

Registered number: 02291198

SUEZ Recycling and Recovery UK Ltd
Annual report and financial statements
For the Year Ended 31 December 2019

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SUEZ Recycling and Recovery UK Ltd

Company Information

Directors	J Scanlon F Duval G Mayson (appointed 1 January 2020) C Thorn (appointed 1 February 2020)
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Company secretary	M H Thompson
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Registered number	02291198
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Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
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Independent auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
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SUEZ Recycling and Recovery UK Ltd

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SUEZ Recycling and Recovery UK Ltd

Strategic report For the Year Ended 31 December 2019

Business review

The company's key financial and other performance indicators during the year were as follows:

	2019	2018	
	£000	£000	Change
Turnover	548,206	476,221	15%
Operating (loss)/profit	(645)	88	-833%
Profit after tax	6,865	11,689	-41%
Shareholders' funds - equity	149,880	146,903	2%
Current assets as a % of current liabilities	133%	140%	

The Company's turnover has increased by 15% in 2019, which is largely attributable to the new Manchester contract. This major contract with Greater Manchester Combined Authority (GMC) is to manage 1.1m tonnes of waste from nearly 2.3m residents across 9 boroughs, and involves the operation of 41 facilities across 24 locations; including mechanical treatment facilities, 20 Household Waste Recycling Centres and an energy facility. The contract was successfully mobilised in June 2019.

Industrial and Commercial collections generated increased profitability in 2019, thanks to efficiency improvements and the introduction of bill by weight invoicing. Municipal collections also had a much improved performance, in particular, efficiencies and improvements identified at the Doncaster contract which was re-won in 2018. The Avonmouth Materials Recycling Facility also saw improved results in 2019 thanks to shift optimisation and technical augmentations. The Company's Energy business produced solid financial results, despite suffering from turbine failures at two of its Energy from Waste facilities. The root cause of these failures are subject to ongoing discussions with the construction companies.

During the year £5.2m of fixed assets have been impaired following a review by management of some sites which found the current carrying value of the assets exceeded the recoverable amount. These one off costs have resulted in a small operating loss being incurred in the 2019.

As well as the Company's continued implementation of LEAN methodology, a project was initiated in 2019 to deep dive into processes and work practices to further identify areas for simplification and improvements in efficiencies. This "Jigsaw" project has lead to more effective practices being installed and costs being saved, in particular within the Collections business and back office.

Preparation and mobilisation was underway in 2019 for the operation of a major municipal waste collection contract in Somerset, which commenced in March 2020. This exciting contract with Somerset Waste Partnership is one of the largest collection contracts in the UK, providing collection and waste logistics services to more than 250,000 households across Somerset.

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Strategic report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

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

Operational risks

The SUEZ R&R UK Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

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

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

Competitive risks

Part of the SUEZ R&R UK Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria. The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks

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

Health and Safety risks

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

Financial instrument risks

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

Use of derivatives

Although there are none within Suez Recycling and Recovery UK Ltd, on certain major contracts, the SUEZ R&R UK Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

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

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

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Strategic report (continued)
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Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability, such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the SUEZ Group.

COVID-19

The companies within the SUEZ Recycling and Recovery Group in the UK (the Group) are managed centrally by one Operations Committee. Strategy and policy are decided upon at this Group level, and thus the risks and issues caused by the COVID-19 outbreak are being addressed on a group wide basis.

Since the outbreak of the COVID-19 virus in the United Kingdom, the Group has continually assessed the risks and impacts of the pandemic and the associated economic slowdown on its business. The Group's Gold Command, which consists of Company directors, other Operations Committee members and senior personnel gathers frequently to assess the evolving situation regarding the pandemic and Government legislation, as well as specific guidance for our industry.

The key risks to our business are considered to be as follows:

- The Health and Safety of our employees as well as the users of our services.
- A fall in demand for industrial and commercial collection services associated with the economic slowdown.
- Cash management resulting from reduced customer receipts.

The Group has taken significant measures to mitigate these risks.

Health and Safety:

The Health and Safety of our employees and the general public is always the top priority of the Group; with the outbreak of COVID-19 further accentuating this. The Group has gone to great lengths to secure sufficient supplies of PPE for our operational teams. Furthermore, new guidance has been issued to operational teams (in particular those involved with collections) to manage social distancing protocol. The Group agreed with its local authority customers to close all of its Household Waste Recycling Centres (HWRCs) upon lockdown to help prevent further spread of the virus and to protect the general public and our staff. The Group has implemented new procedures at its HWRCs to ensure social distancing and to limit the number of members of the public using the site at any given time. These include using an electronic appointment system at some sites, and restricted access dependent on vehicle number plates. The Group has worked closely with our public sector customers to define the parameters under which the HWRCs were able to re-open and the Group and local authorities have managed strong communication around this, and social distancing, with the general public. All office based staff were remobilised to work from home from mid-March with a phased return to the office environment, where distancing measures have been introduced in line with government guidance. The Group has also been very active on social media platforms to publicise and promote safe waste handling guidelines for the general public.

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Strategic report (continued)
For the Year Ended 31 December 2019

Industrial and commercial collections:

The lockdown and economic slowdown has led to reduced volumes within our collections business. We anticipate that these volumes may take a period of months to recover to pre-COVID-19 levels and also provide an opportunity to grow. The Group benefits from diverse waste streams, with industrial and collections contributing to about 15% of the Group revenue. So whilst the drop in industrial and collection (I&C) tonnage does have an impact on the Group's revenue and profitability, we are not overly reliant on I&C. Further measures have been implemented to restrict the impact of falling I&C tonnage on our business, such as mothballing certain vehicles and using the UK Government Coronavirus Job Retention Scheme (furlough scheme) for some collection staff. We have also supported our I&C customers that have been most affected by the lockdown by offering a service holiday during the lockdown period.

Cash management:

The slowdown of activity within the UK economy has further highlighted the need for tight cash management. The Group has continued to receive cash for the fixed price elements of our contracts with local authorities, even when the HWRCs were closed. The Group has continued to generate net cash inflows from its operating activities in the period since lockdown in the UK. We are also ensuring that we continue to pay our key suppliers promptly in line with the guidance set out under the government's PPN Supplier Relief programme. We continue to closely monitor the credit status of our customers, especially in the I&C business, to minimise our exposure to bad debt risk which is partly mitigated via our credit insurance policies.

Like most business, COVID-19 will clearly have an impact on our Group's financial performance in 2020. The Directors remain confident that our strong relationships with our customers, our long-term contracts and our diversified business will provide strong foundations for continued success.

Section 172 statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172.

Further details on key actions in this regard are also contained within the Statement of corporate governance arrangements section below.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this statement also provides details of how the Directors have engaged with and had regard to the interest of our key stakeholders.

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Strategic report (continued) **For the Year Ended 31 December 2019**

Statement of corporate governance arrangements

For the year ended 31 December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied and adopted the Wates Corporate Governance Principles for Large Private Companies (Principles).

BOARD

The Senior Management Team (Board) meet quarterly and is comprised of the board of directors of the Company and the following senior management:

Title	Members
Optimisation Committee (OpCom)	Chief Executive; Chief Financial Officer; Chief Operations Officer; Chief Development Officer and Chief Human Resources Officer
Senior Managers	Finance Director; Director of Legal & Ethics Officer; Communications Director; External Affairs Director; Technical Development Director; and Head of Customer Insights
Attendees	Director of Public Sector Development; Head of Municipal Development; Senior Marketing Manager; Commercial Director – Projects; Regional Business Managers; Head of Project Management; Head of PPP Optimisation; Chief Information Officer and Trading Director.

SUEZ Recycling and Recovery UK has adopted a new strategy following the groups strategy, covering all business units and all geographies. SUEZ group chose to launch its new vision of 'becoming the clear leader of environmental services by 2030' at the current time, with far greater numbers of the world's population, politicians and businesses becoming more and more focused on the impact of climate change and the very future of the planet. The need for companies like SUEZ recycling and recovery UK group and the services that we provide has therefore never been greater as we support our customers to create a sustainable environment.

The new vision fits very well with everything that the Company have been working on over the last 10 years in aiming to 'live in a society where there is no more waste'. In fact, the global plan that has been developed to help us achieve our new vision and has this principle as one of its core themes.

In addition to the new vision, our group CEO has worked with senior leaders from across the business to develop four new core values which has been adopted by every SUEZ operation worldwide, these values are:

- passion for the environment
- customer first
- respect
- team spirit

The Board sponsored the development of and approved various policies and procedures, including project management, purchasing and delegated powers as part of its risk management practices linking these risks to strategy in order to better define risks and to address all five key dimensions (strategy, people, detail, tasks, and drivers), effectively considering stakeholders' concerns, addressing these issues from a group perspective. The CEO publishes and shares strategy and risk related information via a monthly newsletter sent to all employees and available on the Company's policy and procedure database on the Intranet.

