	–	–	–	(13.7)
Disposals	–	(0.4)	–	–	–	(0.4)
As at 26 March 2021	190.2	8.3	45.2	82.4	–	326.1
Acquired through business combination	–	–	0.3	31.2	37.5	69.0
Additions	–	2.1	–	–	–	2.1
Disposals	–	(1.6)	–	–	–	(1.6)
As at 25 March 2022	190.2	8.8	45.5	113.6	37.5	395.6
Accumulated amortisation:						
As at 27 March 2020	(68.3)	(2.5)	(1.2)	(43.0)	–	(115.0)
Charge for the period	(21.5)	(1.2)	–	(5.9)	–	(28.6)
As at 26 March 2021	(89.8)	(3.7)	(1.2)	(48.9)	–	(143.6)
Charge for the period	(20.1)	(1.1)	(0.3)	(7.2)	(2.0)	(30.7)
Disposals	–	1.6	–	–	–	1.6
As at 25 March 2022	(109.9)	(3.2)	(1.5)	(56.1)	(2.0)	(172.7)
Net book amount:						
As at 25 March 2022	80.3	5.6	44.0	57.5	35.5	222.9
As at 26 March 2021	100.4	4.6	44.0	33.5	–	182.5

The Group holds intangible assets relating to the Landfill Gas (LFG) business. The LFG business generates some of its income via the production of Renewable Obligation Certificates (ROCs). These are "green energy certificates" which are issued to operators of accredited renewable generating stations for the eligible renewable electricity that they generate. ROCs are then sold on to energy providers for which the Group recognises revenue on sales. The ROCs scheme lasts for 20 years and the majority of landfill gas sites will see their ROCs scheme terminate in financial year 2027. At this point, the revenue and profit profile of the LFG division will change significantly. In the prior year, there was a change in the accounting estimate of the useful life of the LFG business to match the ROCs scheme termination dates and therefore amended the amortisation profile to better match the costs of the asset against the principal periods from which the Group will receive future economic benefits. The Group recognised amortisation of £20.1m on LFG sites during the financial year (2021: £21.5m).

During the current financial period a brand intangible of £0.3m was recognised from within the Viridor acquisition and amortised over the period of time during which all acquired assets transferred over to Biffa branding. This was fully amortised to £nil as at the close of the financial period. Service concession arrangements relate to the FRIC 12 interpretation for the West Sussex Recycling contract acquired as part of the Viridor acquisition during the current financial period.

All amortisation charges are recognised in profit or loss. Included within IT development costs are internally generated assets with a net book value of £3.4m (2021: £1.7m). The amortisation charge in relation to these assets was £0.6m (2021: £0.9m).

Given the significant investment in technology and IT development, the Group undertakes a review of the remaining useful lives of assets each year and impairs where necessary those that are superseded by new technology. The key estimates underpinning the value in use for IT projects is the forecast costs.

IHRs 3 requires that on acquisition, intangible assets are recorded at fair value. The Biffa brand was first created in the early 20th century and has been used throughout the Group since then. It remains a highly recognisable brand. Given the longevity of the brand, the Directors consider the asset to have an indefinite life. The Directors reconsider the valuation of the brand at each reporting date. The recognition of brand and landfill gas rights as intangible assets initially arose during the fair value exercise undertaken following the acquisition of the Biffa Group by Wasteholoco 1 in 2008. The values were subsequently remeasured following the restructuring of the Group in 2013.

Notes to the Consolidated Financial Statements continued

12. Property, Plant and Equipment

	Land and buildings £m	Landfill sites £m	Plant, vehicles and equipment £m	Assets under construction £m	Total £m
Cost:					
As at 27 March 2020	214.8	88.4	372.3	23.5	699.0
Additions	30.1	2.1	33.7	13.0	88.9
Acquired through business combination	25.8	-	35.7	-	61.5
Disposals	(1.6)	-	(43.8)	-	(45.4)
Lease modifications	(1.3)	-	-	-	(1.3)
Transfers ¹	(0.1)	2.9	15.4	(15.3)	2.9
As at 26 March 2021	267.7	93.4	418.3	26.2	805.6
Additions	12.5	5.1	76.4	8.3	102.3
Acquired through business combination	19.8	-	29.2	-	49.0
Adjustment to prior period acquisitions	1.4	-	-	-	1.4
Disposals	(9.5)	(0.1)	(36.4)	-	(46.0)
Transfers	-	1.1	28.3	(28.3)	1.1
As at 25 March 2022	291.9	99.5	515.8	6.2	913.4
Accumulated depreciation:					
As at 27 March 2020	(34.7)	(52.0)	(84.6)	-	(171.3)
Acquired through business combination	(0.7)	-	(13.6)	-	(14.3)
Charge for the period	(17.6)	(4.3)	(65.3)	-	(87.2)
Impairments	(2.1)	-	(11.6)	(1.0)	(14.7)
Lease modifications	0.2	-	-	-	0.2
Disposals	1.6	-	42.3	-	43.9
As at 26 March 2021	(53.3)	(56.3)	(132.8)	(1.0)	(243.4)
Charge for the period	(20.4)	(4.7)	(69.8)	-	(94.9)
Disposals	6.0	-	36.1	-	42.1
As at 25 March 2022	(67.7)	(61.0)	(166.5)	(1.0)	(296.2)
Net book amount:					
As at 25 March 2022	224.2	38.5	349.3	5.2	617.2
As at 26 March 2021	214.4	37.1	285.5	25.2	562.2

¹ Landfills also includes £8.5m (2021: £3.8m) in relation to depreciation on general and specific development land acquired during the period and on the disposal of landfills and transfers included in 2021. Landfills are depreciated on the useful economic benefit to be derived as a result of the development and the disposal of the landfills. The depreciation is charged on the carrying value of the landfills. When the carrying value of the landfills is reduced to zero, the depreciation is charged on the carrying value of the landfills. When the carrying value of the landfills is reduced to zero, the depreciation is charged on the carrying value of the landfills.

In line with the Group's commitment to reduce its Scope 1 and 2 carbon emissions to 50% by 2030 (from a 2019 baseline) and achieve Net Zero by no later than 2050, the need for replacement of existing vehicle fleet with those which use alternative sources of 'cleaner' energy source was carried out and its impact on the useful economic life of vehicles was considered. The Group however, does not consider this transition to result in a material impact on the carrying value of the vehicles.

During the current financial year, Land and Buildings with a net book value of £3.5m were disposed, in addition to plant, vehicles and equipment with a net book value of £0.3m. Associated outstanding lease liabilities of £3.1m were also terminated. Total cash consideration of £6.9m was received (2021: £0.3m), leading to the recognition of a gain on disposal of fixed assets of £6.2m (2021: loss on disposal of £0.3m).

Land and buildings and landfill sites at net book value comprise

	2022		2021	
	Land and buildings £m	Landfill sites £m	Land and buildings £m	Landfill sites £m
Freehold	42.3	13.5	39.1	14.7
Long leasehold	53.7	16.0	32.3	14.3
Short leasehold	122.7	9.0	122.5	8.1
	224.2	38.5	214.4	37.1

As at 25 March 2022 the Group had entered into contractual commitments for the acquisition of plant, property and equipment amounting to £12.5m (2021: £5.6m)

Right-of-use assets

The Group records its right-of-use assets within property, plant and equipment. The Group leases assets including buildings and plant and equipment.

The average lease term is 12.3 years (2021: 13.4 years). The Group has options to purchase certain plant and equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The carrying amount of the Group's total right-of-use assets included within Property, Plant and Equipment are analysed as follows.

	Land and buildings £m	Plant, vehicles and equipment £m	Total £m
Carrying value			
As at 27 March 2020	127.1	145.4	272.5
Acquired through business combination	19.1	4.5	23.6
Additions	41.6	18.3	59.9
Depreciation charge for the period	(14.0)	(35.6)	(49.6)
Disposals	–	(1.3)	(1.3)
Lease modifications	(1.2)	–	(1.2)
Impairment of assets	–	(1.3)	(1.3)
Transfer to owned assets after lease expiry	–	(6.6)	(6.6)
As at 26 March 2021	172.6	123.4	296.0
Acquired through business combination	13.7	3.6	17.3
Additions	8.2	20.3	28.5
Depreciation charge for the period	(17.9)	(34.0)	(51.9)
Disposals	1.8	0.2	2.0
Lease modifications	0.7	–	0.7
As at 25 March 2022	179.1	113.5	292.6
Net book amount:			
As at 25 March 2022	179.1	113.5	292.6
As at 26 March 2021	172.6	123.4	296.0

Notes to the Consolidated Financial Statements continued

13. Inventories

	2022 £m	2021 £m
Raw materials and consumables	2.3	1.3
Finished goods	32.9	21.0
	35.2	22.3

Inventories are stated at the lower of cost and net realisable value. Inventories consumed in the period ended 25 March 2022 were £68.3m (2021: £54.1m); inventory written down in the period totalled £nil (2021: £nil). Reversals of inventory previously written down in the period were £nil (2021: £nil). At the end of the financial year £4.2m (2021: £3.8m) of inventory held by the Group related to Company Snop Group.

14. Trade and Other Receivables

	2022 £m	2021 £m
Amounts falling due within one year		
Trade receivables	178.0	115.8
Less expected credit loss allowance	(5.3)	(4.6)
Trade receivables – net	172.2	111.2
Other debtors	5.3	1.5
Prepayments	30.0	28.4
Prepaid landfill provision expenditure	0.1	0.2
	207.6	141.3

All amounts included within other debtors and prepayments are due within one year. The movement in prepayments relates to the timing of payments to suppliers. Trade receivables are non-interest bearing. Due to their short maturities, the fair value of trade and other receivables approximates to their book value. The average credit period taken on invoices was 35 days (2021: 33 days).

The Vinlor acquisition increased trade receivables by £12.0m, and this together with the significant increase in revenue year on year, primarily driven by price increases, Green Circle and the plant at Seaham, have led to trade receivables ending the year at £178.0m (2021: £115.8m). Included in the Group's trade receivables balances are debts with a carrying amount of £16.2m (2021: £9.0m) which are past due at the reporting date. Despite the significant increase in the total trade receivables balance, the great work our accounts receivable team have done in collecting overdue balances has meant the ageing profile of our trade receivables has improved, with only 2% overdue compared with 10% at March 2021.

Credit limits for new customers are assigned based on the potential customer's credit quality. An external credit scoring system is used before assigning any credit limit over £500. Management monitors the utilisation of credit limits regularly. The trade receivables balance consists of a large number of customer balances, in excess of 87,000, represented largely by local account customers, and there is no significant concentration of credit risk.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when a customer enters liquidation. Our trade receivables expected credit loss increased to £5.8m (2021: £4.6m) with the Vinlor acquisition increasing the expected credit loss provision by £1.0m.

The following table details the risk profile of trade receivables. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not distinguished between the Group's type of customer.

	Expected credit loss rate %	Lifetime expected credit loss £m
As at 25 March 2022		
Trade receivables – days past due		
1 to 30 days	1.0%	2.7
31 to 60 days	1.0%	0.5
61 to 90 days	1.0%	0.3
91 to 120 days	50.0%	0.4
Over 120 days	50.0%	1.9

	Expected credit loss rate %	Lifetime expected credit loss £m
As at 26 March 2021		
Trade receivables – days past due		
1 to 30 days	1.4%	2.1
31 to 60 days	1.1%	0.5
61 to 90 days	1.4%	0.3
91 to 120 days	50%	0.2
Over 120 days	50%	1.3

The allowance for expected credit loss (ECL) includes individually impaired trade receivables which are in excess of 120 days overdue, in liquidation or are the subject of legal action. The ECL recognised represents the difference between the carrying amount of these trade receivables and the present value of any expected recoveries.

The following table shows the movement in ECL that has been recognised in trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2022 £m	2021 £m
Movement in expected credit losses		
Balance at the beginning of the period	4.6	4.3
Impairment losses recognised	2.2	0.6
Amounts recovered during the period	1.0	0.6
Amounts written off as uncollectable	(1.2)	(1.4)
Expected credit losses in relation to (decrease)/increase in credit risk	(0.8)	0.5
	5.8	4.6

The Directors consider that the carrying amount of trade receivables approximates their fair value.

Long-term receivables

	2022 £m	2021 £m
Amounts falling due after more than one year		
Funds on long-term deposit	2.3	2.2
Prepayment in respect of EVP Dispute (Note 31)	–	63.6
	2.3	65.8

As a result of the negative outcome on the EVP Dispute the corresponding prepayment of £63.6m has been impaired to nil. More details are available in Note 31.

In determining the expected credit losses for these long-term receivables, the Directors have taken into account the historical default experience and financial position of the counterparties. No expected credit loss has been recognised on the basis that the counterparties are E-MRC and A-rated financial institutions.

Notes to the Consolidated Financial Statements continued

15. Assets and Liabilities Related to Contracts with Customers

The Group has recognised the following contract liabilities related to contracts with customers:

	2022 £m	2021 £m
Current contract assets	71.8	50.5
Current contract liabilities	(27.1)	(19.5)
	44.7	32.8

The timing of payments received from customers, relative to the recording of revenue, can have a significant impact on the liabilities recorded on the Group's Statement of Financial Position recognised in less than one year.

Certain contracts have payment terms based on contractual milestones, which are not necessarily aligned to when revenue is recognised, particularly for those contracts with revenue recognised over time by reference to the stage of completion. Where cash is received in advance of work carried out, and therefore the revenue recognised a contract liability arises.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 25 March 2022 are expected to satisfy performance obligations in the next 12 months.

The contract assets primarily relate to the Group's right to consideration for work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are agreed by the customer. On most contracts, certificates and agreement is by the customer on a monthly basis. All contract assets held at 26 March 2021 are expected to be invoiced and transferred to trade receivables within the next 12 months.

None of the contract assets at the end of the reporting period are past due, and, taking into account the historical default experience and the future prospects in the industry, the Directors consider that no contract assets are impaired.

16. Cash and Cash Equivalents

	2022 £m	2021 £m
Cash at bank and in hand	40.2	27.0
Short term deposits	0.6	3.3
Balance at the end of the period	40.8	30.3

Deposits comprise until 2021 £nil of funds on overnight deposit via a Group cash pooling facility and an insurance deposit of £0.6m (2021: £3.8m) which represents cash held as security for self-insurance obligations, included within the total cash balance, is £0.9m (2021: £4.1m) which cannot be accessed by the Group as it is held as collateral against insurance liabilities by Bray Insurance Company Limited, which is the Group's captive insurance company.

