Renewi plc
Annual Report and Accounts 2017

Waste no more

waste no more

Our vision is to be the leading waste-to-product company

In February this year, we started something new. We created one of the world's leading recycling companies – Renewi – born from the merger of two great companies.

Three things underpin our offer: our ability to serve customers locally; our unrivalled product range; and our deep international knowledge and expertise. Our committed and passionate people deliver this service. They truly believe in what we do. They make us diffferent – and better.

Our vision is to be the leading waste-to-product company. We protect the world by giving new life to used materials. We play an important role in the circular economy and we are a strong force in protecting the world from contamination. This is something we feel very proud about.

OUR OFFER

Local service

Unrivalled range of products and services

International expertise

Passionate and committed people

GROUP HIGHLIGHTS 2017*

90% Recycling and recovery rate	**£779m** Total revenues	**27%** Increase in total revenues
2.1p Final dividend per share	**£36.5m** Trading profit	**9%** Increase in trading profit

DIVISIONAL HIGHLIGHTS 2017*

	Strategy	Achievements
COMMERCIAL	‣ Return the division to attractive profitability levels ‣ Drive cost efficiency through structural cost reduction together with procurement and continuous improvement initiatives ‣ Invest in optimising our commercial effectiveness to take advantage of market opportunities ‣ Streamline the portfolio to increase returns	Commercial waste produced another strong performance in the year. Ongoing contributions from our self-help initiatives and portfolio management were reinforced by improving end markets.
HAZARDOUS	‣ Invest in environmental excellence and increasing treatment capacity ‣ Expand the range of inputs requiring thermal treatment ‣ Broaden commercial coverage and geographic footprint ‣ Drive further synergies and productivity gains	Hazardous waste also delivered a strong performace, despite continuing subdued oil and gas markets. Waterside volumes from ships and strong throughput on the soil cleaning line offset ongoing weakness in higher-priced, contaminated water volumes and lower sludge intake.
MUNICIPAL	‣ Deliver sustained operational excellence under our current contracts ‣ Ramp up operational performance in the BDR and Wakefield facilities following full service commencement ‣ Successfully commission the Surrey and Derby facilities ‣ Remain alert to opportunities to assist other potential customers without a current solution to their waste diversion requirements	Municipal had a very difficult year, primarily as a result of ongoing, off-take cost pressures. New managment is now in place and is making rapid progress in implementing a clear plan for recovery.

* The definition and rationale for the use of non-IFRS measures are included on page 189. Operating loss on a statutory basis, after taking account of all non-trading and exceptional items, was £39.0m (2016: profit of £9.8m).

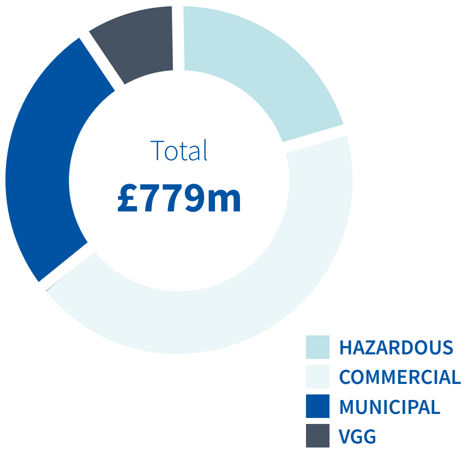
Revenue
£m

2017	779
2016	615
2015	601
2014	633
2013	612

Underlying profit before tax
£m

2017	25.7
2016	21.0
2015	21.7
2014	30.1
2013	30.0

Revenue by division



Financial highlights

€414m Revenue	**€26.9m** Trading profit	**+27%** Percentage variance in trading profit
€191m Revenue	**€23.1m** Trading profit	**+9%** Percentage variance in trading profit
£203m Revenue	**£2.7m** Trading loss	**£12m** Fall in profits

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Other sections

Lift to see the highlights for the financial year 2016/17

Who we are

A strong leader in recycling

We are one of the world's leading recycling companies. Our vision is to be the leading waste-to-product company. This means we serve customers on both sides of the waste-to-product chain.

Our purpose is to protect the world by giving new life to used materials. We provide manufacturers with secondary raw materials to create new products and we help our customers to meet their sustainability goals.

Ultimately, we are a strong force in preserving the world's limited resources and protecting them from contamination. This is something we feel proud about.

We have more than 7,000 passionate and committed people working across over 250 sites in nine countries. They truly believe in what we do.

Key facts and figures

Environmental achievements

90%	3m	15m	172bn
overall recycling and recovery rate	tonnes of carbon avoidance through recycling and recovery	tonnes of waste handled	watt hours of green electricity produced – enough to power 40,000 homes

Divisions

Commercial

Hazardous

Municipal

Monostreams

Employees

over 7,000*

4,947	958	702	470
Commercial	Hazardous	Municipal	Monostreams

Geographies

Netherlands, Belgium, UK, Germany, France, Portugal, Canada, Hungary, Luxembourg

* Data based on new merged and refined Renewi definitions, such as on status of fixed-term contract workers and similar.

What we believe

Waste no more

In a world where resources are limited, the status of waste is changing. We believe 'waste' is an attitude. It is not waste in our hands: it is a product, an opportunity and a small part of our planet preserved.

By giving new life to used materials, we play an important role in the circular economy – an economy that keeps resources in use for as long as possible through recycling and recovery.

Above all, we are the pragmatic face of sustainability.

Waste-to-product

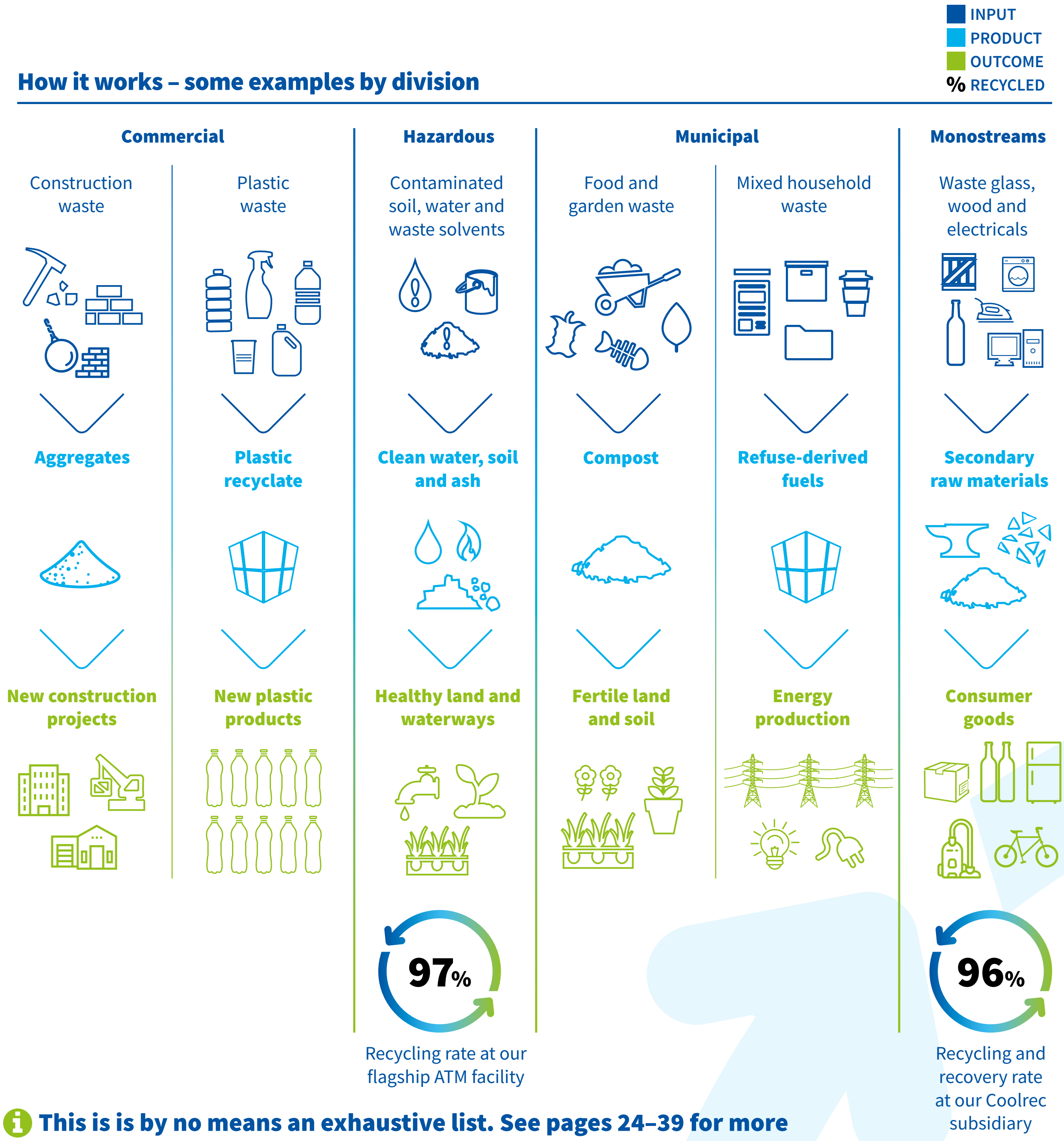
Our vision is to be the leading waste-to-product company – contributing to a sustainable society for all our key stakeholders: customers, employees, our local communities and, of course, our shareholders.

What do we mean by waste-to-product? At Renewi, we exclusively focus on extracting value from waste rather than on its disposal through mass burn incineration or landfill.

Of the 15 million tonnes of waste we handle a year, 90% is either recycled or used for energy recovery. We intend to build on that.

We believe our unique waste-to-product approach addresses social and regulatory trends. It also offers the most capital-efficient solution to the effective recycling and management of waste.

How it works – some examples by division



This is is by no means an exhaustive list. See pages 24–39 for more

What we do

We turn one person's waste into useful products for someone else. Waste no more.

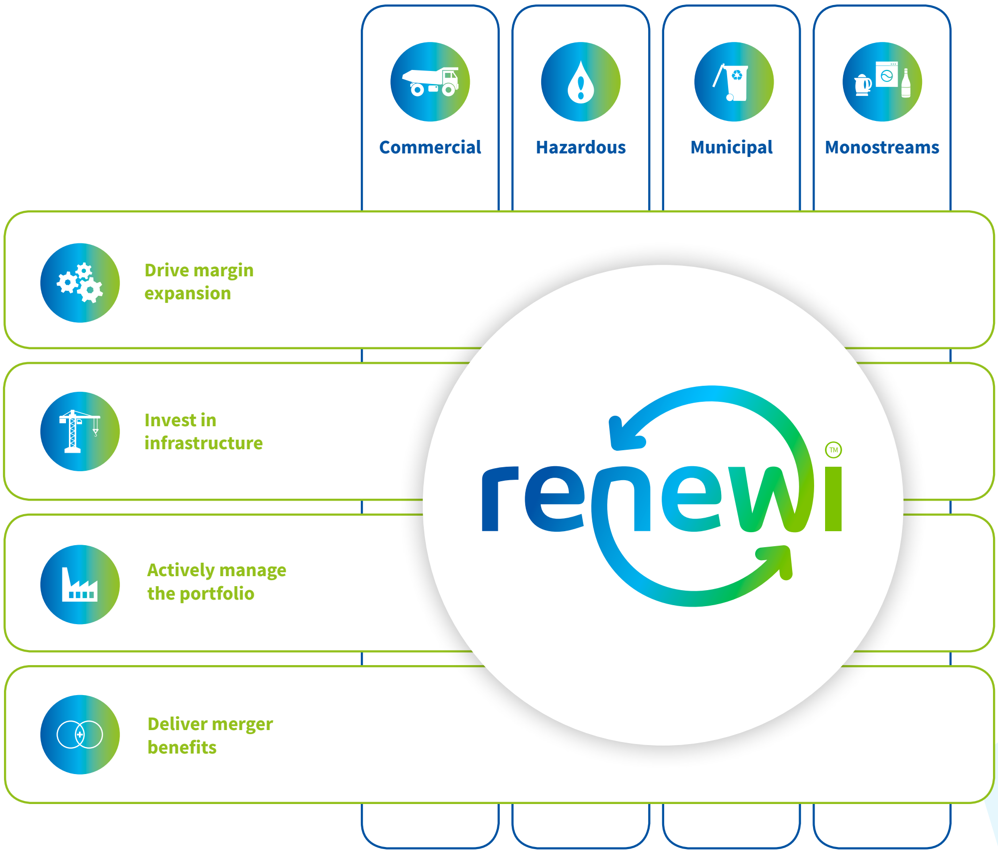
Our strategy

The merger of Shanks and Van Gansewinkel has created one of the world's leading waste-to-product companies. We now have a combined workforce of more than 7,000 people, enhanced geographical coverage and greater access to other markets. This all adds up to the scale, capability and resources to drive growth.

Our four divisions – Commercial, Hazardous, Municipal and Monostreams – provide customers with an unrivalled range of recycling technologies and services.

Each division has its own strategy to drive growth, based on market dynamics, competition and capital intensity.

In addition, we have four over-arching Group-wide strategies. These are: drive margin expansion; invest in infrastructure; actively manage our portfolio; and deliver the benefits of the merger. By pursuing a clear strategy of active management, investment and expansion across our divisions, our aim is to be the leading waste-to-product company.



See page 12 for more about our strategy

WELCOME TO RENEWI

The transformational merger between Shanks and Van Gansewinkel Groep has resulted in one of the world's leading recycling companies

Creating Renewi: a transformational year for our business

Our business took a great step forward in 2016/17, more than doubling in size through the merger with Van Gansewinkel Groep (VGG). Bringing the two complementary companies together is in line with our strategy, strengthening our position at the centre of the circular economy. We intend to use our position as one of the world's leading recycling companies to offer a broad range of high-quality service to our customers, and by doing so efficiently to provide a strong return to shareholders.

A transformation on this scale, together with our ambition to use the combined strengths to improve our business, warranted a relaunch of the company with the new name, Renewi. It signifies our ability to meet the sustainability needs of our customers, supplying new materials back into the manufacturing supply chain.

Our pro forma Group business in the Benelux, comprising over 80% of our revenues, performed well, with encouraging growth in both trading profit and in margin in the Commercial and Hazardous Waste Divisions. Very challenging market conditions and operational challenges resulted in a poor performance from the Municipal Division, on which more follows.

A constant focus on value creation

The Board approached the merger with a sharp focus on building long-term shareholder value, aware that the risks inherent in a major transaction require an appropriate reward. VGG was our key acquisition target for a number of years, and we waited patiently for the right time to acquire the business at a value which we believe represents a good deal for shareholders. We were pleased to construct the transaction such that the shareholders of VGG could become shareholders in the new company, aligning themselves with the shareholders of Shanks for long-term success. In particular, we spent time carefully assessing the €40m of cost synergies that underpin the delivery of significant shareholder accretion.

An opportunity to move to the next level

Looking forward, we believe we must improve every aspect of what we do in order to win over the longterm. This includes improving safety, customer service, environmental performance and productivity. We believe that the merged business can do all of these things better than either could alone, enhancing our important role in the circular economy.

The businesses are highly complementary: VGG is specialised in collection, Shanks in processing; VGG is strong in recycling of glass and electronic goods, Shanks is strong in organic and in hazardous waste treatment; VGG has expertise in logistics while Shanks has been successfully rolling out powerful self-help programmes in the form of commercial effectiveness and continuous improvement. The Shanks operating model is all about remaining close to the customer, while the VGG operating model brings strong common platforms and processes on which to build. The Board therefore believes that the combined Group has the opportunity to deliver sustained growth based on enhanced geographic, product and service coverage in addition to the benefits arising from the delivery of the cost synergies.

Building a new leadership platform

The merger has also created the opportunity to build a new leadership team, engaging the most talented leaders from both entities, supplemented by a small number of new hires to bring fresh talent from outside our companies and indeed from outside our industry.

We are delighted that Peter Dilnot will continue to lead the combined Group, supported by Toby Woolrych as CFO. The new Executive Committee represents a blend of over 130 years of waste experience combined with broad industrial experience from blue chip entities such as Danaher and General Electric. The Board is confident that the new team has the range of skills and experience necessary for success.

