Registered number: 06256521

VEOLIA ES SOUTHWARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

VEOLIA ES SOUTHWARK LIMITED

COMPANY INFORMATION

Directors	Christophe Bellynck Valérie Isabelle Marie Clavié Stephen James Sidney Fryer Pascal Hauret
Company secretary	Benjamin Peter Lambert
Registered number	06256521
Registered office	210 Pentonville Road London N1 9JY
Independent auditor	Ernst & Young LLP No. 1 Colmore Square Birmingham B4 6HQ

VEOLIA ES SOUTHWARK LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic report for the year ended 31 December 2022.

The principal activity of Veolia ES Southwark Limited ("the Company") is waste and recycling management. This involves the processing of material collected from the London Borough of Southwark ("LBS") and other Veolia Group entities, with the aim of selling the processed material as recyclates and fuel for Energy Recovery Facilities ("ERFs").

The Company is registered and domiciled in the United Kingdom.

The Company is part of the Veolia Group, ("the Group") which is defined as all companies under the control of the ultimate parent company, Veolia Environnement S.A., headquartered in Paris. The Company is also a member of the "UK&I group", a division of the Group, based in the UK and Ireland and involved in the provision of waste, water and energy services, and directly or indirectly under the ownership of Veolia UK Limited ("VUK").

Business review

The key revenue streams arise from charges to LBS for the collection, processing and disposal of waste on a per tonne basis, gate fees from non-LBS material taken on site due to spare capacity, and the sale of recyclate material. These revenue streams are not expected to change in the near future.

The Company considers the key operational indicators relevant to the financial performance now and in the future to be the amount of LBS and third party material collected and processed on site, the price and volume of recyclate sales and the costs per tonne of processing and disposing of waste material.

During 2022, 114k tonnes *(2021: 119k tonnes)* of LBS material was taken on site, with additional third party material of 108k tonnes *(2021: 113k tonnes)* also being collected and processed. Adjusted EBITDA increased by £393k in the year to £6,172k *(2021: £5,779k)* due to an increase in the market value of recyclates.

The Company's performance is measured in relation to the total contribution to the Group, therefore the key financial performance indicators of the Company are defined by the Group. The key financial performance indicators as they would appear in the management review are as follows:

	2022	*2021*
	£000	*£000*
Revenue	**39,465**	*39,089*
Adjusted EBITDA	**6,172**	*5,779*
Adjusted EBITDA as a percentage of revenue	**15.6 %**	*14.8 %*
Adjusted 'current' EBIT	**2,305**	*2,019*

The definitions below are standard for the Group and do not necessarily imply that the Company has incurred such costs in the year:

- Adjusted EBITDA excludes charges arising from the creation of, or increase in, provisions and credits arising from the reduction in, or release of, provisions, restructuring costs and foreign exchange differences, and where appropriate, is adjusted for movements in financial assets in respect of the unwinding of the discount on the fair value and repayment of the asset in the year;
- Adjusted 'current' EBIT excludes restructuring costs, foreign exchange differences with no adjustments being made in respect of repayments on financial assets.

The Group uses these adjusted definitions for its own internal purposes as it is felt they better represent the ongoing business performance to management by focusing on cash generating factors within management's control. Refer to note 5 for a reconciliation of these key performance indicators to operating profit.

Section 172(1) statement

The Directors have ensured compliance with their duties under s.172(1) in relation to the Company and the various stakeholders. These stakeholders include employees, main customer, suppliers, local communities and relevant regulatory authorities.

The Directors have ensured that the strategy, values and policies of the UK&I group have been adopted by the Company, as well as Veolia's purpose of ecological transformation. The Veolia Group is committed to taking an active role in the fight against climate change. In 2021, the Veolia UK&I group published its first Carbon Reduction Plan (updated in July 2023) and Net Zero Strategy which commits to achieve Net Zero GHG emissions by 2050.

Engagement with the Company's stakeholders has informed the way in which the Directors have discharged their duties and addressed the principal risks and uncertainties as detailed below. Where individual Directors are not directly involved in the processes described below, regular feedback and discussions are held in relevant management teams.

The Directors recognise that the Company's long-term success is predicated on the commitment of the employees. Via the UK&I group, employees are provided with relevant training using both in-house and external providers. Employees are given access to UK&I group information and updates via various channels including the intranet, webinars, Veolia TV, team meetings and focus groups. Feedback from the annual employee 'Voice of Resourcers' survey is disaggregated by business line function and reviewed by the UK&I Executive Committee. Information is benchmarked internally as well as externally against peer companies. Action plans to address key themes are formalised and monitored throughout the year. The Company also engages with trade union representatives on site and via regular Joint Trade Union Forum meetings.

The Company has regular engagement with its main customer, including through meetings and provision of financial and operational reports, as required. For the wider UK&I group, customer relationships are managed as follows:

- Communication with commercial customers takes place via the Veolia Customer Hub supported where necessary by dedicated account managers;
- Customer management is also conducted through face to face meetings, annual service reviews and the provision of technical advice as required;
- Relationships with municipal customers are managed by regular, often monthly meetings, together with quarterly or annual review processes where service obligations are assessed against contract targets;
- Customers are approached every year as part of the Net Promoter Score survey to provide feedback on the Company's services.

The Supply Chain Team within Veolia are responsible for sourcing the goods and services that are critical to the business as well as managing the associated supply chain risk in the UK and Ireland. National Category Managers in the Supply Chain department oversee the categories critical to the day-to-day delivery of Veolia's business operations, namely Operating Equipment & Supplies, Subcontracting, Mobile & Motorised Equipment, Energy & Chemicals, General Purchasing, Intellectual Services and IT & Telecommunications.

A key element of Veolia's supply chain strategy is to manage and reduce risk in respect of all suppliers and to ensure continuity in the supply chain. This is also part of its wider Business Continuity strategy. The UK&I group has achieved the Business Continuity standard ISO 22301. Evidence of supply chain continuity and risk reduction must be provided as part of achieving this standard e.g. Business Continuity clauses to be documented within contracts, sourcing strategies for business critical products/services etc.