17. Financial Instruments

	2022 £m	2021 £m
Assets held at amortised cost		
Liquidity fund ¹	10.7	3.7
	10.7	3.7

¹ Current funds held in the Bray Insurance Company Limited, the Group's captive insurance company.

Derivative financial instruments

The derivatives that the Group has entered into qualify for hedge designation as cash flow hedges under IFRS 9. All cash flow hedges were deemed to be fully effective and therefore movements in fair value were all recognised within the hedge reserve.

The Group has entered into forward foreign exchange rate contracts which all mature within one year. These forwards will be used by the Group to hedge Euro currency payments for the export of Refuse Derived Fuel (RDF). The forward foreign exchange contracts have resulted in the recognition of a derivative liability of £0.2m (2021: derivative liability of £0.3m).

During the year as a result of two private placement debt raises, the Group reduced its exposure to variable interest rate borrowing. The Group terminated the variable to fixed interest rate swaps, resulting in a net gain of £1.1m.

The Group enters into commodity swaps to hedge against future movements in fuel prices. At the end of the financial year these hedges were in an asset position of £11.7m (2021: liability position of £0.6m). Had fuel prices been 1.2% higher at the year end date, the fuel commodity hedges would have increased in value by £3.0m to an asset position of £14.7m.

The fair value measurements of derivatives are classified as level 2 in the fair value hierarchy, as defined by IFRS 13 Fair Value Measurement, as they are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as derived from prices).

	2022		2021	
	Fair value £m	Notional £m	Fair value £m	Notional £m
Forward foreign exchange contracts	(0.2)	6.3	(0.3)	6.2
Interest rate swaps	–	–	(2.7)	150.0
Commodity hedges	11.7	23.9	(0.6)	22.4
	11.5	30.2	(3.6)	178.6

The table below represents the cumulative amount of gains and losses on the Group's derivative financial instruments

	Foreign exchange risk		Interest rate risk		Commodity risk		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Balance as the start of the period	0.3	(0.5)	2.7	1.6	0.6	–	3.6	1.0
Gain/(loss) arising on changes in fair value of hedging instruments during the period	(0.1)	0.9	1.4	1.1	(16.1)	0.6	(14.8)	2.6
(Gain)/loss reclassified to profit or loss – forecast transaction no longer expected to occur	–	–	(4.1)	–	–	–	(4.1)	–
Cumulative (gain)/loss transferred to initial carrying amount of hedged items	–	–	–	–	3.8	–	3.8	–
Balance at the end of the period	0.2	0.3	–	2.7	(11.7)	0.6	(11.5)	3.6

Borrowings

	2022		2021	
	Book value £m	Average interest rate %	Book value £m	Average interest rate %
Current				
Lease liabilities	53.8	3.1%	54.7	3.0%
	53.8		54.7	
Non-current				
Lease liabilities (Note 25)	222.5	3.1%	229.0	3.0%
Private placements and bank loans	354.0	2.8%	197.6	2.8%
EVP preference instrument (Note 31)	14.3	–	47.6	–
	590.8		474.2	
	644.6		528.9	
			2022 £m	2021 £m
Private placements, bank loans and leases			630.3	481.3
EVP preference liability			14.3	47.6
			644.6	528.9

The Group undertook a private placement raising £150.0m in order to maintain adequate funding headroom following the acquisition of Vindor. The Group issued a further £195.0m private placement following the launch of its Sustainability-linked Finance Framework in December. The £195.0m private placement debt has been raised from MetLife Investment Management, New York Life Insurance Company and Pricoa Private Capital. The funding is linked to two key performance targets:

- Reducing scope 1 and 2 CHC emissions by 50% by 2030; and
- Tripling Biffa Polymers plastics recycling capacity by 2025.

As at 25 March 2022 the Group has an undrawn Revolving Credit Facility ('RCF') of £341.0m (2021: £150.0m). Due to the nature of the RCF and continued repayments and drawdowns the cash flows are presented on a net basis in the Statement of Cash Flows. The expiration date of the RCF is March 2026.

In the year ended 24 March 2017 certain pre-IPO lenders were issued with preference share capital in Wasteholdco 3 Limited in exchange for settlement of amounts due to them. After the unsuccessful outcome of the EVP Dispute, as disclosed in Note 31, the associated liability has been reduced from £47.6m to £14.3m.

Borrowings are measured at amortised cost, with the exception of the EVP preference liability which is measured at fair value. All financial assets and financial liabilities have been categorised as Level 2. Level 2 financial instruments have been valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Refer to Note 24 for the cashflow movement on borrowings during the current and prior financial periods.

Notes to the Consolidated Financial Statements continued

17. Financial Instruments continued

Interest rates on borrowings

	2022		2021	
	Principal £m	Average interest rate %	Principal £m	Average interest rate %
Term facility	9.0	3.2%	197.6	2.8%
Private placement – £150.0m	150.0	2.7%	–	–
Private placement – £195.0m	195.0	2.5%	–	–
	354.0		197.6	

Fair value of financial assets and liabilities

	2022		2021	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets				
Trade and other receivables (Note 14)	172.2	172.2	111.2	111.2
Financial asset arising on liquidity fund	10.7	10.7	8.7	8.7
Financial asset arising from IFRIC 12 (Note 32)	4.0	4.0	4.1	4.1
Financial asset arising from capitalisation of borrowing fees	1.0	1.0	–	–
Financial asset arising from investment in Lovejunk Limited	0.6	0.6	–	–
Funds on long-term deposit	2.3	2.3	2.3	2.3
Prepayment in respect of FVP Dispute (Note 31)	–	–	63.6	63.6
Loans to joint ventures	4.3	14.3	6.0	6.0
Derivative financial instrument	11.7	11.7	0.3	0.3
Cash and cash equivalents (Note 16)	40.8	40.8	30.8	30.8
	257.6	257.6	227.0	227.0
Financial liabilities				
Private placements and bank loans	(354.0)	(337.4)	(197.6)	(197.6)
Lease liabilities (Note 25)	(276.3)	(276.3)	(283.7)	(283.7)
FVP preference liability (Note 31)	(14.3)	(14.3)	(47.6)	(47.6)
Trade and other payables (Note 18)	(286.7)	(286.7)	(206.5)	(206.5)
Deferred and contingent consideration	(7.2)	(7.2)	(9.4)	(9.4)
Derivative financial instrument	(0.2)	(0.2)	(3.9)	(3.9)
	(938.7)	(922.1)	(748.7)	(748.7)
Net financial assets and liabilities	(681.1)	(664.5)	(521.7)	(521.7)

1. Trade and other receivables exclude prepayments, bank deposits and accrued income.
Private placements and bank loans includes £195.0m prepayment in respect of the acquisition of the 50% owned IT network in Germany. The unit is linked to work performance targets.

2. Including 20% and 10% medium term notes, 50% and 20% bank.

3. Including 20% preference shares issued in November 2015.

4. Trade and other payables includes contingent liability for leased income, available and unavailable, and derivative financial liability.

The fair values of financial assets and liabilities are determined as follows:

- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including capital risk management), cash flow, interest rate risk, currency risk and price risk, credit risk and liquidity risk. The Group's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Financial risk management in the above areas is carried out under a policy approved by the Board of Directors.

Capital risk management

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include its net interest cover, liquidity and leverage ratios. Total capital is calculated as equity (as shown in the consolidated statement of financial position) plus Net Debt. Net Debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. The Directors are satisfied that the current risk management strategy is appropriate and effective.

Cash flow interest rate risk

The Group's interest-bearing assets include cash and cash equivalents which earn interest at floating rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group policy is to maintain an appropriate proportion of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.

The interest rate risk profile of the Group's financial assets and liabilities was as follows:

	2022 £m	2021 £m
Financial liabilities		
Floating rate financial liabilities (excluding derivatives)	9.0	197.6
Fixed rate financial liabilities	621.3	283.7
Non-interest bearing financial liabilities	272.9	215.3
Non-interest bearing EVP preference instrument	14.3	47.6
Total financial liabilities (excluding derivatives)	917.5	744.3

Fixed rate financial liabilities relate to lease liabilities. Non-interest bearing financial liabilities comprise trade payables.

	2022 £m	2021 £m
Financial assets		
Floating rate financial assets (excluding derivatives)	2.3	65.9
Floating rate financial assets (cash and cash equivalents)	40.8	30.8
	43.1	96.7
Non-interest bearing assets		
Liquidity fund	6.9	8.7
Non-interest bearing financial assets	192.1	121.3
	199.0	130.0
Total financial assets (excluding derivatives)	245.9	226.7

The interest on fixed rate financial instruments is fixed until the maturity of the investment. The interest on floating rate financial instruments is reset at intervals of less than one year. The other financial assets and liabilities of the Group that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

Fixed rate and non-interest bearing financial assets and liabilities are exposed to fair value interest rate risk and floating rate financial assets and liabilities to cash flow interest rate risk.

Currency risk

The Group is exposed to currency risk arising from currency exposures primarily related to the disposal of RDF via export to Europe. The Group enters into forward contracts to purchase Euros based upon expected costs. These derivatives are classified as cash flow hedges.

Price risk

The Group is not materially exposed to any equity securities price risk, but is exposed to commodity price risks on its outputs. The commodities that the Group is exposed to are fuel, electricity, paper/glass, cardboard, steel, aluminium and plastics (including L-DPE and PFT). The price risk associated with commodities is considered to be in the ordinary course of business for the Group.

Credit risk

Credit risk is managed on a Group basis as appropriate. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, from banks and financial institutions, only independently rated parties with a minimum rating of A are accepted.

Management does not expect any significant losses of receivables that have not been provided for as shown in Note 14.

The carrying amount of financial assets recorded in the financial information, which is net of impairment losses, represents the Group's maximum exposure to credit risk. These amounts include receivable balances from local authority clients, hence are not exposed to significant credit risk. Given the above factors, the Board does not consider it necessary to present a detailed analysis of credit risk.

Notes to the Consolidated Financial Statements continued

17. Financial Instruments continued

Liquidity risk

The Group ensures that there are sufficient committed loan facilities in order to meet short-term business requirements after taking into account the cash flows from operations and its holding of cash and cash equivalents. The expected and discounted cash flow of the Group's financial assets and liabilities (including derivatives), by remaining contractual maturity, at the balance sheet date is shown below.

	2022				Total £m
	Due within one year £m	Due between one and two years £m	Due between two and five years £m	Due five years and beyond £m	
Non-derivative financial liabilities					
Borrowings, excluding lease liabilities	–	–	(9.0)	(345.0)	(354.0)
Lease liabilities	(53.8)	(43.1)	(69.4)	(110.0)	(276.3)
Trade and other payables	(286.7)	–	–	–	(286.7)
Deferred and contingent consideration	(4.2)	(0.3)	(0.8)	(1.9)	(7.2)
FVP liability	–	–	(14.3)	–	(14.3)
Non-derivative financial assets					
Cash and cash equivalents	40.8	–	–	–	40.8
Liquidity fund	10.7	–	–	–	10.7
Trade and other receivables	172.2	–	–	–	172.2
	(121.0)	(43.4)	(93.5)	(456.9)	(714.8)

	2021				Total £m
	Due within one year £m	Due between one and two years £m	Due between two and five years £m	Due five years and beyond £m	
Non-derivative financial liabilities					
Borrowings, excluding lease liabilities	–	–	(197.6)	–	(197.6)
Lease liabilities	(54.7)	(43.3)	(30.7)	(104.5)	(233.2)
Trade and other payables	(206.5)	–	–	–	(206.5)
Deferred and contingent consideration	(9.4)	–	–	–	(9.4)
FVP liability	(47.6)	–	–	–	(47.6)
Non-derivative financial assets					
Cash and cash equivalents	30.8	–	–	–	30.8
Liquidity fund	8.7	–	–	–	8.7
Trade and other receivables	111.2	–	–	–	111.2
	(167.5)	(43.3)	(278.3)	(104.5)	(594.1)

18. Trade and Other Payables

	2022 £m	2021 £m
Current		
Trade payables	208.7	155.7
Taxation and social security	54.0	51.3
Interest payable	1.8	0.7
Accruals	75.6	49.5
Other payables	0.6	0.6
	340.7	257.8
Non-current		
Trade and other payables	6.6	14.6

Included within trade payables is £2.3m (2021: £0.6m) in relation to Government grants.

The taxation and social security figure of £54.0m (2021: £51.3m) includes £0.3m (2021: £0.3m) in relation to the corporation tax creditor, which was presented as a separate line item within the Statement of Financial Position within the prior year financial statements.

19. Provisions

	Landfill restoration & after-care £m	Insurance £m	Onerous contracts £m	Dilapidations £m	IFRIC 12 £m	HMRC Landfill Tax Enquiry £m	Other £m	Total £m
As at 27 March 2020	56.6	15.0	15.4	7.8	–	–	0.5	95.3
Utilised	(8.5)	(1.7)	(6.6)	(0.1)	–	–	1.3	(18.2)
Charged to profit and loss account	3.6	2.8	10.2	1.1	–	–	1.9	19.6
Impact of real discount rate changes to profit and loss account	17.4	–	3.2	–	–	–	–	20.6
Unwinding of discount	1.8	–	–	–	–	–	–	1.8
Transfers from fixed/other assets	0.1	–	(1.7)	–	–	–	(0.1)	(1.7)
As at 26 March 2021	71.0	16.1	20.5	8.8	–	–	1.0	117.4
Utilised	(4.7)	(5.8)	(6.3)	(0.2)	–	–	(3.5)	(20.5)
Acquired from acquisition	–	–	2.0	3.4	12.7	–	5.0	23.1
Charged to income statement	4.6	2.7	4.2	1.5	–	17.0	(1.3)	31.3
Impact of real discount rate changes to income statement	(0.3)	–	–	–	–	–	–	(0.3)
Unwinding of discount	2.4	–	–	–	0.4	–	–	2.8
Transfers from fixed assets (Note 12)	0.9	–	–	–	–	–	–	0.9
Transfers from trade and other payables	–	–	–	–	–	3.0	–	3.0
As at 25 March 2022	73.9	13.0	20.4	13.5	13.1	20.0	3.8	157.7

Provisions have been analysed between current and non-current as follows:

	2022 £m	2021 £m
Current	20.3	16.1
Non-current	137.4	101.3
	157.7	117.4

Landfill restoration and after-care

As part of its normal activities, the Group undertakes to restore its landfill sites and to maintain the sites and control leachate and methane emissions from the sites. A provision is made for these anticipated costs. A number of estimate uncertainties affect the calculation, including the impact of regulation, climate change, accuracy of site surveys, transportation costs, and changes in the real discount rate. The provisions incorporate our best estimates of the financial effects of these uncertainties, but future changes in any of these estimates could materially impact the calculation of the provision. Restoration costs are incurred as each site is filled and in the period immediately after its closure. The provision incorporates the best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could materially impact the calculation of the provision.