The focus of the Board has been to drive the Group towards achieving its goals alongside its commitment to having a workforce that more accurately reflects society and has developed challenging targets to achieve this, which include overhauling our parental leave and flexible working policies, improving the gender pay gap and collaborating across the sector to help drive sector-wide change.

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Strategic report (continued) For the Year Ended 31 December 2019

As part of the Group's drive to become more sustainable, the Group has set targets as part of its environmental strategy. The Group is well advanced in developing action plans and engaging with our workforce. The next steps will be to provide the necessary training to be able to deliver these targets, as well as engaging with our wider stakeholders.

The directors of the Company delegate certain duties and responsibilities to various committees and receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs) and identified a list of strategic priorities that were to be reviewed by management throughout 2019.

The Board seeks out opportunity whilst mitigating risk. The Company's key operational risks and mitigations are outlined in the Strategic Report. The Board also considers all major projects (as defined by their value and risk profile) and approves them before any bids are finalised. The Group Risk Committee (as delegated by the Board) also considers further risks as part of the day to day management of the business.

The board is committed to the professional development of the board and ensure that each director attends training and development sessions, internal and external, to aid their development and contribution to the board and the success of the Company.

The board members form part of the group executive team whose effectiveness is reviewed annually by its parent company, SUEZ Groupe S.A.S.

Each member of the board is aware of their duty toward the success of the Company and during 2019 approved a number of succession planned appointments including the creation of the Finance Director role, the succession of the CEO and the increase to the scope of the COO role.

SUEZ recycling and recovery UK is committed to promoting equal opportunities in employment. All employees, officers, consultants, contractors, casual workers and agency workers and any job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (Protected Characteristics). Its Diversity policy has regard to the SUEZ Group Agreement on Gender Equality in the Workplace and sets out the Company's approach to equal opportunities and the avoidance of discrimination at work. It applies to all aspects of employment with us, including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

The Company is committed to:

- creating a working environment where the individual contributions of all our employees are recognised and valued.
- creating a working environment free from discrimination, bullying and harassment.
- its managers and supervisors to lead by example in ensuring compliance with this policy and in taking steps to eliminate discrimination and unequal treatment in the work place.
- providing all employees with access to training, development and progression opportunities.
- try to reflect the diversity of our business at each level of management.
- review employment practices and procedures to ensure compliance with this policy.
- monitor this policy on an on-going basis and conduct a formal annual review.

All managers must set an appropriate standard of behaviour, lead by example and ensure that those they manage adhere to the policy and promote our aims and objectives with regard to equal opportunities.

SUEZ recycling and recovery UK is actively involved with the Equality and Human Rights Commission (EHRC), the Business Disability Forum and Remploy for the purpose of increasing our knowledge of diversity, promoting

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Strategic report (continued) For the Year Ended 31 December 2019

diversity within SUEZ recycling and recovery UK and benchmarking practice and performance.

The Company has implemented various internal codes of practice covering recruitment and selection, training and development, promotion, termination of employment, disabilities and monitoring.

The SUEZ recycling and recovery UK Works Council regularly reviews this policy to consider how it is working in practice and discuss ways in which SUEZ recycling and recovery UK's policies and procedures can be improved/amended to ensure a diverse workforce and create equality of opportunity.

The Company takes a strict approach to breaches of its Diversity policy and will deal with such breaches in accordance with its Disciplinary Policy. Serious cases of deliberate discrimination may amount to gross misconduct that may result in dismissal.

To ensure balance the directors appoints a chairperson at each meeting. The board does not have any non-executive directors. The directors declare any conflict of interests at the start of the meeting. Where conflicts are declared these are dealt with in accordance with the Company's Articles of Association and where required, approved by the shareholders.

The board is made up of those directors with specialist skills, background and experience. The members of the various committees in addition to the Board members ensure that there is a diversity of skills, backgrounds and experience covering all aspects of the Company's business as well as the interests of its stakeholders.

COMMITTEES

The **Optimisation Committee (OpCom)** structure has proved to be a critical component of our governance structure. The OpCom meets weekly and has been instrumental in maintaining focus between board meetings. As initiatives within the strategic plan have been progressing at pace the need for a decision-making body to meet regularly has been imperative. The OpCom is supported by the contribution of all the various committees.

The **Risk Committee**, consisting of OpCom members and business unit and functional leads, ensures that inherent and emerging risks are identified and managed appropriately and in a timely manner. Its focus in 2019 was on monitoring the effectiveness of the Group's approach to risk identification, classification and mitigation.

The SUEZ Group's Risk Management approach is articulated around a set of common beliefs leading to the definition of a mission statement with a number of high-level objectives. In the development of the Risk Management framework the following beliefs had a large influence on the approach retained:

- Every manager is a risk manager;
- The decision-making process should be systematically based on some kind of risk analysis;
- Risk management will be successfully implemented if it is approached bottom-up and top-down;
- This process requires a certain degree of formalism but through a light and flexible organization;
- The better the company is at understanding and controlling its risks, the better the decisions it can make about taking risks or avoiding them;
- Not detecting a risk may be forgivable but not acting upon a detected risk is not;
- Within Risk Management, internal and external communication is key.

The mission statement for Enterprise Risk Management (ERM) as approved by the SUEZ Group Executive Committee is the following :

"Through the implementation of a formalised risk management process, SUEZ Group will strive to speak a common risk language across the organisation in order to enhance risk awareness and to improve decision-making, with a portfolio view, whenever possible. Beyond pure compliance (assurance to the Board of Directors and the control authorities), the objective of Risk Management is to proactively protect long-term value for all the stakeholders of the Group and to capture new opportunities for profitable business growth."

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Strategic report (continued) For the Year Ended 31 December 2019

Risk is thus not only a threat: it is also an opportunity that has to be mastered.

The main objectives of Risk Management are:

- Increase risk awareness throughout the Group ;
- Improve visibility and exchange of information by using a common risk language and structure ;
- Create common methodologies ;
- Introduce risk review and management at all levels;
- Implement common risk management strategies.

The aim is to achieve a cultural change of attitudes and behaviours vis-à-vis risk exposure and related opportunities. To that end, the process will rely on a light but effective network of risk officers and risk specialists under the stewardship of the Chief Risk Officer.

This network will be in charge of promoting the new risk management culture, preparing the change, making it happen and reviewing it. It will also aim at a common language, common methodologies and clear definition of roles and responsibilities towards risk management for both operational management and risk-related functions.

This process will not withdraw risk management from the responsibilities of the operational managers. On the contrary, in order to perform their work effectively, the risk officers will have to collaborate closely with the business unit managers but also with the other relevant support functions across the Group, including amongst others, internal audit, finance, legal, insurance, health and safety, environment.

Risk Management (RM)

A member of the Board/Management committee sponsors and supports the process by communicating about the group, selecting the people to be involved and determining the methodologies to use.

In order to ensure coverage of all risks facing the business / the project, the group is composed of people representing all aspects of the business (support, operational, regulatory, commercial and human resources), selected according to their knowledge, experience and ability to grasp new concepts and requirements.

In addition to participating in the SUEZ Group Risk Committee which meets once or twice a year, the Company's RM Committee meet quarterly to review and discuss existing and new risks. The Committee also review action plans, produces and keeps up to date the Risk Register and on a more frequent basis, reviews some specific risk indicators including the following:

- country and political risks (ratings, events etc.)
- financial risks (currency, interest rates, commodity, ... risk exposures)
- health & safety risks (workplace accidents, asbestos issues etc.)
- environmental risks (compliance to norms on emissions, sites at risk etc.)
- business continuity risks (physical and IT security, fraud detection etc.)
- insurable risks (coverage, premiums, deductibles, loss control etc.)
- other operational, commercial, legal and HR risks

The Risk Management Process is made up of five distinct steps, as summarised below:

Identification: Review all aspects of the business plan / project using interviews, brainstorming methods and risk catalogues in order to identify the risk areas. Risks may not necessarily be a high probability of occurrence but reflects only the fact that some assumptions supporting the business plan / project may prove incorrect in the future.

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Strategic report (continued) For the Year Ended 31 December 2019

Evaluation: Each individual risk is listed by assessing the likelihood, i.e. the probability of occurrence per time unit and the significance, i.e. the consequences of one occurrence in descriptive terms and if possible, in monetary terms. The weight or severity of the risk is then calculated by the probability of occurrence times the consequences and can be expressed in impact unit per time unit.

Handling: Rank the risks according to their weight on the business / the project then review each risk and decide the best method to reduce the probability of occurrence and/or to mitigate consequences e.g. by change to operations and maintenance procedures (i.e. modify the way we operate the business) or transferring of the risks to another party via an agreement (e.g. insure or hedge the risk) or change the business asset base (i.e. invest into new system/equipment).