Category plans ensure that the UK&I group is not dependent on single suppliers. Over 7,000 active suppliers exist in the UK&I group supplier database. The Supply Chain Team monitors the performance of key suppliers via appropriate KPIs and metrics depending on the goods and services supplied. Standard metrics include: health and safety performance, savings, continuous improvement and innovation, retrospective purchase orders and sustainability ratings. An annual due diligence campaign of the UK&I group top 500 critical suppliers is performed to ensure that relevant insurance and operating certificates and permits are in place.

Section 172(1) statement (continued)

Environmental and social responsibilities are at the core of the Veolia principles. Veolia always endeavours to use suppliers who share their desire to work in a responsible and ethical manner. The commitment to these responsibilities stretches into Veolia's supply chain. To demonstrate this core value, a number of key due diligence questions relating to corporate responsibility are incorporated into its onboarding questionnaires.

Veolia's supply chain policy is aligned to Business in the Community's (BitC) "Marketplace Responsibility Principles" and takes a proactive approach to working with ethical suppliers which include sustainable development, social and environmental criteria in its market testing and purchasing selection process.

The UK&I group's IT strategy is based around the following four pillars: digitalisation of customer experience, improving IT experience for employees, moving to the Cloud and installation of a data-driven culture. It is underpinned by ensuring that both employees and customers have the right information to make informed decisions.

The UK&I group has introduced a programme to improve employee experience allowing the workforce to securely work anytime, anywhere and on any device through the adoption of SaaS or PaaS type solutions. The implementation of an omnichannel approach for customers allows for direct contact on any channel and the customer portal provides access to key information. In addition, management has successfully moved any remaining hosted service fully to the Cloud from its own premise data centre.

All of these pillars have a continuous improvement programme to ensure that the UK&I group continues to enhance the digital experience of its customers and employees. Moving forward the IT strategy is focused on the elimination of non-value-adding activities through automation and process redesign.

Due to the nature of the Company's activities, along with the UK&I group activities, working with local communities and government bodies to promote all aspects of environmental and waste management remains integral to the operations of the business. This is achieved through various initiatives, including inviting local schools and members of the local community to open days and tours of facilities within the UK&I group to promote the value of environmental matters (eg. recycling, energy efficiency, etc).

As regards principal decisions during the year, no dividend was paid, following consideration of the Company's ongoing financial position (including the level of distributable reserves, available cash and potential impairment risks), its stakeholders and any ongoing contractual discussions.

Principal risks and uncertainties

In common with all businesses, the Company recognises certain risk factors that are both external and internal to the Company. The Directors consider the principal risks and uncertainties to which the Company is exposed are intrinsic to the business it operates and its ability to provide the relevant contracted services.

The following highlights some of the particular risks, but is not intended to be an extensive analysis of all risks affecting the business. Some risks may be unknown to the Company and other risks, currently regarded as immaterial, could turn out to be material. All of them have a potential to impact the Company's business, revenue, profits, assets, liquidity and capital resources adversely. The Company manages the majority of these risks by utilising the resources and processes developed and operated within the UK&I group as whole. The Company's principal risks are set out below.

Contractual risk

The Company's business is conducted through contract-based agreements. Therefore, the business may be adversely affected by a failure to perform in terms of the relevant contract. The UK&I group has a structured formal project authorisation and review procedure which aims to ensure legal, operational, technical and commercial risks are properly considered before the initial exchange of contracts, or significant contract alterations, with its customers.

Contractual risk (continued)

Risks associated with meeting the terms of a contract are mitigated through on-going day to day management of the operations of the contract including tracking performance against budget and targets identified in the contract. Performance is reviewed monthly by operational management and members of the Board. Contracts identified to be at risk are subject to specific initiatives to improve performance. Larger contracts and business units are reviewed at a UK&I group level on a monthly basis.

Business continuity

The UK&I group is accredited with ISO 22301 (Business Continuity Management) and the Company maintains a business continuity plan for each area of its operations, including the associated IT infrastructure, so should the unexpected happen, there is a predetermined plan in place to allow the business to recover and to continue servicing its customers with as little disruption as possible. These plans include sharing of site infrastructure within the UK&I group, the use of external suppliers who specialise in disaster recovery scenarios and leveraging other Group relationships.

The risk of loss of specialist personnel is also actively managed ensuring that annual performance development discussions are completed and that remuneration is benchmarked annually against industry standards.

The UK&I group acknowledges the need to ensure the ongoing effectiveness of its cybersecurity controls. Management has reviewed advice from the UK's National Cyber Security Centre ('NCSC') and undertakes NIST-based risk assessments across all technical and organisational controls. Results of these assessments are used to apply a particular focus on resilience and recovery capabilities. The scope of assessment includes the following:

- Vulnerability management services;
- Access controls;
- Edge and physical security;
- Log monitoring and analysis;
- Backup and recovery;
- Incident management;
- Phishing response;
- Third-party access;
- NCSC services;
- Staff awareness and education.

Any findings are added to the UK&I group continuous improvement plan, with opportunities for improvement flagged for priority treatment. These actions are in addition to the routine operation of the UK&I group's cybersecurity framework.

Health and safety, quality and environment

Management are committed to the UK&I group's corporate, legal and social responsibilities for health and safety, quality and the environment.

The UK&I group adopts a proactive risk approach to health, safety and the wellbeing of its customers and colleagues. Staff are trained in accordance with recognised trade bodies, giving confidence that advice is both credible and current. This is guided by the suite of Veolia Minimum Requirements ("VMR") documents that go beyond the recognised legislative expectations for keeping people safe, protecting the environment, as well as providing high standards of service to customers. Role specific training and activity instructions for our operational people is delivered as part of our VMR toolkits.

The UK&I group belongs to the Environmental Services Association ("ESA") and is an active member of Waste Industry Safety and Health ("WISH") Forum, helping to drive up standards across the industry. Working with the ESA, the UK&I group plays a leading role in defining health and safety standards in the waste industry. Guidance published includes Risk Assessment, Competency & Mental Health.

Health and safety, quality and environment (continued)

Examples of the UK&I group's active risk strategy include:

- **High Visibility Clothing** - Development of a new range of two-colour PPE clothing using recycled polyester that makes it easier for the human eye to judge distance as well as providing improved breathability;
- **Annual Safety Week** campaign built upon previous years where everyone in the business was encouraged to submit safety innovations and improvements. Over 600 ideas were submitted with the best ideas to be rolled out across the business;
- **Veolia Operational Excellence Programme** for managers which has been created in partnership with Chartered Institute of Waste Management (CIWM). This is an integrated programme for our managers which covers all aspects of their role incorporating safety, technical and people.