Maintenance and leachate and methane control costs are incurred as each site is filled and for a number of years post closure.

Notes to the Consolidated Financial Statements continued

19. Provisions continued

After closure costs are incurred as each site is filled and for a number of years post closure. This period can vary significantly from site to site, depending upon the types of waste landfilled and the speed at which it decomposes, the way the site is engineered and the regulatory requirements specific to the site.

Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining useful economic lives, otherwise such changes are recognised within the income statement.

The associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure. In determining the provision, the estimates for future expenditure required to settle the obligation are inflated using longer-term inflation rates, and discounted using the nominal discount rate. The rates utilised reflect the period of the obligation on a site-by-site basis which varies between 10 and 60 years.

Insurance

The associated outflows are estimated to arise over a period of up to six years from the balance sheet date. The Insurance provision includes self insurance by the Group on both low and high value items. Self insurance by the Group on low value items was previously recorded within the Other Provisions classification. This presentation has been updated to better present the different provisions classifications in both the current period and prior period comparatives.

Onerous contracts

The Group recognises an onerous contract provision for any unavoidable net loss arising from contracts. The Group reviews its onerous contract provisions at each reporting date and whenever there is a material change in management's expectations of the contract. At the end of the financial year the Group had two onerous contract provisions for Mid-Kent and Leicester.

The future cash inflow from the remaining onerous contracts are highly predictable as they are fixed, based on the terms of the contract. However, the costs associated with delivering the contract can vary and assumptions on future cash outflows is considered a significant estimate when modelling the future net cash outflows on onerous contract provisions. On the Mid-Kent provision a 5% increase in future cash outflows would increase the provision by £1.2m and on the Leicester provision a 5% increase in future cash outflows would increase the provision by £1.0m.

The onerous contract provisions for Leicester will be utilised within seven years of the balance sheet date, and Mid-Kent's onerous contract provision will be utilised within two years.

Dilapidations

Dilapidations arise on leased items where the Group recognises an obligation in order to return these items to their original condition as at the inception of the lease. Dilapidations were previously presented as part of the Other Items classification. This presentation has been updated to better present the different provisions classifications in both the current period and prior period comparatives. Dilapidation provisions are utilised against cashflows arising at the end of lease contract periods, which range from one to thirteen years from 25 March 2022.

IFRIC 12

During the current period the Group recognised an IFRIC 12 provision for the future capital expenditure on reverting assets on the West Sussex Recycling contract acquired as part of the Viridor acquisition. The provision is discounted over the duration of the contract term. At acquisition a total of £12.7m was recognised, with a further £0.4m recognised on the unwinding of the provision to 25 March 2022. This provision will be utilised over the period of the West Sussex Recycling contract term until 2033.

HMRC Landfill Tax Enquiry

As set out in Note 1, Biffa Waste Services Limited ("BWSL") is currently the subject of an enquiry by HMRC regarding certain aspects of its Landfill Tax compliance ("the enquiry"). As part of concerns HMRC has primarily relating to the interpretation of the qualifying fines regime set out in LF 11. HMRC also raised concerns, based on its analysis of BWSL's data, over the potential conduct of BWSL and specific customers, which may have lead to the incorrect rate of Landfill tax being paid. Biffa strongly refutes HMRC's concerns, is fully co-operating with HMRC in relation to the enquiry and is receiving advice from Ernst & Young ("EY"). To date, no formal claim for tax has been received from HMRC, there is no certainty that HMRC will bring a claim and it is likely that it will be some time before the Enquiry reaches a conclusion.

In Biffa's view, based on advice received to date, there are a range of possible outcomes to the Enquiry, and it is difficult to accurately ascertain the quantum of any potential liability with any certainty or precision. Whilst Biffa believes it has a strong defence, there remains significant uncertainty in the ultimate outcome and a provision has been recognised for £20.0m based on specific amounts asserted by HMRC to date and associated costs. Given the level of risk and uncertainty, and the time it will take for the Enquiry to reach a conclusion, this represents Biffa's best estimate of the potential liabilities, adopting a cautious position based on the information available to date. Based on the current status of the Enquiry, we consider there will be no obligation to make settlement for at least 12 months after the balance sheet date.

Other

Other provisions relate to legal fees and life assurance. Previously Dilapidations and Self insurance on low value items provisions were also included within this balance, but have now been separately disclosed in both the current period and prior period comparatives.

Discounting of provisions

Long-term provisions included in landfill restoration and after-care have been inflated and discounted using the below nominal rates. Long-term provisions included in onerous contracts have been discounted using the below nominal rates. In previous years the Group discounted onerous contract provisions using WACC rates based on the equity and debt leverage of the Group adjusted for industry risk rates. In FY21, the Group changed the rate used to discount its onerous contract provisions to a risk-free rate.

Period of obligation	Inflation rate		Discount rate	
	2022	2021	2022	2021
5 years	3.6%	2.1%	2.7%	1.0%
10 years	3.6%	2.1%	2.8%	1.6%
20 years	3.6%	2.8%	2.9%	2.1%
30 years	3.4%	2.7%	2.9%	2.2%
60 years	3.3%	2.7%	2.7%	2.0%

An increase of 1% in the real discount rate (at current cost) would result in a decrease of environmental provisions of approximately £16.0m (2021: £15.7m). A 10% increase in cash outflows would result in an increased environmental provision of £7.8m (2021: £7.7m).

Long-term after-care provisions included in landfill restoration and after-care provisions have been inflated at a rate of 3.3% (2021: 2.8%). An increase of 1% in the rate of inflation would result in an increase of environmental provisions of approximately £23.1m (2021: £22.8m).

In arriving at the onerous contract provision for the Mid-Kent Partnership contract, the Group has discounted the future cash flows using a risk-free rate of 2.5%. If this rate increased by 500 basis points the provision charge would decrease by £0.4m.

In arriving at the onerous contract provision for the Leicester contract, the Group has discounted the future cash flows using a risk-free rate of 2.8%. If this rate increased by 500 basis points the provision charge would decrease by £2.1m.

20. Deferred Taxation

The following are the major tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Temporary difference arising on property, plant and equipment £m	Share-based payments £m	Provisions £m	Hedging £m	Retirement benefit obligation £m	Goodwill £m	Intangible assets £m	Recognised tax losses carried forward £m	Total £m
As at 27 March 2020	21.9	0.8	0.9	–	(23.6)	7.7	(34.4)	9.4	(17.3)
Acquired	(6.9)	–	–	–	–	–	(4.6)	–	(11.5)
Credit/(charge) to income statement	10.6	–	(0.1)	–	(1.8)	(0.9)	5.3	(1.0)	12.1
Credit/(charge) to SOCI	–	1.5	–	–	4.1	–	–	–	5.6
As at 26 March 2021	25.6	2.3	0.8	–	(21.3)	6.8	(33.7)	9.4	(11.1)
Acquired	(5.5)	–	–	–	(0.3)	–	(9.6)	–	(15.4)
Credit/(charge) to income statement	6.0	0.4	0.5	0.1	(4.9)	0.8	(3.3)	11.0	11.2
Credit/(charge) to SOCI	–	–	–	(2.2)	(15.0)	–	–	–	(17.2)
As at 25 March 2022	26.7	2.7	1.3	(2.1)	(41.5)	7.6	(46.6)	13.4	32.5

A deferred tax liability of £32.5m (2021: £11.1m liability) has been recognised in the current year using the tax rate of 25% (2021: 19%). Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

As at 25 March 2022 the Group had unused tax losses of £94.6m (2021: £61.9m) available for offset against future profits. A deferred tax asset has been recognised in respect of £77.4m (2021: £43.9m) of these losses. No deferred tax asset has been recognised in respect of the remaining £17.2m (2021: £17.2m) as it is not considered probable that there will be future taxable profits available in the statutory entity in which these losses are being carried forward.

During the current financial period a deferred tax asset and corresponding credit to the income statement of £15.5m (2021: £nil) has been recognised as a result of the outcome of the FVP Dispute. Refer to Note 31 for further details.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits generated in subsequent reporting periods will be available to allow all or part of the asset to be recovered.

The group has considered impacts of climate change in assessing the probability of sufficient taxable profits (loss of revenue from cessation of ROCs in 2027, potential legislation of Deposit Return Scheme (DRS) in England and operating costs due to increased carbon taxes in subsequent reporting periods for the recoverability of the tax assets). The overall impact from the cessation of ROCs has been considered in the future forecasts, however given the low financial impact of the DRS legislation and increased carbon taxes, the group does not consider it to have a material impact on the recoverability of the deferred tax asset.

Notes to the Consolidated Financial Statements continued

21. Share-based Payments

Date of grant	2022 Number	2021 Number
2 July 2018	820,319	942,980
1 October 2018	218,359	218,359
11 December 2018	18,319	18,319
1 July 2019	1,656,417	1,671,056
1 July 2020	2,122,335	2,205,172
1 June 2021	29,792	–
14 June 2021	1,564,400	–

The following share-based expenses charged in the year are included within administration expenses:

	2022 £m	2021 £m
Share option plans	3.7	3.8

During the year the Group had two conditional share-based payment arrangements granted to Directors and employees. The schemes are equity settled.

Performance Share Plan

Date of grant	Number of options originally granted	Contractual life (years)	Share price at date of grant (pence)	Number of employees at grant	Expected volatility	Expected life (years)	Risk-free rate	Fair value per option (pence)
2 July 2018	1,014,880	2.9	251.0	36	24%	2.93	0.71%	173.2
1 October 2018	218,359	2.9	253.0	2	24%	2.93	0.84%	173.3
11 December 2018	18,319	2.9	192.2	1	24%	2.93	0.90%	114.1
1 July 2019	1,773,988	3.0	211.0	37	25%	3.0	0.54%	112.3
1 July 2020	2,354,948	3.0	201.0	77	27%	2.93	0.07%	107.7
1 June 2021	29,792	3.0	300.5	1	30%	2.09	0.09%	174.4
14 June 2021	1,855,274	3.0	293.5	41	29%	3.01	0.14%	197.6

The Group uses the following fair value models to value its share awards namely stochastic, black-scholes and chaffe model.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is calculated based on statistical analysis of daily share prices over the length of the award period. A reconciliation of movements in the number of share awards can be summarised as follows:

Date of grant	Number of options originally granted	Vested	Lapsed/Forfeited	25 March 2022
2 July 2018	1,014,880	(820,319)	(194,561)	–
1 October 2018	218,359	(218,359)	–	–
11 December 2018	18,319	(18,319)	–	–
1 July 2019	1,773,988	–	(117,571)	1,656,417
1 July 2020	2,354,948	–	(232,613)	2,122,335
1 June 2021	29,792	–	–	29,792
14 June 2021	1,855,274	–	(290,874)	1,564,400

The Performance Share Plan (PSP) provides for the grant of awards in the form of conditional free shares or nil-cost options. Shares in relation to the award will be released to participants subsequent to the date of the preliminary announcement of results for the 2021/22 financial year dependent upon the extent to which the performance conditions of achievement of adjusted EPS targets for the fiscal year ended 25 March 2022 and performance of the Company's relative total shareholder growth have been satisfied. The EPS fair value is equivalent to the share price at grant date on the basis that it is a non-market-based measure.

Sharesave Plan

In the financial year 2017 the Biffa Group launched the Biffa Sharesave Plan to all employees with six months or more continuous employment at the date of the scheme launch. The scheme is subject to HMRC rules which limit the monthly contributions to £500. The scheme term is for three years and options may be exercised during the six months after completion of the Save As You Earn contract.

Since the launch of the scheme new Sharesave Plans have been launched in subsequent financial years under the same terms.

During the period 1,577,127 options were granted at a fair value of 68 pence, the share price at award was 351.0 pence. At 25 March 2022 4,242,668 options were outstanding under the Sharesave Plans.

22. Reserves

Share capital

	Number of shares	Called up share capital £
As at 26 March 2021	305,599,408	3,055,994
Share issues	309,075	3,091
As at 25 March 2022	305,908,483	3,059,085

Share premium

The share premium represents amounts received in excess of the nominal value of shares issued since IPO, net of the direct costs associated with issuing those shares.

	£m
As at 26 March 2021	247.0
Shares issues	0.6
As at 25 March 2022	247.6

Merger reserve

The opening merger reserve of £170.3m arose on both the acquisition of Wastenholdeco Limited in 2008 and a Jersey registered 'cash box' company that facilitated an equity raise in 2020.