Addressing the challenges in the Municipal Division

In an otherwise successful year, the performance of the Municipal Division was disappointing. Adverse market dynamics have placed significant pressure on operating margins as costs at the back end of the process have increased sharply with no contractual ability to pass these costs on to the municipal customers. In addition, there have been challenges in the building and commissioning of new facilities. The Board and executive management have acted decisively to address these challenges, introducing new divisional management and putting in place a detailed improvement plan to mitigate the headwinds and to improve performance. Although this recovery plan will take time to deliver in full, the Board believes that the Division will deliver an improved performance in the next year.

OVERVIEW

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GOVERNANCE

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MORE INFORMATION

The fully integrated Renewi business has a compelling offering for customers

Corporate Governance
The Board is committed to the highest standards of corporate governance. Details of our processes and approach, including those relating to the role and effectiveness of the Board, and compliance with the UK Governance Code, are set out in the Governance section on pages 76 to 105.

At our AGM this year we will be seeking approval of the Directors' Remuneration Policy. This remains broadly in line with that last approved by shareholders in 2014, details of which are set out in the Directors' Remuneration Report on pages 86 to 101.

The Board and its associated committees have been particularly busy over the past year, engaging closely with management in the execution of the merger in order to ensure good governance is in place. Examples include the involvement of the Board in the creation of the Renewi remuneration policies for the new executive committee, the selection of senior leaders, the role of the Audit Committee in reviewing the approach to the new control and reporting framework of Renewi and the management of risk through periodic review of risk registers.

Board changes
On 3 January 2017, Allard Castelein was appointed to the Board as a non-executive director. Allard is currently Chief Executive of the Port of Rotterdam and brings to the Board a wealth of experience as a senior leader in Dutch industry. He has joined the Remuneration, Audit and Nomination Committees.

We announced on 25 May 2017 that Eric van Amerongen and Stephen Riley will be stepping down from the Board and will not be seeking re-election at the Annual General Meeting. Both of them have been on the Board for 10 years and have played important roles in the evolution of the business over that time, culminating with the merger with VGG this year. I thank both of them for their significant contributions and wish them well for the future. Eric will be replaced as Senior Independent Director by Jacques Petry and as Chairman of the Remuneration Committee by Allard Castelein. We expect to recruit one further non-executive director during the course of the year and a search is underway.

EPS and dividend
Underlying basic earnings per share for the year reduced as expected to 3.7 pence (2016: 4.2 pence as adjusted for the rights issue) as a result of the 3 for 8 Rights Issue in November 2016 and the consideration shares issued on completion of the merger in February 2017. I am pleased to confirm that we will be recommending an unchanged final dividend, adjusted for the bonus factor of the rights issue, of 2.1 pence per share, payable on 28 July 2017 to shareholders on the register on 30 June 2017. The Board intends to maintain this level of dividend through the integration period until the dividend is back with the range of 2.0 to 2.5 times cover. Once this is the case a progressive dividend policy can be resumed.

Summary and outlook
Looking forward, we believe that the future for Renewi is exciting. The business is well positioned at the heart of the emerging circular economy, a market that is expected to grow in the coming years with the support of EU and national government legislation. The Board has considered the impact of Brexit and will integrate planning for it into our future strategy. More detail on the impact of Brexit is included in the CEO's Review, on page 40 of this report.

The fully integrated Renewi business has a compelling offering for customers, combining local service, international expertise and an unrivalled breadth of products. The full roll out of self-help capabilities in commercial effectiveness and continuous improvement will also boost competitiveness and drive enhanced margins. The delivery of the committed cost synergies is additionally expected to drive strong earnings growth and cash generation.

On behalf of the Board, I welcome all the employees of former Shanks and Van Gansewinkel to Renewi and thank them for their commitment over the past year of change.

I also thank our shareholders for their ongoing support for the Board and the management team as we set about reaping the benefits of our transformational merger.

Colin Matthews
Chairman

A NEW ERA

We expect 2017/18 to be a successful year of transition and integration and believe that Renewi has an exciting future ahead

INTRODUCTION

It is with great pleasure that we are reporting on the first set of financial results for Renewi plc. The creation of Renewi has brought together two of Europe's leading recycling companies, Shanks and Van Gansewinkel (VGG), resulting in a waste-to-product business with an unrivalled range of recycling capabilities for commercial and municipal customers in its core Benelux markets and with further operations in Europe and North America.

The merger of Shanks and VGG has taken place against a backdrop of modestly improving markets in the Benelux, representing over 80% of pro forma Group revenue, and a strong underlying performance from the Benelux businesses of both companies. This underlying progress in the year ended 31 March 2017 has been offset by very challenging market conditions and operational challenges in our Municipal Division, particularly in the UK. A recovery plan for this business is being implemented and key actions are already beginning to deliver improvements.

Overall, Renewi is well positioned to deliver sustained growth and attractive returns going forward.

A TRANSFORMATIONAL MERGER

Compelling strategic and commercial rationale

The strategic and commercial rationale for the merger of Shanks and VGG is compelling. It brings together two similar businesses with complementary visions, organisations, product portfolios and geographic footprints. The merger will deliver significant synergies, yet is about more than just cost reduction: the new Group plays an important role in the growing circular economy to meet the increasing needs of its customers, regulators and society.

Rebranding as Renewi

The rebranding of Shanks and VGG to Renewi indicates to our stakeholders that we have completed a merger of equals and that we intend to create something new and better, drawing on the heritage and the strengths of both legacy organisations. The Renewi brand itself reflects our waste-to-product business model and our role at the centre of the circular economy. We have been encouraged by initial reactions to our new brand from both the market and from our people.

Our vision and strategy

Our vision is to be the leading waste-to-product company, a vision that has been retained from the former Shanks business. This differentiates Renewi as a company that does more than act as a collection service for waste generators and one that focuses on extracting value from waste, rather than on its disposal through mass burn incineration or landfill. Our vision positions us higher on the waste hierarchy in an area that is being driven by increasing environmental legislation, particularly in the European Union where we have the majority of our activities. We believe that our unique focus both addresses social and regulatory trends and offers the most capital-efficient solution to waste management.

The name Renewi captures our purpose: we give new life to used materials. The circular arrows in the logo show how we represent something new at the centre of the circular economy. This positioning is important for society as we protect the world from contamination and we preserve the world's finite raw materials by reintroducing former waste products into the supply chain. For us, waste is an attitude and the materials we receive are an opportunity to create new value. We are also uniquely placed for our customers: to help them meet their sustainability objectives in reducing waste produced or to provide them with the materials they need for their production processes.

Our new brand

Van Gansewinkel

Shanks

renewi™

waste no more

A unique new logo

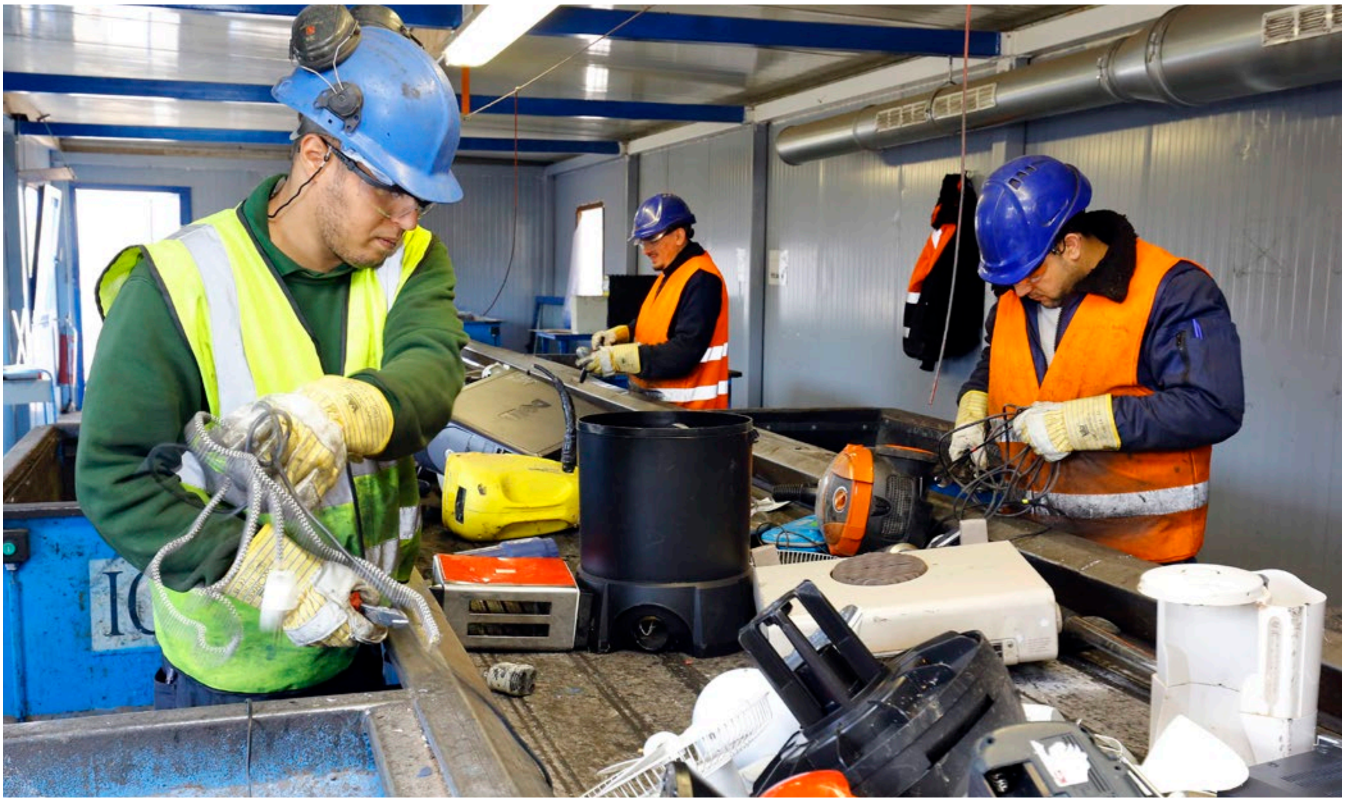
The logo reflects our position at the centre of the circular economy. It captures our vision to bring new life to used materials.

A new set of colours

Our chosen colours represent the coming together of two fantastic companies, both leading names in recycling and sustainability. The colours also reference our commitment to protecting the natural world.

A well-respected strapline

Our "waste no more" strapline comes from Van Gansewinkel. Using it reflects our commitment to make the most of both businesses. It also represents our belief that "waste" is an attitude. It is not waste in our hands: it is a product, an opportunity, and a small part of our planet preserved.



The new Monostreams Division focuses on specialist markets that make essential products of value in the circular economy – here the team is dismantling electrical equipment

The "i" at the end of Renewi represents our commitment to innovate with new products, services and technologies. This will increase the range of products that can be brought back into economic use. The colours reflect the merger of the VGG blue and the Shanks green.

We have retained the "Waste No More" strapline from VGG as this has strong brand equity and resonance in our markets. It also demonstrates continuity from VGG into the new organisation.

Our strategy has remained consistent, with the addition of one new division – Monostreams – and one new overarching strategic initiative – to deliver the merger benefits. Each of our four core divisions have strategies to address opportunities in the specific markets that they serve. These divisional strategies are reinforced by four overarching strategies that apply across the Group. These are to:

Drive margin expansion across the Group through self-help initiatives such as commercial effectiveness, continuous improvement and off-take management

Invest in infrastructure through the cycle in areas where we are structurally advantaged and can deliver superior returns

Manage our portfolio of assets and businesses, exiting those that are non-core or under-performing and redeploying capital into segments where we can deliver increased returns and growth

Deliver merger benefits which include €40m of annual cost synergies in 2019/20.

Our compelling offering to the market

The creation of Renewi will improve the range of products and services we can offer to our combined customer base. As a result of the merger we also have an expanded geographical footprint across the whole of the Benelux and into new European countries.

To ensure we retain customer intimacy while simultaneously gaining the benefits of our increased scale, we have carefully designed a target operating model that has local accountability coupled with strong divisional capabilities. This divisional operating model is further reinforced by Renewi's broader international expertise, coordinated Group-wide margin expansion initiatives, and lean and effective central support functions.

A new divisional structure

As previously announced, we have created a new divisional structure that is both market-facing and customer-focused and which will allow best access to available synergies and growth opportunities.

The positive energy across the combined business has remained after the successful launch of the Renewi brand

A NEW DIVISIONAL STRUCTURE

The Commercial Waste Division

63%

The Commercial Waste Division, representing around 63% of Renewi's pro forma revenues and operating in the Benelux, addresses the high volume waste segments of industrial & commercial, construction & demolition and municipal collection. The Division broadly comprises the former Shanks Commercial Division along with the former VGG Collection Division. This Division operates in markets that are showing signs of recovery and our focus is on margin expansion and on delivering the significant cost synergies. For operational reasons, the Belgian and Dutch Commercial operations are run separately, with certain common overheads, and we shall report on the progress of each country within the Commercial Waste Division going forwards.

The Hazardous Waste Division

12%

The Hazardous Waste Division, representing around 12% of Renewi's pro forma revenues and operating in the Netherlands and Germany, is broadly the former Shanks Hazardous Waste Division with the addition of Van Gansewinkel Industrial Services (VGIS). The VGIS industrial cleaning business is approximately one quarter of the size of Shanks' Reym industrial cleaning business and the resulting integration is already well underway. We have a unique proposition in the market, providing a full-service offering to our customers.

The Municipal Division

14%

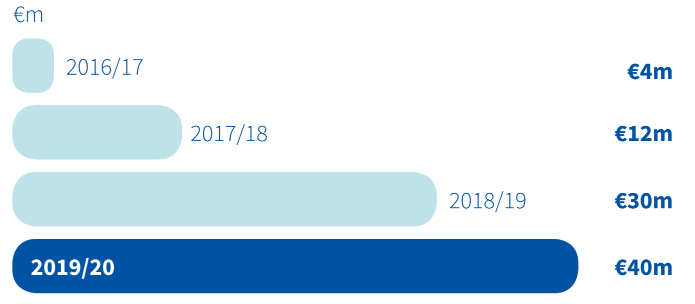
The Municipal Division, representing around 14% of Renewi's pro forma revenues, is unchanged from the Shanks Municipal Division and focuses on long-term contracts providing waste treatment solutions for local authority customers in the UK and Canada.

The new Monostreams Division

11%

Finally, the new Monostreams Division, which operates in the Benelux, France, Germany, Hungary and Portugal, includes the three former businesses of the Recycling Division of VGG (Coolrec, Maltha and Minerals) together with the Dutch Orgaworld business from Shanks. The new division represents around 11% of Renewi's pro forma revenues and focuses on specialist markets which produce valuable products for the emerging circular economy such as glass cullet, plastic chips/granulates and fertilisers.

DELIVERING OUR SYNERGY COMMITMENTS



Ensuring focus continues on delivering performance in a period of integration
Throughout the integration process we are maintaining a consistent focus: keeping our people safe, serving our customers well and delivering our commitments. We have moved swiftly to ensure that the new organisation is well positioned to meet its plans for underlying growth.

Executing our planned integration
We are executing our carefully prepared integration plans at pace. The positive energy across the combined business has remained after the successful launch of the Renewi brand. We have created a new Executive Committee, combining talent and leadership from Shanks and VGG, reinforced by high quality new leaders from outside the business. The first phase of reorganisation has proceeded smoothly, with the creation of the Monostreams Division and the transfer of VGG Industrial Services to Hazardous Waste. We have also brought the Netherlands and Belgium Commercial legacy businesses together under unified Renewi leadership. Our organisation design based on the new 'Target Operating Model' is well underway and, subject to Works Council advice, we expect to put in place the next two layers of organisation beneath the Executive Committee before the summer. Other programmes to harmonise our finance and IT systems are also being developed.

Delivering our synergy commitments
While the strategic rationale for the merger is both broader and longer term than simply cost synergies, the delivery of the committed €40m of synergies underpins the expected value creation of the merger and will create a stronger and more cash generative enlarged business. We have detailed synergy delivery plans and are committed to delivering €12m of cost synergies in 2017/18, increasing to €30m in 2018/19 and €40m in 2019/20. Over €4m has been secured already and we are confident that we will meet our commitments.