Using the table developed above the business unit / project team is then able to report their risks and associated weight, grouped by categories, ranked by importance or sorted by specific criteria which may be of interest to the Board of Directors and/or the Stakeholders.

Reporting: The different risks are then consolidated in order to get a global view for the business / project. The top 10 risks (meaning the top 10 risk factors that can turn into either threats or opportunities) are then reported to the management.

Learning: After each risk assessment an "After Action" review is performed in order to learn from it. A global evaluation of your Risk Management process and to communicate the lessons learned is performed annually.

The lessons learned are shared across the SUEZ Group together with the methodologies and best practices. The SUEZ Risk Network is the vehicle for sharing this knowledge, using various IT tools such as a permanent team room and the intranet central repository for policies and procedures.

Each risk area within the business require a specific combination of capabilities and based on the top risks faced, specific strategies were developed, and specific capabilities built to implement those strategies. Capabilities consist of processes, tools, people (skills) and technology that are designed and deployed in an optimal fashion regarding the RM objectives of the Company.

In order to further improve its RM capabilities, the Company compares its practices with the "best in class" either inside or outside the Group.

Internal communication on risks and methods is a key enabler for continuous improvement of the RM process. To be effective communication is not only top-down but also bottom-up and horizontal across the Company.

To embed the risk culture within the Company there is a formal employee learning process available on various systems including SUEZ Group i-learning application, the intranet and SUEZ University amongst other initiatives.

The **Audit Committee's** primary concerns are the integrity of the Group's financial statements; the effectiveness of internal controls; the performance of the internal audit function; the performance and independence of the external auditors; and the Group's compliance with legal and regulatory requirements. The Committee has clearly defined terms of reference, that are reviewed annually and which outline the Committee's objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting standards and procedures.

The **Group's Works Council committee** is composed of elected employee representatives and members of the Group's leadership team as employer representatives and provides a forum that employees can use, through their employee representatives, whose contact details can be found on the intranet, to share their views, ideas and contribute to the continuous improvements within the organisation or to raise a concern about general health and safety or another company-wide topic. Invited guests introduce themselves and give the Committee an overview of their role in the Group. During the year the committee covered the implications of Brexit, provided health and safety updates and provided equality and diversity training.

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Strategic report (continued) For the Year Ended 31 December 2019

The Hays Panel, the Group's Remuneration Committee's primary objective is to set remuneration at a level that will enhance the Company's resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of its shareholders.

RELATIONS WITH STAKEHOLDERS

The board considers how the company's activities may impact both current and future stakeholders and therefore controlling environmental and industrial risks is a priority objective of SUEZ Group and its Environmental & Industrial Risk Management Policy applies to the Company.

Governance

The CEO is responsible for the application of this policy with support from Environmental and Industrial Risk Officers and SUEZ Group corporate divisions. The policy is periodically revised through management reviews.

The risks being considered may be of accidental or natural origin. They may be a consequence of human or organisational factors, equipment failure or malicious acts:

- any type of pollution (air, soil, aquatic environments) or environmental nuisance (noise, vibration, odours, visual impact, etc.).
- damage to the environment, property or people caused by fire, explosion, machinery breakdown, natural disaster, collapse of structures, etc.

The policy is consistent with the Global Risk Management as well as the Health and Safety policies.

Principles and means

The aim of this policy is to anticipate and effectively manage any risk associated with its activities that may affect the environment, operational facilities or property of third parties, employees or residents. These risks may also impact the continuity of service and the Group's reputation.

To achieve this objective, the Management System of environmental and industrial risks is based on:

- establishing a network of Environmental and Industrial Risk Officers, responsible for deploying this Policy.
- the early identification and prioritisation of risks covering organisational, human and technical aspects.
- the systematic implementation of measures to control the identified risks.
- compliance with the Group's Environmental and Industrial Management Rules and Standards.
- compliance with local regulations and, if necessary, overriding this to control its environmental and industrial risks.
- signing Progress Contracts formalising the objectives and targets
- follow-up of measures to control environmental and industrial risks.

The Board acknowledges that good governance and effective communication are essential on a day-to-day basis to deliver our purpose and to protect the Company's brand, reputation and relationships with all our stakeholder community, including shareholders, customers, employees, pensions, suppliers, government, regulators, local authorities and the local communities in which we work.

Moving forward and as part of every Group Board meeting, governance of the Group is included as a standing agenda item. The Board's key areas of focus in 2019 were in line with the Section 172 Companies Act 2006 requirements and during the year the Board undertook a key stakeholder review. Although the Group has multiple stakeholders, the Board considered that its key stakeholders were its employees, shareholders, customers, government, local authorities, regulators, suppliers and local communities.

The Board reviewed how the Directors and the Company engaged with these key stakeholders and refined its engagement strategy in certain areas to ensure that it continued to have a good understanding of their views and interests. In undertaking this review, the Board agreed which stakeholders it needs to engage with directly and where it could rely on information from management. The majority of our engagement with key stakeholders is

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Strategic report (continued) For the Year Ended 31 December 2019

carried out by our commercial and functional business teams. The Board engages directly with employees, shareholders and major key stakeholders.

To read more about how we engage with our wider stakeholders see the case studies below.

EMPLOYEES

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

The Board has direct engagement (see case study below for more details) during site visits, Board presentations, informal lunches, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

U Say, the Group's employee engagement survey is carried out anonymously every two years to highlight areas of improvement. The Board considers the results of all employee engagement surveys a good barometer of the workforce's confidence in the Group's strategic direction, optimism in the future and career opportunities. In 2019 the Group improved its score in every one of the eight key factors when compared with the previous survey. 85% of our employees took the time to fill in the survey, achieving our highest engagement score to date and helped to raise £20,000 for our charity partner Macmillan Cancer Support.

In 2019, the Board started to send summaries of key themes from the Group Board meeting via our internal social media platform. Engagement with employees also takes place through works councils and various other committees and groups.

The key focus of this year's conference was the formal introduction of Jigsaw, see customer case study for more details, announcing that based on employee feedback the Group would perform a review of its cost base to ensure that the Group was structured appropriately for the future.

SHAREHOLDERS

Board engagement with shareholders is primarily through the Group's Chief Executive Officer and Group's Chief Financial Officer.

CUSTOMERS

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

SUPPLIERS

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

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

GOVERNMENT

The Chief Executive, some directors and senior managers met with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

Members of Parliament visited a number of our sites during the year. Government and ministers gained a better understanding of the challenges facing the industry which will in turn potentially result in more favourable policies for our industry.

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Strategic report (continued) For the Year Ended 31 December 2019

REGULATORS AND LOCAL AUTHORITIES

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

The Chief Executive, senior employees and, amongst others, the environmental, health and safety, and the planning teams met with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery of waste industry and to provide feedback on potential changes being considered by the Government. Members of Parliament have visited a number of our sites during the year.

Government and ministers gain a better understanding of the challenges facing the industry which will in turn potentially result in more favourable policies for our industry.

Effect of engagement: A broad understanding of Government policy and regulation ensures that Board decisions are based on the full understanding of the environment in which we operate and helps the Board understand the key drivers of the recycling and recovery of waste policy at a national and local level and the impact that this can have on how the business operates.

The Group has also developed environmental targets with respect to waste, energy and nature that are to be developed throughout 2020. The company's website (www.suez.co.uk), intranet and social media channels provide extensive and up-to-date news on recent developments.

LOCAL COMMUNITIES

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

Engagement takes place locally through our local offices and sites with many of our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both, including via the science, technology, engineering and mathematics (STEM) which helps to improve the learning and career prospects of local people, at the same time as enhancing our reputation and helping to develop our people and our education programmes, community consultation and involvement through various community Trusts.

During 2019, schools and community groups across the country who wanted to know more about waste what happens to it, visited many of our larger facilities that have education and visitor centres where groups can learn about the journey of waste, and see how we handle, process and recover value from it – giving it a second life.

Our network of employee education ambassadors, who are all passionate about resources and sharing their knowledge, visit schools to explain the importance of recycling and responsible waste management in a fun and informative way that links with the national curriculum. These ambassadors also visit local events and county fairs.

Our employees raise funds by holding coffee mornings, cake sales, barbecues and raffles for a variety of charities and good causes in the course of each year. The Group's current national charity partner, chosen by our employees, is Macmillan Cancer Support.

Case Study: Examples considering interest of key stakeholders when making decisions

Jigsaw, transforming the Customer journey

Jigsaw was introduced in response to employees' feedback that the Group does the best for our customers but often face challenges to achieve that, and in response to research by our customer insights team. Jigsaw aims

SUEZ Recycling and Recovery UK Ltd

Strategic report (continued) For the Year Ended 31 December 2019

to help us re-think the way work gets done, in order to optimise the way we work, improve our customers' end-to-end journey and ultimately help us create the capacity to grow our business on the solid foundations we have.