	£m
As at 26 March 2021	170.3
As at 25 March 2022	170.3

Hedging reserve

	2022 £m	2021 £m
Balance as the start of the period	(6.4)	(2.8)
Fair value gain/(loss) arising on hedging instruments during the period	15.0	(2.6)
Net gain/(loss) on cash flow hedges in joint ventures	3.5	(1.0)
Tax relating to items that may be reclassified subsequently to profit or loss	(2.2)	–
Balance as at the end of the period	9.9	(6.4)

23. Retained Earnings

	2022 £m	2021 £m
Retained earnings at the start of the period	43.9	101.5
Loss for the period	(4.9)	(10.5)
Other comprehensive income for the period	33.7	(17.5)
Value of employee service in respect of share option schemes (excluding NICs)	2.7	3.2
Purchase of shares in F&I	(3.6)	(4.4)
Deferred tax on movement in share option schemes	–	1.5
Dividends paid	(6.7)	–
Retained surplus at the end of the period	65.1	43.9

Notes to the Consolidated Financial Statements continued

24. Reconciliation of Net Cash Flow to Movement in Net Debt

	2022 £m	2021 £m
Net increase/(decrease) in cash and cash equivalents	10.0	(57.0)
Net increase/(decrease) in private placements and bank loans	(156.4)	51.4
Net decrease/(increase) in lease liabilities	7.4	(25.7)
Movement in Group Net Debt in the period	(139.0)	(31.3)
Group Net Debt at beginning of period	(456.8)	(425.5)
Group Net Debt at end of period	(595.8)	(456.8)

Analysis of Group Net Debt

	2022 £m	2021 £m
Cash and cash equivalents	49.8	30.8
Lease liabilities	(276.3)	(283.7)
Private placements and bank loans	(354.0)	(197.6)
EVP preference liability	(6.3)	(6.3)
Group Net Debt	(595.8)	(456.8)
EVP preference liability	6.3	6.3
Other finance instruments	10.7	8.7
Capitalised loan arrangement fees	–	(2.4)
Covenant Basis Net Debt	(578.8)	(444.2)

The £0.3m EVP preference liability has been included within Group Net Debt as it is payable to EVP preference shareholders. The remaining £8.0m liability payable to EVP preference shareholders will be funded by reduced tax payments on future earnings. Refer to Note 31 for more details.

The Group's leverage is calculated on Group Net Debt as follows:

	2022 %	2021 %
Group Leverage Ratio (Group Net Debt: Adjusted EBITDA)	3.1x	3.3x

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	As at 26 March 2021 £m	Financing cash flows £m	Acquired loans £m	Acquisition of subsidiary £m	New leases £m	Other changes £m	25 March 2022 £m
Non-cash changes							
Lease liabilities	(283.7)	62.8	–	(17.3)	(31.9)	(6.2)	(276.3)
Private placements and bank loans	(197.6)	191.1	(345.0)	–	–	(2.5)	(354.0)
EVP preference liability	(47.6)	–	–	–	–	33.3	(14.3)
	(528.9)	253.9	(345.0)	(17.3)	(31.9)	24.6	(644.6)

	As at 27 March 2020 £m	Financing cash flows £m	Acquired loans £m	Acquisition of subsidiary £m	New leases £m	Other changes £m	26 March 2021 £m
Non-cash changes							
Lease liabilities	(258.5)	43.4	–	23.3	(45.0)	(0.2)	(238.0)
Bank loans	249.0	59.2	(6.7)	–	–	1.1	(197.6)
EVP preference liability	(47.6)	–	–	–	–	–	(47.6)
	(557.1)	102.6	(6.7)	(23.3)	(45.0)	0.9	(528.9)

Other changes includes:

- Interest expense recognised on lease liabilities
- Disposal of lease liabilities
- Interest accruing on the KLT and Private placements, and
- The release from the EVP liability

25. Lease Liabilities

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £m	2021 £m
Current liabilities	53.8	54.7
Non-current liabilities	222.5	229.6
	276.3	283.7

Undiscounted lease liabilities maturity analysis:

	Undiscounted lease liabilities		Present value of lease liabilities	
	2022 £m	2021 £m	2022 £m	2021 £m
Within one year	62.2	62.8	53.8	54.7
More than one year but less than two years	49.0	50.4	43.1	43.8
More than two years but less than five years	79.5	94.5	69.4	80.7
After five years	257.1	222.2	110.0	104.5
	447.8	429.9	276.3	283.7
Less: future finance charges	(171.5)	(146.2)	–	–
	276.3	283.7	276.3	283.7

The average lease term is 12.3 years (2021: 13.4 years). For the period ended 25 March 2022, the effective borrowing rate was 3.1% (2021: 3.0%).

Amounts recognised in profit and loss relating to leases and right-of-use assets:

	2022 £m	2021 £m
Depreciation expense on right-of-use assets (Note 12)	51.9	49.6
Interest expense on lease liabilities (Note 3)	9.8	8.5
Income from sub-leasing right-of-use assets (Note 4)	(3.3)	(3.3)
Expense relating to short-term and low-value assets (Note 4)	25.5	18.5

Cash repayments of £62.8m (2021: £43.4m) on leases have been made in the year.

26. Pension and Post-retirement Benefits

Defined contribution schemes

	2022 £m	2021 £m
Defined contribution expense	11.5	10.4

Defined benefit schemes

The Group operates a number of defined benefit schemes: Biffa Pension Scheme ('BPS'), an Unfunded Unapproved Retirement Benefits Scheme ('UURBS'), the Federated Pension Plan ('FPP'), Prudential Platinum ('Platinum'), the Kent County Council Pension Fund (the 'Kent Fund'), The Citrus Pension Plan - Biffa Waste Services Limited Section (previously named the Vinodol Somerset Section) ('Citrus'), the Devon County Council Pension Fund ('Devon'), the Staffordshire Pension Fund (the 'Staffordshire Fund') and the Greater Manchester Pension Fund ('GMPF') (collectively, the 'Schemes').

The Group is also admitted in the Cornwall Pension Fund (the 'Cornwall Fund') and Norfolk Pension Fund (the 'Norfolk Fund'). The contractual terms of the commercial agreements that admit the Group to these schemes limit the actuarial risk that the Group is exposed to, consequently the schemes have been accounted for as a defined contribution scheme.

The Schemes offer both pensions in retirement and death benefits to members. All the Schemes are closed to new members. The BPS, Platinum, the Cornwall Fund, the Kent Fund and the Staffordshire Fund are open to accrual although the BPS is closed for the majority of members and only a few employees with statutory protections remain in active service. The BPS makes up around 95% of the total liability across the Schemes.

Notes to the Consolidated Financial Statements continued

26. Pension and Post-retirement Benefits continued

The Schemes expose the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. Contributions to the Schemes for the year ended 31 March 2023 are expected to be £2.1m (2021: £5.9m).

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 an independent Trustee, and other 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 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's Consolidated Statement of Financial Position. 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 Schemes have an accounting surplus that is fully recognised on the basis that future economic benefits are unconditionally available in the form of a reduction in the future cash contributions or as a cash refund. Where a surplus of a defined benefit Scheme arises or there is potential for a surplus to arise from committed future contributions, the rights of the Trustees to prevent the Group obtaining a refund of that surplus is considered in determining whether it is necessary to restrict the amount of the surplus that is recognised.

A full actuarial valuation of the Schemes was carried out as at 31 March 2021 which revealed a funding surplus of £19.3m on the technical provisions. A deficit of £106.9m has been recognised against the solvency estimate and a deficit of £36.2m has been recognised against the low dependency estimate. The Group has proposed to pay the current rate of deficit reduction contributions under the existing Recovery Plan up to the point the Scheme achieves its medium term objective of securing the liabilities with an insurer. The remaining contributions under the current Recovery Plan are as follows:

- a payment of £4.3m made on 28 March 2022;
- a payment before 31 March 2023 equal to £4.3m increased with actual RPI inflation; and
- a payment of £2.0m before 31 March 2024.

The Cornwall Fund, Norfolk Fund, Kent Fund, Staffordshire Fund and EMPI are all Local Government Pension Schemes. When determining the appropriate accounting treatment for these schemes, the Group considers the extent to which it is exposed to actuarial risk throughout the term of the commercial contract and also obligated to fund any deficit on exit of the contract.

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.

In addition to the natural interest rate hedging provided by its investment in bonds the Trustee also purchases derivatives to ensure that the funding position of the Schemes are, overall, hedged against 85% of movements in long-term risk-free interest rates and 85% of movements in inflation expectations. No annuities or specific mortality hedging products have been purchased by 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 of the Schemes' corporate bond assets.

Longevity risk

The present values 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 values 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.

The lump sum death benefits paid to the dependants of the Schemes' members are insured with an external insurance company. The present value of the obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

A full actuarial valuation of the Schemes was carried out as at 31 March 2021 and has been updated to 25 March 2022 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	2022 %	2021 %
Discount rate	2.94%	2.00%
Rate of salary increase	3.90%	3.10%
Rate of inflation – RPI	4.20%	3.10%
Rate of inflation – CPI	3.40%	2.00%
Rate of pension increases – RPI with floor of 0% cap of 2.5% p.a. (non-pensioners)	1.90%	2.10%
Rate of pension increases – RPI with floor of 0% cap of 2.5% p.a. (pensioners)	2.20%	2.10%
Rate of pension increases – RPI with floor of 0% cap of 5.0% p.a. (non-pensioners)	2.90%	2.90%
Rate of pension increases – RPI with floor of 0% cap of 5.0% p.a. (pensioners)	3.30%	2.90%
Rate of pension increases – RPI with floor of 0% cap of 6.0% p.a. (non-pensioners)	3.00%	3.00%
Rate of pension increases – RPI with floor of 0% cap of 6.0% p.a. (pensioners)	3.50%	3.00%
Rate of pension increases – CPI with floor of 0% cap of 3.0% p.a. (non-pensioners)	2.10%	2.20%
Rate of pension increases – CPI with floor of 0% cap of 3.0% p.a. (pensioners)	2.30%	2.20%
Rate of pension increases – CPI uncapped (non-pensioners)	3.00%	2.90%
Rate of pension increases – CPI uncapped (pensioners)	3.30%	2.90%
Longevity (years)		
Expected future lifetime of a male pensioner currently aged 65	21.2	21.2
Expected future lifetime of a female pensioner currently aged 65	23.3	23.2
Expected future lifetime from age 65 of a male member currently aged 45	22.5	22.5
Expected future lifetime from age 65 of a female member currently aged 45	24.9	25.2

1. In excess of any Guaranteed Minimum Pension (GMP).

The assets in the Schemes were:

Asset category	2022		2021	
	£m	%	£m	%
Equities	107.4	17.1%	149.8	24.1%
Bonds	10.8	1.7%	245.8	39.5%
Properties and infrastructure	22.5	3.6%	22.9	3.7%
Hedge funds	72.0	11.5%	98.3	15.8%
Other	415.6	66.1%	104.8	16.9%
	628.3		621.6	
Actual return on plan assets	9.4		57.5	

The fair value of all of the above asset classes are determined based on quoted ('bid') market prices. Virtually all equity and debt instruments have quoted prices in active markets. Derivatives are classified as Level 2 instruments and hedge funds and property as Level 3 instruments. It is the policy of the Schemes to use hedge funds and liability driven investments to hedge some of their exposure to interest rate and inflation risks. This policy has been implemented during the current and prior years.

The key source of estimation uncertainty relates to the valuation of the property portfolio, where a valuation is obtained annually from professionally qualified external valuers. The evidence to support these property valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty.

An increase in the property valuation of 10% would increase pension assets by £2.3m. An increase in the valuation of traded assets of 10% would increase pension assets by £19.0m.

Notes to the Consolidated Financial Statements continued

26. Pension and Post-retirement Benefits continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2022 £m	2021 £m
Benefit obligation at beginning of period	525.3	485.9
Service cost	2.5	2.5
Gain on settlement	-	(3.0)
Interest cost	10.4	11.5
Contributions by Scheme participants	0.3	0.4
Net remeasurement (gains)/losses – financial	(56.2)	68.9
Net remeasurement (gains)/losses – demographic	(4.3)	3.3
Net remeasurement losses (gains) – experience	1.0	(4.0)
Newly recognised schemes	7.3	-
Benefits paid	(16.8)	(40.4)
Past service costs	0.1	0.1
Benefit obligation at end of period	470.6	525.3

Reconciliation of opening and closing balances of the fair value of Schemes' assets

	2022 £m	2021 £m
Fair value of Schemes' assets at beginning of period	621.6	599.3
Interest income on Schemes' assets	12.4	14.3
Return on assets, excluding interest income	(3.0)	43.1
Contributions by employers	5.7	5.9
Contributions by Schemes participants	0.3	0.4
Newly recognised schemes	9.3	-
Benefits paid	(16.8)	(40.4)
Scheme administrative cost	(1.2)	(1.0)
Fair value of plan assets at end of period	628.3	621.6

Amounts recognised in comprehensive income in respect of defined benefit Schemes

	2022 £m	2021 £m
Current service cost	2.5	2.4
Past service cost	0.1	0.1
Gain on settlement	-	(3.0)
Administrative cost	1.2	1.0
Service cost adjustment in respect of Greater Manchester Pension Fund	(1.1)	(0.7)
Net interest on the net defined benefit surplus	(2.3)	(3.1)
Components of defined benefit cost/(gain) recognised in the Income Statement	0.5	(3.3)

Remeasurement on the net defined benefit liability

Return on Schemes' assets, excluding amounts in net interest expense	3.0	(43.1)
Actuarial gains and losses from changes in financial assumptions	(56.2)	68.9
Actuarial gain from changes in demographic assumptions	(4.3)	3.3
Actuarial gain from changes in experience assumptions	1.0	(4.0)
Movement in asset ceiling	3.1	(0.6)
Newly recognised schemes	(1.3)	-
CVPI Admission agreement	0.3	3.4
Components of defined benefit (gain)/cost recognised in other comprehensive income	(48.7)	21.6

The current service cost is included in operating costs in the income statement. The net interest expense is included within finance charges in the consolidated income statement. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit Schemes is as follows:

	2022 £m	2021 £m
Present value of funded defined benefit obligation	(170.6)	(525.3)
Fair value of funded Schemes' assets	628.3	621.6
Adjustment for the restriction in asset benefit	(4.3)	(1.1)
Adjustment in respect of C.M.P. agreement	12.7	7.4
Net asset arising from defined benefit obligation	166.1	112.1

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected future inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1% lower the defined benefit asset would decrease by £124.6m (2021: £113.6m).

If the inflation assumption increases by 1% the defined benefit asset would decrease by £100.0m (2021: 104.0m).

If the life expectancy increases by one year for both men and women, the defined benefit asset would decrease by £14.9m (2021: £18.2m).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Schemes' participating employers are Biffa Waste Services Limited, Biffa Municipal Limited, Biffa Environmental Municipal Services Limited, Biffa Leicester Limited and Biffa West Sussex Limited. These subsidiaries fund the cost of any protected members' future accrual (to the extent that any protected members remain working for each of these companies) earned on a yearly basis.

Protected members pay a range of fixed contributions of pensionable salary depending on what section of the Schemes they are in. These contributions range from 3% to 6% of pensionable salary. The residual contribution (including past service augmentations) is paid by the above entities of the Group.

