

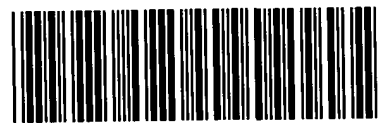
Registered number: 03184332

SUEZ Recycling and Recovery Surrey Limited

Annual report and financial statements

For the Year Ended 31 December 2022

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SUEZ Recycling and Recovery Surrey Limited

Company Information

Directors	J Scanlon G Mayson C Thorn
Company secretary	M H Thompson
Registered number	03184332
Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP 90 Victoria Street Bristol BS1 6DP

SUEZ Recycling and Recovery Surrey Limited

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SUEZ Recycling and Recovery Surrey Limited

Strategic report For the Year Ended 31 December 2022

Business review

	2022	2021	
	£000	£000	Change
Turnover	71,547	87,031	- 18%
Operating profit	786	3,587	- 78%
Loss after tax	(7,096)	(12,144)	+ 42%
Shareholder's deficit	(57,849)	(50,753)	+ 14%
Current assets as % of current liabilities	736%	180%	

The decrease in turnover is partly due to a decreased construction revenue recognised, relating to the final milestones paid to M+W (the engineering and construction group) in 2021, with no milestone being paid in 2022 and less construction or project management costs now the ECO park facilities now all operational. A one off indexation adjustment lead to a decrease in revenue from disposal of waste, linked to the contract with the council, which also contributed the overall decrease in revenue seen in 2022 compared to 2021. This was offset slightly by an increase in revenue from sale of recyclates down mainly to an increase in commodity prices.

The operating loss in 2022 compared to last year is driven by mainly by the one off indexation adjustment to revenue noted above along with lower revenues for the first quarter from the ECO Park gasifier despite being operational and incurring normal levels of cost of sales. This was due to the dispute which was ongoing during the year.

The increase in loss after tax in 2021 is attributable to the factors contributing to the decreasing operating profit described above, as well as higher interest on the loan.

Post Balance Sheet Event

In September 2023 the Company has entered into a variation of the contract held with Surrey County Council. As part of negotiations the parties have settled all contractual disputes which were ongoing since prior years. A settlement payment totalling £1.7m has been agreed and recognised in revenue in these financial statements. There is no impact on the service concession financial asset recognised at 31 December 2022 as a result of this variation.

The variation will extend the contract by an additional three years with an option for a further two years. The service concession financial asset will be recovered in full over this extended period

Principal risks and uncertainties

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

Operational risks

The Group's operations involve some major public sector contracts, ranging from periods of 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.

SUEZ Recycling and Recovery Surrey Limited

Strategic report (continued) For the Year Ended 31 December 2022

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

Competitive risks

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

Legislative risks

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

Health and Safety risks

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

Financial instrument risks

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

Use of derivatives

On certain major contracts, the 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.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group benefits from a current account overdraft facility from its parent company in France which allows funds to be drawn down to meet day-to-day financial obligations, the Group also 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.

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.

Ukraine Conflict

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

Strategic report (continued)
For the Year Ended 31 December 2022

further.

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

Section 172 statement

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

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

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

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

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

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

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

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

The Directors of the Company delegated certain duties and responsibilities to various committees, further details can be found on pages 4 of the strategic report, and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

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

- Development of The SUEZ Way and The SUEZ Way management system;

Strategic report (continued)
For the Year Ended 31 December 2022

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

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

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

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

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

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

- The Directors and senior management regularly engaged and consulted with the Company's customers, suppliers and partners in a variety of forums and through everyday operations to obtain feedback, build closer relationships and resolve day-to-day business matters. The Company employed various customer experience insight tools and obtained customer satisfaction and other related data through customer surveys. The insight tools enabled us to identify customer needs and build customer value propositions and services tailored to meet these. Understanding performance of our Customer Standards from customers'