The journey began in the South West, focusing on the end-to-end customer journey related to our Bristol I&C branch and the associated interconnected activities that form part of that customer experience. The large customer base, pipeline of new opportunities, along with its proximity to our shared service centre made it an ideal choice.

During February 2019, local team members from operations and business support joined OpCom to work on one of five workstreams that mirror parts of the customer journey: sales, customer set up, collections, billing and customer queries. Together, a review of how we currently work and how we think we should work in the future was carried out with those colleagues who help customers to navigate these processes every day, playing a leading role in this work by sharing their knowledge and experience.

A month was spent working together to redefine how we work and optimise how the work gets done, which will improve our customers' end-to-end journey. The board was proud of the colleagues that showed support and understanding to those taking part and their wider team to the limited number of people who took time away from their usual day-jobs.

Policy calculator to help local authorities estimate impact of resources and waste strategy

A new tool was developed by SUEZ and Anthesis Group, together with support from LARAC, Project Integra and the Kent Resource Partnership to help local authorities in England understand and quantify the impact of the emerging waste policy upon recycling and waste management services.

The Resources & Waste Policy Impact Calculator is available to download free of charge and provides a user-friendly interface to help local authorities estimate the potential financial and operational implications of the different Deposit Return Scheme (DRS) scenarios, and full net cost recovery Extended Producer Responsibility (EPR) proposals, on their individual services.

A major shake-up of producer responsibility and recycling and waste collection systems has been proposed by government as part of its recent resources and waste strategy, although Defra left much of the detail of these policies to various consultation documents.

There is significant uncertainty over the impact of different scenarios and models for deposit return and extended producer responsibility respectively. Confusion around the potential impacts of these major policy instruments may make it difficult for local authorities to make an informed response to these vital consultations, which is why the Group's Board backed Anthesis in developing this useful tool and contributed its own data to help inform the discussion.

Employee Case Studies

Well-Being: In 2019 the Group introduced it's Time to Talk Day, which was about encouraging people to have a conversation about mental health. Whether that's tea, biscuits and close friends, or a room full of people challenging mental health stigma. It was identified that having conversations about mental health helps break down stereotypes, improve relationships, aid recovery and takes the stigma out of something that affects us all.

Brexit: In preparation for the UK's withdrawal from the European Union in March 2019, the Group made employees aware of the government's introduction of the EU Settlement Scheme, which will register EU nationals living in the UK and ensure their existing rights are protected. As a global organisation, SUEZ is proud to employ people of different nationalities and wants to ensure that those affected by this new scheme, know what is happening, what they need to do and how the Group can support them through the EU Settlement Scheme.

Lunches: The CEO and previous HR Director met over 2,000 employees and held 115 events up and down the country since starting their lunch events 10 years ago. Their final buffet style lunch was held in November 2019 in Maidenhead with several colleagues from around the country who had been invited to spend the morning learning about the Group's vision, values and why engagement is so important to the Group.

SUEZ Recycling and Recovery UK Ltd

Strategic report (continued) For the Year Ended 31 December 2019

Veterans Group: Following the launch last year by the Group of its Veterans group, after recognising that resettlement back into civilian life can be a challenge, the group was a new way for SUEZ veterans to share advice, information and support relating to accessing pension entitlements, applying for a veteran's badge or tackling PTSD, as well as everything in between. Quarterly meetings were held in 2019 at which there were discussions about how the Group can support Armed Forces and Reserves Days, working to recruit more veterans and inviting a guest speaker from the REMEM Association Job Agency. All employees are encouraged to take part and provide input into what more the Group can do.

Personal development, which includes training, and is one of the eight factors of engagement identified by specialists, Best Companies, as being a key driver of employee engagement. The Group launched two new digital training courses, one for weighbridge operators covering why the role is important to the SUEZ business model and demonstrating how to use the system and process tasks accurately, and also the Materials Manager Production course which is designed to equip those responsible for managing stock/products on SUEZ sites with the skills required to correctly record stock levels on site so that the trading team can manage the company stock at a national level.

Benefits: The Group has set up various schemes, open to all employees, which include amongst others, dental; money off vehicle service, maintenance and repairs, winter vehicle health-checks and MOT, readership subscription to an online magazine dedicated to our industry, mobile phone and broadband, software suite and gym membership.

Giving Something Back - Protecting the Oceans

SUEZ's Sustainable Development Road Map included preserving the world's oceans as a major commitment of the group. The Group are optimising the collection, recycling and recovery of waste, improving the treatment and recovery of waste and wastewater and are regenerating biodiversity on seashore and implement practical solutions that contribute to the conservation of ecosystems and the ocean's resources in the long term.

Throughout 2019, we worked with local authorities, customers, residents and our employees to rise to this huge and essential challenge the Group provided the know-how and expertise in the management of water and waste by recording beach clean-ups at Gabriels Wharf in London, Felixstowe, Suffolk, North Devon Beach and Perranporth Beach in Cornwall.

REMUNERATION

The performance of SUEZ recycling and recovery UK is dependent on the quality and commitment of its employees. SUEZ recycling and recovery UK recognises the importance of rewarding staff in a fair, transparent and consistent manner and has a stated strategic objective of encouraging an engaged and empowered workforce and has adopted a Salary Policy, the aims of which are:

- Recruit and retain high quality employees to deliver the SUEZ recycling and recovery UK objectives;
- Achieve internal fairness and consistency in the operation of the salary related practices within SUEZ recycling and recovery UK;
- Ensure the Policy is understandable and as transparent as practicable;
- Provide salary practice and levels of payment which are sufficiently flexible and competitive within the external recruitment market place.

Hays panel

How the remuneration for its directors, senior managers and workforce set and what does this encompass e.g performance, behaviours.

The Remuneration Committee meets within the auspices of the Optimisation Committee, but may meet as a specific meeting if required and its purpose is:

SUEZ Recycling and Recovery UK Ltd

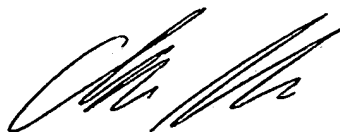
Strategic report (continued)
For the Year Ended 31 December 2019

To review and approve any material changes as a result of any review and change to the Salary Policy, led by the HR Director;

- to develop a proactive approach to improving terms and conditions in general;
- To formally sign off the Salary Reviews each year;
- To formally sign off bonus payments at the appropriate time of the year;
- To consider any recommendations for significant departmental salary repositioning based on market research.
- Job evaluations, using the standard roles and responsibilities document, are carried out by a panel of 4 trained assessors in the Hay Job Evaluation process (the process used by SUEZ recycling and recovery UK).
- Job grades and salary bands
- Annual reviews
- Genuine material factors such as market forces, skills and qualifications, internal transfers, promotions, demotions, salary supplements, associated benefits

This report was approved by the board on **29th OCT 2020** and signed on its behalf.

C Thorn
Director



SUEZ Recycling and Recovery UK Ltd

Directors' report
For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

Principal activity

The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

Results and dividends

The profit for the year, after taxation, amounted to £6,865,000 (2018 - £11,689,000).

In the year ended 31 December 2019 no dividends have been declared or paid to the parent company SUEZ Recycling and Recovery Holdings UK Limited (2018 - £Nil).

Directors

The directors who served during the year were:

D Palmer-Jones (resigned 1 January 2020)
J Scanlon
F Duval

SUEZ Recycling and Recovery UK Ltd

Directors' report (continued) For the Year Ended 31 December 2019

Directors' indemnity

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

Environmental impact

Our purpose is to protect our environment by putting waste to good use. A crucial element of this is ensuring that the vision of the circular economy - where the waste cycle can work with the economic cycle to return waste as a secondary resource back into production and consumption - becomes a reality and value is extracted from waste.

In 2019, SUEZ R&R group in the UK:

- Provided municipal collection services for a population of 1,680,549 and 23,620 I&C customers, collecting a total of 1,536,435.06 tonnes;
- Handled a total of 10,334,293 tonnes:
 - 1,536,435.06 tonnes collected
 - 3,396,686 tonnes transferred
 - 5,401,171.809 tonnes treated (sum of waste treated: inputs counted)
- Recycled and/or recovered 4,206,013 tonnes:
 - 2,175,361.65 tonnes treated via EFW
 - Recycled 1,001,424.97 tonnes
 - Produced 71,397.34 tonnes compost
 - Recycled and/or recovered 360,994.30 tonnes wood
 - Produced 176,051.8 tonnes Solid Recovered Fuels (SRF)
 - Produced 420,782.95 tonnes Refuse Derived Fuels (RDF)
- Reduced waste to disposal to 620,023.20 tonnes
- Generated 1,573,075.53 MWh of electricity from our landfill gas and energy from waste facilities
- Restored 25.8 ha of landfill and planted 259 trees
- Helped our customers avoid -1,860,140.54 teCO₂ (through recycling, recovery and electricity/thermal energy generation)

Future developments

The directors expect the company will continue to be profitable and trade at similar volumes for the foreseeable future.