These contributions, required to fund accrual, are agreed between Biffa Corporate Holdings Limited (the Principal Employer) and the Trustees of the Schemes following each triennial valuation of the Schemes.

In accordance with the Pensions Act 2004, the Schemes' liabilities are measured using a prudent discount rate at the triennial valuation, but some asset out performance is allowed for when calculating the deficit recovery contributions paid for by the participating employers. Additional liabilities stemming from past service due to augmentation of benefits are added to the Schemes' deficit.

The average duration of the benefit obligation at 25 March 2022 is approximately 19 years (2021: 21 years).

The Group expects to make a contribution of £10.2m to the Schemes during the financial year to 31 March 2023.

27. Related Party Transactions

There have been no material related party transactions in the 52 weeks ended 25 March 2022 (2021: nil) except for key management compensation as set out in the Directors' Remuneration Report.

Details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 126 to 140. There have been no related party transactions with any Directors in the year or in the subsequent period.

During the year to 25 March 2022, the Group invested £17.4m (2021: £8.4m) in Protos HRF Ltd and Newhurst HRF Limited. The Group issued further loan notes of £7.5m (2021: £3.0m) during the period and accrued unpaid interest income of £0.8m (2021: £0.3m). As at 25 March 2022 the Group recognised outstanding loan receivable balances due from Protos HRF Ltd and Newhurst HRF Ltd of £14.3m (2021: £6.0m). Both parties can redeem the notes at any time. The annual rate of interest on the notes is 8%. This whole balance remained outstanding at year end. None of the amount is deemed to be uncollectable and no expenses have been recognised during the period in respect of bad or doubtful debts in this regard. On financial close, 25 March 22, the Group received from the joint venture reimbursement for development costs incurred.

No Directors held any material interest in any contract with the Company or the Group in the year or subsequent period to 25 March 2022. The Group has made £5.7m (2021: £5.9m) in contributions to the defined benefit pension schemes. There are no additional related party transactions to disclose.

30. Investments in Joint Ventures

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
Protos Holding Ltd	Energy from waste	England and Wales	25%
Protos ERF Ltd	Energy from waste	England and Wales	25%
Newhurst ERF Holding Ltd	Energy from waste	England and Wales	50%
Newhurst ERF Limited	Energy from waste	England and Wales	50%

All of the above joint ventures and associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 1.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts in the financial statements of joint ventures prepared in accordance with IFRS Standards.

	2022		2021	
	Newhurst £m	Protos £m	Newhurst £m	Protos £m
Current assets	7.0	52.9	3.1	24.4
Non-current assets	255.3	185.8	125.7	89.7
Current liabilities	(7.4)	(22.1)	(7.0)	(16.5)
Non-current liabilities	(197.7)	(213.1)	(98.8)	(105.1)
	57.2	3.5	23.0	(7.5)
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	5.1	50.0	(0.1)	22.6
Current financial liabilities (excluding trade and other payables and provisions)	(5.7)	(14.8)	(6.9)	(6.6)
Non-current financial liabilities (excluding trade and other payables and provisions)	(197.7)	(213.1)	(98.8)	(105.1)
Revenue	-	-	-	-
Loss for the year	(1.8)	(1.2)	(1.0)	(1.2)
Other comprehensive income/(loss) attributable to the owners of the Company	14.1	(14.4)	5.2	(14.5)
Total comprehensive income/(loss)	12.3	(15.6)	4.2	(15.7)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in the joint venture recognised in the consolidated financial statements:

	2022		2021	
	Newhurst £m	Protos £m	Newhurst £m	Protos £m
Net assets of joint venture	57.2	3.5	23.0	(7.7)
Group's percentage ownership interest in the joint venture	50%	25%	50%	25%
Carrying amount of the Group's interest in the joint venture	28.6	0.8	11.5	(1.9)

	2022		2021	
	Newhurst £m	Protos £m	Newhurst £m	Protos £m
Interest in joint venture carried forward	11.5	(1.9)	3.0	-
Additions	10.8	6.6	6.4	2.0
Share of post-tax results	(0.8)	(0.3)	(0.5)	(0.3)
Share of net loss on cash flow hedges in joint venture	7.1	(3.6)	2.6	(3.6)
Interest in the joint venture at the end of the period	28.6	0.8	11.5	(1.9)

The Protos joint venture is currently in a net asset position of £3.5m at the end of March 2022 (2021: £7.5m liability) as a result of the unrealised fair value of the cash flow hedges (Biffa's 25% interest: asset of £1.3m (2021: £1.9m liability)). The fair value gain is £6.1m at the balance sheet date (2021: £14.5m fair value loss). Biffa's 25% interest: gain of £1.5m (2021: £3.6m interest loss). The net asset has been recognised in the financial statements due to the commitment made by Biffa to fund the joint venture and the associated letters of credit.

Notes to the Consolidated Financial Statements continued

31. EVP-related Items

The Group has been engaged in a dispute with HMRC concerning historical Landfill Tax.

HMRC claimed that the Group was liable for £61.9m of Landfill Tax in respect of certain waste materials deposited in Biffa's landfill sites from 2009 to 2012 (EVP). Biffa contested that the material was used in the sites for an engineering purpose and was not therefore subject to Landfill Tax. Notwithstanding the Group's opinion on the tax treatment of this material, since 2012 all materials of this nature have been subjected to Landfill Tax.

The matter was heard by the First Tier Tax Tribunal which found in HMRC's favour, before Biffa won the Upper Tax Tribunal for the EVP case. HMRC however requested a further hearing from the Court of Appeal which took place in March 2021. Biffa was unsuccessful in the hearing with the Court of Appeal and the Directors sought leave to appeal the decision to the Supreme Court. In May 2022 the Group's request of leave to appeal was refused by the Supreme Court.

The contested amount was paid to HMRC following the refinancing of the Group upon its IPO in October 2016. In addition to the payment of £61.9m, the Group paid £1.7m in interest in the period ended 24 March 2017. The Directors, having taken appropriate advice, did not believe that a liability to tax exists and accordingly treated the payment of the tax and associated interest as a prepayment.

As part of the IPO of the Group, arrangements were put in place to make certain payments to the shareholders and certain members of employee incentive schemes of the Group immediately prior to its listing, subject to and in respect of the outcome of the dispute. A financial liability of £47.6m was recognised in borrowings and an accrual of £13.0m was recognised in non-current liabilities.

With the negative outcome confirmed, the £63.6m prepayment has been impaired to £nil and a corresponding deferred tax asset of £15.5m has been recognised. The £47.6m financial liability has been reduced to £14.3m and the accrual has been reduced to £3.5m. These outstanding balances reflect the amounts payable to the shareholders and certain members of employee incentive schemes of the Group respectively, immediately prior to its listing. The net impact of these transactions on Profit After Tax is a loss of £5.4m.

These transactions have been included in the financial statements for the year ending 25 March 2022 because, despite the outcome of the appeal arising after the year end date, the event is considered to be an adjusting event in line with IAS 10, Events After the Reporting Period.

Of the total remaining liability of £17.8m, £6.3m has been included within Group Net Debt, consistent with previous years.

32. Service Concession Arrangements

Prior to the Viridor acquisition, the Group had two integrated waste management contracts that could potentially be considered as service concession arrangements. These were with Leicester City Council (25 years – awarded in 2003) and West Sussex County Council (25 years – awarded in October 2010). The concessions vary as to the extent of their obligations but typically require the construction and operation of an asset during the concession period including scheduled maintenance and capital expenditure. The operation of the assets includes the provision of waste management services such as collection, recycling and disposal. Typically at the end of concession periods the assets are returned to the concession owner. There have not been any significant changes to these arrangements in the period.

The construction of the infrastructure for West Sussex County Council was funded by the Council and therefore falls outside of the scope of IFRIC 12 and neither a financial asset nor intangible asset has been recognised. The Leicester City Council contract does fall within the scope of IFRIC 12, however, and a financial asset of £4.0m (2021: £4.1m) has been recognised in relation to this contract. This is included in Note 17.

These contracts generated revenue of £47.2m in the 52 weeks ended 25 March 2022 (2021: £43.4m). The contract with Leicester City Council is loss making and a return to profitability is not expected and as such an onerous contract provision has been recognised.

In addition to the contract above, the Group has taken over control of the West Sussex Recycling contract (30 years – awarded in 2004) as part of the Viridor acquisition during the year. As it involves construction and maintenance of recycling assets that will be returned to the Council at the end of the contract, this arrangement is considered to be within the scope of IFRIC 12. An intangible asset of £37.5m has been recognised on acquisition and is being amortised over the remaining life of the contract. This contract has generated revenue of £16.7m in the seven months since it was acquired.

33. Non-principal Subsidiary Undertakings

Biffa plc is the ultimate parent company in the Biffa Group. The following entities complete the full list of the Company's subsidiary undertakings.

Name	Country of incorporation	Activity	Shareholding
Wasteholdco 1 Limited*	Jersey	Holding company	100%
Wasteholdco 2 Limited*	Jersey	Holding company	100%
Biffa Group Holdings Limited*	Jersey	Holding company	100%
Biffa Group Limited*	England and Wales	Holding company	100%
CS Equity Co*	Cayman Islands	Holding company	100%
Biffa CS Holdings Limited*	England and Wales	Holding company	100%
CS Acquisitions Limited**	England and Wales	Holding company	100%
Material Recovery Nominees Limited*	England and Wales	Dormant	100%
Biffa CS UK Holdings Limited*	England and Wales	Holding company	100%
Biffa CS (LPP) Limited**	England and Wales	Waste management	100%
Biffa CS Environmental Limited**	England and Wales	Waste management	100%
Biffa CS (RUR) Limited*	England and Wales	Dormant	100%
Biffa CS Environmental Recycling Limited**	England and Wales	Waste management	100%
Biffa CS (M&B) Limited*	England and Wales	Waste management	100%
Biffa CS (FC) Limited*	England and Wales	Waste management	100%
Biffa (WFS) Limited**	England and Wales	Dormant	100%
Biffa Group Holdings (UK) Limited*	England and Wales	Holding company	100%
Biffa Corporate Services Limited*	England and Wales	Dormant	100%
Biffa Corporate Holdings Limited*	England and Wales	Holding company	100%
Biffa Netherlands B.V.*	Netherlands	Holding company	100%
Biffa Waste Limited*	England and Wales	Dormant	100%
Biffa Holdings (Jersey) Limited*	Jersey	Dormant	100%
Biffa UK Group Limited*	England and Wales	Dormant	100%
Biffa UK Limited*	England and Wales	Dormant	100%
Biffa (UK) Holdings Limited*	England and Wales	Dormant	100%
UK Waste Management Holdings Limited*	England and Wales	Dormant	100%
Biffa (Land) Limited*	Guernsey	Waste management	100%
Biffa (Roxby) Limited**	England and Wales	Dormant	100%
Norwaste Limited*	England and Wales	Dormant	100%
Lorstan Services Ltd***	England and Wales	Dormant	100%
Biffa West Sussex Holdco Limited*	England and Wales	Dormant	100%
Bray 2008 (Malta) Limited**	Malta	Holding company	100%
Reclamation & Disposal Limited*	England and Wales	Dormant	100%
Biffa Holdings Limited*	England and Wales	Holding company	100%
Biffa (Jersey) Limited*	Jersey	Holding company	100%
Richard Biffa (Reclamation) Limited*	England and Wales	Dormant	100%
M Joseph & Son (Birmingham) Limited*	England and Wales	Dormant	100%
Biffa Pension Scheme Trustees Limited**	England and Wales	Dormant	100%
Cressex Insurance Services Limited*	England and Wales	Dormant	100%
White Cross Limited*	England and Wales	Dormant	100%
Wastedrive Limited*	England and Wales	Dormant	100%
Wastedrive (Manchester) Limited*	England and Wales	Waste management	100%
Amber Engineering Limited*	England and Wales	Waste management	100%
O'Brien Waste Recycling Solutions Holdings Limited*	England and Wales	Dormant	100%
O'Brien Waste Recycling Solutions Limited*	England and Wales	Dormant	100%
New Star Environmental Limited***	England and Wales	Waste management	100%
SWR Smash & Crab Limited***	England and Wales	Waste management	100%

Notes to the Consolidated Financial Statements continued

33. Non-principal Subsidiary Undertakings continued

Name	Country of incorporation	Activity	Shareholding
RUR3 Environmental Limited***	England and Wales	Waste management	100%
SWRNewstar Limited*	England and Wales	Dormant	100%
Company Shop Holdco Limited*	England and Wales	Waste management	100%
Simply Waste Solutions Limited***	England and Wales	Dormant	100%
Community Shop CIC***	England and Wales	Other retail non-specialist	100%
Weir Waste Services Limited*	England and Wales	Dormant	100%
Weir Recycling Services Limited*	England and Wales	Dormant	100%
Island Waste Services Limited*	England and Wales	Waste management	100%
Lavelle & Sons Limited***	England and Wales	Dormant	100%
Biffa (Corby) Limited***	England and Wales	Dormant	100%
Biffa (Earls Barton) Limited***	England and Wales	Dormant	100%
Barge Waste Management Limited*	England and Wales	Waste management	100%

* Financial year ended 31 March 2022

** Financial year ended 31 December 2021

*** Financial year ended 31 March 2022

† Incorporation by Biffa plc

1 Registered in England at Road, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

34. Dividends

Dividends have been reinstated for FY22. During the year an interim dividend of 2.20 pence per share was paid (2021: nil). The Board is recommending a final dividend of 4.49 pence per share for the year ended 25 March 2022 (2021: nil).

35. Post Balance Sheet Events

In May 2022 the Group was unsuccessful in its appeal to the Supreme Court in relation to the EVP Dispute. Given this qualifies as an adjusting event in accordance with IAS 10 Events after the Reporting Period, certain EVP related balances have been reduced accordingly in the current period. Refer to Note 31 for further information.

On 7 June 2022, the Group announced that it had received an unsolicited offer from Energy Capital Partners ("ECP") to acquire 100% of the share capital of Biffa plc for £4.45 per share. This offer has not yet been formally submitted to the Board.

Subsequent to 25 March 2022, the Biffa Group acquired certain trade and assets of DJB Recycling Limited, a Sheffield-based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c. £4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal was completed on 30 June 2022.

In July 2022 Circularity Scotland Ltd (CSL), the scheme administrator for Scotland's Depositor return scheme, appointed Biffa to provide collection, counting and sorting services for the billions of drinks containers which are placed on the Scottish market each year.