Providing Assurance
In 2022, the UK&I group continued its assurance programme against the VMR using a three lines of defence model which covered over 173,000 VMR requirements:

- **First Line** - Monthly Site Managers VMR reviews (covers 100% of VMR over 12 months);
- **Second Line** - Risk based VMR Audits undertaken by the Risk & Assurance team; and
- **Third Line** - External Audits of over 77 locations audited against VMR requirements and to maintain certification to ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health and Safety).

Across the first and second lines of defence, over 92% of VMR requirements were met or have an improvement plan in place. This has enabled management to undertake detailed trend analysis, which along with the incident review process has enabled the development of business improvement plans and a risk based audit programme.

The UK&I group actively encourages staff to report close calls (near miss / safety concerns), as they enable management to take action to help prevent accidents from occurring. In 2022, over 31,000 close calls were reported, which is a 10% increase from the previous year.

The UK&I group Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR"') statistics show a reduction of 27% in reportable injuries, and an 18% overall reduction in accidents that resulted in lost time or modified duties. During 2022 there was greater focus on identifying and investigating high potential close calls (near misses / safety concern) in order to prevent accidents and incidents.

Risks relating to the price of energy, commodities and recycled raw materials

The price the Company pays for its commodities such as the supply of energy and fuel can have a significant impact on its financial performance. The Company's contracts with its customers generally have indexing formulae to mitigate inflationary risks to its cost base. However, to the extent the Company is unable to increase its prices sufficiently or if there is a significant delay in being able to do so, such increases could impact the Company's performance by increasing costs and reducing profitability.

In addition, the price the Company receives for its energy and for recycled materials, in particular fibre, plastics and non-ferrous metal, could have a significant effect on the Company's operating results. Sales of recycled materials are benchmarked and monitored against published market data. The Company mitigates exposures to electricity price volatility by progressively selling projected volumes of electricity exports in accordance with the Veolia energy price risk management policy. A proportion of electricity is sold on the Day Ahead Markets.

The impact of higher energy costs, inflation pressures and supply chain disruption during 2022 meant that average prices across all recyclate types were higher than the previous year which has helped support the improved financial performance of the Company.

Due to the continuing uncertainty created by the impact of global conflicts on supply chains and cost inflation, management actively monitors the risks to the Company's supply of critical materials and consumables on an on-going basis.

Financial risks

It is the Company's objective to manage its financial risks so as to minimise the adverse effects of fluctuations in the financial markets on its profits and cash flows. The Company utilises the resources of the UK&I group to implement risk controls and loss mitigation plans to manage exposure to these risks. Policies for managing these risks are summarised below:

- ***Credit risk***
  The Company is exposed to counterparty risk in various areas of the operating and treasury activities.

  The Company participates in Group centralised treasury arrangements, with the UK&I group being in a net deposit position, and so shares banking and intercompany loan arrangements with the Group, VUK and other UK members of the Group, which are also provided with support from VUK. As set out in the going concern section, the Company has assessed the credit risk of the Group and VUK and considers that they are well placed to provide support and facilitate the repayment of any debts as they fall due.

  The Company has one main customer, LBS, a well-established and stable local authority client. For this risk to result in significant financial loss to the Company it would require this customer to fail to honour its contractual obligations. The likelihood of this is considered low given the nature of the Company's customer base.

  The UK&I group has a specific credit management team as well as procedures in place to monitor and recover customer and intercompany debt. The carrying amount of trade and other debtors, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

- ***Interest risk***
  The Company both borrows and lends funds via VUK, at floating rates of interest, priced according to a GBP index based on Sterling Overnight Interbank Average Rates ("SONIA"). Changes in the Bank of England base rate may therefore impact interest charges and income.

- ***Liquidity risk***
  The Company, along with other entities within the UK&I group, is party to cash pooling arrangements with VUK, whereby each member deposits cash excesses and may borrow money in the form of short-term advances. Amounts are swept on a daily basis and held on overnight deposit with the Group. At the year end VUK was in a net surplus position. VUK has an additional overdraft facility with the Group which remains unutilised. Cash forecasts are regularly prepared and submitted to the Group for review to ensure that the liquidity profile of the UK&I group is actively monitored. The Group has confirmed that the UK&I group will continue to have access to these balances as required for their activities. As outlined under Going Concern, the Directors of the Company have concluded that, if required, the Group would be able to provide financial support to VUK, which in turn would be able to provide financial support to the Company for the periods stipulated.

- ***Foreign exchange risk***
  The Company has limited exposure to foreign currency risk in its normal activities as it operates in the UK and most of its transactions are denominated in pound sterling. At each reporting date, where necessary, all financial assets and financial liabilities are revalued and denominated in pound sterling.

This report was approved by the board on 29 February 2024 and signed on its behalf.

Valerie Clavie
Valerie Clavie (Feb 29, 2024 15:34 GMT)

Valérie Isabelle Marie Clavié
Director

Feb 29, 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year, the Company's policies for employee and stakeholder engagement and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report.

Results and dividends

The profit for the year, after taxation, amounted to £354k *(2021: loss £206k)*.

There were no dividends paid in the year under review *(2021: £nil)*.

Directors

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

Christophe Bellynck
Valérie Isabelle Marie Clavié
Stephen James Sidney Fryer
Pascal Hauret

No Director has, or has had, a material interest in the Company, directly or indirectly at any time during the year.

Directors' indemnity

The Directors are entitled to be indemnified by the Company to the extent permitted by law in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities. Veolia Environnement S.A., the Company's ultimate parent company, maintains Directors' and Officers' liability insurance for the Directors in respect of their duties as directors. Such qualifying third party indemnity provision was in place throughout the period and remains in force as at the date of approving the Directors' report. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.

Going concern

The Company's Balance Sheet shows net liabilities of £(9,409)k *(2021: £(9,763)k)*, and at year end reported net current assets of £11,832k *(2021: £11,858k)*. The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, VUK and other UK based fellow subsidiaries. The Company is managed as part of the UK&I group and budgets and forecasts are prepared at that level. The UK&I group's forecasts and budgets identify that the UK&I group is expected to remain cash generative and therefore be able to meet its liabilities as they fall due for the period until 28 February 2025. A key assumption in the UK&I group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to VUK and other UK based fellow subsidiaries.