Impact of Brexit

The potential impact of Brexit has been considered and the directors are of the opinion that no significant impact is expected to be felt.

SUEZ Recycling and Recovery UK Ltd

Directors' report (continued) For the Year Ended 31 December 2019

Going concern

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ UK R&R Group. The SUEZ UK R&R Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events.

Having made enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Engagement with employees

The company's employee involvement policy is driven by the SUEZ R&R UK Group. The SUEZ R&R UK Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and the SUEZ R&R UK Group magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Engagement with suppliers, customers and others

Further details of engagement with suppliers, customers and other stakeholders are contained within the Statement of corporate governance arrangements section of the strategic report on pages 9 to 13.

Disabled employees

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

Matters covered in the Strategic report

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

Statement of corporate governance arrangements

Details of corporate governance arrangements can be found in the Strategic Report on pages 5 to 10.

SUEZ Recycling and Recovery UK Ltd

Directors' report (continued)
For the Year Ended 31 December 2019

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

The reappointment of the auditors will be considered at the Company's AGM.

This report was approved by the board on **29th Oct 2020** and signed on its behalf.



C Thorn
Director

SUEZ Recycling and Recovery UK Ltd

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

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery UK Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 26 and non-adjusting post balance sheet events on page 58.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The impact of COVID-19 became significant in March 2020 and has caused widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

SUEZ Recycling and Recovery UK Ltd

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

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

We have nothing to report 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.

SUEZ Recycling and Recovery UK Ltd

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

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 on page 16, 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.

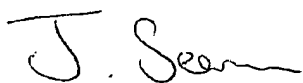
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

SUEZ Recycling and Recovery UK Ltd

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

Use of our report

This report is made solely to the Company's member 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 member those matters we are required to state to them in an auditors' 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 member for our audit work, for this report, or for the opinions we have formed.



Jonathan Seaman (Senior statutory auditor)

for and on behalf of
Mazars LLP

Chartered Accountant and Statutory Auditor

Tower Bridge House
St Katharine's Way
London

E1W 1DD

Date: 30 October 2020

SUEZ Recycling and Recovery UK Ltd

**Statement of comprehensive income
For the Year Ended 31 December 2019**

	Note	2019 £000	2018 £000
Turnover	4	548,206	476,221
Cost of sales		(485,474)	(420,278)
Gross profit		62,732	55,943
Administrative expenses		(63,601)	(55,855)
Other operating income	5	224	-
Operating (loss)/profit	6	(645)	88
Income from fixed assets investments	9	4,959	2,937
Amounts written off investments	16	(168)	-
Interest receivable and similar income	10	8,729	13,013
Interest payable and expenses	11	(5,077)	(2,358)
Other finance income	12	(270)	(353)
Profit before tax		7,528	13,327
Tax on profit	13	(663)	(1,638)
Profit for the financial year		6,865	11,689
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes		(4,684)	2,785
Movements of deferred tax relating to pension (loss)/gain		796	(473)
		(3,888)	2,312
Total comprehensive income for the year		2,977	14,001

The notes on pages 29 to 67 form part of these financial statements.

The profit and total comprehensive income is attributable to continuing operations.

SUEZ Recycling and Recovery UK Ltd
Registered number: 02291198

Statement of financial position
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	8,822	5,143
Tangible Fixed Assets	15	143,803	96,307
Investments	16	9,129	18,588
		<u>161,754</u>	<u>120,038</u>
Current assets			
Stocks	17	5,618	4,044
Debtors: amounts falling due after more than one year	18	119,768	101,756
Debtors: amounts falling due within one year	18	160,970	141,660
Cash at bank and in hand	19	591	598
		<u>286,947</u>	<u>248,058</u>
Creditors: amounts falling due within one year	20	(215,913)	(177,716)
Net current assets		<u>71,034</u>	<u>70,342</u>
Total assets less current liabilities		<u>232,788</u>	<u>190,380</u>
Creditors: amounts falling due after more than one year	21	(44,325)	(8,834)
		<u>188,463</u>	<u>181,546</u>
Provisions for liabilities			
Other provisions	25	(21,638)	(21,161)
		<u>(21,638)</u>	<u>(21,161)</u>
Net assets excluding pension liability		<u>166,825</u>	<u>160,385</u>
Pension liability	30	(16,945)	(13,482)
Net assets		<u><u>149,880</u></u>	<u><u>146,903</u></u>

SUEZ Recycling and Recovery UK Ltd
Registered number: 02291198

Statement of financial position (continued)
As at 31 December 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	26	60,131	60,131
Share premium account	27	11,733	11,733
Capital redemption reserve	27	60	60
Profit and loss account	27	77,956	74,979
Shareholder's funds - equity		149,880	146,903

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

29th OCT 2020



C Thorn
Director

The notes on pages 29 to 67 form part of these financial statements.

SUEZ Recycling and Recovery UK Ltd

**Statement of changes in equity
For the Year Ended 31 December 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	60,131	11,733	60	74,979	146,903
Comprehensive income for the year					
Profit for the year	-	-	-	6,865	6,865
Actuarial losses on pension scheme	-	-	-	(3,888)	(3,888)
Other comprehensive loss for the year	-	-	-	(3,888)	(3,888)
Total comprehensive income for the year	-	-	-	2,977	2,977
Total transactions with owners	-	-	-	-	-
At 31 December 2019	60,131	11,733	60	77,956	149,880

The notes on pages 29 to 67 form part of these financial statements.

SUEZ Recycling and Recovery UK Ltd

**Statement of changes in equity
For the Year Ended 31 December 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	60,131	11,733	60	61,353	133,277
Comprehensive income for the year					
Profit for the year	-	-	-	11,689	11,689
Actuarial gains on pension scheme	-	-	-	2,312	2,312
Adoption of IFRS 9 and IFRS15	-	-	-	(375)	(375)
Other comprehensive income for the year	-	-	-	1,937	1,937
Total comprehensive income for the year	-	-	-	13,626	13,626
Total transactions with owners	-	-	-	-	-
At 31 December 2018	60,131	11,733	60	74,979	146,903

The notes on pages 29 to 67 form part of these financial statements.

SUEZ Recycling and Recovery UK Ltd

Notes to the financial statements For the Year Ended 31 December 2019

1. General information

SUEZ Recycling and Recovery UK Ltd is a limited company incorporated, domiciled and registered in England & Wales, United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES. The Company's Registered number is 02291198.

The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

The Group in which the Company is incorporated into is SUEZ SA. The consolidated financial statements of SUEZ may be obtained from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standard as adopted by the EU (EU adopted IFRS) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

These financial statements have been prepared under the historical costs convention.

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. Accounting policies (continued)

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 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; and
 - 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 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 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting.
- 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 company has **NOT** taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.3 Going concern**

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ UK R&R Group. The SUEZ UK R&R Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day-to-day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place.

However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

Having made enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2. Accounting policies (continued)

2.4 Revenue

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

Sale of Recyclates

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

Disposal of Waste

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

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

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

Electricity Revenue

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

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

2.5 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.

Intangible assets are made up of waste collection rounds acquired by the company. Such assets are assessed as having a finite useful economic life of 10 years amortised on a straight-line basis. Amortisation is recognised within administration on the statement of comprehensive income.

2.6 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.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.6 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 10 - 30 years, straight line
Landfill airspace and engineering	- On the basis of airspace used
Plant & machinery	- 3 - 15 years, straight line
Motor vehicles	- 4 - 10 years, straight line
Fixtures & fittings	- 3 - 5 years, straight line
Assets under construction	- Depreciation commences upon completion of asset

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.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting 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 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 reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment.

2.9 Stocks

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

2.10 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.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.11 Financial instruments**

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

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

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

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

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.11 Financial instruments (continued)****Financial liabilities**

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

At amortised cost

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

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.14 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

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

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

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

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.16 Provisions for liabilities

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

Closure costs:

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

Post closure costs:

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

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.36% (2018 - 2.34%) and discounted by between 6.33% and 6.39% (2018 between 6.33% and 6.39%). The unwinding of the discount element is shown in the financial statements as a financial item.

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

The company provides for both closure and post-closure costs as the permitted airspace is used.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Statement of financial position 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 reporting date.

2. Accounting policies (continued)

2.18 Leases

The Company as a lessee

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

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

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

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

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

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.19.