During this early period of integration we have been working on benefiting from the merger in the form of "quick wins". We have made a number of these right across Renewi and some examples are listed below:

- In the Netherlands Commercial Division we have combined our expertise with large tenders and we are exchanging containers on routes to improve our offering;
- In the Belgium Commercial Division we have swapped outlets for combustible waste to benefit from lower transport costs and taxes;
- In Hazardous Waste we are benefiting from the integration of Van Gansewinkel Industrial Services (VGIS) through greater productivity and less outsourcing;
- In Municipal we are using our broader scale to negotiate better off-take terms; and
- In our Monostreams Division we have identified potential benefits for commercial contracts.

Addressing the issues in the Municipal Division
The market conditions and operational challenges facing the Municipal Division have had a material impact on the profitability of the business and the future profit trajectory of these assets. We have responded decisively to these challenges with a recovery programme that will drive operational performance and increase the capability of the Division to improve its fuel off-take costs over time. We have also appointed experienced and high-calibre new management with the right skills and determination to drive the recovery programme.

The key recovery initiatives are to:

- Implement urgent plans to bring existing facilities up to full capacity and to maximise power generation. This will particularly focus on generating gas at Wakefield and Westcott Park and increasing throughput at BDR;
- Adjust our operations to create higher quality fuels, focusing on Cumbria and East London (ELWA) where upgrades to fuel quality can increase access to the better-priced SRF market;
- Negotiate off-take terms and secure better priced outlets across all our facilities for both refuse derived fuel (RDF), solid recovered fuel (SRF) and certain recyclates where appropriate;
- Improve productivity and plant up-time by optimising maintenance and equipment reliability to reduce unplanned stoppages;
- Negotiate improvements to local municipal contracts where possible; and
- Bring the Surrey and Derby facilities into full operation.

These initiatives are expected to improve underlying performance, although this will be offset, inter alia, by a reduced contribution from the Derby contract. Overall, the Division is expected to show a modest net improvement during this financial year and for this to continue steadily thereafter.

POSITIVE FUTURE OUTLOOK

Divisional prospects
The Commercial Division is expected to make underlying commercial progress next year, albeit offset by some integration-related disruption which will slow the delivery of projects as the two business models are merged. We expect these factors to balance out and the delivery of the expected initial cost synergies in 2017/18 to drive overall progress in the year, with further progress in the following years as the full synergies are realised.

The Hazardous Waste Division is also expecting to make progress during 2017/18, supported by an encouraging pipeline of

MEASURING FUTURE PERFORMANCE

DIVISIONS:

COMMERCIAL	HAZARDOUS	MUNICIPAL	MONOSTREAMS
To deliver growth through further implementation of self-help initiatives and through capturing market recovery	**To deliver growth through optimisation of new assets and waste flows**	**To deliver recovery plan optimising assets and improving off-take costs**	**To deliver growth through improving product quality and optimised operations**
GOALS 2017/18			
▸ Implement new Target Operating Model across the division and move towards one way of working ▸ Deliver synergy commitments while remaining focused on external markets and performance delivery ▸ Increase margins through extension of commercial effectiveness programme. ▸ Manage volatility in downstream markets, including wood off-take	▸ Secure strong incoming soil volumes and maintain current throughput levels ▸ Secure new soil off-take options to de-risk future operations ▸ Optimise waterside volumes and seek additional sludges ▸ Manage Reym productivity and cost base to meet expected market demand	▸ Commission Surrey and Derby projects on time ▸ Improve operational performance of BDR and Wakefield contracts ▸ Open new off-take contracts and markets at improved prices ▸ Address challenges in less profitable contracts	▸ Commission powder line at Dintelmond and continue to deliver growth through operational improvement ▸ Increase margins at Coolrec through dynamic pricing and a focus on optimised product quality ▸ Secure extension for Maasvlakte landfill ▸ Drive growth in Orgaworld through improving end markets

GROUP:

DRIVING MARGIN EXPANSION	INVESTING IN INFRASTUCTURE	MANAGING THE PORTFOLIO	SYNERGY DELIVERY
GOALS 2017/18			
▸ Roll out Commercial Effectiveness (CE) programme into former VGG entities to increase margins ▸ Maintain current Continuous Improvement (CI) initiatives in former Shanks entities and prepare for broader based roll out in FY19 ▸ Ensure enlarged Group takes advantage of scale opportunities with regard to group-wide coordinated management of off-take disposal	▸ Commission major remaining Municipal projects and improve performance of BDR and Wakefield ▸ Complete expansion of chemical waste storage shed in Hazardous and begin renovation of soil treatment line ▸ Begin reinvestment in ex-VGG logistics fleet in a targeted way, in line with acquisition model ▸ Complete IT strategic roadmap to support integration and drive efficiency in the coming years	▸ Continue to release value from under-performing or non-core assets to recycle capital ▸ Remain alert for expansion opportunities through accretive M&A, exercising capital discipline	▸ Deliver €12m of synergies in FY18 ▸ Be on track to deliver €30m of synergies in FY19 and €40m in FY20 ▸ Drive programmes to secure revenue synergies from cross-selling, waste internalisation and commercial effectiveness

soil and water intake. No material recovery is expected in the oil and gas markets and we remain cautious on industrial cleaning activity levels.

As outlined above, the Municipal Division is expected to deliver a modest improvement during 2017/18, reflecting some significant operational performance uplift from the recovery plan, offset by the end of the Derby interim services contract and the non-recurrence of certain central cost savings.

The Monostreams Division is expected to make progress during 2017/18, with growth and operational improvement opportunities in all four of its operating businesses.

Overall

Having successfully completed the merger with VGG, our key priorities for the year ahead are to integrate our legacy businesses and to generate growth from strong underlying trading and successful synergy delivery. In parallel, we will fix the Municipal Division and build up momentum for sustained growth and earnings accretion in 2018/19. Whilst alert to macroeconomic developments, the Board remains confident that 2017/18 will be a year of good progress, in line with its expectations. Current trading for the year to date and the initial stages of the integration process support this view.

Looking forward, our growth drivers remain strong. Renewi plays an important role in the emerging circular economy, a market that is expected to grow rapidly in the coming years with the support of European Union and government legislation. Moreover, the fully integrated Renewi has a compelling offering for customers, combining local service, international expertise and an unrivalled breadth of products. This strong positioning, coupled with synergy delivery and the roll-out of our proven margin expansion initiatives across Renewi, will deliver sustainable growth, enhanced margins and attractive returns.

Peter's review continues on page 40

CAPTURING VALUE

The strategic and commercial rationale for the merger of Shanks and Van Gansewinkel is compelling. The merger will deliver annual recurring synergies of €40 million by the third full year, yet it is about much more than just cost reduction. Renewi is uniquely positioned at the heart of the emerging circular economy to meet the growing needs of its customers, regulators and society. The below shows how we will capture the value from our merger.

1

INTEGRATION MANAGEMENT OFFICE (IMO) WILL PROVIDE EXPERT SUPPORT

The IMO is a nimble central spine, responsible for supporting our business leaders by setting the direction, and for enabling divisional/functional "change" capabilities with expertise and guidance.

Example:

- Creation of Monostreams Division, focused on specific end markets and led by a dedicated Managing Director

2

VALUE CAPTURE TEAM DELIVERS COORDINATION, GOVERNANCE AND COMPLIANCE

Value capture includes cost, revenue and cash synergies. We are confident that the team we have appointed will deliver the appropriate support and momentum to help us to achieve our target of annualised €40m cost synergies to be delivered in financial year 2019/20.

Examples:

- Specialist advisers providing support to IT, Finance and Procurement
- Clear tools and templates to control synergy delivery with good governance

3

EXECUTION IN THE LINE WITH SYNERGY TARGETS ALLOCATED INTO BUDGETS FOR ACCOUNTABILITY

Each division has synergy targets within their budget, and with support from the Integration Management Office (IMO), are accountable for driving these synergies.

Examples:

- Integration managers and teams identified within core divisions
- Divisional kick-off meetings to take ownership

4

VALUE CAPTURE PROCESSES ALIGNED WITH TARGET OPERATING MODEL (TOM)

Major focus on value capture initially, aligned with the Target Operating Model (TOM), with close tracking mechanism throughout organisation.

Example:

- New target operating model will reduce cost and create one way of working

5

PROCESS TO CAPTURE ALL IDEAS AND DRIVE QUICK WINS

We have started value capture plans at pace across Renewi. A number of quick wins have been secured in each division.

Examples:

- Commercial Division: Combined expertise for large industrial customers and large tender offers
- Municipal Division: Using Renewi scale to negotiate improved UK off-take terms

6

SMALL PROJECTS WITH LOCAL IMPACT

We are initially focusing on smaller value capture projects within the divisions which can have a local impact on our synergy targets.

Examples:

- Integration of VGIS into Hazardous Waste Division
- Benefit from lower transport costs and taxes in Belgium, from swapping combustible waste outlets

Van Gansewinkel

STRONG IN RECYCLING OF GLASS AND ELECTRONIC GOODS
We are the number one provider of glass recycling and trading of recycled glass "cullet" in Europe

SPECIALISED IN COLLECTION
A large collection fleet collecting waste across the Benelux

EXPERTISE IN LOGISTICS
In-house logistics expertise

OPERATING MODEL
Brings strong common platforms and processes on which to build

€40m

We will deliver annualised €40m cost synergies in financial year 2019/20

STRONG IN HAZARDOUS WASTE TREATMENT AND IN ORGANICS
Specific expertise in treatment of hazardous waste such as soil, contaminated water, paints and solvents, and in organics, such as anaerobic digestion (AD) and composting

250

We now operate at more than 250 sites across nine countries, including the Benelux and Canada

7,000*

As Renewi, we are now a family of over 7,000 employees, all dedicated to 'waste no more'

SUCCESSFUL ROLLOUT OF POWERFUL SELF-HELP PROGRAMMES
Continuous improvement and commercial effectiveness programmes embedded into majority of business

SPECIALISED IN PROCESSING
Deep knowledge of waste processing and recycling

OPERATING MODEL
Local service and remaining close to the customer

Shanks

* Data based on new merged and refined Renewi definitions, such as on status of fixed-term contract workers and similar.

INTEGRATION PROGRESS

After closing the deal on 28 February 2017, the hard work of integration began. This process is underpinned by our five guiding merger principles:

1 FULL INTEGRATION UNDER A NEW BRAND

We are integrating all businesses into one single, new, stronger company with a new brand that showcases our transformation internally and externally.

Achievements:

- New Renewi brand launched on Day 1
- Positive reaction from our stakeholders
- Brand to be rolled out as part of integration process

2 BUILD DEEP AND BROAD WASTE-TO-PRODUCT CAPABILITIES

We are creating value and we will achieve our synergy targets through generating economies of scale and expanding our offering to customers.

Achievements:

- A number of 'quick wins' already achieved by combining legacy knowledge and expertise
- Geographical footprint and technology base broadened

3 GO SLOW TO GO FAST

We are conducting careful forward planning followed by rapid implementation; we are not disrupting business continuity.

Achievements:

- Working in close conjunction with Works Councils with positive support so far
- Decisions made carefully and implemented at pace

2012

2016

van Gansewinkel

- **2012** VGG identified as #1 acquisition target
- **June 2013** VGG divest AVR, aligning it with Shanks' strategy
- **H2 2014** VGG undergoes financial restructuring; aborted sale process
- **H1 2015** New management in place; ongoing cultivation
- **July 2015** VGG financial restructuring complete; Shanks CEO meets new shareholders
- **Q1 2016** Sale process restarted

24 May 2016
News of the merger leaks and shares in Shanks Group plc are suspended

23 June 2016
Brexit: the UK electorate votes to leave the EU

7 July 2016
Heads of Terms signed, market updated and restarted trading

29 September 2016
Deal signed and financing in place. Former Shanks CEO Peter Dilnot describes it as a "transformational deal with a compelling industrial rationale"

£141m

10 November 2016
Shareholder approval received; £141m equity raised in London's capital markets

January 2017
Competition authority clearance received from Belgium

4 MOVE TO ONE WAY OF WORKING, LEARNING FROM BOTH BUSINESSES

We are leveraging the best of both legacy businesses.

Achievements:

- A number of 'quick wins' already achieved
- Executive Committee and IMO focused on moving to one way of working and learning from both legacy businesses

5 CULTIVATE A WINNING TEAM

We want to retain the best people and develop our talent through culture and a positive employee experience.

Achievements:

- Engaging and communicating frequently with our teams
- Executive Committee in place from Day 1
- Divisional management teams being appointed

FEBRUARY 2017

JANUARY 2018

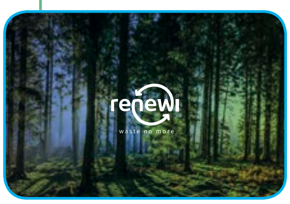
May 2017
Belgium management team appointments made

28 February 2017

- Completion: Renewi is born, kicking off a day of celebration across the Group
- The Executive Committee (ExCom) is appointed
- Monostreams Division is created
- Van Gansewinkel Industrial Services (VGIS) is transferred to the Hazardous Waste Division

15 February 2017
Final competition authority clearance received from the Netherlands, following approval from Belgium in January

31 July 2017
We aim to have the top two levels of divisional management appointed



31 May 2017

- 100 days complete and associated action plans delivered
- Integration team established and in place

30 November 2017
We aim to have the management layers below the top two tiers in place

31 August 2017
The integration planning phase is due to complete

We are executing our carefully prepared integration plans at pace to deliver benefits of scale and remain close to our customers

THE NEXT 12 MONTHS

We have an important year ahead as we progress through the integration of our new company. We have five key areas of focus which are detailed below

1 Creation of new leadership team

- Our new Executive Committee is a blend of strong leaders with proven international expertise and clear customer focus.
- A careful selection process for leadership roles is underway to ensure we have the right people in the right places and with the right support.
- We will take the very best of what made Shanks and Van Gansewinkel great, capturing the breadth of skills and experience from across both businesses.
- It will take some months to complete all layers of our management and we are working hard to get the next two layers of leadership in place by the end of summer.

2 Delivery of integration plan for new Target Operating Model (TOM) in Commercial Division

- We are executing our carefully prepared integration plans at pace.
- As part of these plans, we are implementing a new TOM in the Commercial Division.
- Our aim is to deliver the benefits of scale whilst remaining close to our customers.
- Organisation design to create the new TOM is well underway.

3 Delivery of value capture plan and €12m of cost synergies

- Delivery of the committed €40m of cost synergies underpins the expected value creation of the merger.
- We have detailed synergy delivery plans and are committed to delivering €12m of cost synergies in 2017/18, increasing to €30m by the end of 2018/19 and €40m by the end of 2019/20.
- We have validated synergy models, put governance processes in place and our Value Capture team is in detailed 'phase 2' planning.
- Over €4m has been secured already and we are confident that we will meet our commitments for the coming year and going forward.

4 First roll-out of commercial effectiveness and continuous improvement in combined Group

- The commercial effectiveness (CE) and continuous improvement (CI) programmes have been at the heart of margin enhancement in the Netherlands.
- Our CE initiative is focused on managing intake margin at the front end of the business.
- The CI programme is all about "doing tomorrow better than today", using lean tools to improve productivity.
- Full roll-out will boost competitiveness, drive enhanced margins and deliver sustainable growth throughout Renewi over the short and medium term.

5 Implementation of recovery plan in Municipal Division

- The Municipal Division has been impacted by very difficult market conditions.
- Difficulties primarily are due to ongoing off-take cost pressures and operational ramp up challenges.
- New management is now in place and making rapid progress in implementing the clear plan for recovery.
- Operational and commercial improvements already underway.

We have created a new Executive Committee combining talent and leadership from the former Shanks and Van Gansewinkel businesses, reinforced by high quality new leaders from outside the business.

Peter Dilnot
Chief Executive Officer

Peter has been leading the business since he joined in 2012. He has previously held senior positions at Danaher Corporation and Boston Consulting Group and has also spent time as an officer in the British Armed Forces.