Strategic report (continued)
For the Year Ended 31 December 2022

perspective, gives key insights to direct continuous improvement activities through transformation projects or/and small incremental changes. The insight supports our efforts to make it easy for our customers to deal with us – one of the fundamental customer needs and supports our continuous service improvement and relationships deepening efforts;

- The Company participated in a number of customer and industry events at a local and group-wide level including presenting at the 26th United Nations Climate Change Conference of the Parties (COP26) live event in Glasgow focusing on the resources sector and its involvement in the decarbonisation objectives set out by COP and hosting a site visit and tour of our engineering facilities at Packington Landfill near Birmingham by the Worcestershire branch of the Institute of Mechanical Engineers (IMechE);
- Government and industry engagement is regularly undertaken including through membership of recognised organisations such as the Environmental Services Association (ESA), Chartered Institution of Wastes Management (CIWM), and local authority trade bodies such as the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Local Government Organisation (LGA), The Local Authority Recycling Advisory Committee (LARAC), Confederation of British Industry and Let's Recycle; and
- The Company's Compensation and Benefits functions regularly engaged with, and where appropriate consulted, the trustees of the Company's pension schemes, updating and consulting the Board, as appropriate on key matters and decisions.

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

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

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

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency. More details of how the Company promotes its purpose of protecting our environment by putting waste to good use is set out in the Environmental matters section of the Directors' report (page 10).

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

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

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

Strategic report (continued)
For the Year Ended 31 December 2022

compared with non-renewable sources.

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

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable. SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own-generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. As the deal is REGO certified, the electricity is guaranteed as 100% renewable.

Under Sustainable Environment we celebrated biodiversity improvements across the business including:

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

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

Throughout the year, the Directors and management of the Company actively encouraged the Company's employees to participate in a number of activities including:

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

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

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

S172(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The UK Group has group-wide policies as well as mandatory annual Ethics training which apply to the Company's entire workforce and govern business practices and provides guidance for ethical decision making.

Strategic report (continued)
For the Year Ended 31 December 2022

These group-wide policies govern conduct with the Company's customers, suppliers, partners as well as matters relating to anti-corruption, conflicts of interest, amenities, workplace harassment and supply chain responsibility amongst many other key matters.

The UK Group has a separately designated standing Audit team and function which continuously throughout the year, on a weekly basis, conducts internal compliance audits of the UK Group's business operations and functions including those of the Company.

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

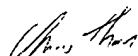
- Acting in accordance with laws and regulations;
- Establishing a culture of integrity;
- Behaving fairly and honestly;
- Respecting others.

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

S172(1)(f) The need to act fairly as between members of the Company

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

This report was approved by the board on 29 September 2023 and signed on its behalf.



C Thorn
Director

SUEZ Recycling and Recovery Surrey Limited

Directors' report For the Year Ended 31 December 2022

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

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 Company has a 25 year contract, signed in 1999, with Surrey County Council to construct, finance and operate waste disposal sites in the county. The Company operates as part of the SUEZ Recycling and Recovery UK Group ("The Group").

Results and dividends

The loss for the year, after taxation, amounted to £7,096,000 (2021 - loss £12,144,000).

The directors do not recommend the payment of a dividend (2021 - £Nil).

Directors

The directors who served during the year were:

J Scanlon
C Thorn
G Mayson

No director who held office on 31 December 2022 had an interest in the Company's shares either during the financial year or at 31 December 2022.

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued) For the Year Ended 31 December 2022

Environmental impact

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

	2022	2021
Total energy consumption used to calculate emissions	6,165,095,079	6,656,527,447
Emissions from combustion of gas (Scope 1)	42	43
Emissions from the combustion of landfill gas & biogas (Scope 1)	2,512	2,949
Emissions from combustion of fuel for transport purposes (Scope 1)	77,161	56,321
Emissions from purchased electricity (Scope 2, location-based)	10,248	12,118
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	632.5	431.4
Total gross CO ₂ e based on above (location based)	914,675	948,978
Intensity ratio: tCO ₂ e gross / tonnes waste handled (location based)	79	82

Energy Efficiency Action

During the year The Group have undertaken a number of energy and carbon reduction improvement actions. These are summarised as follows and are associated with the electricity and fuel consumed, the infrastructure and equipment operated, and the training and education we provide to our employees as well as our wider stakeholders in order to further our efforts towards sustainable resource consumption and achieving our goal to be better than carbon neutral by 2040.