VUK has received a letter of financial support from the UK&I group's ultimate parent company, Veolia Environnement S.A., which confirms that the Group, if required, will provide financial support to VUK for the period until 31 December 2025. VUK has in turn provided a letter of support to the Company to confirm that VUK will, if required, provide financial support to the Company for the period until 28 February 2025.

The Directors of VUK have considered the information regarding the Group's ability to provide support to VUK. This includes reviewing the most recent publicly available financial information and making inquiries of the Group to confirm the position through to the date of approval of these financial statements. As a result the Directors of the Company have concluded that the Group has sufficient liquidity to provide any required support and to withstand reasonable stress testing.

Going concern (continued)

The Directors of the Company have concluded that, if required, the Group will be able to provide financial support to VUK, who in turn will be able to provide financial support to the Company, for the period until 28 February 2025. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

Streamlined Energy and Carbon Reporting Framework Regulations

The Company is subject to the Streamlined Energy and Carbon Reporting Framework Regulations ("SECR"). Energy consumption and greenhouse gas ("GHG") emissions figures are reported relating to gas, electricity and transport, as well as an intensity ratio and information relating to energy efficiency actions.

Based on recommendations within the SECR legislation and the Company's nature of the business, the Directors consider the tonne of carbon dioxide equivalent ("tCO2e")/£k revenue intensity ratio as the best representation of its efficiency performance.

Energy consumption figures

	2022 UK	*2021 UK*
Total energy consumption used to calculate GHG emissions (kWh)	**13,943,525**	*15,272,573*
Scope 1 (tCO2e) - Gas consumption, transport, process emissions	**14,406**	*14,625*
Scope 2 (tCO2e) - Electricity purchased	**1,481**	*1,776*
Scope 3 (tCO2e) - Business travels: rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel	**1**	*-*
Total gross GHG emissions (tCO2e)	**15,888**	*16,401*
Intensity Ratio (tCO2e total gross GHG emissions per £k revenue)	**0.40**	*0.42*

The Energy and Carbon Reporting has been produced using the following methodology and assumptions:

GHG reporting Framework: GHG Protocol Corporate Standard.

Methodology used to calculate the total Energy consumption (kWh):

- As per Department for Environment, Food and Rural Affairs ("DEFRA") guidance, data for fuels, mileage and gas available in kg, L or m3 were converted to Gross Calorific Value ("GCV") kWh. The mileage data available in miles or km was converted to Net Calorific Value ("NCV") kWh. This has been added to the GCV kWh data from natural gas consumption and electricity consumption.

Streamlined Energy and Carbon Reporting Framework Regulations (continued)

Emissions factors:

The Company has applied the following emission factors:

- UK government emission conversion factors for greenhouse gases, which can be accessed via the Government website at *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022*;
- UK&I group has a company car policy in place and in line with the car industry standard, this imposes the use of vehicles emitting a maximum of grams of CO2 per kilometre of 129, known as 129g/km;
- Process emissions from composting activities were sourced from the IPCC conversion factors, as recommended by the Environmental Service Association. The factor is presented in kg per tCO2e and includes N2O and CH4 emissions.

Data

- GHG information was calculated from the data gathered from the Group's Environmental Management System ("EMS"), implemented since 2002 and compatible with ISO 14001 standards;
- Business travel data was gathered from the UK&I group's internal business intelligence and expenses system;
- GHG and emissions data has been restated for 2020 to capture Scope 1 process emissions attributed to the Company's Mechanical and Bio Treatment ("MBT) activities.

Energy efficiency actions

The Company has implemented the following energy efficiency actions during the reporting year to 31 December 2022:

- Collection Vehicle change indicating a 10% year on year reduction in Diesel Consumption since introduction of new fleet in April 2022;
- The optical sorters in the MBT have been stopped which is saving on compressed air generation and therefore saving on energy consumption.

Net zero target

The UK&I group is committed to achieving Net Zero by 2050. These objectives are also underpinned by the global vision of 'Ecological Transformation'.

The approach to meeting Net Zero emissions is based on actions detailed in the Net Zero Strategy, published in 2021, which presents an ambitious programme to decarbonise services essential to everyday life - waste, water and energy. This Strategy commits to reducing emissions from the operations that the UK&I group control, including Scope 1 and 2 emissions, whilst also continuing with the progress to reduce Scope 3 emissions.

Central to these plans is powering systems changes across the key sectors of the UK&I group - waste, water and energy. The activities and actions are therefore underpinned by the following six commitments:

1. Reduce operational emissions;
2. Reduce process emissions;
3. Capture and offset remaining GHG emissions;
4. Work in partnership to reduce the emissions not under direct control;
5. Continue to improve the quality of the carbon reporting;
6. Continue to develop low carbon solutions for customers.

These commitments are expanded further within the UK&I group Carbon reduction plan which was released on 7July 2023 (based on the net Zero Strategy) in order to comply with the Procurement Policy Note (PPN) 60/21.

Future developments

The Directors have considered the impact and uncertainty from the on-going global conflicts and remain confident of the ability of the Company to continue to meet its customers' demands.

Although there are continuing pressures on inflation and interest rates generally, and while potential disruption to supply chain lead times remain, the Directors consider the Company, along with other members of the UK&I group, remains well placed in all aspects of the environmental and waste management industry.

Financial instruments

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out in the Strategic report.

Due to the use of facilities from the Group, denominated in pound sterling, the Company has minimal exposure to external loans and overdrafts and has limited exposure to foreign exchange as most of its trade and expenses are incurred in pound sterling. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

The Company's borrowings are all denominated in pound sterling and therefore the Company has no foreign currency exposure on its financing. The Company's borrowings are tied to SONIA with interest rates being reset each quarter. The Directors consider that SONIA rates will continue to remain aligned to the Bank of England base rate.

It is, and has been throughout the period under review, the Company's policy that no trading in speculative derivative financial instruments shall be undertaken.

Disabled employees

The UK&I group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the UK&I group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

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

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

Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 29 February 2024 and signed on its behalf.