Toby Woolrych
Chief Financial Officer

Toby has been leading the finance function since he joined in 2012. Prior to this, he has held positions at a number of blue chip companies including Arthur Andersen, Johnson Matthey and Consort Medical.

Geert Glimmerveen
Integration Director

Before the merger, Geert had been leading the Netherlands Division at Van Gansewinkel for two years. He has over 10 years of experience working for blue chip companies, with extensive integration experience and specialty in strategy, operational excellence and continuous improvement. He also has consulting experience from his time at McKinsey & Company.

THE EXECUTIVE COMMITTEE

Francis Schröder
HR Director

Francis has extensive HR leadership experience from leading global organisations including FedEx International, TNT, TP Vision and Philips. She holds Masters degrees in Change Management from Vrije Universiteit and in Psychological and Social Science from the University of Amsterdam. She has significant integration experience from the merger between FedEx and TNT. Francis joins Renewi on 1 July.

George Slade
IT Director

George came from the Shanks side of the business. For the last four years he has been Information Director, also leading a number of initiatives such as the commercial effectiveness and off-take projects. He has over 25 years of experience in blue chip companies in addition to integration experience in a range of sectors.

Patrick Deprez
Product Sales Director

Patrick has been at Van Gansewinkel since 1998 and has 28 years of experience in the waste industry. He has actively merged external companies into Van Gansewinkel and brings strategy and market expertise, and deep knowledge of the circular economy to the team.

Gerhardt Vels
Interim General Counsel

Gerhardt has been working as General Counsel at Van Gansewinkel for two years and has 25 years of experience at a major law firm. He brings deep legal knowledge to the team and he also has integration experience.

Otto de Bont
Managing Director,
Netherlands Commercial

Otto is new to the Renewi team, joining in May 2017. He has an impressive background with 26 years of experience at companies such as IBM, GE and UTC. He has integrated a number of companies on an international level. He brings strong management, strategy and commercial execution knowledge to the team.

Wim Geens
Managing Director,
Belgium Commercial

Wim has been with Van Gansewinkel for over 11 years, most recently as Director of Belgium, Luxembourg and France. He has integrated over 20 companies in his career. He brings a wealth of operational excellence, strategy, coaching and change management experience to the team.

Jonny Kappen
Managing Director,
Hazardous Waste

Jonny joined Shanks in 2000 and has 35 years of experience in Hazardous Waste both in the Netherlands and the Far East. He has run the Shanks Hazardous Waste Division for five years and brings operational grip and deep market, safety and compliance knowledge to the team.

James Priestley
Managing Director,
Municipal

James joined Shanks in November 2016, following 30 years of experience in blue chip companies such as Ford, BA and Tesco – and more recently in private equity portfolio companies. He brings extensive business turnaround and strategic transformation experience.

Bas Blom
Managing Director,
Monostreams and Continuous Improvememt

Bas was appointed to Renewi in February 2017 to lead the newly formed Monostreams Division. He has 26 years of experience in blue chip companies, including GE and SABIC. He has integrated a number of companies and brings strategic growth planning, continuous improvement and business operational execution skills to the team.

COMMERCIAL

The Commercial Division represents around 63% of the revenue of Renewi. It provides a wide range of waste management solutions

Renewi is market leader in the Benelux and collects and transports waste from households and businesses to sorting, treatment and processing facilities. We provide customers with cost-efficient waste management solutions whilst giving waste a second life as high-quality raw materials and energy.

The commercial waste market covers the collection, sorting, treatment and ultimate disposal of waste materials from a range of sources. The market can be divided into three main sources of waste: Construction and Demolition (C&D), Industrial and Commercial (I&C), and Domestic. Renewi deploys part of its own sorting and recycling operations within this division for, amongst others things, paper, cardboard, wood, plastics, metals and C&D waste. Other specific recycling activities are clustered within the Monostreams Division.

Our unique business model in this market is to focus on the value that we can recover from specific waste and material flows that we can upgrade during the sorting and treatment phases of the cycle. This also means that we apply our knowledge on material flows to collection methods and logistics solutions for specific customer segments and sectors.

We generally collect a large part of our volumes ourselves to secure waste volumes, and we dispose only of the residues that we are unable to convert into a reusable product or recyclate. In this way, we 'waste no more' both environmentally and economically. Our general business model is set out in the graphic on page 26.

Our Commercial Division operates in the Benelux. Our sites have a diverse profile in terms of the source of waste and customer segments, which affects its current financial performance and competitive strategy as outlined in the following sections.

MARKETS

The Commercial Division serves three main market segments across the Benelux.

The I&C segment meets the needs of specific markets, sectors and businesses including production factories, offices, hospitals, retail, shops and restaurants. Waste streams are preferably collected in a pure form and separated at the source to ensure quality, such as segregated paper or plastic, food waste or glass. Within this sector there still is a significant flow of mixed waste. We develop programmes to further minimise this mixed waste stream by informing our customers of the positive impact of separation of waste, both economical and environmental, and we even provide communication programmes to boost our customers' waste minimisation and separation.

The I&C segment was challenged during 2011-15 by over-capacity in the Dutch

LEADERSHIP

Otto de Bont
Managing Director,
Netherlands Commercial

"We have an exciting opportunity to bring together two great companies to become stronger together. The unique expertise, specialism and knowledge in each legacy business has created an unrivalled portfolio. The industry is changing and we will adapt with it. We will build a strong and solid foundation for years to come, keeping what made both legacy companies great. We have good momentum and an exciting journey ahead. I am proud to lead a talented and committed team that is excited for the future."

Wim Geens
Managing Director,
Belgium Commercial

"We have a number of opportunities and possibilities to become the leading waste-to-product company and to live our "waste no more" goals. Our privileged position of being a market leader gives us the exciting opportunity to shape, direct and professionalise the market. As we integrate our business we will be prioritising the implementation of our new TOM and ensuring we capture value from synergies. We will create added value for all of our stakeholders and make our organisation one which our people are happy to work for."

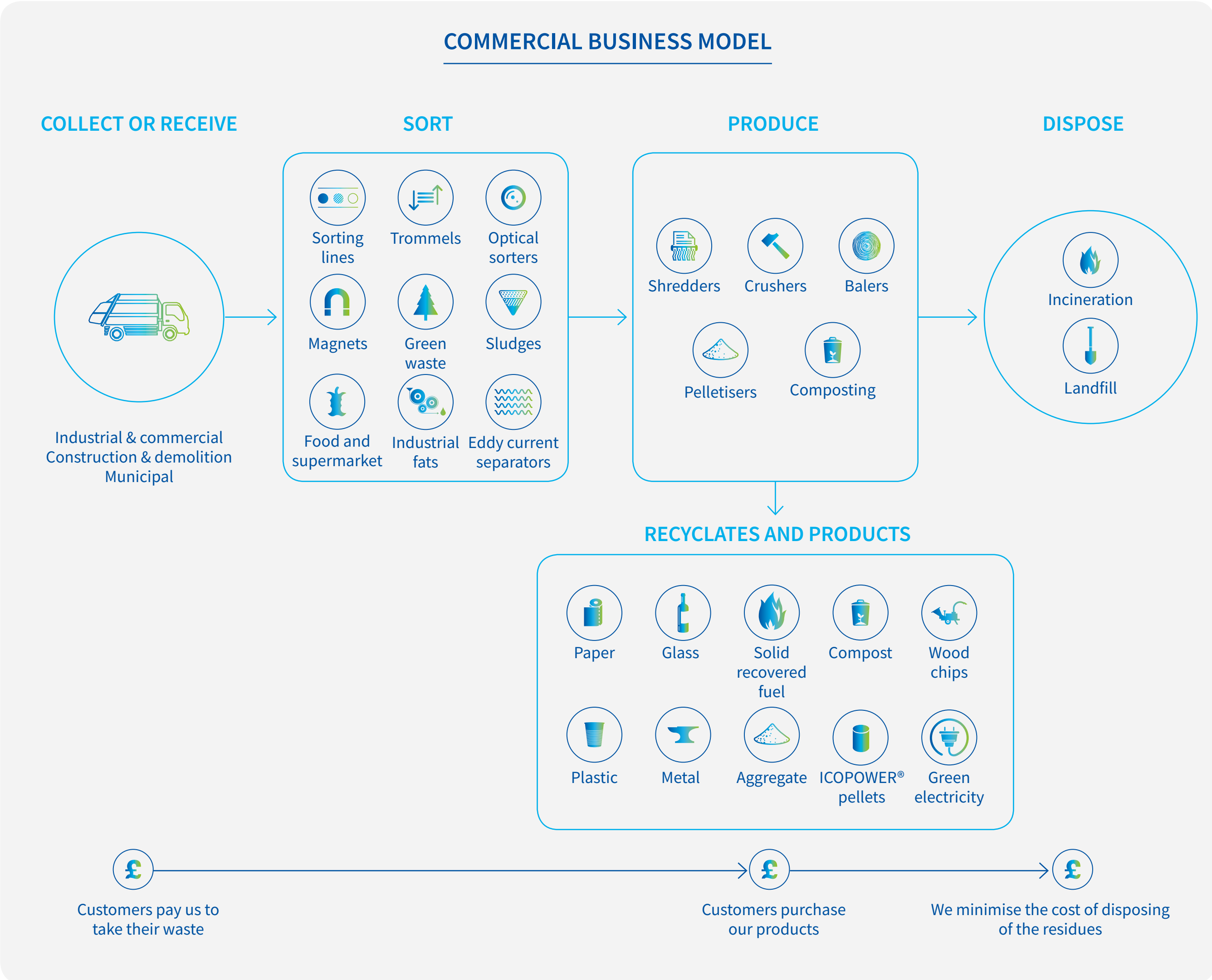
Our unique business model focuses on the value that we can recover from specific waste

incinerator market and severe pricing competition. Market conditions have improved over the past 12-18 months, with the incinerators full and prices beginning to rise. These higher prices for incineration also have a positive effect on recycling as separation of waste becomes more financially viable for our customers. The introduction of dynamic pricing, so that movements in the value of the products we make are reflected in the gate fee we charge to take in waste, has reduced risk to the business operating model.

The C&D segment is primarily served by the former Shanks businesses. C&D waste arises from residential, commercial or infrastructure construction. The construction market in the Netherlands, which had hit a 63-year low in 2014, has continued to recover well since then, with growth of 6.3% (according to CBS). Pricing remains relatively weak, with many of the major customers still experiencing low margins.

The domestic segment provides "hands and wheels" services in door-to-door municipal collection. This can be through a direct service agreement or through a form of Public Private Partnership in which Renewi controls the service provision for a management fee. The municipal segment is fundamentally different to the activities of our Municipal Division because the contracts tend to be much shorter in duration and for collection only; in the Netherlands the waste remains the property of the municipality.

The Commercial Division also operates in a number of niche segments, many of which are complementary to the principal segments outlined above. These include the collection, separation and aggregation for treatment of small packed hazardous waste such as batteries, paint and out-of-date pharmaceuticals, the collection of organic waste streams from restaurants, a wood chip manufacturing segment and two landfills.



STRATEGY

The strategy of the Commercial Division is to deliver growth through the implementation of cost and revenue synergies, the implementation of self-help initiatives and through capturing market recovery.

Goals for 2017/18:

- Deliver an effective integration, bringing both businesses towards a common way of working in a new Target Operating Model (TOM) under a new leadership structure;
- Deliver cost synergies and optimise cross-selling and waste internalisation opportunities;
- Increase margins through extension of the commercial effectiveness programme across the combined division;
- Roll out continuous improvement (CI) across additional master plants and ensure it is embedded in existing sites through a period of change;
- Manage volatility in downstream markets, including the wood segment; and
- Further improve the overall recycling and recovery rate of the waste streams we collect from our customers.

Our businesses are managed separately in Belgium and the Netherlands, but work together closely to preserve synergies.

Our strategy is to deliver growth through, among other things, self-help initiatives

SYNERGIES

The Commercial Division is expected to be the key focus for the delivery of cost synergies as this is where the vast majority of the business overlap is found. Value capture can be identified in the following four key areas:

- Revenue: the internalisation of waste treatment, the harmonisation of selling terms, cross-selling of goods and services, and the roll-out of the former Shanks commercial effectiveness programme to former VGG entities;
- Direct cost: the benefit of reduced logistics cost through optimisation of inbound and outbound logistics flows, resulting in fewer trucks and reduced costs of transport. Additionally, the benefit of a streamlined footprint of waste sites, eliminating duplicated sites in certain locations and optimising the operational efficiency of our processing assets;
- Scale: using the benefits of scale and the harmonisation of our supplier base to procure at a reduced cost, including the disposal of our residual waste and fuels to incineration and the sale of our recyclate products; and
- Indirect cost: the benefit of a more streamlined management and support services structure.

PRO FORMA FINANCIALS FY17 (UNAUDITED)

	Shanks	VGG	Adjustment	Pro forma
NL COMMERCIAL				
€m				
Revenue	270.0	468.1	(47.0)	691.1
EBITDA	42.6	36.2	(8.6)	70.2
EBITDA %	*15.8%*	*7.7%*		*10.2%*
Trading profit	19.1	11.7	(3.7)	27.1
Trading profit %	*7.1%*	*2.5%*		*3.9%*
BE COMMERCIAL				
€m				
Revenue	144.2	278.2	-	422.4
EBITDA	15.2	39.7	-	54.9
EBITDA %	*10.5%*	*14.3%*		*13.0%*
Trading profit	7.8	19.7	-	27.5
Trading profit %	*5.4%*	*7.1%*		*6.5%*

Basis of pro forma financials:

- Pro forma information for the year ended 31 March 2017 as if the acquisition had occurred on 1 April 2016
- Shanks represents 12 months to March 2017
- VGG based on 12 months to March 2017 as extracted from management accounts for the year ended 31 December 2016 and 3 months to 31 March 2017
- Adjustments to reflect the new divisional structure and reporting segments from 1 April 2017: transfer of Orgaworld to Monostreams and VGIS to Hazardous Waste
- EBITDA and Trading Profit before non-trading and exceptional items

HAZARDOUS

The Hazardous Waste Division is made up of three businesses: Reym, Van Gansewinkel Industrial Services (VGIS) and ATM

Reym and VGIS are leading industrial cleaning companies in the Netherlands, promoting a Total Care solution (cleaning, transport and waste management) for heavy industry, petrochemical sites, oil and gas production (both on and offshore) and the food industry. Part of the collected waste streams are treated at our own ATM facility in Moerdijk. ATM is one of Europe's largest sites for the treatment of contaminated soil and water, as well as for the disposal of a broad range of hazardous waste such as waste paints and solvents. In addition, there is a small specialist site at CFS Weert, which will also move under the management of Hazardous Waste in due course. CFS is a specialised chemical physical separation unit that can handle highly contaminated waters and sludges. The combination of both treatment sites gives the Hazardous Waste Division a leading position in the market. The business model is shown in the graphic on the opposite page.

Reym and VGIS's highly-experienced and trained cleaning teams use specialist equipment to deliver a reliable, cost-effective and above all safe cleaning process in a market where the cost of safety and quality is of paramount importance. ATM is a leader in water and soil treatment because of: the cost advantages provided by its fully integrated plant processes; its waterside location for the cleaning of ships; and its excellent record of compliance with the many environmental controls and permits required in the hazardous waste market. Smaller watery waste streams or more complex streams are treated by CFS.

MARKETS

The core market drivers for the Hazardous Waste Division are industrial activity in the Benelux, particularly in the oil and gas sectors and in the Rotterdam and Moerdijk region, coupled with construction and site remediation activity across Europe. We are a trusted party for the processing industry in complex and highly-intensive 'stop and maintenance' projects.

The oil and gas sector represents over half of the revenues of the Hazardous Waste Division. As reported in the CEO's review, the oil and gas market stabilised at low levels of activity following the declines of the previous year. This has maintained pressure on the productivity and profitability of the Reym and VGIS cleaning divisions, on sludge volumes into ATM and on the value of waste oils produced during treatment. Reductions in gas production in the northern Netherlands have exacerbated this. Actions taken in 2015/16 to rationalise capacity to meet the expected lower levels of demand proved to be effective.

On a longer-term basis, activity in the Benelux has stabilised in the last year and Rotterdam has continued to remain busy with growth in waterside waste volumes during the year.