Electricity

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

Fuel

The Group still promote the uptake of digital meetings to avoid travel where possible.

Infrastructure and Equipment

After the introduction of electric vehicles into our company car fleet in 2020 38% of light vehicles are now electric together with the ongoing installation of electric vehicle charging points with 206 charging points now installed across 54 locations to support our transition towards an electric company car fleet.

In 2022 we migrated to a new Purchase to Pay procurement system which will allow greater detail for the analysis of purchasing of commodities such as gas, oil, diesel, HVO and Kerosene

Awareness and Education

In 2022 we generated 1,355,022 MWh of electricity and 1,320,863 MWh of heat from the resources we manage.

With the continuation of our 10 Sustainability Principles and network of Sustainability Champions we put sustainable behaviours at the heart of how we operate. Staff regularly also attended and host various internal and external webinars to raise awareness of reducing consumption and associated carbon emissions.

We are improving our internal communications across our sites to share greater information on our energy efficiency and resource consumption.

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued) For the Year Ended 31 December 2022

Future developments

As detailed in note 23 the Company has entered into a variation of the contract held with Surrey County Council which extend the contract by an additional three years with an option for a further two years. Support from the Group remains for the foreseeable future.

Going Concern

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ Recycling and Recovery UK Group ("The Group"). The Group has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

At 31 December 2022 the Company had net liabilities of £57,849,000 (2021 - £50,753,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ Recycling & Recovery UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations for the next twelve months from the date of approval of these financial statements. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

The Group benefits from a current account overdraft facility from SUEZ Holdings S.A.S to finance day to day activities. It also benefits from long term loans from SUEZ Holdings S.A.S 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 Holdings S.A.S 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 Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility with SUEZ Holdings S.A.S will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

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.

Directors' report (continued)
For the Year Ended 31 December 2022

Engagement with employees

The Company, as part of The Group, communicates with its employees using a variety of channels and formats to share business updates, and company priorities including hard copy and e-newsletters, posters, webinars, videos, an intranet, Yammer and other apps. Key messages, such as updates on the CMA investigation are shared using multiple formats and channels to improve reach with frontline staff who are not working online during standard working hours.

The Directors engaged directly with employees via emails, social media channels and webinars, which give our employees the opportunity to interact with and give feedback to members of the Board and senior management.

The Company's annual staff conferences for managers returned to their usual 'in person' format in 2022 after a move online in 2021 to comply with Covid-19 restrictions. The conferences, held every spring and led by the Directors, provide a forum for updating on progress in each of the critical success factors (CSFs), communicating the business priorities for that year and celebrating successes. They are also an opportunity for managers to give feedback to senior leaders. As part of efforts to extend engagement with operational teams, representatives from the frontline attended each of the conferences. At each conference, awards were given out to individuals or teams who had demonstrated exceptional performance in one of the eight CSFs. These annual awards are supported by a monthly scheme, where staff can nominate their peers to receive an award in one of the CSF areas.

The Company's biennial employee engagement survey, U Say, is open to all employees and was carried out in September 2022, achieving a participation rate of 83%. The Board considers the results of all employee engagement as a good barometer of the workforce's confidence in The Group's strategic direction, optimism in the future and career opportunities. Overall engagement levels have been sustained since the 2020 survey, a notable achievement during a period of change for the Company and for society as a whole and the Company retained its ranking in the Top 25 Best Big Companies to work for. The results will be cascaded throughout the organisation throughout spring 2023, with line managers, heads of department and the senior management team all tasked with developing action plans by April to address areas identified for improvement.