Parent Company Statement of Financial Position

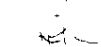
The parent company statements are prepared under FRS 101 and relate to the Company and not to the Group. The financial statements are prepared under the historical cost convention. The accounting policies which have been applied to these accounts can be found on pages 213 to 215 and a separate independent auditor's report on pages 145 to 156.

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Investments	3	257.9	256.1
Trade and other receivables	4	434.0	105.7
		691.9	362.1
Current assets			
Financial assets	5	1.0	–
Cash and cash equivalents	6	–	0.2
		1.0	0.2
Current liabilities			
Derivatives financial instruments	7	–	(3.0)
Trade and other payables	8	(1.8)	(0.2)
		(1.8)	(3.2)
Net current liabilities		(0.8)	(3.0)
Non-current liabilities			
Borrowings	9	(345.0)	–
		(345.0)	–
Net assets		346.1	359.1
Equity			
Called up share capital	10	3.1	3.1
Share premium	10	247.6	247.0
Merger reserve	10	95.8	95.8
Hedging reserve		–	(2.9)
Retained earnings		(0.4)	16.1
Total surplus attributable to shareholders		346.1	359.1

Retained loss for the year was £8.9m (2021: £17.1m profit).

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The loss of the Company for the year attributable to shareholders was £8.9m (2021: £17.1m profit).

The Financial Statements on pages 211 to 219 were approved by the Board and authorised for issue on 5 August 2022 and signed on its behalf by



Richard Pike

Director Biffa plc

Company no: 0335040

Parent Company Statement of Changes in Equity

	Called up share capital £m	Share premium £m	Merger reserve £m	Hedge reserve £m	Retained (deficit)/ earnings £m	Total equity £m
As at 27 March 2020	2.5	235.3	–	(1.0)	0.2	237.0
Profit for the period	–	–	–	–	17.1	17.1
Other comprehensive income for the period	–	–	–	(1.9)	–	(1.9)
Total comprehensive income/(loss)	–	–	–	(1.9)	17.1	15.2
Shares purchased by employee benefits trust	–	–	–	–	(4.4)	(4.4)
Value of employee service in respect of share option schemes (excluding NICs)	–	–	–	–	3.2	3.2
Equity raise	0.5	1.3	95.3	–	–	97.6
Shares issued	0.1	10.1	–	–	–	10.5
As at 26 March 2021	3.1	247.0	95.8	(2.9)	16.1	359.1
Loss for the period	–	–	–	–	(8.9)	(8.9)
Other comprehensive income for the period	–	–	–	2.9	–	2.9
Total comprehensive income/(loss)	–	–	–	2.9	(8.9)	(6.0)
Shares purchased by employee benefits trust	–	–	–	–	(3.6)	(3.6)
Value of employee service in respect of share option schemes (excluding NICs)	–	–	–	–	2.7	2.7
Shares issues	–	0.6	–	–	–	0.6
Dividend paid	–	–	–	–	(6.7)	(6.7)
As at 25 March 2022	3.1	247.6	95.8	–	(0.4)	346.1

Notes to the Parent Company Financial Statements

1. Accounting Policies

General Information

Biffa plc (the 'Company') is a public company, by shares incorporated and registered in the UK and is the ultimate parent company. The address of the Group's registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ. The principal activity of the Company is as holding company for the Biffa Group which offers the provision of waste management services within the United Kingdom.

These financial statements are presented in Pound Sterling (£3P) and are rounded to the nearest £0.1m.

Basis of preparation

These financial statements relate to Biffa plc, a public v traded company incorporated and domiciled in England and Wales. The registered address is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

These financial statements present the results of the Company as an individual entity and are prepared on the going concern basis, in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The Company is part of a larger group and participates in the Group's centralised treasury and banking arrangements. The Company is expected to generate positive cash flows to continue to operate in the foreseeable future.

The Company has not presented its own income statement or statement of comprehensive income as permitted by section 408 of the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented except where the Company has elected to take the following exemptions as allowed under FRS 101:

- The requirements of IAS 7 'Statement of Cash Flows'
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' in respect of key management personnel.
- Requirements of IAS 24 'Related Party Disclosures' to disclose transactions between wholly owned members of the Group.
- The requirements of IFRS 7 'Financial Instruments: Disclosures', as equivalent disclosures are provided in the Consolidated Financial Statements of the Group to which the Company belongs.
- The requirements of IFRS 2 'Share-based Payments'
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurements', as equivalent disclosures are presented in the consolidated financial statements.

Going concern

Biffa plc operates as the holding company for the Biffa Group of companies, which provides waste management services within the United Kingdom.

During FY22, the Group's financial performance largely recovered from the effects of the Covid-19 pandemic and the associated lockdown measures. Revenue and Adjusted EBITDA saw significant growth to surpass FY20 levels despite the significant headwinds faced during the year. These included high inflationary cost pressures, driver shortages and supply chain disruption. This resilient performance gives the Directors confidence in the forecast financial performance for the next 12 months. Latest forecasts suggest strong Adjusted EBITDA growth in FY23 as Company Shop Group performance continues to recover and further synergies are realised on the Viridor acquisition.

These forecasts, when overlaid with sensitivity analysis taking into account different scenarios for fluctuations in trading performance, show that the Group is expected to be able to comfortably operate within the current levels of the facility over the next 12 months.

The Group had unutilised committed bank facilities available of £341.0m as at the FY22 year end and cash and cash equivalents of £40.8m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Group in a strong position to manage fluctuations in financial performance over the next 12 months.

The Group completed the acquisition of Viridor's Collections business and certain recycling assets on 31 August 2021 for a total consideration of £130.9m, with £17.0m of lease liabilities assumed.

In order to fund the Viridor acquisition, the Group arranged a private placement facility with two investors for £150.0m covering a term of 7 and 10 years with an average borrowing cost of 2.7%.

An additional private placement facility of £195.0m was arranged with three investors (two of which also invested in the £150.0m private placement) in February 2022, enabling the Group to reduce the drawdown on the RCF to low levels. This has a term of 8, 10 and 12 years with an average borrowing cost of 2.5%.

The cost of the commitments since the Capital Markets Day have been captured in the going concern assessments when assessing the funding requirements.

The going concern assumption has been assessed by considering a number of the principal risks in the Strategic Report. Multiple low cases have been tested, one of which involves the combination of events with a negative impact such as a recession and a large one-off cash payment in FY23 similar in amount to the sum of the protective assessments issued by HMRC on the ongoing landfill tax enquiry. The Group could continue to operate for at least the next 12 months in each of these low cases.

Notes to the Parent Company Financial Statements continued

1. Accounting Policies continued

After careful consideration, the Board recognise the medium and long term sustainability risks arising from climate change, including cessation of Renewable obligation certificates held by the landfill-gas business in 2027. Short term impacts in relation to climate change are not considered to have a significant impact on the Group's business model within the Going Concern period.

On 7 June 2022, the Group announced it had received an unsolicited offer from Energy Capital Partners ("ECP") to purchase 100% of the share capital in Biffa plc. The Directors have considered this offer in the context of going concern and have decided that this does not affect the conclusion as to whether the going concern basis of accounting should be adopted.

Based on the above, the Directors have concluded the Company is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Company will have adequate resources to continue in operation for at least 12 months from the signing date of these Consolidated Financial Statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

Key judgements and estimates

Management considers Expected Credit Loss ("ECL") on inter-company balances to be a key judgement and estimate. An expected credit loss provision of £4.4m has been recognised as at the close of the current period (2021: £1.2m) in relation to the balance due from subsidiary undertakings.

Investments

Investments are initially stated at cost. Investments are tested for impairment when an event that might affect asset value has occurred.

An impairment loss is recognised to the extent that the carrying amounts cannot be recovered either by selling the asset or by the discounted future cash flows from the investment.

Dividend distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Other receivables

Other receivables are recognised initially at fair value less any provision for expected credit loss. They are subsequently held at amortised cost less any provision for expected credit loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial asset. Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as either a) fair value hedge (hedges of the fair value of recognised assets or liabilities), or b) cash flow hedge (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction), or c) net investment hedge (hedges of net investments in foreign operations).

The Company documents the transaction relationship between the hedging instruments and hedged items at inception. At inception and at each reporting date the Company assesses whether the derivatives used have been highly effective in offsetting changes in the fair value of hedged items.

The fair values of derivative instruments used for hedging are shown in Note 5. Movements in the hedging reserve are shown in the statement of changes in equity.

At the reporting date the Company has no fair value hedges or net investment hedges.

Financial liabilities

Debt instruments are classified as financial liabilities. Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the amounts initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Commitments and borrowing fees are capitalised as part of the loan and amortised over the life of the relevant agreement. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Borrowings are classified as non-current liabilities where the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Other payables

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity and are recorded at par value of proceeds received. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account net of direct issue costs.

Share-based payment plans

The Group's management awards employee share options, from time to time, on a discretionary basis which are subject to vesting conditions. The economic cost of awarding the share options to its employees is recognised as an employee benefit expense in the income statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to the stochastic pricing model. The charge is recognised over the vesting period of the award.

2. Employees and Directors

Details of the remuneration received by Directors of Biffa plc are included in the Directors Remuneration Report on pages 126 to 140. Biffa plc has two employees (2021: two), being the Chief Executive Officer and Chief Financial Officer.

3. Investments

	£m
As at 27 March 2020	255.8
Movements relating to share options granted/(issued) on behalf of subsidiary employees	0.6
As at 26 March 2021	256.4
Movements relating to share options granted/(issued) on behalf of subsidiary employees	1.5
As at 25 March 2022	257.9

There have been no indicators of impairment during the year and no requirement for impairment. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Disclosure of the Company's joint venture and subsidiaries is given in Notes 28 and 33 of the Group Financial Statements.

Notes to the Parent Company Financial Statements

continued

4. Trade and Other Receivables

	2022 £m	2021 £m
Amounts falling due after more than one year		
Amounts due from subsidiary undertaking	434.0	105.7
Total	434.0	105.7

The Directors consider that the carrying amount of trade receivables approximates their fair value. The balance due from subsidiary undertakings is unsecured, non-interest bearing and repayable on demand. An expected credit loss provision of £1.4m has been recognised as at the close of the current period (2021: £1.2m) in relation to the balance due from subsidiary undertakings.

5. Financial Assets

	2022 £m	2021 £m
Financial assets	1.0	~

During the current financial period the Company undertook two private placements and capitalised associated borrowing costs of £1.0m (2021: £nil). See Note 9 for further details.

6. Cash and Cash Equivalents

	2022 £m	2021 £m
Cash at bank and in hand	~	0.2

7. Fair Value of Financial Assets and Liabilities

	2022		2021	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets and liabilities				
Trade and other receivables	434.0	434.0	105.7	105.7
Financial assets	1.0	1.0	~	~
Cash and cash equivalents	~	~	0.2	0.2
Derivative liabilities	~	~	(3.0)	(3.0)
Trade and other payables	(1.8)	(1.8)	(0.2)	(0.2)
Borrowings	(345.0)	(345.0)	~	~
Total financial assets and liabilities	88.2	88.2	102.7	102.7

Derivative financial instruments

Full details of the derivative financial instruments are disclosed in Note 17 of the Group financial statements. The fair value and the notional amounts are as follows:

	2022		2021	
	Fair value £m	Notional £m	Fair value £m	Notional £m
Forward foreign exchange contracts	~	~	0.3	6.2
Interest rate swaps	~	~	(2.7)	(50.0)

8. Trade and Other Payables

	2022 £m	2021 £m
Current		
Amounts payable to subsidiary undertakings	–	0.2
Other creditors	0.5	–
Interest payable	0.3	–
Total trade and other payables	1.8	0.2

All creditors are unsecured. The fair value of non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments.

9. Borrowings

	2022 £m	2021 £m
Non-current		
Private placements	345.0	–
Total borrowings	345.0	–

The Company undertook a private placement raising £150.0m in order to maintain adequate funding headroom following the acquisition of Viridor. The Company issued a further £195.0m loan notes following the launch of its Sustainability-Linked Finance Framework in December. The £195.0m private placement debt has been raised from MetLife Investment Management, New York Life Insurance Company and Prico Private Capital. The funding is linked to two key performance targets:

- Reducing scope 1 and 2 GHG emissions by 50% by 2030, and
- Tripling Biffa Polymers plastics recycling capacity by 2025.

10. Reserves

Share capital

	Number of shares m	Called up share capital £m
As at 26 March 2021	305.6	3.1
Shares issued and allotted	0.3	–
As at 25 March 2022	305.9	3.1

Share premium

The share premium represents amounts received in excess of the nominal value of shares issued upon IPO, net of the direct costs associated with issuing those shares.

	£m
As at 26 March 2021	247.0
Shares issued and allotted	0.6
As at 25 March 2022	247.6

Merger reserve

	£m
As at 26 March 2021	95.8
As at 25 March 2022	95.8

11. Related Party Transactions

There have been no material related party transactions in the 52 weeks ended 25 March 2022 (2021: £nil) except for key management compensation as set out in the Directors Remuneration Report, page 126 to 140.

Notes to the Parent Company Financial Statements

continued

12. UK Registered Subsidiaries Exempt from Audit

Biffa plc is the ultimate parent company in the Biffa Group. The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the period ended 25 March 2022. The undertakings listed below are 100% indirectly owned by Biffa plc. In accordance with Section 479C of the Companies Act, the Company will guarantee the debts and liabilities of the below UK subsidiary undertakings.