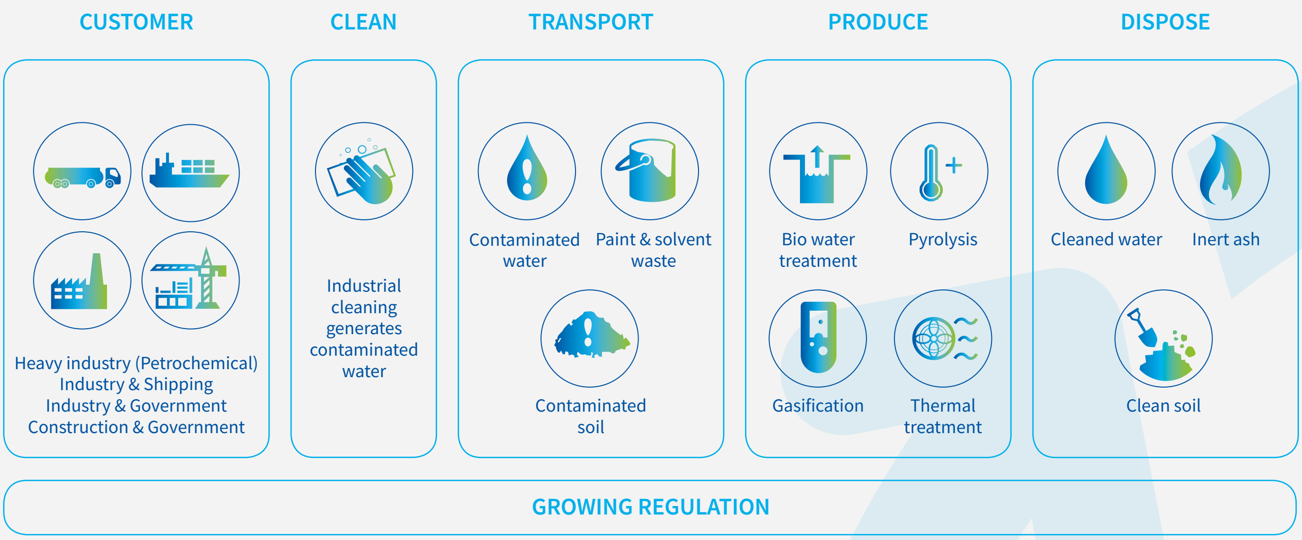
Continued on page 30

LEADERSHIP

Jonny Kappen
Managing Director,
Hazardous Waste

"By integrating the new Hazardous Waste Division we have an even stronger team to help maximise opportunities and solve challenges. We are focused on operational grip, full compliance and on broadening and enhancing our Total Care concept. We are doing this in a changing environment, both in terms of the market and internally as we progress through integration. Delivering value for our customers and the circular economy is our top priority as well as having happy customers and happy people!"

HAZARDOUS WASTE BUSINESS MODEL



The new site in Rotterdam that opened mid 2015, provides a perfect base for the Total Care solutions that we provide to our established customer base in this important industrial area.

The volume of contaminated soil requiring treatment in Europe has continued to be affected by the budgetary constraints of governments. This results in a continued downward pressure on volumes available and hence on pricing. However, our long-term pipeline remains sound, with many sites earmarked for brownfield redevelopment. Short-term decreases in the volume of soil available are offset by increased volumes of tar-containing asphalt grit (TAG) as a result of a successful industry lobbying campaign to have this material, produced during road surface replacement, treated within the Netherlands, rather than being exported.

We have also opened up new market opportunities and technologies, such as the use of ultrasonic cleaning which has seen a strong level of demand in the past year.

STRATEGY

The strategy of the Hazardous Waste Division is to continue to grow in target markets while retaining current levels of returns. Specifically, the strategy is to:

- Invest in environmental excellence and increasing treatment capacity;
- Expand the range of inputs requiring thermal treatment;
- Broaden commercial coverage and geographic footprint;
- Integrate VGIS into Reym in a planned and efficient manner;
- Drive further synergies, rationalise and optimise fleet and drive productivity gains; and
- Optimise the use of specific technology from ATM and CFS.

VALUE CAPTURE

Value capture in the Hazardous Waste Division will primarily come through the integration of VGIS into Reym. Productivity is key in the industrial cleaning segment so the increased size and scope of the cleaning activities will allow for optimised capacity planning and reduced sub-contracting of labour and plant. In addition, a number of the Reym and VGIS sites are very closely located across the Netherlands. Over time we intend to consolidate the sites to reduce cost without affecting the geographic footprint of the division.

Our Reym industrial cleaning business has highly experienced and trained cleaning teams who use specialist equipment

PRO FORMA FINANCIALS FY17 (UNAUDITED)

HAZARDOUS

€m	Shanks	VGG	Adjustment	Pro forma
Revenue	191.2	-	27.1	218.3
EBITDA	35.6	-	2.0	37.6
EBITDA %	*18.6%*		*7.4%*	*17.2%*
Trading profit	23.1	-	0.8	23.9
Trading profit %	*12.1%*		*3.0%*	*10.9%*

Basis of pro forma financials:

- Pro forma information for the year ended 31 March 2017 as if the acquisition had occurred on 1 April 2016
- Shanks represents 12 months to March 2017
- VGG based on 12 months to March 2017 as extracted from management accounts for the year ended 31 December 2016 and 3 months to 31 March 2017
- Adjustments to reflect the new divisional structure and reporting segments from 1 April 2017: transfer of VGIS from VGG Commercial Netherlands
- EBITDA and Trading Profit before non-trading and exceptional items

TECHNOLOGIES

- Thermal treatment
- High pressure
- Ultrasonic
- Scrubbing
- Vacuum
- Chemical
- Gasification
- Biological
- Detonation
- Separation

PRODUCTS

- Cleaned water
- Clean soil
- Inert ash

We are a trusted party for the processing industry in complex and highly-intensive stop and maintenance projects

MUNICIPAL

The Municipal Division operates waste treatment facilities for UK and Canadian city and county councils under long-term contracts, typically 25 years. Such contracts are established primarily to divert waste from landfill in a cost-effective and sustainable way

In the UK, the capital cost of the infrastructure we operate is financed with non-recourse bank debt and in the case of PFI contracts, is also supported by central government funding. Both PFI and PPP contracts are underpinned by guaranteed revenues and tonnages from the associated council. The business model is shown in the graphic opposite.

In a typical PFI or PPP contract, a special purpose vehicle (SPV) is created to finance the construction of the treatment assets and a club of banks provides the funding. During the build phase Renewi may or may not be the main construction contractor. On completion and commissioning of the assets, Renewi will generally inject up to 20% of the invested capital of the SPV in the form of subordinated debt, which then earns a return of around 12% pre-tax.

Once operational, there are two potential income streams from the PFI or PPP contract. The first is the income for treatment of the waste under the operating contract, which is signed with the Municipal Division as the supplier. The operating contract provides guaranteed volumes under agreed terms, typically with some form of price indexation. However, the contracts are not linked to the variable cost of the disposal of processed off-take and changes in this market have resulted in severe margin pressure as described on the following pages.

The second income stream is the interest from the subordinated debt and ultimately a dividend stream from the SPV.

Continues on page 35

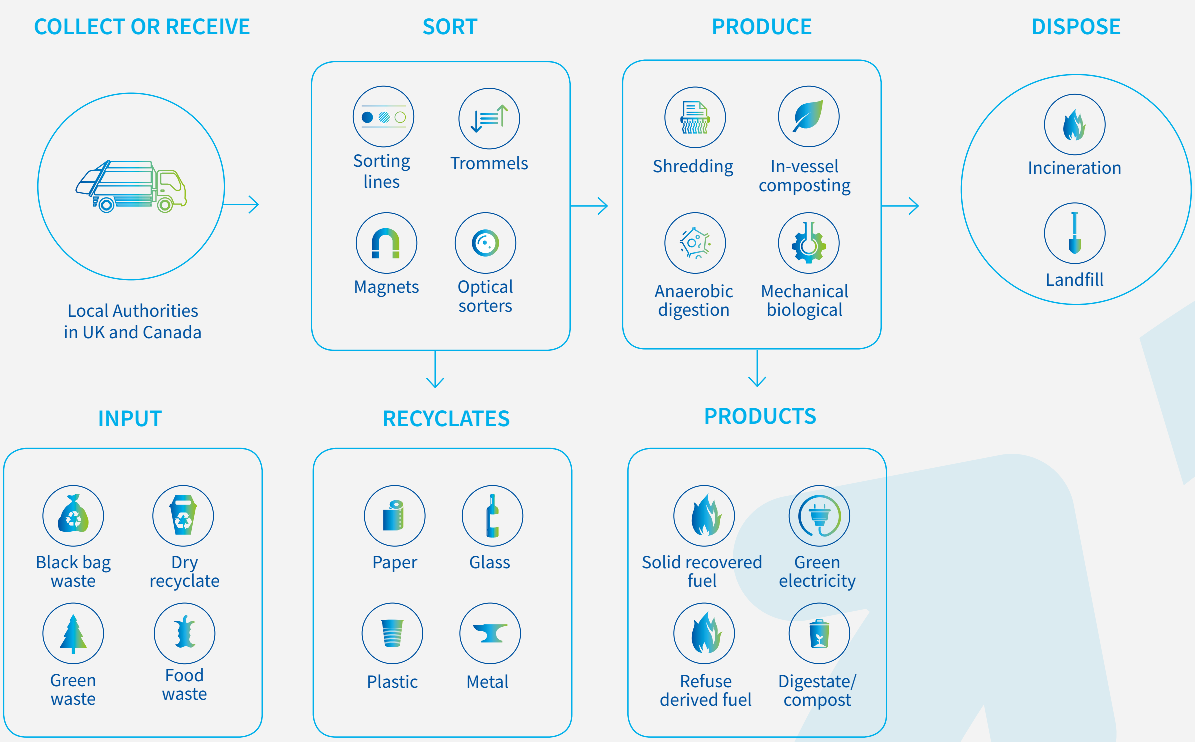
The Municipal Division secures its input waste under long-term contracts

LEADERSHIP

James Priestley
Managing Director, Municipal

"The potential for improvement in our division excites me – our main challenge is the breadth of what we have to do. Our focus is to motivate our empowered and accountable teams to deliver our commitments. I am looking forward to our business turnaround, especially our people feeling proud of what they have achieved and being able to celebrate their success."

MUNICIPAL BUSINESS MODEL



↑ The picking line at our Wakefield facility

The Municipal Division has historically sold the majority of its interest in its SPVs, following commissioning, to a third party; so this is currently a minor part of our income. However, we maintain an open stance on our ownership of current and future SPV stakes.

In Canada, the facilities are generally funded from our own balance sheet, supported by long-term contracts. In some cases, the customer may provide some funding support.

MARKETS

The bidding and building process for major waste treatment PFI/PPP opportunities in the UK is largely complete, with only our Derby project still under construction. However, some councils are still seeking a solution to their waste diversion needs, quite possibly through contracting spare capacity in existing PFI/PPP assets.

The Canadian market is still in a growth phase, with many municipalities yet to invest in the infrastructure required to divert waste, especially organic waste, from landfill. Renewi has a good overview of the pipeline of potential opportunities in Canada and into parts of the US but is not currently actively bidding on new contracts. We are currently completing the construction of a flagship organic processing plant in Surrey (Vancouver). This facility will convert food waste into bio-fuel to power the city's fleet of waste collection vehicles. We expect to commission the plant in this financial year.

The Municipal Division, having secured its input waste under long-term contract, then competes in a number of downstream markets, in particular with regard to the provision of solid recovered fuels (SRF) to cement manufacturers and refuse derived fuels (RDF) to energy from waste companies. A proportion of these disposal routes is secured under long-term agreements. However, the older contracts have generally not fully secured their disposal and the current market has become very challenging. The demand for SRF derived from municipal waste has declined sharply, while the cost of disposing of RDF has increased very significantly from a low of around €40 per tonne to a current market price of around €80 per tonne, with additional costs of around £11 per tonne to provide baled rather than loose product. The decline of Sterling against the Euro from around €1.45 to €1.17 has also further significantly increased the cost of disposal for the Municipal Division (although this is more than offset by the increased value in Sterling of the Group's overwhelmingly Euro-denominated profits).

The Municipal Division also operates two commercial Anaerobic Digestion (AD) facilities – one accounted for as a joint venture. The Westcott Park facility in Oxfordshire, which is wholly owned, has experienced difficulties in securing organic waste streams with an over-capacity of AD facilities in the area. On the other hand, the Zero Waste Scotland initiative has resulted in a sharp increase in the supply of source segregated organic waste in the Edinburgh/Glasgow area resulting in positive results for our Energen Biogas joint venture.

STRATEGY

The core strategy of the Municipal Division is to deliver an urgent and detailed recovery plan, including to:

- Deliver sustained operational excellence at full capacity under our current contracts;
- Ramp up operational performance in the BDR and Wakefield facilities following full service commencement;
- Negotiate off-take terms and find new outlets;
- Improve productivity and plant uptime;
- Successfully commission the Surrey and Derby facilities; and
- Renegotiate local municipal contracts for mutual benefit, where possible.

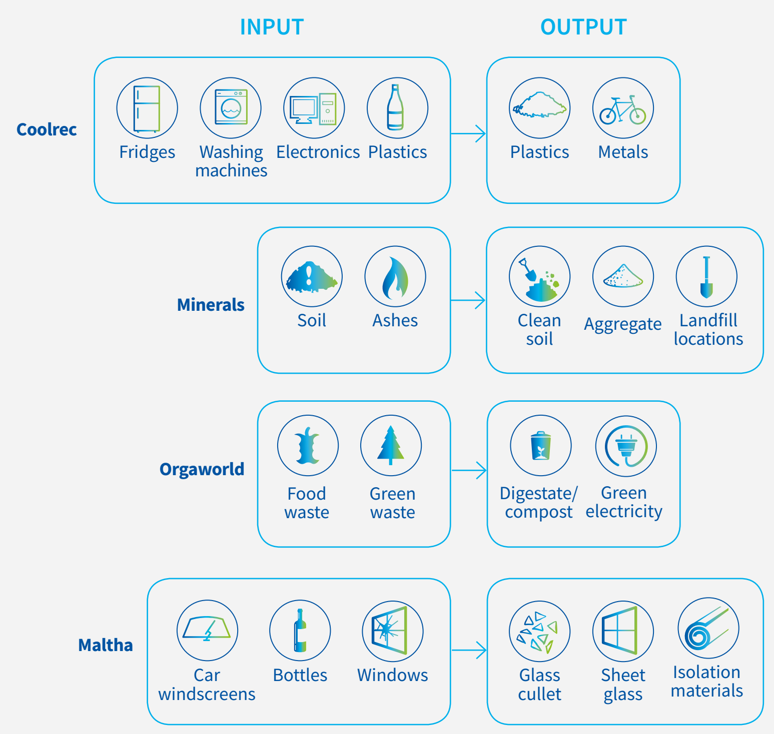
MONOSTREAMS

The Monostreams Division was created when the merger of Shanks and Van Gansewinkel completed in February 2017. The division comprises four businesses: Coolrec, Minerals, Orgaworld and Maltha

These businesses produce materials from waste streams in specific end markets such as glass, electrical and electronic equipment, organics and minerals. Our resulting products are used in markets such as food and beverage packaging, electrical and electronics, healthcare, energy, soil fertiliser, and building and construction in Europe.

Coolrec is a recycler of electrical and electronic equipment, including segregating plastics and both ferrous and non-ferrous materials. It has eight sites across Belgium, Netherlands, Germany and France with the majority of customers on long-term

MONOSTREAMS BUSINESS MODEL



supplier contracts. Coolrec has innovative partnerships with OEMs like Philips and Miele to bring used products back into the value chain and has introduced dynamic pricing to mitigate raw material price volatility.

The Minerals business provides unique landfill services to manage specialist waste streams such as NORM waste. We are expanding the Minerals business further to create building materials from bottom ash (the ash left over after incineration of waste) and have partnerships with producers of building materials to turn cleaned materials into products like concrete tiles.