Throughout 2022 The Group's health and safety (H&S) training programme continued to focus on 'Situational Awareness', targeting a reduction in injuries that could have been avoided if people were more aware of their surroundings. However it was a challenging year for the entire industry with H&S performance for all, affected as a result. Multiple factors including BREXIT, which is one of the root causes of the National driver shortage, and a high churn rate (especially seen in manual roles) impacted the The Group's H&S performance KPI's. As a result our accident frequency rate increased by 19% compared to prior year. The churn rate led to a higher number of less experienced employees within the business and a higher training demand on managers and supervisors onboarding them. Low level incident types, such as slips and trips, increased which with heightened situational awareness of employees could have been avoided. Therefore across 2023 our situational awareness programme remains a key focus in these areas along with top priority given to specific intervention strategies to target key performance areas as indicated by our 2022 data.

The Chief Executive Officer (CEO), Chief Human Resources Officer and members of the senior management team had calls and met with the SWC to discuss, amongst other things the agreement for the sale of the SUEZ S.A Group, including the The Group to Veolia S.A., and the subsequent investigation by the Competition and Markets Authority, to ensure the Board responded to all matters that are important to all its employees.

The Group ran over 20, Wellness for All, webinars spanning different aspects of mental and physical wellbeing, inclusion and diversity. Webinars are made available on demand to promote accessibility amongst operational teams who are less likely to be able to watch live. In 2022, the Company also introduced a number of topic specific sharing sessions, where employees could hear from an expert on a particular issue and share their experiences to benefit from peer support.

**Directors' report (continued)
For the Year Ended 31 December 2022**

Engagement with employees (continued)

The rewards and benefits portal, You@SUEZ continued to offer wellbeing resources for all staff alongside discounts at a wide range of high street retailers. All staff can also sign up to the Wecare service where they can access online GP appointments, including out of hours and counselling services.

Engagement with suppliers, customers and others

Customers

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

In 2022, the results of the Customer Effort Scores, the metric used to measure customer satisfaction, showed strong performance in all areas and improved by three percentage points on 2021 scores. As a further measure, the Company began proactively inviting customers to leave feedback through Trustpilot at key points in the customer journey, receiving 524 customer reviews in 2022 and improving its mean customer score by 0.5.

Alongside this, the Company received feedback through its website, social media channels and in hard copy from customers and local residents who it services on behalf of customers. All feedback is acknowledged and shared with the relevant team or individual and any complaints are investigated with a response provided.

Customers were kept informed by email at key milestones during the sale of The Group to Veolia S.A., the subsequent investigation by the Competition and Markets Authority and the re-acquisition by SUEZ group.

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 teams.

The Board receives information through various group's Board reports produced throughout the business. In 2022, in support of the digitalisation and data accuracy CSF, the Company introduced a new portal for supplier management, Coupa. This allows suppliers to register with SUEZ and submit invoices online. It gives improved visibility of spending with suppliers and reduces manual interventions in the invoicing process, improving efficiencies and oversight of supplier spending. It also provides an enhanced experience for suppliers who can check the status of their invoices in real time.

The Company ran its inaugural supplier awards in 2022, recognising suppliers that share its values and that helped the Company achieve its goals. The awards covered five categories, aligned to the CSFs and triple bottom line, with a winner and 'highly commended' available in each category.

Suppliers were kept informed at key milestones during the sale of The Group to Veolia S.A., the subsequent investigation by the Competition and Markets Authority and the re-acquisition by SUEZ group.

Other stakeholders

Other key stakeholders include the Government, Regulators, Local Authorities and the Trustees of The Group and other associated pensions schemes. With the lifting of Covid-19 restrictions some face-to-face meetings and site visits resumed. Where appropriate virtual meetings were maintained in many instances, improving efficiencies and avoiding the carbon impacts of business travel.

The CEO, some Directors and senior managers participated in discussions with members of Government and senior officials to provide an overview of the recycling and recovery industry and to give feedback on reforms being considered by Government.