Name	Company Number
Amber Engineering Limited	1067283
Barge Waste Management Limited	2849409
Biffa (Corp) Limited	3216350
Biffa (Fails Barton) Limited	746129
Biffa (Roxby) Limited	2031961
Biffa (UK) Holdings Limited	3249153
Biffa Corporate Holdings Limited	5656364
Biffa Corporate Services Limited	7155949
Biffa Environmental Municipal Services Limited	905800
Biffa Group Holdings (UK) Limited	4081901
Biffa CS (FC) Limited	4300623
Biffa CS (LPP) Limited	2276396
Biffa CS (M&B) Limited	1173504
Biffa CS (RUR) Limited	4594882
Biffa CS Environmental Limited	3446693
Biffa CS Environmental Recycling Limited	4796413
Biffa CS Holdings Limited	4602385
Biffa CS UK Holdings Limited	4631832
Biffa Holdings Limited	1032104
Biffa Pension Scheme Trustees Limited	2694166
Biffa UK Group Limited	3650457
Biffa UK Limited	3650459
Biffa Waste Limited	1084432
Biffa Waste Management Limited	1138022
Biffa WES Limited	2729607
Biffa West Sussex Holdco Limited	7001231
CAMO Limited	6524298
Community Shop CIC	8690615
Company Shop Holdco Limited	12215502
Company Shop Limited	192743
Crossix Insurance Services Limited	6348093
CS Acquisitions Limited	7255990
Island Waste Services Limited	1552791
Lavelle & Sons Limited	1312867
Orislan Services Limited	1390710
W. Joseph & Son (Birmingham) Limited	440100
Material Recovery Nominees Limited	5186581
New Star Environmental Limited	7306131
Norwaste Limited	1041912
O'Brien Waste Recycling Solutions Holdings Limited	9560599
O'Brien Waste Recycling Solutions Limited	9362987
Poplars Resource Management Company Limited	2630491
Reclamation & Disposal Limited	873315
Richard Biffa Reclamation Limited	924000
R.43 Environmental Limited	6324761

Name	Company Number
Simply Waste Solutions Limited	12155099
Specialist Waste Recycling Limited	SC324466
SWR Smash & Grab Limited	5067032
SWRNewstar Limited	11098385
Syracuse Waste Limited	13269384
UK Waste Management Holdings Limited	2536345
UK Waste Management Limited	1362615
Wastedrive (Manchester) Limited	1517244
Wastedrive Limited	1396771
Weir Recycling Services Limited	9300664
Weir Waste Services Limited	3777133
White Cross Limited	1537610

Appendix

Alternative Performance Measures

The Group's financial performance is analysed into three components: Statutory Performance, Adjusted Performance and Adjusting items. Adjusted performance is used by management to monitor financial performance as it is considered it aids comparability of the reported financial performance year to year. As detailed within this appendix, Management of the Group identify a number of Alternative Performance Measures (APMs) in order to separately disclose an adjusted performance for the Group. The Directors believe that the presentation of the results in this way, which is not meant to be a substitute for or superior to IFRS measures, is relevant to an understanding of the Group's performance trends, financial performance and position. These APMs are also used to enhance the comparability of information between reporting periods and the Group's divisions, to aid the user in understanding the performance of the business. Our APMs and KPIs are aligned to our strategy and together form the basis of the performance measures for remuneration. Consequently, APMs are consistent with how the performance is planned and reported internally to the Board and Operating Committees to aid their decision making.

APMs have been presented in this appendix to provide a useful tool in understanding the performance of the business. It should be noted, however, that the APMs presented in these financial statements may not be comparable with similarly titled measures presented by other companies. It is recommended that APMs are viewed as supplementary information alongside the equivalent statutory measures.

This appendix has been presented to help users of the financial statements understand the rationale behind our use of APMs, our methodology with respect to identifying adjusting items and the impact of these adjusting items on the APMs. The Group income statement does not disclose any adjusting items and has been presented as a single column showing the statutory results only. The same approach has been adopted for the Group statement of cash flows.

Depreciation and amortisation relates to the write-down of both intangible and tangible fixed assets over their estimated useful economic lives. Amortisation of acquisition intangibles is disclosed separately in line with the divisional Adjusted Business Operating Profit.

The Group's policy is to exclude items that are considered significant in nature and/or value, not in the normal course of business or are consistent with items that were separately disclosed in prior periods. Treatment as an adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. Management utilises an exceptional item framework that has been approved by the Board. This follows a three-step process which considers the nature of the event, the financial materiality involved and the particular facts and circumstances.

Items of income and expense that are considered by management for designation as adjusting items include items such as significant acquisition-related costs, write-downs or impairments of non-current assets, movements on onerous contract provisions and strategy-related and restructuring costs.

APM	Closest equivalent statutory measure	Definition and reconciliation
Net Revenue	Revenue	<ul style="list-style-type: none"> Statutory revenue excluding landfill tax. Unless stated otherwise, revenue refers to statutory revenue. Landfill tax is excluded as the rate is outside the Group's control. See table below for reconciliation.
Organic Net Revenue Growth	Revenue	<ul style="list-style-type: none"> The increase/(decrease) in Net Revenue in the period excluding Net Revenue from acquisitions completed in the period and Net Revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such Net Revenue falls in the current period. Where comparative periods differ in duration, the KPI is adjusted on a pro-rata basis. Organic Net Revenue Growth can be expressed both as an absolute financial value and as a percentage of prior period revenue. Organic Net Revenue Growth is presented to demonstrate to users of the financial statements the growth attributed to organic growth rather than as a result of acquisition. See table below for reconciliation.
Acquisition Net Revenue Growth	Revenue	<ul style="list-style-type: none"> Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) any acquisitions completed in the 12 months prior to the relevant period up to the 12-month anniversary of the relevant acquisition date (to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenue in place of Net Revenue. Acquisition Net Revenue Growth is presented to demonstrate the level of growth achieved as a direct result of the Group's acquisition strategy. See table below for reconciliation.
+B TDA	Profit for the Year	<ul style="list-style-type: none"> Profit before depreciation, amortisation, net finance costs and taxation.
Adjusted EBITDA	Operating Profit	<ul style="list-style-type: none"> Profit before depreciation and amortisation, adjusting items, changes to landfill provisions, net finance costs and taxation. Adjusted Divisional EBITDA is stated after allocation of shared service costs. Adjusted EBITDA is presented because it is widely used by analysts and investors to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures, tax positions, the cost and age of tangible assets and the extent to which intangible assets are identifiable. See table below for reconciliation.
Operating Profit	Profit for the Year	<ul style="list-style-type: none"> Profit before net finance costs and taxation.

APM	Closest equivalent statutory measure	Definition and reconciliation
Adjusted Operating Profit	Operating Profit	<ul style="list-style-type: none"> Profit before adjusting items, amortisation of acquisition intangibles, impact of real discount rate changes to landfill provisions, net finance costs and taxation. Adjusted Divisional Operating Profit is stated after allocation of shared service costs. See table below for reconciliation.
Profit Before Tax	Profit for the year	<ul style="list-style-type: none"> Profit before taxation.
Adjusted Profit Before Tax	Profit for the year	<ul style="list-style-type: none"> Profit before tax excluding adjusting items, amortisation of acquisition intangibles and the impact of real discount rate changes to landfill provisions.
Adjusted Profit for the Year	Profit for the year	<ul style="list-style-type: none"> Profit excluding adjusting items, amortisation of acquisition intangibles and the impact of real discount rate changes to landfill provisions.
Adjusted EPS	EPS	<ul style="list-style-type: none"> Adjusted profit for the year divided by the weighted average number of shares in issue during the year.
Adjusted Free Cash flow	Net Cash from Operating Activities	<ul style="list-style-type: none"> Net increase/(decrease) in cash and cash equivalents excluding dividends, restructuring costs, adjusting items, acquisitions, movement in financial assets and movements in borrowings or share capital (but including finance lease principal payments). This measure reflects the cash generated in the period excluding adjusting items and forms part of management incentives.
Adjusted Return on Operating Assets	N/A	<ul style="list-style-type: none"> Adjusted Operating Profit divided by the sum of average of opening and closing Property, Plant & Equipment, plus average of opening and closing net working capital. See table below for reconciliation.
Adjusted Return on Capital Employed (ROCE)	N/A	<ul style="list-style-type: none"> Adjusted Operating Profit less amortisation of acquisition intangibles divided by the average of opening and closing shareholders' equity Net Debt (including lease liabilities), pensions and environmental provisions.
Group Net Debt	Bank and Other Borrowings	<ul style="list-style-type: none"> Bank and other borrowings plus lease liabilities and EVP preference liability, less cash and cash equivalents. See table below for reconciliation.
Covenant Basis Net Debt	Bank and Other Borrowings	<ul style="list-style-type: none"> Bank and other borrowings plus lease liabilities, less relevant financial assets and cash and cash equivalents. This is the measurement that our lenders use when assessing covenant compliance. See table below for reconciliation.
Covenant Basis Coverage Ratio	Bank and Other Borrowings	<ul style="list-style-type: none"> Ratio of Covenant Basis Net Debt to Covenant Basis EBITDA (Adjusted EBITDA plus the impact of increasing the contribution from acquisitions during the financial year to a full 12 months). See calculation in table below.

	2022 £m	2021 £m
Adjusted EBITDA		
Collections	130.7	98.5
Resources & Energy	73.4	40.7
Specialist Services	11.6	11.3
Group Business Function	(20.7)	(12.3)
Adjusted EBITDA	195.0	138.2
Depreciation and internally generated amortisation	(96.0)	(87.2)
Other impairments	-	(6.8)
IHRIC 12 timing adjustment	(2.4)	-
Adjusted Operating Profit	96.6	44.2
Adjusting items	(75.6)	(33.8)
Amortisation of acquisition intangibles	(29.6)	(27.4)
Impact of real discount rate changes to provisions	0.3	(20.6)
Operating Loss	(8.3)	(37.6)
Finance income	3.2	3.2
Finance charges	(22.4)	(17.6)
Share of results in joint venture	(1.1)	(0.8)
Loss before taxation	(28.6)	(52.8)

Appendix continued

Adjusting items

Group Business Function costs represent shared services and corporate costs (including, inter alia, Board and corporate costs, finance, HR, IT, legal and insurance, external affairs and S+EQ) remaining after allocation to operating divisions. Adjusted EBITDA represents the profit earned by each division without allocation of the share of depreciation and amortisation, adjusting items, finance costs, material impacts of changes in real discount rate applied to the Group's long-term provisions and income tax expense. Adjusted Operating Profit recognises the impact of depreciation and amortisation excluding the amortisation of acquisition intangibles. These measures are both reported to the Group Executive Team for the purpose of resource allocation and assessment of division performance.

Acquisition-related costs

Delivery of the Group's strategy includes investment in acquisitions that enhance the quality of its operations. The exclusion of significant items arising from M&A activity is designed by the Board to align short-term operational decisions with this longer-term strategy. Accordingly, amounts arising on acquisitions are excluded from adjusted performance. The £9.4m (2021: £2.0m) of acquisition-related expenditure in the 52-week period ended 25 March 2022 relates to professional fees and other costs which are directly attributable to acquisitions.

Asset impairments

There is a £25.0m one-off cost related to the impairment of the goodwill that had been recognised in the current year on Company Shop Group, which was acquired in February 2021. The prior financial period saw a total asset impairment charge of £21.9 million, which consisted of a one-off impairment of £3.2m to the Poplars Anaerobic Digestion plant in the R&E division and a £13.7m impairment to the Project Fusion intangible asset within the Group Business Function division.

Strategy-related and restructuring costs

Strategy-related costs of £4.8m (2021: £0.4m) credit arise from Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business. These costs are substantial in scope and impact, and do not form part of activities that the Directors would consider part of our operational performance. Adjusting for these charges provides a measure of operating profitability that is comparable over time. Within the strategy-related costs is £4.6m relating to the Transformation Project which does not qualify for capitalisation (2021: £nil).

Amortisation of acquisition intangibles

This charge of £29.6m (2021: £27.4m) represents the amounts amortised by the Group in each period in respect of intangibles from prior acquisitions, which are reported separately from the Group's depreciation and amortisation charges. The performance of the acquired business is assessed as part of the Group's adjusted operational results. The Group uses this adjusting item to improve the comparability of information between reporting periods and its divisions to aid the users of the Financial Statements in understanding the activities taking place across the Group. The current year charge includes £20.0m of amortisation relating to the IFRIC 12 intangible asset recognised on the acquisition of the Viridor business.

Impact of real discount rate changes to long-term provisions

The impact of real discount rate changes on long-term provisions reflects the impact on provisions which arises wholly due to the change in discount rate on provisions. Within the current financial period a credit of £0.3m was recognised (2021: £2.0m charge). This is not reflective of operational performance.

EVP tax dispute

The Group has been engaged in a dispute with HMRC concerning historical landfill tax. Biffa was unsuccessful in its Court of Appeal hearing held in March 2021 and has recently been refused leave to appeal by the Supreme Court. The amounts originally paid to HMRC are now deemed irrecoverable and £17.3m will be payable to EVP preference shareholders and ex-management in the future.

The £20.8m charge to the income statement is the net impact of impairing the £63.6m prepayment to nil and reducing the corresponding liabilities from £60.6m to £17.3m. A £15.5m taxation credit is recorded in the income statement following the recognition of a deferred tax asset arising from the impairment of the prepayment balance.

HMRC Landfill Tax Enquiry

As set out in Note 29, Biffa Waste Services Limited ("BWSL") is currently the subject of an enquiry by HMRC regarding certain aspects of its Landfill tax compliance ("the Enquiry"), as part of concerns HMRC has regarding the potential misclassification of waste across the industry. Biffa strongly refutes HMRC's concerns, is fully co-operating with HMRC in relation to the enquiry and is receiving advice from Ernst & Young ("EY"). To date, no formal claim for tax has been received from HMRC, there is no certainty that HMRC will bring a claim and it is likely that it will be some time before the Enquiry reaches a conclusion.

In Biffa's view, based on advice received to date, there are a range of possible outcomes to the Enquiry, and it is difficult to accurately ascertain the quantum of any potential liability with any certainty or precision.

A provision of £20.0m has been recognised at March 2022, increasing from the £3.0m held at March 2021. The £17.0m charge in the current year has been treated as an adjusting item.

IFRIC 12 adjustments

The adoption of IFRIC 12 Service Concession Arrangements, results in large accounting adjustments that are not reflective of the operational performance of the contracts that are within the scope of this guidance. The purpose of these adjustments is to reverse the impact of IFRIC 12 on the Adjusted Performance.

Under IFRIC 12 depreciation on reverting PPE items is reversed out. The adjustment below restates this depreciation.

Also under IFRIC 12 a provision for future capital expenditure that must be incurred in order to fulfil the contract is captured upfront and recognised as a provision, with the corresponding discount being recognised within net finance costs. The adjustment below reverses this charge from the Adjusted Performance.

The net impact of these IFRIC 12 adjustments is a £1.0m credit to the income statement, which is treated as an adjusting item.