The Orgaworld business has transferred from the Netherlands Commercial Division. Orgaworld is an innovative leader in organic waste treatment and is a producer of green electricity and soil enhancing materials. It had five facilities in the Netherlands, primarily based on composting and anaerobic digestion technology.

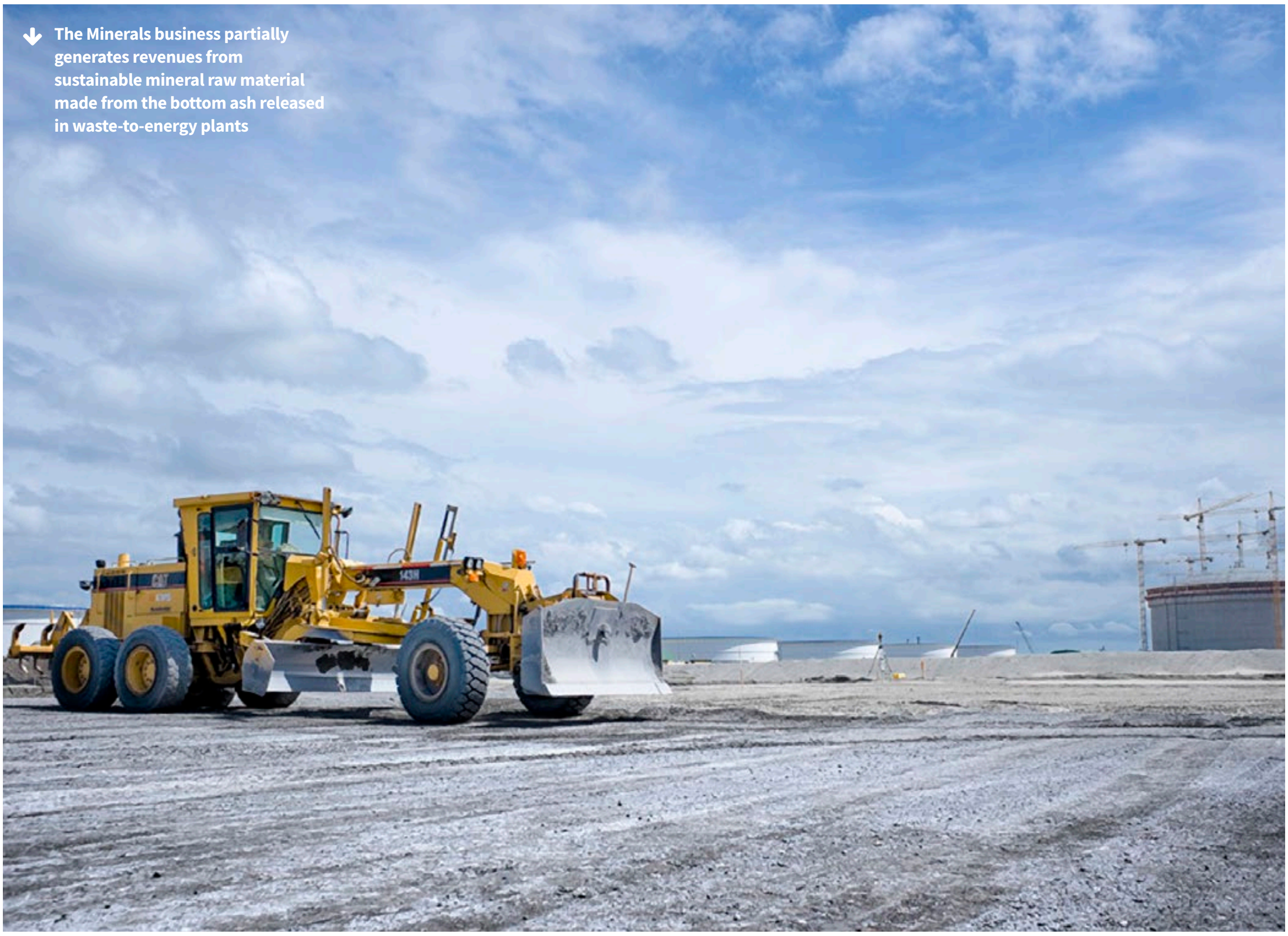
Maltha is a glass recycling specialist, focused primarily on recycling flat and container glass into "cullet" and glass powder for reuse in the glass industry.

The Monostreams Division produces materials from waste streams in specific end markets

LEADERSHIP

Bas Blom
Managing Director, Monostreams

"The Monostreams Division is at the centre of our purpose – giving new life to used materials. Our division is unique as we make such a diverse range of products to help our customers to achieve their sustainability goals and to fuel the circular economy. We are aiming to use self-help initiatives such as continuous improvement to deliver operational excellence and accelerate growth this year. Safety will always be our top priority – it is important that we all get home safely at the end of each day."



The Minerals business partially generates revenues from sustainable mineral raw material made from the bottom ash released in waste-to-energy plants

33% of the Maltha group is owned by Owens-Illinois, a world leader in packaging glass. Maltha has sites in the Netherlands, Belgium, France, Portugal and Hungary.

MARKETS

Each of our distinct end markets in the Monostreams Division has its own market drivers, making it a diverse division.

The Coolrec business processes end-of-life electrical and electronic goods. Input volumes have been relatively stable over the past years and the business can benefit from changes in environmental legislation and incentive schemes to drive additional recycling, and also from technology changes which affect the content of inbound used materials. The business is highly exposed to the value of the materials that it recycles, particularly non-ferrous metals, many of which are at historic lows in the cycle and which may recover with time.

The Minerals business partially generates revenues from specialist materials requiring landfill. These materials have few other disposal options and so input volumes are secure, so long as there is landfill capacity and permits in place. The building materials from the bottom ashes business has good growth prospects as many bottom ashes from incinerators are not yet being recycled. Indeed, the Dutch government has signed a green deal with the sector to recover 50% of bottom ashes in 2017 and 100% in 2020.

Inbound volumes in Orgaworld are relatively mature and are secured on long-term contracts, many of which have been recently renewed. Legislation changes have caused us to stop processing used nappies. Capacity has been replaced by a

Our distinct end markets in Monostreams make it a diverse division

new input of sludges, which has helped to improve profitability. Capacity changes in the food waste treatment market have seen input pricing improve for the sourcing of food waste, to the benefit of the Orgaworld Amsterdam (Greenmills) anaerobic digestion facility.

Our Maltha glass recycling business sources waste flat and container glass across Europe. Supply has been stable, although pricing has been under pressure. The cullet and powders produced are sold to leading glass manufacturers, including our partner Owens-Illinois, where demand is currently relatively strong for high purity products.

STRATEGY

The core strategy of the Monostreams Division is to deliver profitable growth from the existing businesses and operational footprint. This will include driving operational improvement and commercial gains. Longer term we will assess opportunities to develop returns from up or downstream extensions, geographical expansions and additions of other in- and/or outbound products.

Goals for 2017/18:

- Extend the Minerals Maasvlakte landfill operating permit;
- Deliver operational recovery plan in Coolrec to restore margins;
- Deliver operational recovery in Maltha, particularly in Heijningen;
- Sustain Orgaworld returns, while further expanding volumes and margins;
- Create an integrated operating model for Monostreams Division to capture strategic opportunities and improve efficiency; and
- Create growth with projects using innovation as competitive advantage, based on a strategic external focus.

VALUE CAPTURE

Synergy opportunities in the Monostreams Division are relatively limited due to the specialist nature of these standalone businesses. Opportunities for best practice and technology sharing, efficient overhead deployment and cross-selling of services as well as value stream alignment with the broader Renewi family are expected to deliver modest gains.

TECHNOLOGIES AND PRODUCTS

Glass recycling: waste glass back into cullet

WEEE recycling into metals and plastics

Anaerobic digestion

Forz: a safe and clean secondary raw material as filler for concrete

Composting

PRO FORMA FINANCIALS FY17 (UNAUDITED)

MONOSTREAMS €m	VGG Coolrec	VGG Minerals	VGG Maltha	Shanks Orgaworld	Pro forma
Revenue	77.8	46.7	48.8	19.9	193.2
EBITDA	6.9	10.5	5.8	6.6	29.8
EBITDA %	*8.9%*	*22.5%*	*11.9%*	*33.2%*	*15.4%*
Trading profit	3.9	6.4	1.5	2.9	14.7
Trading profit %	*5.0%*	*13.7%*	*3.1%*	*14.6%*	*7.6%*

Basis of pro forma financials:

- Pro forma information for the year ended 31 March 2017 as if the acquisition had occurred on 1 April 2016
- Shanks represents 12 months to March 2017
- VGG based on 12 months to March 2017 as extracted from management accounts for the year ended 31 December 2016 and 3 months to 31 March 2017
- EBITDA and Trading Profit before non-trading and exceptional items

Peter's statement continued from p15

A SOLID PERFORMANCE

We delivered a robust performance during a transformational year

Peter Dilnot
Chief Executive Officer

ACTIVELY MANAGING THROUGH MARKET UNCERTAINTIES

Market and macroeconomic background
The Brexit vote and significant weakening of Sterling during the year resulted in a material positive translation of our Euro-denominated earnings, slightly offset by a negative profit impact on the Municipal Division.

More generally, Renewi experienced stable or modestly improving market volumes, pricing and recyclate income across its Benelux businesses during 2016/17. However, some of these positive trends for our Commercial Division had a negative impact on our Municipal Division.

The Belgian and Dutch economies both grew modestly during the year, with small increases in waste volumes. There was stronger growth in our key Dutch construction market, where mixed C&D waste volumes increased 11.3% in a second consecutive year of growth, again driven primarily by a recovery in the challenged residential sector.

Dutch and neighbouring German incinerators continued to be largely full in 2016/17, with limited spot capacity available and generally higher prices for contract renewals or extensions. This trend is expected to continue for the next two or three years, with waste flows from neighbouring European Union countries, as well as from the UK, making up shortfalls in the domestic supply of waste. The rising incinerator prices have underpinned improved inbound waste pricing for recyclers in the Dutch market, supporting modest price recovery in the Commercial Division. However, the same price increases, exacerbated by the weakening of Sterling, have had a material negative impact on the profitability of our smaller Municipal Division.

The global commodities markets also stabilised and showed some recovery after the sharp falls in the second half of 2015/16. Metal prices increased steadily in the second half of 2016/17 and paper prices were also particularly strong. In contrast, supply/demand imbalance in the wood market has caused the income received on sale of wood chips to fall sharply, even becoming a cost at times, with corresponding pressure on profits from this waste stream. Energy prices also showed some recovery with increased revenue for the Group from electricity derived from our bio-gas production plants.

As expected, the oil and gas market remained subdued through most of 2016/17. Demand for industrial cleaning services and the consequent supply of highly contaminated waters and sludges for treatment at our ATM facility remained at low levels.

The PFI sector in the UK has continued to face significant challenges for market participants. An increasing number of PFI contracts across the country have come under pressure as a result of austerity measures, poor performance or because the contracts are inappropriate in the current market environment. Within this unfavourable market background, our Municipal Division's portfolio of assets has been vulnerable contractually to the volatile recovered fuel markets, rising incinerator gate fees and the weakness of Sterling.

The unexpected outcome of the Brexit vote on 23 June 2016 has created some uncertainties in the waste market. The short-term impact has been limited to the flow through of a weakened Sterling on our results, both transactional and reported. Through the Brexit process, we expect the export of waste from the UK to continue for some time, as there is a strong economic incentive for both the Netherlands and the UK to do so. Longer term, we believe the impact on the Dutch market is likely to remain limited. This is because an ultimate reduction in UK imports was already expected due to the commissioning of incinerator capacity in the UK and also new waste imports into the Dutch incinerators are being identified to take up any vacated capacity. Providing that there is no significant degradation in Dutch incinerator utilisation and pricing, the impact of Brexit on our Benelux Divisions is therefore likely to be limited. We also believe that the UK Government will continue to drive environmental policies that will encourage recycling after the exit from the European Union. We further expect the impact on our Municipal Division to reduce progressively as we are de-risking the operating model by seeking to agree longer term contracts for the fuels that we produce.

TRADING IN 2016/17: DELIVERING OUR COMMITMENTS

Group performance
As previously announced, we have reported the combined business of VGG as one business unit for the purposes of the 2016/17 financial year, given that we owned the business for just one month. Going forward, Renewi will report in the new four division structure as set out on page 7.

Total underlying revenues grew by 27% to £779m at reported currency or 14% at constant currency. On a like-for-like basis excluding VGG, revenue growth was 15% at reported currency. Trading profit at £36.5m was up by 9% on the prior year at reported currency or down 9% at constant currency. On a like-for-like basis excluding VGG, trading profit fell by 2% at reported currency. Underlying earnings per share fell by 12% to 3.7p (2016: 4.2p as adjusted for the bonus factor) as a result of a higher taxation rate as the prior year benefits do not repeat. Exceptional items totalled £87.1m (2016: £23.5m) as previously advised, reflecting the transaction and initial synergy delivery costs of the merger in addition to charges reflecting the market and operational challenges in Municipal.

Commercial Waste produced another strong performance in the year, growing

Some of the team celebrating Day 1 of Renewi trading profit by 27% at constant currency to €26.9m on revenues that grew by 2% to €414m. Margins increased by 130bps to 6.5%. The Netherlands increased trading profit strongly by 39% to €19.1m, while Belgium also grew profits for the first time in five years, increasing by 5% to €7.8m. Ongoing contributions from our successful self-help initiatives and portfolio management were reinforced by improving end markets.

Hazardous Waste also delivered a strong performance despite continuing subdued oil and gas markets. Revenues increased by 3% at constant currency to €191m and trading profit increased by 9% to €23.1m. Margins increased by 70bps to 12.1%. Waterside volumes from ships and strong throughput on the soil cleaning line offset ongoing weakness in higher-priced contaminated water volumes and lower sludge intake.

As previously reported, Municipal, which operates in the UK and Canada, had a difficult year. Revenue grew by 8% at constant currency to £203m as a result of the full year effect of commissioning the Wakefield and Barnsley, Doncaster and Rotherham (BDR) facilities and construction activity in Surrey, Canada. However, the Division recorded a trading loss for the year of £2.7m at constant currency (2016: profit of £9.4m), primarily as a result of ongoing off-take cost pressures as outlined in the market section above. There were also operational challenges getting to full optimisation with the two new sites. The second half showed a deterioration on the first half, primarily as a result of recovered fuel pricing and mix and a number of exceptional charges have been recorded. New management are in place and making rapid progress in implementing the plan for recovery, with operational and commercial improvements already being secured.