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

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued) For the Year Ended 31 December 2022

derogations where necessary. The Company and the Trustees of The Group's defined pension schemes are in regular dialogue and work collaboratively to support the smooth running of the schemes.

The Environment

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

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

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

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.

Matters covered in the Strategic report

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

Disclosure of information to auditor

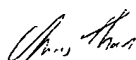
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

This report was approved by the board on 29 September 2023 and signed on its behalf.



C Thorn
Director

SUEZ Recycling and Recovery Surrey Limited

Independent auditor's report to the members of SUEZ Recycling and Recovery Surrey Limited

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery Surrey Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Emphasis of matter

Informing our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 23 to the financial statements concerning the impact of the settlement of the ongoing contractual dispute with a key customer and subsequent contract variation on the financial statements, in particular on the valuation of the services concession financial asset.

Other information

SUEZ Recycling and Recovery Surrey Limited

**Independent auditor's report to the members of SUEZ Recycling and Recovery Surrey Limited
(continued)**

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

SUEZ Recycling and Recovery Surrey Limited

**Independent auditor's report to the members of SUEZ Recycling and Recovery Surrey Limited
(continued)**

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

**Independent auditor's report to the members of SUEZ Recycling and Recovery Surrey Limited
(continued)**

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: environmental legislation, employment regulation, health and safety regulation, anti-money laundering regulation.

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

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

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

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

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

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

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

SUEZ Recycling and Recovery Surrey Limited

Independent auditor's report to the members of SUEZ Recycling and Recovery Surrey Limited (continued)

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

Use of the audit report

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



Jon Barnard (Sep 29, 2023 14:24 GMT+1)

Jonathan Barnard (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP
Date: Sep 29, 2023

SUEZ Recycling and Recovery Surrey Limited

**Statement of comprehensive income
For the Year Ended 31 December 2022**

	Note	2022 £000	2021 £000
Turnover	4	71,547	87,031
Cost of sales		(61,569)	(72,029)
Gross profit		9,978	15,002
Administrative expenses		(9,192)	(11,415)
Operating profit	5	786	3,587
Interest receivable and similar income	8	5,479	4,988
Interest payable and similar expenses	9	(15,094)	(11,051)
Impairments	10	-	(10,335)
Loss before tax		(8,829)	(12,811)
Tax credit on loss	11	1,733	667
Loss for the financial year		(7,096)	(12,144)
Total comprehensive loss for the year		(7,096)	(12,144)

The notes on pages 22 to 40 form part of these financial statements.

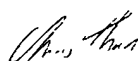
All loss and comprehensive loss is attributable to continuing activities.

SUEZ Recycling and Recovery Surrey Limited
Registered number: 03184332

Statement of financial position
As at 31 December 2022

	Note	2022 £000	2021 £000
Current assets			
Stocks	12	80	81
Debtors: amounts falling due after more than one year	13	21,428	36,611
Debtors: amounts falling due within one year	13	72,899	76,459
Cash at bank and in hand	14	7	7
		<u>94,414</u>	<u>113,158</u>
Creditors: amounts falling due within one year	15	(12,826)	(62,950)
Net current assets		<u>81,588</u>	<u>50,208</u>
Total assets less current liabilities		<u>81,588</u>	<u>50,208</u>
Creditors: amounts falling due after more than one year	16	(137,393)	(97,000)
		<u>(55,805)</u>	<u>(46,792)</u>
Provisions for liabilities			
Deferred taxation	18	-	(2,424)
Other provisions	19	(2,044)	(1,537)
		<u>(2,044)</u>	<u>(3,961)</u>
Net liabilities		<u>(57,849)</u>	<u>(50,753)</u>
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	(57,849)	(50,753)
Shareholder's deficit - equity		<u>(57,849)</u>	<u>(50,753)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2023



C Thorn
Director

SUEZ Recycling and Recovery Surrey Limited

**Statement of changes in equity
For the Year Ended 31 December 2022**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	-	(50,753)	(50,753)
Comprehensive loss for the year			
Loss for the year	-	(7,096)	(7,096)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(7,096)	(7,096)
At 31 December 2022	-	(57,849)	(57,849)

The notes on pages 22 to 40 form part of these financial statements.