Valerie Clavie
Valerie Clavie (Feb 29, 2024 15:34 GMT)

Valérie Isabelle Marie Clavié
Director

Feb 29, 2024

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA ES SOUTHWARK LIMITED

Opinion

We have audited the financial statements of Veolia ES Southwark Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period under review to 28 February 2025.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent 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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, environmental and General Data Protection Regulation ("GDPR");
- We understood how Veolia ES Southwark Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We read the minutes of the UK&I Executive Committee, made inquiries of Legal and Internal Control departments to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the Company. We understood controls put in place by management to reduce the opportunities for fraudulent transactions;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by internal team conversations, inquiry of management and review of the fraud assessment prepared by the UK&I group management. We understood that revenue, adjusted EBITDA and adjusted 'current' EBIT are the key performance measures for management and we considered that these could be most likely manipulated through the posting of manual journals to revenue. We reviewed manual journals to revenue and considered the nature of these transactions. For those that we did not consider to be in the normal course of business and were not of a trivial value we obtained evidence to support the validity of such adjustments. In addition, we selected a sample of items within contract assets and validated these either to cash paid or other evidence to demonstrate that the accounting was appropriate;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures were as set out above. The results of our procedures did not identify any instances of irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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.

DS

Ernst + Young LLP

Helen Hemming (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP (Statutory Auditor)
Birmingham

Date: 29 February 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	*2021 £000*
Revenue	4	**39,465**	*39,089*
Cost of sales		**(35,641)**	*(35,419)*
Gross profit		**3,824**	*3,670*
Administrative expenses		**(1,519)**	*(1,651)*
Other operating (charges)/income		**(34)**	*6*
Operating profit	5	**2,271**	*2,025*
Interest receivable and similar income	8	**250**	*31*
Interest payable and similar expenses	9	**(2,065)**	*(1,416)*
Profit before tax		**456**	*640*
Tax on profit	10	**(102)**	*(846)*
Profit/(loss) for the financial year		**354**	*(206)*
Other comprehensive income		**-**	*-*
Total comprehensive income for the year		**354**	*(206)*

VEOLIA ES SOUTHWARK LIMITED
REGISTERED NUMBER:06256521

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	12		**24,795**		*27,274*
Tangible fixed assets	13		**5,116**		*1,506*
Right-of-use assets	14		**83**		*64*
			29,994		*28,844*
Current assets					
Stocks	15	**663**		*541*	
Debtors: amounts falling due within one year	16	**25,164**		*25,674*	
Cash at bank and in hand		**-**		*305*	
		25,827		*26,520*	
Creditors: amounts falling due within one year	17	**(13,995)**		*(14,662)*	
Net current assets			**11,832**		*11,858*
Total assets less current liabilities			**41,826**		*40,702*
Creditors: amounts falling due after more than one year	18		**(48,051)**		*(48,036)*
			(6,225)		*(7,334)*
Provisions for liabilities					
Deferred tax	11	**(3,184)**		*(2,429)*	
			(3,184)		*(2,429)*
Net liabilities			**(9,409)**		*(9,763)*
Capital and reserves					
Called up share capital	21		**1,000**		*1,000*
Profit and loss account			**(10,409)**		*(10,763)*
			(9,409)		*(9,763)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 February 2024.

Valerie Clavie
Valerie Clavie (Feb 29, 2024 15:34 GMT)

Valérie Isabelle Marie Clavié
Director
Feb 29, 2024

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	**1,000**	**(10,557)**	**(9,557)**
Comprehensive loss for the year			
Loss for the year	-	(206)	(206)
At 1 January 2022	**1,000**	**(10,763)**	**(9,763)**
Comprehensive income for the year			
Profit for the year	-	354	354
At 31 December 2022	**1,000**	**(10,409)**	**(9,409)**

The notes on pages 19 to 38 form part of these financial statements.

1. General information

Veolia ES Southwark Limited is a private company limited by shares, incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pound sterling (£000) except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.3 Ultimate controlling party

The Company is consolidated in the consolidated financial statements of its ultimate parent company and controlling entity, Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.

In addition, the Company is also consolidated in the consolidated financial statements of Veolia Environmental Services Group (UK) Limited, an intermediate parent undertaking. Copies of the consolidated financial statements for Veolia Environmental Services Group (UK) Limited are available from the registered office at 210 Pentonville Road, London, N1 9JY.

2.4 Going concern

The Company's Balance Sheet shows net liabilities of £(9,409)k *(2021: £(9,763)k)*, and at year end reported net current assets of £11,832k *(2021: £11,858k)*. The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, VUK and other UK based fellow subsidiaries. The Company is managed as part of the UK&I group and budgets and forecasts are prepared at that level. The UK&I group's forecasts and budgets identify that the UK&I group is expected to remain cash generative and therefore be able to meet its liabilities as they fall due for the period until 28 February 2025. A key assumption in the UK&I group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to VUK and other UK based fellow subsidiaries.

VUK has received a letter of financial support from the UK&I group's ultimate parent company, Veolia Environnement S.A., which confirms that the Group, if required, will provide financial support to VUK for the period until 31 December 2025. VUK has in turn provided a letter of support to the Company to confirm that VUK will, if required, provide financial support to the Company for the period until 28 February 2025.

The Directors of VUK have considered the information regarding the Group's ability to provide support to VUK. This includes reviewing the most recent publicly available financial information and making inquiries of the Group to confirm the position through to the date of approval of these financial statements. As a result the Directors of the Company have concluded that the Group has sufficient liquidity to provide any required support and to withstand reasonable stress testing.

The Directors of the Company have concluded that, if required, the Group will be able to provide financial support to VUK, who in turn will be able to provide financial support to the Company, for the period until 28 February 2025. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

2.5 Accounting for service concession asset

In the course of its activities, the Company provides contract management services for waste management and disposal to a local authority in return for remuneration based on services rendered.

These services are generally managed by the Company under contracts entered into at the request of public bodies ("grantors") which retain some control of the service provided.

These concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated installations upgraded or built by the Company, or made available to it for a fee or for nil consideration. These contracts define the "public service obligations" in return for the remuneration. The remuneration is based on a contracted tariff for waste services for each contract year.