27%

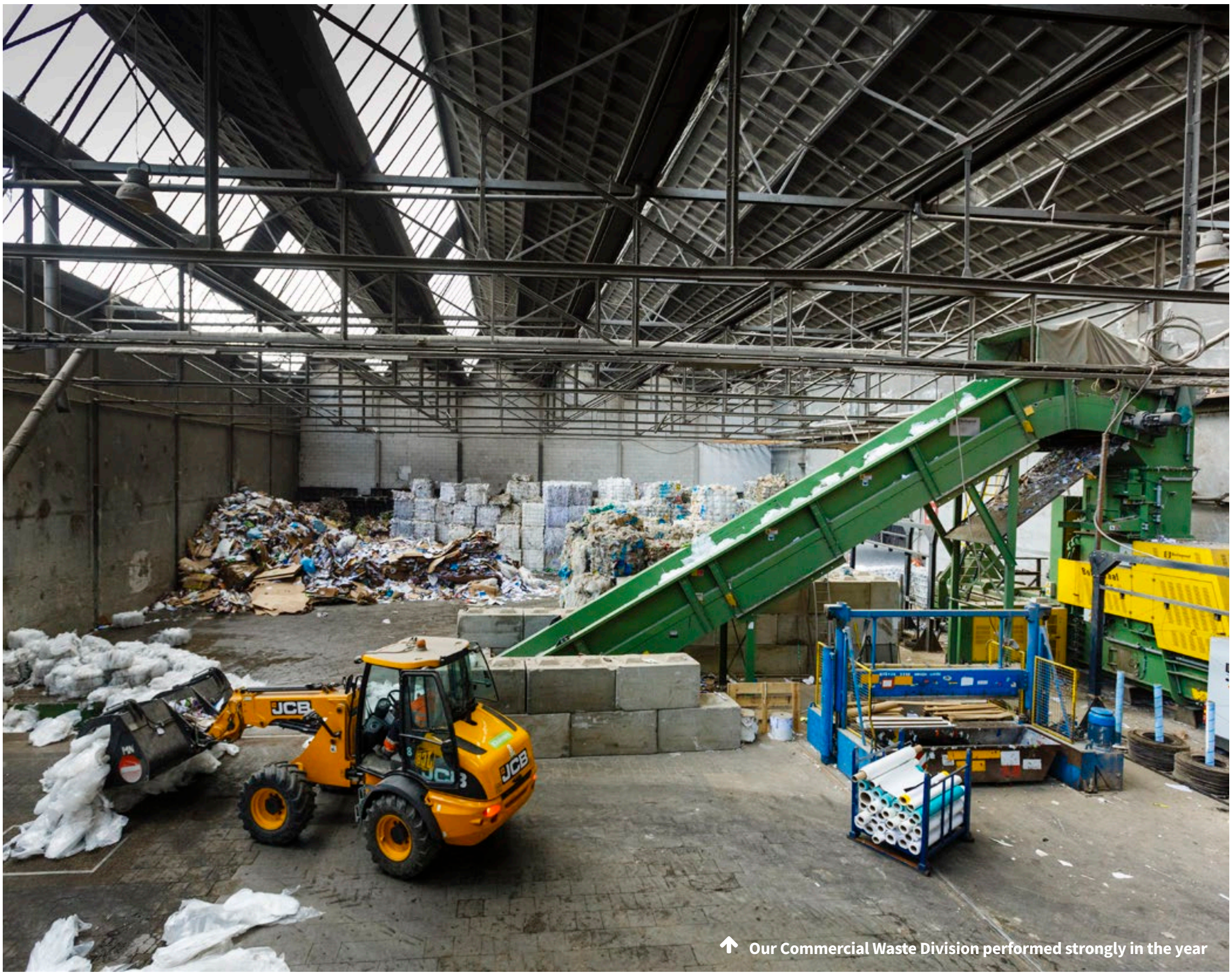
Commercial Waste produced a strong performance in the year, growing trading profit by 27% to €26.9m

€7.8m

Our Commercial Waste Division in Belgium grew profits for the first time in five years, by 5% to €7.8m

€23.1m

Hazardous Waste delivered a strong performance, increasing profit by 9% to €23.1m



Our Commercial Waste Division performed strongly in the year

25%

Our green electricity production is up by more than 25%

€84m

During the one month of ownership in March, VGG delivered revenues of €84m, up 16% on the prior year

During our one month of ownership in March 2017, VGG delivered revenues of €84m, up 16% on the prior year, and trading profit of €4.5m which was significantly up on the same period last year. As previously reported, VGG turned around its performance during 2016, delivering a strong improvement of 23% in EBITDA to €91m for the 12 months to December 2016 on the back of commercial effectiveness and cost reduction activities.

Strong cash management has continued through the year. We delivered an underlying free cash flow of £23.1m (2016: £56.8m) which was down on the prior year due to increased spend on replacement capital and the non-repeat of favourable inflows from the sale of receivables in Netherlands and Belgium last year. Our core net debt at 31 March 2017 was better than expected at £424m, representing a multiple of 2.8 times pro forma EBITDA, comfortably within our covenant level of 3.5x.

Implementing our strategy

We have three overarching strategic self-help initiatives, the success of which has been an important part of the strong performance in our Commercial and Hazardous Waste divisions.

These three initiatives drive margin expansion by addressing the key areas of our business model: intake, processing and disposal. Our progress offsets inflationary cost pressures and other headwinds and allows us to maximise opportunities to increase margins where possible.

Our commercial effectiveness initiative is focused on managing intake margin at the front end of the business, particularly in our Commercial Division. Our sales force has shifted its emphasis towards margin from volume, focusing on profitable segments and exiting from loss-making contracts. New tools for managing both pricing and sales force activity have allowed us to more effectively manage market changes, such as new taxes or movements in recyclate prices.

Sustainability and CSR are at the heart of our vision

Our continuous improvement (CI) programme made good progress in 2016/17, despite some inevitable merger related activities. The roll-out of 'lean conversion' has continued to include Icova, Van Vliet Contrans, Mont St Guibert and Seraing (Liege) with potential annualised savings of around €3m being identified. The introduction of CI at our ATM facility is planned for 2017/18, and, in advance of that, targeted progress was made with underlying operational improvement programmes, such as the reduction of chemical usage during treatment. The ATM facility has also secured the highest level BRZO standard to ensure operations meet stringent quality and safety standards.

Our off-take initiative has continued to ensure that we optimise the flows and the revenues arising from our recyclates, recovered fuels and other products across the Group. Successes have included co-ordinated management of a volatile market for waste wood to minimise negative impacts on the Group and the opening up of Belgian solid recovered fuel (SRF) opportunities for our Municipal Division. Looking forward, Renewi will build on the strong capabilities from Van Gansewinkel in this area and will have a Product Sales Department with leadership reporting into the Chief Executive Officer as a member of the Executive Committee.

Focus on commissioning new assets

As reported last year, our focus for the deployment of capital into infrastructure has been shifting from the construction of large new sites to the commissioning of the sites already underway. The focus for future investment is also primarily in new or improved production capabilities in existing facilities (to increase capacity or quality and to reduce cost) rather than building new sites.

The new Vliko facility for Commercial Waste Netherlands was commissioned on time and on budget in October 2016 and is performing well. In the Hazardous Waste Division we are expanding our storage capacity for packed chemical waste, a project that is on track for completion in quarter two of 2018. The Theemsweg facility in Hazardous Waste also performed strongly in its first year, exceeding our expectations. In contrast, and as previously reported, the first full year in production of our Wakefield and BDR facilities in the UK was challenging from an operational perspective and the related recovery plan is detailed below.

We have two remaining greenfield sites under construction. Construction of our new bio-gas facility in Surrey, Canada is largely complete, we have started commissioning and we are working through completion matters with the constructors with a view to receiving first waste later this year, slightly behind schedule. This is a flagship project for the City of Surrey under which bio-gas extracted from the city's organic waste will be used to operate the city's waste collection fleet in a closed loop. The Derby PPP facility has experienced major challenges, as previously reported, as a result of the insolvency during 2016 of a core technology supplier to the EPC contractor Interserve plc. Interserve is working hard to implement a recovery plan but there has been an unavoidable consequent delay to the project and the facility is not expected to be fully operational until late in 2017/18. As the operator, rather than the constructor, the financial consequences for Renewi are limited and appropriate provisions for incremental costs have been taken as an exceptional item this year.

Portfolio management for improved returns

In addition to the merger with VGG, we have continued to invest in growth opportunities and to exit those activities which are non-core or where we are unable to generate acceptable returns. During 2016/17, we sold our low margin Smink Groundworks business to a local operator, while we acquired and integrated the commercial waste activities of the City of Leiden into our Vliko facility.

Delivering responsibly

Sustainability and corporate social responsibility (CSR) are at the heart of our vision to be a leading waste-to-product company. In 2015 Shanks laid out a five year programme for CSR with a broad range of targets. Van Gansewinkel had also set itself stretching CSR targets. In many areas these targets are compatible, and where possible we have already set ourselves merged objectives to 2020. As our performance shows, we are making progress. Our lost time accident frequency has improved by more than 5% over the year, our green electricity production is up by more than 25% and our total carbon avoidance exceeds 3 million tonnes. This is only the beginning and Renewi will launch a full set of CSR targets during 2017 to reflect the ambitions and capabilities of the combined Group.

Peter Dilnot
Chief Executive Officer

GROWING FROM A STRONG FOUNDATION

The strength of our combined Group, and our plans for growth through synergy gains and investment, will help to build on increases in underlying revenue and trading profit

Toby Woolrych
Chief Financial Officer

Overall Group underlying revenue increased by 27% in 2016/17 to £779.2m. Excluding the one month of trading from Van Gansewinkel Groep (VGG), revenue increased by 4% at constant currency to £715.4m. Trading profit on continuing businesses, before non-trading and exceptional items, increased by 9% to £36.5m at reported rates (9% decrease at constant currency). For the post-merger period of March 2017, VGG generated a trading profit of £3.9m on revenue of £71.5m.

Non-trading and exceptional items excluded from pre-tax underlying profits

To enable a better understanding of underlying performance, certain items are excluded from trading profit and underlying profit due to their size, nature or incidence.

Total non-trading and exceptional items from continuing operations amounted to £87.1m (2016: £23.5m). These items are explained further in note 4 to the financial statements and include:

Deal-related

- Merger related transaction and integration costs of £38.2m (2016: £0.8m) which include all deal related fees and the costs of the arrangement of the new financing facility
- Amortisation of intangible assets acquired in business combinations of £2.1m which has increased due to the VGG merger and the identification of intangibles as part of the fair value exercise (2016: £1.8m)

GROUP SUMMARY

Continuing operations	REVENUE YEAR ENDED				TRADING PROFIT YEAR ENDED			
	Mar 17 £m	Mar 16 £m	Variance reported %	Variance % CER	Mar 17 £m	Mar 16 £m	Variance reported %	Variance % CER*
Commercial	**347.6**	297.3	17%	2%	**22.6**	15.4	47%	27%
Hazardous	**160.2**	136.2	18%	3%	**19.3**	15.6	24%	9%
Municipal	**207.6**	187.7	11%	8%	**(2.6)**	9.4	N/A	N/A
Group central services	**–**	–			**(6.7)**	(7.0)	4%	4%
	715.4	621.2	15%	4%	**32.6**	33.4	-2%	-19%
VGG	**71.5**	–			**3.9**	–		
Inter-segment revenue	**(7.7)**	(6.4)			**–**	–		
Total	**779.2**	614.8	27%	14%	**36.5**	33.4	9%	-9%

*CER= at constant exchange rate
Revenue in 2016 excludes the impact of the non-trading item of £1.0m

For the post-merger period of March 2017, Van Gansewinkel generated a trading profit of £3.9m on revenue of £71.5m

Municipal–related

- As previously advised, Municipal UK onerous contract provisions of £28.2m (2016: £5.0m) include increases relating to Cumbria and D&G contracts given market changes in the year and new provisions against Barnsley, Doncaster and Rotherham (BDR), Wakefield and Derby commissioning
- Impairment of assets of £9.2m (2016: £nil), principally plant and equipment at the Westcott Park anaerobic digestion facility and other UK Municipal intangible assets
- Other items of £6.9m (2016: £4.9m) including contractual issues in Municipal UK caused by delays at the Derby contract due to the insolvency of a major contractor, incremental third party and waste disposal costs at Wakefield following on from the subcontractor insolvency in the prior year and incremental costs relating to the East London fire in 2014 that could not be claimed from the insurers

Other

- Restructuring charges and associated costs of £2.4m (2016: £2.4m) relating to the previously announced close out of structural cost reduction programmes started in the prior year;
- Portfolio management activity net loss of £0.1m (2016: £8.7m) following the sale of the groundworks business in Netherlands and the Industrial Cleaning business in Wallonia along with disposals of surplus land and other assets; and
- Financing fair value measurements of £nil (2016: credit of £0.1m).

The operating loss on a statutory basis, after taking account of all non-trading and exceptional items, was £39.0m (2016: profit of £9.8m).

Net finance costs

Net finance costs, excluding the change in the fair value of derivatives and exceptional deal related finance charges, were £0.6m lower year on year at £12.8m. Given the equity fundraising early in the second half of the year and the delayed completion of the merger, lower borrowing levels have resulted in reduced interest charges. The decline in finance income is driven by the disposal of 49.99% of the equity in the Wakefield SPV in March 2016 which has resulted in equity accounting for our remaining interest as a joint venture. There is a corresponding reduction in the level of interest charge for PFI/PPP non-recourse net debt.

Share of results from associates and joint ventures

The significant increase year on year is attributable to the strong performance from our joint venture in the anaerobic digestion facility in Scotland following recent investments and positive operational performance.

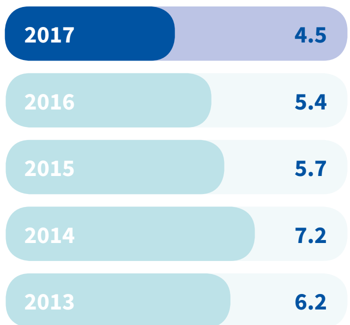
Loss before tax

Loss before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was £61.4m (2016: £2.5m).

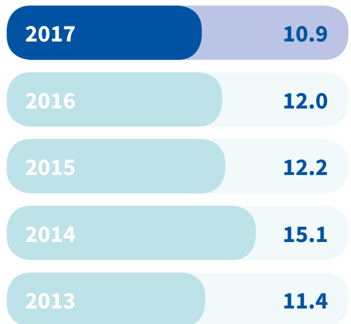
Taxation

Taxation for the year on continuing operations was a credit of £0.5m (2016: charge of £1.5m). The effective tax rate on underlying profits has increased to 23.0%, as a result of the change in mix of profits

Trading profit margins[1]
£m



Return on operating assets[1]
%



1 All values quoted are for Shanks legacy businesses only

with higher profits in the Netherlands and Belgium. It should be noted that the underlying tax charge in the prior year included a £2.2m credit from the recognition of tax losses in Belgium as a result of greater certainty of utilisation following the restructuring completed as part of the sale of the Industrial Cleaning business. Excluding this credit the effective tax rate on underlying profits was 21.4% in the prior year. There is a tax credit of £6.4m arising on the non-trading and exceptional items of £87.1m as a significant proportion of these are non-taxable.

Looking forward, we anticipate an underlying tax rate of around 25%, reflecting increasing profits in regions with relatively higher tax rates.

The Group statutory loss after tax and including all discontinued and exceptional items was £61.4m (2016: £3.9m).

Earnings per share (EPS)

Underlying EPS from continuing operations, which excludes the effect of non-trading and exceptional items, decreased by 12% to 3.7p per share (2016: 4.2p as adjusted for the equity raise). As noted above, the tax charge in the prior year benefited from increased deferred tax recognition in Belgium which has not been repeated this year. Basic EPS from continuing operations was a loss of 11.3p per share compared to a loss of 0.9p per share (as adjusted) in the prior year.

Dividend

The Board is recommending a final dividend per share of 2.1p. This final dividend and the total dividend for the year of 3.05p represent an unchanged dividend after adjusting for the bonus factor of the rights issue. Subject to shareholder approval, the final dividend will be paid on 28 July 2017 to shareholders on the register on 30 June 2017. Total dividend cover, based on earnings before non-trading and exceptional items from continuing operations, is 1.2 times (2016: 1.3 times).

Discontinued operations

The loss from discontinued operations of £0.5m (2016: profit of £0.1m) relates to the UK solid waste activities.

Cash flow performance

A summary of the total cash flows in relation to core funding is shown in the table below.

CASH FLOW

	March 17 £m	March 16 £m
EBITDA	**80.4**	68.2
Working capital movement and other	**(4.3)**	24.8
Net replacement capital expenditure	**(38.2)**	(18.6)
Interest and tax	**(14.8)**	(17.6)
Underlying free cash flow	**23.1**	56.8
Growth capital expenditure	**(4.2)**	(9.9)
UK PFI funding	**(20.1)**	(53.9)
Canada Municipal funding	**(19.6)**	(10.3)
VGG acquisition:		
Net cash out	**(277.9)**	–
Deal related fees	**(19.2)**	–
Other acquisitions and disposals	**(3.3)**	27.8
Equity raise (net of costs)	**136.4**	–
Dividends paid	**(15.1)**	(13.7)
Restructuring spend	**(1.9)**	2.6
Other	**(17.8)**	(15.2)
Net core cash flow	**(213.0)**	(21.0)
Free cash flow conversion	**63%**	172%

All numbers above include both continuing and discontinued operations.
Free cash flow conversion is underlying free cash flow as a percentage of trading profit.
Net core cash flow reconciles to the movement in net debt of £227.3m in note 30 to the financial statements after taking into account movements in PFI/PPP non-recourse net debt, amortisation of loan fees and foreign exchange

The Board is recommending a final dividend per share of 2.1p

Free cash flow conversion decreased year on year as a result of the higher level of replacement capital spend and the non-repeat of the working capital benefit from the sale of certain trade receivables in Belgium and Hazardous Waste in the prior year. Replacement capital spend included the final build out of the Vliko relocation project and a number of compliance and catch up projects across all Divisions. The ratio of replacement capital spend to depreciation increased from 52% last year to 85% this year, as the prior year was favourably impacted by the receipt of proceeds from the sale of the old Vliko site with the cash being spent in this financial year.