**Statement of changes in equity
For the Year Ended 31 December 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	-	(38,609)	(38,609)
Comprehensive loss for the year			
Loss for the year	-	(12,144)	(12,144)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(12,144)	(12,144)
At 31 December 2021	-	(50,753)	(50,753)

The notes on pages 22 to 40 form part of these financial statements.

SUEZ Recycling and Recovery Surrey Limited

Notes to the financial statements For the Year Ended 31 December 2022

1. General information

SUEZ Recycling and Recovery Surrey Limited is a private company, limited by shares, 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. Registered number is 03184332.

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

The Group in which the Company is incorporated into is SUEZ Holdings S.A.S. The consolidated financial statements of SUEZ Holdings S.A.S may be obtained from Tour CB21, 16 Place de L'Iris, 92400 Courbevoie, 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 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).

**Notes to the financial statements
For the Year Ended 31 December 2022**

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 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.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

Financial reporting standard 101 - reduced disclosure exemptions (continued)

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:

Effective from 1 January 2023:

- IAS 1 Amendment: Classification of Liabilities as Current or Non-current and Deferral of Effective Date.
- IAS 1 Amendment: Disclosure of Accounting Policies.
- IAS 8 Amendment: Definition of Accounting Estimates.
- IAS 12 Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- IFRS 17 Insurance Contracts and IFRS 17 Amendment: Amendments to IFRS 17.

2.3 Going concern

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ Recycling and Recovery UK Group ("The Group"). The Group has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

At 31 December 2022 the Company had net liabilities of £57,849,000 (2021 - £50,753,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ Recycling & Recovery UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations for the next twelve months from the date of approval of these financial statements. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

The Group benefits from a current account overdraft facility from SUEZ Holdings S.A.S to finance day to day activities. It also benefits from long term loans from SUEZ Holdings S.A.S 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 Holdings S.A.S 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 Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility with SUEZ Holdings S.A.S will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

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.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the Company. Service concession 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.

Revenue from the sale of recyclate materials is recognised, based on contractually agreed prices, when the risks and rewards have passed to the buyer.

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

2.5 Stock

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.

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 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.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.8 Financial instruments

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

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

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.

2.9 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.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.10 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.

2.11 Pensions

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

The Company participates in the Group's defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2021 and 5 April 2022. These are schemes under common control, the assets and liabilities of which are held separately from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.12 Service concession financial asset

In accordance with IFRIC 12 and the various provisions of IFRS, the Company has determined the appropriate treatment of the principal assets of, and income streams from, PFI and similar contracts.

Results of all service concessions which fall within the scope of IFRIC12 conform to the following policies depending on the rights to consideration under the service concessions:

Service concessions treated as financial assets

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

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable.

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

Financial Assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Company has entered into a contract to provide waste management services on behalf of Surrey County Council. The Company is contractually obliged to design, build and operate waste facilities, including household waste recycling centres, materials recycling centres, transfer stations and an Eco-Park on behalf of Surrey County Council, and has the right to use these facilities to provide waste management services. The grantor (Surrey County Council) has agreed to provide a minimum guaranteed tonnage of waste to the facility and will pay a fixed price per tonne for this level of waste, with any further tonnage being subject to a different rate. The Company in return, will remove and treat the waste and is obliged to maintain the facilities under lifecycle clauses within the contract.

The Company has the right to both accept and process third party waste, and to generate electricity revenues at the waste facilities.

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

The service arrangement has been classified as a financial asset under IFRIC 12 due to the highly guaranteed nature of the expected revenues from the contract, which are expected to cover the fair value of the construction services.

2.13 Interest income

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

Notes to the financial statements
For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.14 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 2.21% (2021 - 2.44%) and discounted by 3.10% (2021 - 5.84%). 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.