2. Accounting policies (continued)

2.5 Accounting for service concession asset (continued)

Contracts include price review clauses, which are mainly based on cost trends, inflation, changes in tax and/or other legislation. Certain review clauses also include changes in volumes and/or the occurrence of specific events changing the profitability of the contract.

Concession arrangements are recognised in accordance with IFRIC 12, Service Concession Arrangements.

Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. The operator has such an unconditional right if the grantor contractually agrees the payment of:

- amounts specified or determined in the contract;
- the shortfall, if any, between the amounts received from users of the public services and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC 12 are recognised in the Balance Sheet as financial assets receivable on concession arrangements within trade debtors receivable within one year and after more than one year, and are recognised at amortised cost. The financial asset receivable amount is reduced by any guaranteed lease payments to be made by the grantor over the contract term.

Intangible asset model

The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the recoverable amount. The Company's intangible asset corresponds to the right granted by the concession grantor to the operator to receive revenue based on public usage of the concession services.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Balance Sheet under the heading "Intangible assets" and are amortised on a straight line basis, generally over the contract term. Where the Company has guaranteed lease payments to be made to the grantor over the contract term these amounts are added to the intangible asset and a finance lease liability created.

Revenue from concession arrangements under the intangible asset model includes:
- income from the delivery of the contracted services (net of capital repayments received);
- revenue from the construction or upgrade of the infrastructure assets, recorded on a completion basis in accordance with IFRS 15.

The Company's concession arrangements have been recognised as intangible assets.

Where a profit sharing mechanism exists with the grantor and the profit sharing includes third party revenues (mostly electricity and recyclates) these are not deemed to be variable consideration under IFRS 15 and so any related payment due to the grantor is recognised as cost of sales.

Details on the concession contract can be found in the Strategic report.

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised in line with the achievement of performance obligations to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

With the exception of revenue under IFRIC 12, Service Concession Arrangements, the Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The following criteria must also be met before revenue is recognised:

- revenue from the sale of recyclates is recognised at the point of dispatch, which is equivalent to the point of delivery to the customer;
- revenue from providing services is recognised in the accounting period in which the services are rendered;
- revenue from the management or handling of waste is recognised on receipt of waste at the site
- where the Company gives a rebate or profit share to a customer based on the services provided directly to that customer, revenue is reduced for the amount of the rebate or profit share.

It should be noted that fees and taxes collected on behalf of local authorities are excluded from revenue when the Company does not bear the risk of payment default by third parties.

Revenue under IFRIC 12, Service Concession Arrangements, is explained in note 2.5.

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.8 Interest receivable

Interest receivable consists of income from amounts owed by Group fellow subsidiaries.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Software	-	3 years
IFRIC 12 concession assets	-	Over the life of the contract (10 years remaining)

Intangible assets are amortised on a straight-line basis over their useful life, usually the contract term to which they relate, unless another systematic amortisation basis better reflects the rate of consumption of the asset.

Assets in the course of development are not amortised during the development phase. On completion all assets will be transferred into the appropriate asset category and will be amortised per the stated accounting policy.

2. Accounting policies (continued)

2.11 Intangible assets (continued)

Expenditure incurred during the operation of a concession which aims to maintain operations at current capacity or cost is recognised in the Statement of Comprehensive Income as incurred. By exception, only where assets will enable the realisation of significant future economic benefit in relation to their cost will they be added to the concession asset. These additional assets will be amortised over the remaining contract term.

Interest on loans taken out specifically for concession assets under construction may be capitalised during the period of construction and included in the cost of intangible assets.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 5 to 8 years
Vehicle and other transport equipment	- 5 to 8 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets in the course of construction are not depreciated during the construction phase. On completion all assets will be transferred into the appropriate asset category and will be depreciated per the stated accounting policy.

Interest on loans taken out specifically for plant under construction may be capitalised during the period of construction and included in the cost of tangible fixed assets.

2.13 Right-of-use assets and lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities in respect of obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Accounting policies (continued)

Right-of-use assets and lease liabilities (continued)

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The asset's initial valuation is based on the actual value of future rents paid in exchange of the right to use the asset to the maturity of the lease contract (after analysis of eventual possibility of renewal). The rents are fixed or are considered fixed in substance and may include rents which fluctuate in line with an index or rate. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Company analyses each lease individually to determine its term and, in the absence of renewal and/or early termination options that are reasonably certain to be exercised or not exercised, the enforceable period is adopted. Where the lease obligation is associated with a customer contract, which cannot be operated without the lease, the lease term is aligned with the customer contract end date. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

In calculating the present value of lease payments, the Group has elected not to use the rate implicit in the lease as the discount rate, because the interest rate implicit in the lease is not readily determinable, and has developed a calculation method to determine the incremental borrowing rate that would apply to the financing of the leased assets. The discount rate is calculated based on the following parameters: maturity of the lease liability; reference rate of the relevant currency and the Group credit spread, on the basis that the Group provides the majority of the financing requirements of its subsidiaries, through access to the bond market. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company applies the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value, being less than £3,500 (low-value assets). Lease payments on short-term leases and low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.14 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. 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 an asset's (or CGU's) 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 (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.15 Stocks

The Company holds a stock of maintenance materials and consumable items which are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Where the Company holds maintenance materials that are expected to be used in more than 12 months, the cost of these is amortised over their expected useful life.

2.16 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Loans receivable or payable on demand are classed as short-term and hence are not discounted.

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial assets at amortised cost

These comprise loans and debtors which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade debtors), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all financial assets subsequently measured at amortised cost. The Company calculates ECLs by utilising historic default rates for different customers' profiles. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Furthermore, the assessment of ECLs takes into consideration the following:

2. Accounting policies (continued)

2.16 Financial instruments (continued)

- for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL);
- for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Company in a financial asset is recognised separately as an asset or liability.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.17 Pensions

The UK&I group offers a pension scheme to every member of staff and operates both defined contribution and defined benefit schemes. The assets of the schemes are invested and managed independently of the finances of the Group.

The majority of the Company's employees belong to defined contribution plans, where the Company pays an agreed contribution to a separate entity, relieving it from any liability for future payments. These obligations are expensed in the Statement of Comprehensive Income when due.