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

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.19 Impact of new international reporting standards, amendments and interpretations****IFRS 16**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Statement of financial position (extract)

	31 December 2018 As originally presented £000	IFRS 16 £000	1 January 2019 Adjusted balance £000
Fixed assets			
Intangible assets	5,143	-	5,143
Tangible assets	96,307	45,754	142,061
Investments	18,588	-	18,588
	<u>120,038</u>	<u>45,754</u>	<u>165,792</u>
Current assets			
Stocks	4,044	-	4,044
Debtors	101,756	469	102,225
Current asset investments	141,660	-	141,660
Cash at bank and in hand	598	-	598
Total current assets	<u>248,058</u>	<u>469</u>	<u>248,527</u>
Creditors: amounts falling due within one year	(177,716)	(9,568)	(187,284)
Total assets less current liabilities	<u>190,380</u>	<u>36,655</u>	<u>227,035</u>
Creditors: amounts falling due after more than one year	(8,834)	(36,655)	(45,489)
Other provisions	(21,161)	-	(21,161)
Pension liability	(13,482)	-	(13,482)
Net assets	<u>146,903</u>	<u>-</u>	<u>146,903</u>

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)**2.19 Impact of new international reporting standards, amendments and interpretations (continued)****Statement of financial position (extract) (continued)**

	31 December 2018 As originally presented £000	IFRS 16 £000	1 January 2019 Adjusted balance £000
Capital and reserves			
Called up share capital	60,131	-	60,131
Share premium account	11,733	-	11,733
Capital redemption reserve	60	-	60
Profit and loss account	74,979	-	74,979
	146,903	-	146,903

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The company used incremental borrowing with a range between 1.01% and 2.19% translating to a weighted average lessee's incremental borrowing rate of 1.7%

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities

	2019 £000
IAS 17 Operating lease commitments disclosed as at 31 December 2018	<u>34,049</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	33,297
(Add): contracts transferred from other group companies	6,487
(Add): contracts identified as in scope not previously recognised	<u>6,439</u>
Lease liability recognised as at 1 January 2019	46,223
Of which are:	
Current lease liabilities	9,568
Non-current lease liabilities	<u>36,655</u>
	46,223

Contracts transferred from other group companies relate to commitments previously recognised in the entity which used the underlying asset and have, under IFRS16, been transferred to the entity which legally holds the lease agreement.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements for the year ended 31 December 2019 with the exception of IFRS 16 – 'Leases' whose impact is disclosed above:

- 'Annual Improvements to IFRS Standards 2015–2017 Cycle,' 1 January 2019.
- 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' 1 January 2019.
- 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)' 1 January 2019.
- 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)' 1 January 2019.
- IFRIC 23 'Uncertainty over Income Tax Treatments' 1 January 2019
- IFRS 16 'Leases' 1 January 2019

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements:

- 'Definition of a Business (Amendments to IFRS 3)' 1 January 2020.
- 'Definition of Material (Amendments to IAS 1 and IAS 8)' 1 January 2020.
- IFRS 17 'Insurance Contracts' 1 January 2021

**Notes to the financial statements
For the Year Ended 31 December 2019**

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

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

The key estimates and judgments used by the Company in preparing the Financial Statements relate mainly to:

- Goodwill, Intangible and tangible fixed assets - measurement of recoverable amount.

Estimates

In respect of identifying and measuring impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Estimates are used by management in determining the fair value less costs to sell and its value in use. These estimates included forecasted future cash flows, discount rates and future market conditions.

Judgments

Management make judgments in respect to identifying the indications of impairment through reference to both internal and external sources of information. See note 15 for details of impairments in the year current year.

At 31 December 2019 the company's goodwill net book value was £4.2m (2018: £4.2m), intangible asset net book value was £4.5m (2018: £0.9m), and tangible fixed assets net book value was £143.8m (2018: £96.3). (Notes 14 & 15)

- Taxation

Judgments

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Budgets and forecast are used as a basis for these judgments.

- Landfill provisions

Estimates

The post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amounts of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provision is recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money.

At 31 December 2019 the company's landfill provisions were £5.5m (2018: £6.5m) (Note 25)

- Maintenance provision

Estimates

Estimates are made of maintenance costs to be incurred over the length of operating certain facilities under operations and maintenance contracts. These cost estimates are prepared by technical experts within SUEZ based on experience in operating similar facilities along with the specific maintenance needs of each facility and contract. These cost estimates are reviewed and updated each year by senior management and are used as the basis for the maintenance provision.

At 31 December 2019 the company's maintenance provisions were £16.2m (2018: £12.1m) (Note 25)

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

3. Judgments in applying accounting policies (continued)

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

4. Turnover

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

	2019 £000	2018 £000
Disposal of waste	514,261	439,684
Sale of recyclates	31,390	35,051
Generation of electricity	2,555	1,486
	<u>548,206</u>	<u>476,221</u>
	2019 £000	2018 £000
United Kingdom	548,206	476,221
	<u>548,206</u>	<u>476,221</u>

If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

During the year ended 31 December 2019, £130,000 has been recognised in revenue relating to the release of contract liabilities held at the end of the prior year 31 December 2018.

There has been no revenue recognised in the reporting period from performance obligations satisfied in previous periods.

At the year end there is £360,000 of revenue still to be recognised in relation to remaining performance obligations that are unsatisfied.

5. Other operating income

	2019 £000	2018 £000
Research & Development expenditure credit	224	-
	<u>224</u>	<u>-</u>

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2019 £000	2018 £000
Depreciation of tangible fixed assets	23,613	12,124
Impairment of tangible fixed assets	5,230	11
Amortisation of intangible assets, including goodwill	868	166
Exchange differences	18	(3)
Cost of stocks recognised as an expense	19,885	19,443

7. Auditor's remuneration

For the year ended 31 December 2019 and the prior year, auditor's remuneration was borne by a fellow group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

8. Employees

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	90,112	76,633
Social security costs	8,784	7,635
Cost of pension	6,876	5,229
	105,772	89,497

All employees are employed by SUEZ Recycling and Recovery UK Ltd and paid by SUEZ Recycling and Recovery Holdings UK Limited. Costs are then recharged to the company.

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

	2019 No.	2018 No.
Operations	2,803	2,492
Administration and management	398	360
	3,201	2,852

During the year, no director received any emoluments (2018 - £NIL)

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

9. Income from investments

	2019	2018
	£000	£000
Dividends received from associate companies	4,959	2,937

10. Interest receivable

	2019	2018
	£000	£000
Other interest receivable	-	3,005
Interest receivable from associate companies	8,729	10,008
	8,729	13,013

11. Interest payable and similar expenses

	2019	2018
	£000	£000
Bank interest payable	2,028	649
Unwinding of discount rate	300	265
Loans from group undertakings	1,227	1,142
Interest on lease liabilities	1,522	302
	5,077	2,358

12. Other finance income

	2019	2018
	£000	£000
Net interest on net defined benefit liability	270	353
	270	353

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

13. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	42	853
Adjustments in respect of previous periods	(84)	(77)
	(42)	776
Total current tax	(42)	776
Deferred tax		
Origination and reversal of temporary differences	420	1,322
Relating to defined benefit pension schemes	208	(84)
Adjustments in respect of previous periods	77	(376)
Total deferred tax	705	862
Taxation on profit on ordinary activities	663	1,638

In addition to the amounts included in the profit and loss, a £796,000 credit relating to deferred tax has been recognised in other comprehensive income for the remeasurement of defined benefit liabilities. (2018 charge - £473,000).

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

13. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	7,528	13,327
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,431	2,532
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	251	(233)
Adjustments to tax charge in respect of prior periods	(7)	(453)
Non-taxable income	(1,034)	(38)
Lower tax rate on deferred tax balances	22	(170)
Total tax charge for the year	663	1,638

Factors that may affect future tax charges

Subsequent to the balance sheet date, the Finance Act 2020 was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This change has not been recognised in these financial statements with deferred tax continuing to be recognised at 17%.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

14. Intangible assets

	Goodwill £000	Intangible Assets £000	Total £000
Cost			
At 1 January 2019	4,252	3,678	7,930
Additions	-	4,548	4,548
At 31 December 2019	4,252	8,226	12,478
Amortisation			
At 1 January 2019	-	2,787	2,787
Charge for the year on owned assets	-	869	869
At 31 December 2019	-	3,656	3,656
Net book value			
At 31 December 2019	4,252	4,570	8,822
At 31 December 2018	4,252	891	5,143

Impairment review of goodwill

The Company reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36 Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated, first to reduce the carrying amount of the goodwill and then to the assets of the cash-generating unit. The recoverable amount has been determined by calculating the value in use using a discounted cash flow model.