Onerous contracts

Onerous contract costs reflect the additional profit and loss movements on legacy contracts that became onerous in prior years due to exceptional circumstances. At the end of the financial year the Group had two onerous contract provisions for Mid-Kent and Leicester. Any utilisation of the provision or cash settlement on those contracts is also treated as adjusting items accordingly. At the point at which a contract is no longer considered to be onerous whether by completion or settlement it is no longer considered to be an adjusting item, and treated as part of business performance before adjusting items.

	2022 £m	2021 £m
Adjusting items:		
Acquisition-related costs	9.4	2.0
Onerous contracts	–	10.3
Asset impairments	23.0	21.7
FVP Dispute	20.3	–
IFRIC 12 depreciation adjustment	(1.4)	–
Strategy-related and restructuring costs/(gain)	4.8	(0.4)
HMRC Landfill Tax Enquiry	17.0	–
	75.6	33.8
Other adjusting items:		
Amortisation of acquisition intangibles	29.6	27.4
Impact of real discount rate changes to provisions	(0.3)	20.6
	104.9	81.8
Finance income adjusting items:		
Exceptional net interest income	(1.1)	–
Unwind of discounting on IFRIC 12 provision	0.4	–
	(0.7)	–
Total adjusting items before tax	104.2	81.8
Taxation impact of adjusting items	(26.4)	(18.7)
Total adjusting items, net of tax	77.8	63.1

During the current financial period the Group moved from recognising two operating divisions (Collections and Resources & Energy) to recognising three operating divisions (Collections, Resources & Energy and Specialist Services). Operations including Company Shop Group, Hazardous Waste, IWM and Biffpack which were formerly included in the Collections division are now reported in the Specialist Services Division. This represents a distinction from the Municipal and Industrial & Commercial operations retained within the Collections division. The prior period comparatives by division have been updated to reflect these allocations.

	2022 £m	2021 £m
Divisional adjusting items:		
Collections	9.4	12.0
Resources & Energy	23.6	55.7
Specialist Services	25.3	1.1
Group Business Function	46.6	13.0
	104.9	81.8
	2022 £m	2021 £m
Revenue		
Collections	873.9	677.6
Resources & Energy	395.2	272.0
Specialist Services	174.1	92.4
	1,443.2	1,042.0

Appendix continued

Adjusting items continued

	2022 £m	2021 £m
Revenue Reconciliation Statutory to Net Revenue		
Statutory Revenue	1,443.2	1,042.0
Landfill tax	(79.3)	(53.9)
Net Revenue	1,363.9	988.1
	2022 £m	2021 £m
Net Revenue split by division		
Collections	373.9	677.6
Resources & Energy	315.9	218.1
Specialist Services	174.1	92.4
Net Revenue	1,363.9	988.1
	2022 £m	Growth factor
FY21 Net Revenue	988.1	
Acquisition revenue growth	179.9	13%
Organic revenue growth	195.9	20%
FY22 Net Revenue	1,363.9	
	2021 £m	Growth factor
FY20 Net Revenue	1,102.3	
Acquisition revenue growth	13.3	1%
Organic revenue growth	(128.0)	(12%)
FY21 Net Revenue	988.1	
	2022 £m	2021 £m
Depreciation		
Collections	55.3	51.8
Resources & Energy	29.7	28.9
Specialist Services	6.2	2.1
Group Business Function	3.2	4.4
	94.9	87.2
Amortisation		
Collections	4.3	4.6
Resources & Energy	25.1	22.3
Specialist Services	–	–
Group Business Function	1.1	1.2
	30.7	28.6
Total Amortisation and Depreciation	125.6	115.8
Included within the amortisation charge above is £29.6m (2021: 27.4m) amortisation of acquisition intangibles		
	2022 £m	2021 £m
Adjusted Operating Profit/(Loss)		
Collections	75.0	(0.3)
Resources & Energy	(1.1)	11.8
Specialist Services	5.4	3.2
Group Business Function	(24.3)	(16.7)
	96.6	(4.2)

Other performance measures

In addition to the adjusting items disclosed above, the Group uses Adjusted Return on Operating Assets and Adjusted Return on Capital Employed as performance measures. These are aligned to the strategy and are reported internally to the Board and Operating Committees to aid their decision making. These are calculated as below:

	2022 £m	2021 £m
Adjusted Return on Operating Assets		
Adjusted Operating Profit	96.6	44.2
Average of property, plant and equipment	589.7	545.0
Average net working capital	(53.2)	(58.8)
Total average of property, plant and equipment plus net working capital	531.5	486.2
Adjusted Return on Operating Assets¹	18.2%	9.1%

1. Operating Profit less depreciation costs, adjusting items and taxation
2. Average of opening and closing net book value of property, plant and equipment
3. Average of the opening and closing net of inventories, trade and other receivables, trade and other payables, contract assets and contract liabilities
4. Adjusted Operating Profit (Note 2) divided by the average of opening and closing 2022 plus net working capital

	2022 £m	2021 £m
Adjusted Return on Capital Employed		
Adjusted Operating Profit	96.6	44.2
Amortisation of acquisition intangibles	(29.5)	(27.4)
Adjusted Operating Profit less amortisation of acquisition intangibles	67.0	16.8
Average of shareholders' equity	470.6	434.4
Average Net Debt	547.0	482.5
Average retirement benefits	(139.1)	(118.4)
Average environmental provisions ²	72.5	63.8
	951.0	862.3
Adjusted Return on Capital Employed³	7.0%	1.9%

1. Average of opening and closing shareholders' equity in 2022 and 2021
2. Average of opening and closing Net Debt in 2022 and 2021. The 2022 Net Debt figure used within this calculation includes the £4.3m DVP Preference liability that is excluded from the Group's Group Net Debt figure (Note 24)
3. Average of opening and closing retirement benefits in 2022 and 2021 (Note 10)
4. Average of opening and closing environmental provisions in 2022 and 2021 (Note 10)
5. Adjusted Operating Profit less amortisation of acquisition intangibles divided by the average of opening and closing shareholders' equity netted off including lease liabilities, pensions and environmental provisions

Appendix continued

Adjusted Earnings per Share

Basic Earnings per Ordinary Share is based on the Group profit for the year and a weighted average of 305,323,388 (2021: 294,645,659) Ordinary Shares in issue during the year.

Adjusted Earnings per Ordinary Share has been presented to eliminate the effects of adjusting items, amortisation of acquisition intangibles and the impact of the change in the real discount rate to landfill provisions. The presentation shows the trend in Adjusted Earnings per Ordinary Share that is attributable to the trading activities of the Group. The reconciliation between these figures for the Group is as follows:

	2022		2021	
	Loss for the period £m	Earnings per Share pence	Loss for the period £m	Earnings per Share pence
Basic earnings per share	(17.6)	(5.8)	(40.5)	(13.7)
Adjusting items	77.8	25.5	63.1	21.4
Adjusted basic earnings per share	60.2	19.7	22.6	7.7

	2022		2021	
	Loss for the period £m	Earnings per Share pence	Loss for the period £m	Earnings per Share pence
Diluted earnings per share	(17.6)	(5.6)	(40.5)	(13.4)
Adjusting items	77.8	24.9	63.1	20.9
Adjusted diluted earnings per share	60.2	19.3	22.6	7.5

	2022 £m	2021 £m
Total number of weighted Ordinary Shares	305.7	297.8
Shares held in employee benefit trust in respect of share options	(0.4)	(3.2)
Weighted average number of Ordinary Shares for the purposes of basic Earnings per Share	305.3	294.6
Effect of potentially dilutive Ordinary Shares:		
Impact of share options	6.8	7.2
Weighted average number of Ordinary Shares for the purposes of diluted Earnings per Share	312.1	301.8

Glossary

A	
Acquisition Net Revenue Growth	Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) acquisitions completed in the 12 months ended to the start of the relevant period up to the 12-month anniversary of the relevant acquisition date to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenue in place of Net Revenue.
Adjusted Earnings per Share	Adjusted Earnings per Share is expressed as adjusted profit after tax divided by the weighted average number of shares in the year.
Adjusted EBITDA	Profit before depreciation and amortisation, adjusting items, finance costs and taxation. Divisional Adjusted EBITDA is stated after allocation of shared service costs.
Adjusted Operating Profit	Profit before adjusting items, finance costs and taxation. Divisional adjusted Operating Profit is stated after allocation of shared service costs.
Adjusted Operating Profit Margin	Adjusted Operating Profit Margin is expressed as adjusted Operating Profit as a percentage of Statutory Revenue.
Adjusted Profit after Tax	Adjusted Profit after Tax is the profit or loss for the period before adjusting items.
Adjusted Free Cash Flow	The net increase/(decrease) in cash and cash equivalents excluding dividends, adjusting items, acquisitions, movement in financial assets and movements in borrowings or share capital (but including lease principal payments).
Adjusting Items	Items of income and expense that are considered by management for designation as adjusting items include items such as significant corporate restructuring costs, acquisition-related costs, write-downs or impairments of non-current assets, movements on onerous contract provisions and strategy-related and restructuring costs.
Admission	The Company's admission of its shares to the UK Listing Authority's Official List and listing on the Main Market of the London Stock Exchange on 20 October 2015.
Anaerobic Digestion	Anaerobic digestion, a process that generates renewable electricity using biogas created from biodegradable waste material (primarily food waste) in the absence of oxygen.
APMs	Alternative Performance Measures.
C	
Circular Economy	"A circular economy offers opportunities for better growth, through an economic model that is resilient, distributed, diverse, and inclusive. It tackles the root causes of global challenges such as climate change, biodiversity loss, and pollution, creating an economy in which nothing becomes waste, and which is regenerative 'by design'".
Covenant Basis Net Debt	Covenant Basis Net Debt is equal to Group Net Debt less EVP preference liability and other financial instruments.
CO₂e	Carbon dioxide equivalent is a standard unit in carbon accounting to quantify greenhouse gas emissions, emissions reductions and carbon credits.
E	
EFW	Energy from waste, typically from the incineration of RDF.
ERF	energy recovery facility.
ESG	Environmental, Social and Governance.
ESOS	Energy Savings Opportunity Scheme – a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria.
EV	Electric Vehicle.
EVP	Engineered into the void permanently, related to the use of certain material at a landfill site, placed at specified depths immediately below the geomembrane layer at the top of a landfill cell, for use in capping the site.
F	
FTSE	Financial Times Stock Exchange.
FY	Financial Year.
G	
GDPR	General Data Protection Regulation.
GHG	Greenhouse gas.
GRI	Global Reporting Initiative.
H	
HDPE	High-density polyethylene.
I	
I&C	Industrial and commercial business.
IPO	Initial Public Offering.
K	
KPIs	Key Performance Indicators.
ktns or kt	Thousand tonnes.
L	
Leverage Ratio	Ratio of Group Net Debt to Adjusted EBITDA.
LTI	Lost Time Injury Frequency rate, a safety benchmarking measure calculated as the number of lost time injuries occurring in a workplace per 100,000 hours worked.

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Glossary continued

M	
M&A	Mergers & Acquisitions
Materiality Assessment	An assessment which determines an organisation's material sources of environmental, Social and Governance risk and opportunity to inform sustainability reporting processes
MRF	Materials recycling facility
MW	Megawatt
MWh	Megawatt hour
N	
Net Capex	Cash capex less proceeds from disposal of tangible assets
Net Revenue	Statutory Revenue excluding landfill tax. Unless stated otherwise, revenue refers to Statutory Revenue
Net Zero	Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere
O	
Organic Net Revenue Growth	The increase/(decrease) in net revenue in the period excluding net revenue from acquisitions completed in the period and net revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such net revenue falls in the current period. Organic net revenue growth can be expressed both as an absolute financial value and as a percentage of prior period revenue
P	
PET	Polyethylene terephthalate
PP	Polypropylene
PSP	Performance Share Plan
R	
RCF	Revolving credit facility
RDF	Refuse-derived fuel, produced by processing solid waste to segregate largely combustible components for incineration
Recyclate	Raw material sent to, and processed in, a waste recycling plant or materials recycling facility
Return on Capital Employed ('ROCE')	
Adjusted Operating Profit less amortisation of acquisition intangibles divided by the average of opening and closing shareholders' equity. Group Net Debt (including lease liabilities), pensions and environmental provisions	
Return on Operating Assets ('ROOA')	
Adjusted Operating Profit divided by the average of opening and closing Tangible Fixed Assets plus net working capital	
RIDDOR	
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013	
ROC	
Renewable Obligations Certificate	
S	
SASB	
Sustainability Accounting Standards Board	
SDGs	
Sustainable Development Goals – a collection of 17 global goals (set by the UN) designed to be a "blueprint to achieve a better and more sustainable future for all"	
Section 172 or s172	
Section 172 of the Companies Act 2006	
SHQ	
Safety, health, environment and quality	
SIP	
Share Incentive Plan	
Stakeholder	
A stakeholder is a party that has an interest in a company and can either affect or be affected by the business	
Surplus	
The amount of an asset or resource that exceeds the portion which is actively utilised	
SWR	
Specialist Waste Services	
T	
TCFD	
Task Force on Climate-related Financial Disclosures	
U	
UN	
United Nations	
V	
Vlogs	
Video blogs	
Void	
Measure of potential capacity of a landfill site in cubic metres	
W	
Working Capital Movement	
Working Capital Movement represents the movement from the previous period in relation to inventories, trade and other receivables, trade and other payables and provisions adjusted for the impact of acquisitions on these balances	

Corporate Information

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Forward-looking Statements

Certain statements made in this Annual Report are forward looking and are based on current expectations. The statements are subject to assumptions, inherent risks and uncertainties, many of which are beyond the Company's control and which could cause actual results to differ significantly from those expected. Unless required by law, regulations or accounting standards, the Company does not undertake to update or revise any forward looking statement, whether as a result of new information or future developments. Any forward looking statements made by or on behalf of the Group speak only as of the date that they are made and are based on knowledge and information available to the Directors on the date of this Annual Report. Nothing in this Annual Report should be regarded as a profit forecast or constitute an offer to sell or an invitation to buy any shares in Biffa plc.

Website

The Company's website www.biffa.co.uk/investors gives additional information on the business. Notwithstanding the references made in the Annual Report to the website, none of the information made on the website constitutes part of this Annual Report or is deemed to be incorporated by reference herein.

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