2.15 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 timing differences that have originated but not reversed by the reporting 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.

**Notes to the financial statements
For the Year Ended 31 December 2022**

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 used by the Company in preparing the Financial Statements relate mainly to:

- **Landfill provisions** – 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 amount 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 provisions are 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 2022 the Company's landfill provisions were £2.0m (2021: £1.5m) (Note 19).

As well as relying on estimates, 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. This particularly applies in relation to the recognition of concession arrangements.

- **Service concession arrangements** – Consideration from contract with public sector entities for waste management service concessions is treated either as contract receivables or an intangible asset or a mixture of both based on the right to receive cash from the arrangement. Management have used judgment to determine the fair value of the services provided when splitting the contractual receivables between the construction of assets, the operating of the facilities and the provision of financing. Further details of these arrangements found in note 2.12.

The Company has made judgments and estimates in relation to the carrying value of the service concession financial asset (note 13 - £38,377,000)

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

4. Turnover

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

	2022	2021
	£000	£000
Disposal of waste	63,464	70,842
Construction revenue	1,535	12,892
Sale of recyclates	3,144	1,630
Generation of electricity	3,404	1,667
	71,547	87,031

All turnover arose within the United Kingdom.

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.

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Cost of stocks recognised as an expense	771	659

6. Auditors' remuneration

For the year ended 31 December 2022 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.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

7. Employees

Staff costs were as follows:

	2022	2021
	£000	£000
Wages and salaries	7,416	6,678
Social security costs	811	693
Pension costs	564	572
	8,791	7,943

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

	2022	2021
	No.	No.
Operational	193	183
Administrative and management	24	26
	217	209

During the year, no director received any emoluments (2021 - £NIL).

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.

8. Interest receivable

	2022	2021
	£000	£000
Interest receivable from group companies	1,095	92
Interest on service concession financial asset	4,384	4,896
	5,479	4,988

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

9. Interest payable and similar expenses

	2022 £000	2021 £000
Unwinding of discount rate	717	113
Loans from group undertakings	13,550	9,844
Other interest payable	827	1,094
	15,094	11,051

10. Impairments

	2022 £000	2021 £000
Other losses on service concession financial assets measured at amortised cost	-	(10,335)
	-	(10,335)

Other losses on service concession financial assets measured at amortised cost in the prior relates to the delays in the construction of the Eco Park and the associated contractual dispute which have resulted in a reduction in the unitary charge expected from the authority. See note 23 for the further details of the post balance sheet event in relation to this contractual dispute.

Notes to the financial statements
For the Year Ended 31 December 2022

11. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	1,669	(2,789)
Adjustments in respect of previous periods	(212)	(114)
	1,457	(2,903)
Total current tax	1,457	(2,903)
Deferred tax		
Origination and reversal of timing differences	(3,124)	718
Adjustments in respect of prior periods	(66)	1,518
Total deferred tax	(3,190)	2,236
Taxation on loss on ordinary activities	(1,733)	(667)

Factors affecting tax credit for the year

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

	2022	2021
	£000	£000
Loss on ordinary activities before tax	(8,829)	(12,812)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,678)	(2,434)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	634	290
Adjustments to tax charge in respect of prior periods	(278)	1,404
Change in taxation rate	(411)	73
Total tax credit for the year	(1,733)	(667)

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

11. Taxation (continued)**Factors that may affect future tax charges**

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

12. Stock

	2022	2021
	£000	£000
Raw materials and consumables	80	81
	80	81

In the year ended 31 December 2022 £771,000 (2021: £659,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2021: £nil).