SUEZ Recycling and Recovery UK Ltd

Notes to the financial statements For the Year Ended 31 December 2019

15. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under constructio n £000	Total £000
Cost or valuation						
At 1 January 2019	76,738	147,452	60,416	2,134	3,936	290,676
Additions	12,044	3,583	1,205	1,005	1,783	19,620
Transfers intra group	805	363	6,395	-	-	7,563
Disposals	(2,565)	(19,386)	(15,229)	(91)	-	(37,271)
Transfers between classes	15	476	1,454	48	(1,993)	-
Right of use assets on adoption of IFRS16 (See note 2.5)	29,102	7,247	9,404	-	-	45,753
Right of use assets additions	271	951	9,503	-	-	10,725
Disposals of right of use assets	(1,074)	(173)	(213)	-	-	(1,460)
At 31 December 2019	115,336	140,513	72,935	3,096	3,726	335,606
Depreciation						
At 1 January 2019	43,224	105,883	43,565	1,696	-	194,368
Charge for the year on owned assets	1,722	7,400	4,033	252	-	13,407
Charge for the year on right-of-use assets	3,199	2,997	4,010	-	-	10,206
Transfers intra group	257	79	5,608	(15)	-	5,929
Disposals	(2,565)	(19,051)	(15,052)	(91)	-	(36,759)
Impairment charge	37	4,974	219	-	-	5,230
Right of use - Disposals	(196)	(173)	(209)	-	-	(578)
At 31 December 2019	45,678	102,109	42,174	1,842	-	191,803
Net book value						
At 31 December 2019	69,658	38,404	30,761	1,254	3,726	143,803
At 31 December 2018	33,514	41,568	16,851	438	3,936	96,307

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

15. Tangible fixed assets (continued)

During the year impairments of £5,230,000. The impairment related to assets which are no longer used in operations and where the directors have determined that the fair value is nil and therefore been fully impaired.

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

	2019 £000
Tangible fixed assets owned	98,410
Right-of-use tangible fixed assets	45,390
	<u>143,800</u>

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

Net book value

	2019 £000
Property	25,296
Plant and machinery	5,202
Motor vehicles	14,892
	<u>45,390</u>

Depreciation charge for the year ended

	2019 £000
Property	(3,199)
Plant and machinery	(2,997)
Motor vehicles	(4,010)
	<u>(10,206)</u>

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

16. Fixed asset investments

	Investments in subsidiary companies £000	Investments in associates £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 1 January 2019	22,908	36	6	22,950
Additions	341	-	-	341
Disposals	(9,800)	-	-	(9,800)
At 31 December 2019	13,449	36	6	13,491
Impairment				
At 1 January 2019	4,362	-	-	4,362
Charge for the period	168	-	-	168
Impairment on disposals	(168)	-	-	(168)
At 31 December 2019	4,362	-	-	4,362
Net book value				
At 31 December 2019	9,087	36	6	9,129
At 31 December 2018	18,546	36	6	18,588

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

17. Stocks

	2019 £000	2018 £000
Raw materials and consumables	5,618	4,044
	<u>5,618</u>	<u>4,044</u>

In the year ended 31 December 2019 £19,885,000 (2018: £19,443,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2018: £nil).

The difference between purchase price of stocks and their replacement cost is not material.

18. Debtors

	2019 £000	2018 £000
Due after more than one year		
Amounts owed by joint ventures and associated undertakings	90,599	88,153
Contract asset	29,169	13,603
	<u>119,768</u>	<u>101,756</u>

Amounts owed by participating interests include loans with gross values of £3,652,000 (2018 - £3,457,000) to Northumberland Energy Recovery Holdings Limited, £15,530,000 (2018 - £15,347,000) to South Tyne & Wear Energy Recovery Holdings Limited, £37,213,000 (2018 - £34,241,000) to Merseyside Energy Recovery Holdings Limited, £23,475,000 (2018 - £24,247,000) to West London Energy Recovery Holdings Limited and £10,704,000 (2018 - £10,836,000) to Cornwall Energy Recovery Holdings Limited. These balances accrue interest at between 8.5% and 11% per annum, the timing of the repayment is at the discretion of the associate but before the end of the associate's underlying project agreement.

	2019 £000	2018 £000
Due within one year		
Trade debtors	102,190	95,636
Other debtors	968	14,193
Prepayments	6,967	5,175
Contract asset	42,161	18,062
Deferred taxation	8,684	8,594
	<u>160,970</u>	<u>141,660</u>

Trade debtors are stated after provision for impairment of £1,521,000 (2018 - £1,694,000).

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

19. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	591	598
	591	598

20. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	178,653	165,109
Corporation tax	42	853
Lease liabilities	10,650	1,505
Contract liability	728	4,829
Other creditors	7,781	606
Accruals	18,059	4,814
	215,913	177,716

Amounts owed by the company to group undertakings due within one year accrue interest at 0.75% (2018 0.75%) and are repayable on demand.

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

	2019	2018
	£000	£000
Lease liabilities	44,325	8,834
	44,325	8,834

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

22. Leases**Company as a lessee**

The company has leases for Property, Plant and Machinery & Vehicles

Lease liabilities are due as follows:

	2019 £000
Not later than one year	10,650
Between one year and five years	26,306
Later than five years	18,019
	<u>54,975</u>

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

	2019 £000
Interest expense on lease liabilities	1,522
Expenses relating to short-term leases	3,535
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>544</u>

23. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>265,676</u>	<u>230,244</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(259,462)</u>	<u>(180,868)</u>

Financial assets measured at amortised cost comprise trade, other debtors, contract assets, amounts owed by group companies and cash.

Financial liabilities measured at amortised cost comprise group, other creditors and accruals.

SUEZ Recycling and Recovery UK Ltd

Notes to the financial statements For the Year Ended 31 December 2019

24. Deferred taxation

	2019 £000	2018 £000
At beginning of year	8,594	9,852
Charged to the profit or loss	(706)	(862)
Charged to other comprehensive income	796	(473)
Adoption of IFRS9 & IFRS15	-	77
At end of year	8,684	8,594

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	5,458	5,863
Other differences	332	440
Relating to defined benefit pension liability	2,894	2,291
	8,684	8,594

	1 January 2019 £000	Recognised in income £000	Recognised in equity £000	31 December 2019 £000
Accelerated capital allowances	5,863	(405)	-	5,458
Other differences	440	(108)	-	332
Relating to defined benefit pension liability	2,291	(193)	796	2,894
	8,594	(706)	796	8,684

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

25. Provisions

	Environment al and landfill costs £000	Other provisions £000	Maintenance provision £000	Total £000
At 1 January 2019	6,489	2,599	12,073	21,161
Charged to profit or loss	255	-	16,302	16,557
Transferred intra group	-	-	(1,294)	(1,294)
Unwind of discount	299	-	-	299
Utilised in year	(1,557)	(2,599)	(10,929)	(15,085)
At 31 December 2019	5,486	-	16,152	21,638

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.16. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 60 years thereafter.

Other Provisions

Other provisions include legal provisions. It is anticipated that these provisions will be utilised within a year from the balance sheet date.

Maintenance provision

Provision has been made for the costs of maintaining and replacing assets as required under the terms of contracts in place with customers under operating and maintenance arrangements. The company expects for these costs to be incurred for more than 15 years.

26. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
60,130,696 (2018 - 60,130,696) ordinary shares of £1.00 each	60,131	60,131

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

27. Reserves**Share premium account**

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

Capital redemption reserve

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

Profit & loss account

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

28. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 2018 guarantees outstanding amounted to £96,602,000 (2018 - £98,737,000).

29. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019	2018
	£000	£000
Contracted for but not provided in these financial statements	3,667	6,374
	3,667	6,374

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

30. Pension commitments**Defined contribution pension scheme**

The SUEZ R&R UK Group operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,655,000 (2018 - £2,883,000). Contributions totaling £nil (2018 - £73,000) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a Defined benefit pension schemes.

The company is the sponsoring entity of the following Defined benefit pension schemes which are operated by SUEZ R&R Group:

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

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

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

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

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

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

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

Investment risk

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

30. Pension commitments (continued)**Interest risk**

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

Longevity risk

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

Inflation risk

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

As such, an increase in the expectation of future inflation will increase the Schemes' liabilities.