The Company also participates in a local authority defined benefit pension scheme, the London Borough of Southwark pension fund, which is funded by payments of contributions to separately administered trust funds. Whilst the Company's contributions are affected by the surplus/deficit in this scheme, the Company has a contractual agreement with Southwark Council to cap the Company's exposure. Therefore, in accordance with IAS 19, this "Multi-employer" scheme is accounted for as if it was a defined contribution scheme.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates

The following assumptions involving estimates have had the most significant effect on amounts recognised in the financial statements:

- **Impairment of assets**
  At each reporting date, the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the forecast for the next six years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, which are based on an external exercise performed for the Group, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

- **Waste management contracts**
  In the normal course of business, accounting for contracts involving the collection and treatment of waste requires a number of key estimates to be made in determining amounts receivable and payable at the Balance Sheet date. The nature of these estimates will vary dependent on the nature of the contract, but may include, for example, estimates relating to treatment costs, disposal costs, volumes or prices. These estimates also include consideration of various outstanding historic claims between the Company and LBS for which settlement is anticipated in 2024 and reflected in line with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Judgments

The following assumptions involving judgments have had the most significant effect on amounts recognised in the financial statements:

- **Concession accounting**
  Management have made the assessment on a number of factors in determining whether the selection of a mixed model or an intangible model is the most appropriate method of accounting for the assets identified as part of the contracts for concession services, as described in note 2.5. The most notable of these would be the assessment of the level of income guaranteed to be paid by the grantor under the contract. This assessment has a significant impact on the timing, and to a lesser effect the quantum, of the associated revenue in these contracts. Management have also made judgments in respect of the accounting treatment of one off payments made by grantors as either a reduction of concession asset, financial receivable or deferred revenue.

3. Judgments in applying accounting policies (continued)

- **Lease accounting**
  The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease, applying judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Where the lease obligation is associated with a customer contract, which cannot be operated without the lease, the lease term is aligned with the customer contract end date.

  The Group cannot readily determine the interest rate implicit in the lease, and therefore has developed a calculation method to determine its incremental borrowing rate that would apply to the financing of the leased assets. The discount rate is calculated based on the following parameters: maturity of the lease liability and reference rate of the relevant currency and the Group credit spread, on the basis that the Group provides the majority of the financing requirements of its subsidiaries.

4. Revenue

An analysis of revenue by class of business is as follows:

	2022 **£000**	*2021* *£000*
Sales of recyclates	**10,430**	*6,474*
Rendering of services	**29,035**	*32,615*
	39,465	*39,089*

All revenue arose within the United Kingdom.

5. Operating profit

	2022 £000	2021 £000
Operating profit	**2,271**	*2,025*
Add back items charged/(credited) to operating profit:		
Loss/(profit) on exchange differences	**34**	*(6)*
Adjusted 'current' EBIT	**2,305**	*2,019*
Add back items charged/(credited) to operating profit:		
Depreciation of tangible fixed assets	**1,367**	*1,266*
Depreciation and impairment of right-of-use assets	**41**	*25*
Amortisation of intangible assets	**2,479**	*2,469*
Profit on disposal of intangible assets and tangible fixed assets	**(20)**	*-*
Adjusted EBITDA	**6,172**	*5,779*
Other items charged to operating profit:		
Cost of stocks recognised as an expense	**206**	*121*
Auditor's remuneration for audit of the financial statements (the Company)	**33**	*23*
Expenses related to short-term leases and low-value assets	**67**	*153*

6. Employees

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	**9,778**	*9,191*
Social security costs	**1,141**	*956*
Cost of defined contribution scheme	**662**	*596*
	11,581	*10,743*

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

	2022 No.	2021 No.
Office and administration	**9**	*9*
Operations	**282**	*263*
	291	*272*

6. Employees (continued)

As with many groups the size of the UK&I group, employees are often contractually employed by other companies within the UK&I group. The majority of UK&I group employees are contractually employed by Veolia ES (UK) Limited, but may provide their services to other companies within the UK&I group. The above reflects the Company's allocation of staff and attributable cost as denoted by the UK payroll system which is regularly updated to reflect which company the employee provides services to, irrespective of their contract of employment.

7. Directors' remuneration

The Directors are paid by, and perform services for, other companies within the Group alongside their services to this Company. Whilst not being paid by the Company, in 2022, the Directors' costs have been apportioned to the principal companies they serve within the UK&I group. Had the Directors' costs been recharged to all the companies those Directors serve, the Company would have incurred £19k *(2021: £21k)* of Directors' emoluments, including £1k *(2021: £1k)* of pension contributions.

8. Interest receivable

	2022	*2021*
	£000	*£000*
Interest receivable from Group fellow subsidiaries	**250**	*31*

9. Interest payable and similar expenses

		2022	*2021*
		£000	*£000*
Bank and similar charges		**-**	*1*
Interest payable to Group fellow subsidiaries		**2,064**	*1,415*
Interest on lease liabilities	19	**1**	*-*
		2,065	*1,416*

10. Taxation

	2022 £000	*2021 £000*
Corporation tax		
Current tax on profits for the year	**(695)**	*538*
Adjustments in respect of previous periods	**42**	*(9)*
Total current tax	**(653)**	*529*
Deferred tax		
Origination and reversal of timing differences - current year	**835**	*(276)*
Origination and reversal of timing differences - prior years	**(80)**	*10*
Changes to tax rates	**-**	*583*
Total deferred tax	**755**	*317*
Taxation on profit on ordinary activities	**102**	*846*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

	2022 £000	*2021 £000*
Profit on ordinary activities before tax	**456**	*640*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021: 19%)*	**87**	*122*
Effects of:		
Prior year adjustment - current tax	**42**	*(9)*
Prior year adjustment - deferred tax	**(80)**	*10*
Effect of change in tax rate on deferred tax balances	**-**	*583*
Rate difference between current and deferred tax	**200**	*-*
Other permanent differences	**(147)**	*140*
Total tax charge for the year	**102**	*846*

Factors that may affect future tax charges

Deferred tax assets and liabilities have been stated at the corporation tax rate of 25% *(2021: 25%)* reflecting the increase in the main UK corporation tax rate which took effect from 1 April 2023. This rate was substantively enacted on 24 May 2021 and remained in force at the Balance Sheet date. This is on the basis that it is anticipated that the Company's deferred tax assets and liabilities will materially unwind after 1 April 2023.