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

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

13. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Service concession financial asset	21,428	36,611
	21,428	36,611
	2022	2021
	£000	£000
Due within one year		
Amounts owed by group undertakings	40,591	37,443
Other debtors	445	965
Prepayments	656	67
Service concession financial asset	16,949	28,138
Corporation tax recoverable	-	2,789
Deferred taxation	766	-
Contract assets	13,492	7,057
	72,899	76,459

14. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	7	7
	7	7

15. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Loans from group undertakings	8,370	50,881
Corporation tax payable	1,669	3
Contract liability	605	466
Other creditors	1	1
Accruals	2,181	11,599
	12,826	62,950

Notes to the financial statements
For the Year Ended 31 December 2022

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

	2022	2021
	£000	£000
Loans from group undertakings	137,393	97,000
	137,393	97,000

Unsecured Loans

Loans owed to group undertakings relate to loans which accrue interest of 5.91% and 11%.

These amounts are repayable over 3.5 years starting on 31st December 2021.

17. Financial instruments

	2022	2021
	£000	£000
Financial assets		
Service concession financial asset	38,377	69,605
Financial assets measured at amortised cost	54,535	47,682
	92,912	117,287

Financial liabilities

Financial liabilities measured at amortised cost	(148,551)	(151,047)
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Financial assets measured at amortised cost comprise of amounts owed by group undertakings, contract assets, other debtors and cash.

Financial liabilities measured at amortised cost comprise of loans to group undertakings, accruals, contract liabilities and other creditors.

18. Deferred taxation

	2022	2021
	£000	£000
At beginning of year	(2,424)	133
Charged to the profit or loss	3,190	(2,557)
At end of year	766	(2,424)

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

18. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2022	2021
	£000	£000
Accelerated capital allowances	609	(2,583)
Other timing differences	157	159
	766	(2,424)

All of the deferred tax has been recognised through the income statement.

19. Provisions

	Environ- mental and landfill costs £000
At 1 January 2022	1,537
Unwinding of discount rate	717
Utilised in year	(210)
At 31 December 2022	2,044

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.14. 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.

20. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1 (2021 - 1) ordinary share of £1.00	1	1

This share carries no rights to fixed income or has any preferences or restrictions attached on them.

**Notes to the financial statements
For the Year Ended 31 December 2022**

21. Reserves

Profit & loss account

Profit & Loss account is distributable reserves made up of retained earnings.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme 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 £549,000 (2021 - £554,000).

The Company participates in the Group's defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2021 and 5 April 2022. These are schemes under common control, the assets and liabilities of which are held separately from the Group.

There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The Company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels or contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

The assets in the Group schemes are measured at their fair value at the balance sheet date and overall expected rates of return are established by the directors following discussions with the Group's actuary. The liabilities in the scheme are measured on an actuarial basis using the projected unit method. The net liability of the UK schemes, at 31st December 2022 is £5,673,000 (2021: £6,552,000).

The pension cost charge represents contributions payable by the Company to the funds and amounted to £15,000 (2021 - £18,000). It is not anticipated that future pension cost charges in SUEZ Recycling and Recovery Surrey Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ Recycling and Recovery Holdings UK Limited Group to the schemes in 2023 is £4,376,000 (2022 contributions - £4,333,000).

23. Post balance sheet events

In September 2023 the Company has entered into a variation of the contract held with Surrey County Council. As part of negotiations the parties have settled all contractual disputes which were ongoing since prior years. A settlement payment totalling £1.7m has been agreed and recognised in revenue in these financial statements. There is no impact on the service concession financial asset recognised at 31 December 2022 as a result of this variation.

The variation will extend the contract by an additional three years with an option for a further two years. The service concession financial asset will be recovered in full over this extended period.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2022**

24. Controlling party

At the year end the immediate parent undertaking was SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales.

The Company's ultimate parent company and ultimate controlling party is SUEZ Holdings S.A.S, a company incorporated in France. The parent undertaking of the largest Group, which includes the company and for which Group accounts are prepared, is SUEZ Holdings S.A.S, a company incorporated in France.

The parent undertaking of the smallest such Group is SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales.

Copies of the Group financial statements of SUEZ Holdings S.A.S, are available from Tour CB21, 16 Place de L'Iris, 92400 Courbevoie, France. Copies of the Group financial statements of SUEZ Recycling and Recovery Holdings UK Limited are available from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.