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

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	(102,228)	(108,562)
Current service cost	(1,221)	(1,304)
Interest cost	(2,546)	(2,443)
Actuarial gains/losses	(9,822)	8,106
Contributions	(244)	(279)
Benefits paid	5,029	3,298
Past service cost	-	(1,044)
At the end of the year	(111,032)	(102,228)

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

30. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	88,746	92,786
Actuarial gains/losses	5,138	(5,321)
Return on plan assets excluding the amount included in the net interest	2,276	2,090
Contributions by employer	2,712	2,210
Contributions by scheme participants	244	279
Benefits paid	(5,029)	(3,298)
At the end of the year	94,087	88,746
	2019 £000	2018 £000
Fair value of plan assets	94,087	88,746
Present value of plan liabilities	(111,032)	(102,228)
Net pension scheme liability	(16,945)	(13,482)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Interest on obligation	(270)	(353)
Total	(270)	(353)

The company expects to contribute £2,739,000 to its Defined benefit pension schemes in 2020.

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

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

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

30. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.05	2.70
Future salary increases	1	1
Future pension increases	1	1
Inflation assumption	1.95	2.05
Average remaining working life of participating interests	10 years	11 years

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

Effect on defined benefit obligation

In calculating the pension liabilities, the directors, upon consultation with the scheme actuary, have used VITA curves with improvements according to CMI 2015 tables (non-peaked) with a 1.5% underpin for most schemes. For the Citrus scheme, the VITA curves have been used with a long cohort.

Asset value split by region and asset class:

	Europe	North America	Asia & Oceania	Other	Total
Equities	27.5%	0.2%	0.1%	0.1%	27.9%
Bonds	65.2%	0.2%	0.1%	-	65.5%
Property	-	-	-	-	0.0%
Cash	3.1%	-	-	-	3.1%
Other	-	-	-	3.5%	3.5%
Total	95.8%	0.4%	0.2%	3.6%	100.0%

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

31. Related party transactions

Under the provisions of FRS101, the company has taken the exemptions not to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

The company undertook the following transaction with its associate undertakings:

	2019 Income £000	Outstanding at 31 Dec 2019 £000	2018 Income £000	Outstanding at 31 Dec 2018 £000
Sales to Northumberland Energy Recovery Limited	19,410	1	8,772	-
Sales to Cornwall Energy Recovery Limited	21,477	737	21,799	353
Sales to South Tyne & Wear Energy Recovery Limited	20,160	1	2,535	-
Sales to Merseyside Energy Recovery Limited	14,463	(2,425)	17,169	7
Sales to West London Energy Recovery Limited	19,492	57	22,269	128

In addition to the above trading amounts, SUEZ Recycling and Recovery UK Ltd has made loans of £3,652,000 (2018 - £3,457,000) to Northumberland Energy Recovery Holdings Limited, £15,530,000 (2018 - £15,347,000) to South Tyne & Wear Energy Recovery Holdings Limited, £37,213,000 (2018 - £34,241,000) to Merseyside Energy Recovery Holdings Limited, £23,478,000 (2018 - £24,247,000) to West London Energy Recovery Holdings Limited and £10,704,000 (2018 - £10,836,000) to Cornwall Energy Recovery Holdings Limited, all associate companies.

For the year ended 31 December 2019 the company made purchases of £66,000 (2018: £47,000) and received fees for management and administration services of £129,000 (2018: £156,000) from Shropshire Waste Management Limited a subsidiary company, no balances were outstanding at the year end.

Up until the 21 May 2019 SUEZ Recycling and Recovery UK Limited owned 93.3% of the share capital of Shropshire Waste Management Limited, whilst Telford and Wrekin Council owns 6.7%. On the 21 May 2019 SUEZ Recycling and Recovery UK Limited purchased the 6.7% share from Telford and Wrekin Council, therefore at the 31 December 2019 SUEZ Recycling and Recovery UK Limited owned 100% of the share capital of Shropshire Waste Management Limited.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

32. Controlling party

The company is a subsidiary of SUEZ SA, a company incorporated in France. SUEZ SA is the ultimate parent company at 31 December 2018.

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

In the opinion of the directors, SUEZ Recycling and Recovery Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of SUEZ Recycling and Recovery UK Ltd. At the year end SUEZ SA was the ultimate controlling party, being the ultimate controlling party of SUEZ Recycling and Recovery Holdings UK Limited.

33. Post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. The company is treating this as a non-adjusting post balance sheet event and therefore the judgments and estimates disclosed in note 3 have not been updated to reflect the impact of this event.

The events and impacts of COVID-19 on the company are detailed within the Strategic Report on page 3. The impact continue to evolve therefore an estimate can not be made at the current time of it's financial impact on the company.

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

34. Subsidiaries, joint ventures and associates**a. Subsidiaries**

Company name	Country	Percentage	Description
Binn Landfill (Glenfarg) Limited	Scotland	100	Landfill site operator
Group Fabricom Limited	England & Wales	100	Holding company
Midland Land Reclamation Limited	England & Wales	100	Landfill site operator
Northumberland Waste Management Limited	England & Wales	100	Landfill site operator
Shropshire Waste Management Limited	England & Wales	93.3	Landfill site operator
SUEZ Recycling and Recovery Kirklees Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Lancashire Ltd	England & Wales	100	Waste disposal and landfill site operator
SHUKCO 347 LTD	England & Wales	100	Waste disposal
SUEZ Recycling and Recovery South Gloucestershire Ltd	England & Wales	100	Municipal services
SHUKCO 348 LTD	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Tees Valley Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Isle Of Man Ltd *	Isle of Man	100	Energy from waste plant operator
SUEZ Recycling and Recovery Surrey Ltd	England & Wales	100	Waste disposal
Tyne Waste Limited	England & Wales	100	Waste disposal and landfill site operator
Cliffeville Limited	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Suffolk Ltd *	England & Wales	100	EFW plant
SHUKCO LTD	England & Wales	100	Holding Company
SHUKCO 327 LTD	England & Wales	100	Holding Company
SHUKCO 340 LTD	England & Wales	100	Holding Company
A & J Bull Limited	England & Wales	100	Dormant
Attwoods Israeli Investments Limited	England & Wales	100	Dormant
Attwoods Limited	England & Wales	100	Dormant
Dorset Waste Management Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery Alternative Fuels Ltd	England & Wales	100	Dormant
Gulvain Energy Limited	Scotland	100	Dormant
Gurteens Limited	England & Wales	100	Dormant
Hemmings Waste Management Limited	England & Wales	100	Dormant

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

34. Subsidiaries, joint ventures and associates (continued)**a. Subsidiaries (continued)**

Company name	Country	Percentage	Description
LWS Collection Services Limited	England & Wales	100	Dormant
Nene Valley Waste Limited	England & Wales	100	Dormant
Ryton Waste Disposal Limited	England & Wales	100	Dormant
SHUKCO 303 Limited	England & Wales	100	Dormant
SHUKCO 323 LTD	England & Wales	100	Dormant
SHUKCO 336 LTD	England & Wales	100	Dormant
SHUKCO 337 LTD	England & Wales	100	Dormant
SHUKCO 338 LTD	England & Wales	100	Dormant
SHUKCO 341 LTD	England & Wales	100	Dormant
SHUKCO 342 LTD	England & Wales	100	Dormant
SHUKCO 343 LTD	England & Wales	100	Dormant
SHUKCO 345 LTD	England & Wales	100	Dormant
SHUKCO 350 LTD	England & Wales	100	Dormant
Sid Knowles Waste Limited	England & Wales	100	Dormant
Attwoods Holdings Limited	England & Wales	100	Dormant
SITA UK Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery UK Pension Plans Trustees Ltd	England & Wales	100	Dormant
Sortwaste Environmental Limited	England & Wales	100	Dormant
United Waste Property Limited	England & Wales	100	Dormant
United Water UK Limited	England & Wales	100	Dormant
Whinney Hill Stone Sales Limited	England & Wales	100	Dormant
Wilson Waste Management Limited	England & Wales	100	Dormant
Wm E Christer (Gravel) Limited	England & Wales	100	Dormant

b. Joint ventures

Company name	Country	Percentage	Description
NS NORM Limited	England & Wales	50	Nuclear decontamination
Lidsey Landfill Limited	England & Wales	50	Landfill operator

SUEZ Recycling and Recovery UK Ltd

**Notes to the financial statements
For the Year Ended 31 December 2019**

34. Subsidiaries, joint ventures and associates (continued)**c. Associates**

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

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

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

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

- Binn Landfill (Glenfarg) Limited - 15 Atholl Crescent, Edinburgh, EH3 8HA.
- Gulvain Energy Limited - 15 Atholl Crescent, Edinburgh, EH3 8HA.
- SUEZ Recycling and Recovery Northern Ireland Ltd - Cleaver Fulton Rankin Solicitor, 50 Bedford Street, Belfast, BT2 7FW.
- Glenfarg Organics Limited - Orchard Bungalow Offices, Binn Farm, Glenfarg, Perthshire, United Kingdom, PH2 9PX.
- SUEZ Recycling and Recovery Isle Of Man Ltd - Isle of Man Energy from Waste Facility, Richmond Hill, Isle of Man. IM4 1JH