11. Deferred tax liability

	2022 £000
At 1 January	**2,429**
Charged to profit or loss	**755**
At 31 December	**3,184**

The provision for deferred taxation is made up as follows:

	2022 £000	*2021 £000*
Accelerated capital allowances	**3,075**	*2,306*
Other temporary differences	**109**	*123*
	3,184	*2,429*

The movements in the year for each of the deferred taxation categories have been charged to the profit or loss in the Statement of Comprehensive Income.

12. Intangible assets

	IFRIC 12 concession assets £000
Cost	
At 1 January 2022	**64,088**
At 31 December 2022	**64,088**
Amortisation & impairment	
At 1 January 2022	**36,814**
Charge for the year	**2,479**
At 31 December 2022	**39,293**
Net book value	
At 31 December 2022	**24,795**
At 31 December 2021	*27,274*

13. Tangible fixed assets

	Plant and machinery £000	Vehicles and other transport equipment £000	Total £000
Cost or valuation			
At 1 January 2022	648	6,707	7,355
Additions	3	5,060	5,063
Disposals	(96)	(3,489)	(3,585)
At 31 December 2022	555	8,278	8,833
Depreciation & impairment			
At 1 January 2022	397	5,452	5,849
Charge for the year	65	1,302	1,367
Disposals	(96)	(3,403)	(3,499)
At 31 December 2022	366	3,351	3,717
Net book value			
At 31 December 2022	189	4,927	5,116
At 31 December 2021	*251*	*1,255*	*1,506*

14. Right-of-use assets

	Vehicles and other transport equipment £000
Cost or valuation	
At 1 January 2022	**117**
Additions	**67**
Disposals	**(21)**
Transfers between classes	**8**
At 31 December 2022	**171**
Depreciation & impairment	
At 1 January 2022	**53**
Charge for the year	**41**
Disposals	**(14)**
Transfers between classes	**8**
At 31 December 2022	**88**
Net book value	
At 31 December 2022	**83**
At 31 December 2021	*64*

15. Stocks

	2022 £000	*2021 £000*
Raw materials and consumables	**663**	*541*

16. Debtors

	2022 £000	*2021 £000*
Amounts falling due within one year		
Trade debtors	**3,435**	*6,630*
Amounts owed by Group fellow subsidiaries	**1,627**	*2,738*
Short-term loans owed by Group fellow subsidiaries	**17,248**	*14,484*
Contract assets	**2,203**	*1,322*
Prepayments	**522**	*491*
Corporation tax recoverable	**115**	*-*
Other debtors	**14**	*9*
	25,164	*25,674*

Payment terms for contract assets relate to services provided up to 30 days prior to billing and are generally paid within normal contract terms of between 30-120 days of the invoice date.

Short-term loans owed by Group fellow subsidiaries include amounts due as part of the Company's participation in the UK Group's Cash Pool Arrangement ("CPA"). These balances remain repayable on demand and participation in the CPA can be cancelled by the Company at any time by giving 15 days written notice. It is not the current intent of the Company to demand repayment of such receivables and therefore some or all of the amounts may remain unsettled for a period greater than 12 months from the balance sheet date. However future events such as commercial matters, future opportunities, investment decisions and dividend proposals may significantly change the Company's current intentions regarding settlement of the aforementioned short-term loans.

17. Creditors: Amounts falling due within one year

		2022 £000	*2021 £000*
Trade creditors		**2,666**	*2,618*
Amounts owed to Group fellow subsidiaries		**3,460**	*5,292*
Amounts owed to Group joint ventures		**-**	*2*
Short-term loans owed to Group fellow subsidiaries		**153**	*87*
Corporation tax		**-**	*877*
Other taxation and social security		**950**	*1,612*
Lease liabilities	19	**34**	*26*
Other creditors		**8**	*8*
Contract liabilities		**-**	*63*
Accruals		**6,724**	*4,077*
		13,995	*14,662*

Deferred revenue, recognised as contract liabilities due within one year, has subsequently been recognised as revenue during the following year.

18. Creditors: Amounts falling due after more than one year

		2022 £000	2021 £000
Long-term loans owed to Group fellow subsidiaries		**48,000**	*48,000*
Lease liabilities	19	**51**	*36*
		48,051	*48,036*

19. Leases

Company as a lessee

The Company uses lease contracts for various items of land and buildings, plant and equipment and vehicles and other transport equipment used in its operations. Leases generally have lease terms as follows:

- vehicles and other transport equipment: between 1 and 4 years

The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases with terms of 12 months or less and leases with low value.
The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Contractual undiscounted cash flows payable are as follows:

	2022 £000	2021 £000
Not later than one year	**36**	*27*
Between one year and five years	**51**	*36*
	87	*63*
Less finance charges allocated to future periods	**(2)**	*(1)*
	85	*62*

Movement in lease liabilities

	2022 £000	2021 £000
At 1 January	**62**	*19*
Additions	**67**	*71*
Accretion of interest	**1**	*-*
Disposals	**(7)**	*(3)*
Repayments	**(38)**	*(25)*
At 31 December	**85**	*62*

20. Capital commitments

At 31 December 2022 the Company had capital commitments as follows:

	2022 **£000**	*2021* *£000*
Vehicles, plant and equipment	**1,902**	*4,917*

21. Share capital

	2022 **£000**	*2021* *£000*
Allotted, called up and fully paid		
1,000,000 *(2021: 1,000,000)* ordinary shares of £1.00 each	**1,000**	*1,000*

22. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Balances outstanding as at 31 December 2022 with all related parties are disclosed in notes 16, 17 and 18.

There were no trading transactions entered into during the year to 31 December 2022 with other related parties.

23. Post balance sheet events

There have been no significant events affecting the Company since the year end.

24. Immediate parent and controlling party

The immediate parent company is Veolia ES Aurora Limited, a company incorporated in the UK.

Veolia Environmental Services Group (UK) Limited is an intermediate parent undertaking that prepares consolidated financial statements, including Veolia ES Southwark Limited, which are publicly available. Copies of the consolidated financial statements for Veolia Environmental Services Group (UK) Limited are available from the registered office at 210 Pentonville Road, London, N1 9JY.

The ultimate parent and controlling company is Veolia Environnement S.A., a company incorporated in France. Consolidated financial statements are prepared by Veolia Environnement S.A. Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.