The growth capital expenditure of £4.2m related to spend on operator enhancements for Municipal contracts and which is classified as an intangible asset. This included investment in balers to enable the business to access broader recovered fuel markets. The scheduled £17.5m subordinated debt funding into the Derby project was made on 31 March 2017. The Canada Municipal funding reflects the construction spend on the Surrey facility.

The VGG acquisition net outflow includes the total monies paid to the vendors including the settlement of vendor funding together with the finance leases and cash acquired. The other acquisition and disposal spend includes the deferred consideration from the March 2016 sale of 49.99% of the equity in the Wakefield SPV completed in August and other disposals net of the acquisition in August of the commercial waste activities of the City of Leiden. The prior year inflow reflected the Wakefield PFI sub-debt divestment.

The "Other" category includes the funding for the closed UK defined benefit pension scheme, the onerous contract provision spend in UK Municipal and other non-trading cash flows.

Our Renewi employees celebrate Day 1 in the Netherlands

THE VGG MERGER

Sources and uses of funds

The transaction was valued at €440m on a cash-free debt-free basis when the deal was agreed in principle in May 2016, although this increased with our share price to €488m at close on 28 February 2017. Inclusive of the cash acquired in VGG, the total transaction cost was €580m.

Future reporting units

As noted in the CEO's Statement, we will report from 1 April 2017 on four trading divisions: Commercial Waste (disclosing Belgium and Netherlands operations separately), Hazardous Waste, Municipal (disclosing UK and Canada operations separately) and Monostreams (disclosing the four main business units separately).

Value capture targets

Value capture includes cost, revenue and cash synergies of which we have only quantified cost as it is separable and reportable.

We remain confident we can deliver €40m of ongoing cost synergies over the first three full years of ownership. We expect to deliver €12m in 2017/18 increasing to €30m in 2018/19 and €40m in 2019/20. Cash costs to achieve the €40m synergies are expected to be approximately €50m. Non-cash costs arising from site closures, for example, have not yet been calculated.

The cost synergies are expected to arise from three main areas:

- €12m from direct savings such as site closures and route optimisation;
- €8m from scale savings such as improved procurement costs; and
- €20m from indirect cost savings in management and overheads.

In addition, we believe there is an opportunity for revenue synergies in the form of cross-selling of services, internalisation of waste treatment and the deployment of our commercial effectiveness initiative into VGG. The benefits from these activities will be hard to distinguish from underlying trading and so will not be reported on separately as a synergy.

Cash synergies will include better effective utilisation of trucks, thereby postponing capital investment, and optimised treasury operations.

Transaction and integration costs

We have grouped the costs relating to the transaction into three segments:

- Transaction costs: relating to the acquisition and related financing;
- Value capture costs: relating to the delivery of the €40m cost synergies; and
- Integration costs: relating to the successful merger and integration of the two businesses.

SOURCES AND USES OF FUNDS

	€m
Sources	
Net rights issue and placing funds	156
Equity issued to vendors	212
Increase in debt financing	212
	580
Uses	
Equity issued to vendors	212
Consideration paid to vendors	29
Repayment of VGG Syndicated loan	339
	580

Transaction costs have been incurred in full and amount to £35.6m. These include advisers' fees, financing costs and other deal related expenditure. The total costs are slightly higher than originally expected primarily due to the length of time taken to complete the transaction and the complexity of the anti-trust filings. Costs of £5.1m have been taken to equity as they were directly attributable to the equity raise with the balance of £30.5m accounted for as non-trading and exceptional items in the appropriate line items of the Income Statement.

Value capture costs include the costs of site closures, redundancies and other reorganisation costs. They are forecast to total €50m and will be accounted for in the year incurred as non-trading and exceptional items. £4.5m (€5.3m) was incurred in 2016/17 and we expect the split of future costs to be approximately €20m in 2017/18, €20m in 2018/19 and €5m in 2019/20.

Integration costs include advisers' fees, the transitional costs arising from merging the two organisations and certain IT and rebranding costs that cannot be capitalised. These are expected to total €22m, with £2.9m (€3.4m) incurred in 2016/17 and we expect approximately a further €11m in 2017/18, €6m in 2018/19 and €2m in 2019/20.

Both value capture and integration costs will be reported as non-trading and exceptional costs in subsequent periods.

Finally, we expect to incur some integration-related capital investment. This is expected to include investment in rebranding of around €12m over two years (signage, truck respraying, etc.), up to €45m over three years in truck replacements within the relatively older VGG fleet, and an investment in new IT platforms for growth for the merged business.

Purchase price accounting

The merger has been accounted for in accordance with IFRS 3 (Revised) Business Combinations which requires a full fair value exercise for the assets and liabilities acquired as at 28 February 2017. This exercise is provisional at this stage as permitted under accounting standards. The review has resulted in a step down in value of trucks and other tangible assets of over €20m, the recognition of acquisition intangibles of €52m, alignment of discount rates for long-term landfill provisioning and the recognition of appropriate legal and tax provisions. Given that the completion date fell so close to the year end, we have not been able to undertake a full valuation of all real estate assets acquired and these have been included at their original book value in the acquired balance sheet. A full valuation exercise will be performed in the coming months and any adjustment reported as part of the September 2017 reporting. The step down in the value of property, plant and equipment will result in reduced depreciation charges in VGG of c€2m which is mostly attributable to the Netherlands operations.

INVESTMENT ACTIVITIES AND PERFORMANCE

Investment programme

The Group has a stated strategy of investing in sustainable waste management infrastructure with a target pre-tax trading profit return of 15–20% on fully operational assets (post-tax return of 12–15%). At 31 March 2017, the fully operational proportion of the investment portfolio delivered a pre-tax return of 17.4% (2016: 19.5%). The portfolio as a whole delivered a pre-tax return of 13.1% (2016: 16.1%). Going forward we shall cease reporting on this metric which related to legacy Shanks only.

The investment in the Municipal programme has continued with progress in construction at the Canadian plant in Surrey and delays at Derby following the insolvency of a principal contractor. For the year ended 31 March 2017, the PFI financial assets increased by £20.2m to £178.8m due to further construction spend in Surrey net of repayments on other contracts.

There will be further modest investments in the Surrey plant in the new financial year. Construction is largely complete and we have started commissioning and are working through completion matters with the constructors with a view to receiving first waste later this year, slightly behind schedule. The investment on the Derby contract is not reflected in financial assets as we hold our interest in this contract in a joint venture.

Continues on page 50

We believe that there is opportunity for revenue synergies in the form of cross-selling of services

Our Commercial Waste Division provides secondary raw materials for the circular economy

The Group's underlying expectation for replacement capital remains around 75-80% of depreciation, however 2017/18 is a year of catch up and the ratio is expected to be c90%. This level may from time to time be supplemented with larger scale replacement projects. Over the next two to three years we expect to spend €5m on a new stone crushing line near Rotterdam, €2m to complete a new packed chemicals warehouse in Hazardous Waste, €15m to replace and upgrade major components of Hazardous Waste's soil treatment line and €2m for the digestate dryer at Roeselare. As noted earlier in this report, we also expect some rebranding capital investment and some additional catch-up investment in trucks. Growth capital expenditure is likely to be limited to around £5m, being investments in Hazardous Waste.

Group return on assets

For the legacy Shanks businesses only, the Group return on operating assets (excluding debt, tax and goodwill) from continuing operations decreased from 12.0% at 31 March 2016 to 10.9% at 31 March 2017. The Group post-tax return on capital employed was 5.5% compared with 6.3% at 31 March 2016 for the legacy Shanks businesses only.

TREASURY AND CASH MANAGEMENT

Core net debt and gearing ratios

The net core cash outflow of £213.0m along with an adverse exchange effect of £16.5m on the translation into Sterling of the Group's Euro and Canadian Dollar denominated debt and loan fee amortisation has resulted in a core net debt increase to £423.9m which was slightly lower than expected due to the timing of transaction related payments and despite the £17.5m scheduled equity injection into the Derby project at the end of March. This represents a covenant leverage ratio of 2.8 times net debt:EBITDA which is well within our banking limits of 3.5x.

Debt structure and strategy

At the time of the announcement of the merger on 29 September 2016, the Group entered into a new five year €600m multi-currency facility with a syndicate of banks, comprising both a term and revolving credit facility. Some €575m of the facility, including the whole term loan and part of the revolving credit facility mature in five years on 29 September 2021 (in each case subject to two one year extension options). The remaining €25m of the revolving credit facility matures in two years on 29 September 2018. At the end of March 2017, £279.2m was drawn at an initial margin of 2.15%. The new facility has been hedged with a €125m interest rate cap and two cross currency swaps totalling £75.0m at fixed Euro interest rates of 2.2%. The Group also has two retail bonds each of €100m due for repayment in July 2019 and June 2022 with an annual coupon of 4.23% and 3.65% respectively. Following the merger the Group has £45.2m of finance leases and £216.4m of guarantees.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2017 this debt amounted to £87.1m (31 March 2016: £91.1m).

Directors' valuation of PFI/PPP portfolio

The Directors' PFI/PPP valuation was established a number of years ago to demonstrate the value primarily from assets not yet built or commissioned. It comprised a valuation of the UK Municipal Division's operating contracts, which can be seen in the divisional trading performance upon commissioning, and also the value of financial investments in the SPVs used to fund the contracts and into which the company has often invested in the form of subordinated debt and equity.

The Directors consider that with almost all assets now commissioned there is no benefit to continuing to provide a valuation of the operating contracts, a valuation which is in any case subject to volatility in the current market environment. However, there is still a purpose in providing a valuation of the financial assets, the benefits of which are not easily assessed from the financial statements. As at 31 March 2017 the Directors believed that these amounted to £45m (2016: £30m).

The Group has a stated strategy of investing in sustainable waste management infrastructure

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which is closed to new entrants. At 31 March 2017, the net retirement benefit deficit relating to the UK scheme was £15.5m compared with £8.8m at 31 March 2016. The increase in the deficit reflected the fall in the yield on corporate bonds which resulted in a lower discount rate of 2.6% at March 2017 compared to 3.5% at March 2016. The most recent actuarial valuation of the scheme was carried out at 5 April 2015 and a funding plan of £3.1m per annum for a further five years has been agreed with the trustees. VGG also operates a number of defined benefit pension schemes for employees in the Netherlands and Belgium which had a net retirement benefit deficit of £6.1m at 31 March 2017.

Toby Woolrych
Chief Financial Officer

MEASURING OUR PERFORMANCE 2016/17

We have defined key performance metrics based on delivering our divisional strategies.

Commercial

Year	Trading margins %	Return on operating assets %
2017	6.5	12.8
2016	5.2	9.6
2015	4.5	7.2
2014	6.4	9.5
2013	5.4	7.3

Hazardous

Year	Project hours at Reym Hours M	ATM soil volumes Tonnes M
2017	1.2	1.2
2016	1.5	1.2
2015	1.6	1.0
2014	1.6	0.9
2013	1.5	0.8

Municipal

Year	Revenue[1] £M	Margin[1] %
2017	186.8	-1.8
2016	173.9	5.1
2015	156.6	7.2
2014	152.6	7.3
2013	131.9	9.6

1 Excluding Surrey construction

OPERATING REVIEW

We delivered a strong performance across our divisions during 2016/17 except for Municipal. The division had a more challenging time and robust recovery plans are being executed

OPERATING REVIEW FOR THE YEAR ENDED 31 MARCH 2017

As noted earlier, the performance of the acquired Van Gansewinkel Groep (VGG) business is reported as a single operating unit for 2016/17 given that the business was only owned for the month of March. In 2017/18 the Group will report the four division structure as previously announced and set out above.

VGG

Performance in the month of March 2017

VGG delivered a strong performance in the first month following completion of the merger. Revenues in March were up by 16% on the prior year to €83.7m, with a significant growth in trading profit to €4.5m. The Collection Division, now part of the Renewi Commercial Division, had a strong month, significantly boosted by two additional working days compared to the prior year.

At Maltha, the glass recycling business, underlying profitability is showing signs of recovery. A new glass powder production line is being installed at the key Heijningen facility and is expected to drive future growth.

The Minerals business continued to trade well in line with expectations. Progress towards the extension of the permit at the key Maasvlakte landfill continues to be encouraging. Coolrec, a leading recycler of electrical and electronic goods, also traded well and has shown growth on the prior year. Stronger volumes of fridges were supported by recovering metal prices which are an important source of income for the business.

Performance for year ended 31 March 2017

The following table sets out pro forma VGG revenue and EBITDA for the 12-month period to March 2017 and 2016 for the historic VGG operating segments.

The significant year on year increase in the Collections Division reflects the sharp focus on margin improvement and the top line revitalisation initiatives, recovery in recyclate and materials prices and the benefits of ongoing cost management with improvements across both Netherlands and Belgium. It should be noted that up to €7m of this profit improvement is believed to include one-off items that will not recur in 2017/18. In the Recycling Division, Maltha, the glass recycling business, sales and operational activities increased following the rebuild of the Heijningen facility.

VGG FINANCIAL PERFORMANCE

	REVENUE (UNAUDITED) YEAR ENDED				**EBITDA (UNAUDITED)** YEAR ENDED			
	Mar 17	Mar 16	Variance	Variance %	Mar 17	Mar 16	Variance	Variance %
Collections	**746.3**	716.1	30.2	4%	**75.9**	59.8	16.1	27%
Recycling	**173.3**	158.1	15.2	10%	**23.2**	21.3	1.9	9%
Others	**(17.9)**	(16.9)	(1.0)		**(6.7)**	(6.6)	(0.1)	
Total €m	**901.7**	857.3	44.4	5%	**92.4**	74.5	17.9	24%

	EBITDA MARGIN	
Collections	**10.2%**	8.4%
Recycling	**13.4%**	13.5%
Total	**10.2%**	8.7%

EBITDA is shown as this was the measure used by VGG prior to acquisition. The results above have been extracted from management accounts for the years ended 31 December 2015 and 2016 and the three months ended 31 March 2017.

COMMERCIAL WASTE

Divisional strategy

The Commercial Division's strategy is to restore profitability to attractive levels, primarily through the active implementation of operational self-help initiatives, supplemented by targeted investments and portfolio management.

Financial performance

The Commercial Division again performed strongly in 2016/17, delivering 27% trading profit growth to €26.9m on revenues, up by 2% to €414.2m. Trading margin increased by 130bps to 6.5% and the return on operating assets rose to 12.8%.

Revenues in the Netherlands grew by 6% to €270.0m and trading profit by 39% to €19.1m. Trading margins improved by 170bps to 7.1%. Return on operating assets increased by 320bps to 10.7%, bringing the tax-adjusted return above the company's WACC for the first time since 2012. All regions showed both revenue and profit growth, with a second year of strong performance in the Northern Region and a profit increase of 86% from the Organics segment. Volumes were up by an encouraging 11%, although this included a large one-off bulk contract for soil & sludges. Underlying construction waste volumes were up by around 10% and commercial waste volumes by around 6%. Recyclate revenues were also broadly flat over the year, with a weak first half offset by recovering prices in the second half.

Belgium revenues fell by 6% to €144.2m and trading profit grew by 5% to €7.8m in line with expectations. In achieving this performance, the business managed to offset over €2.5m in lost trading profit as a result of the closure of its major wood dust customer. The core collection and treatment business performed well and the Ghent plant delivered significantly increased volumes of solid recovered fuel (SRF) into the local market. Profitability of the landfill continued to decline as expected, with volumes being reduced to extend its remaining life into 2019.

€12m

The key investment in the year was the €12m Vliko and Kluivers depot at Zoeterwoude in the Netherlands

€414m

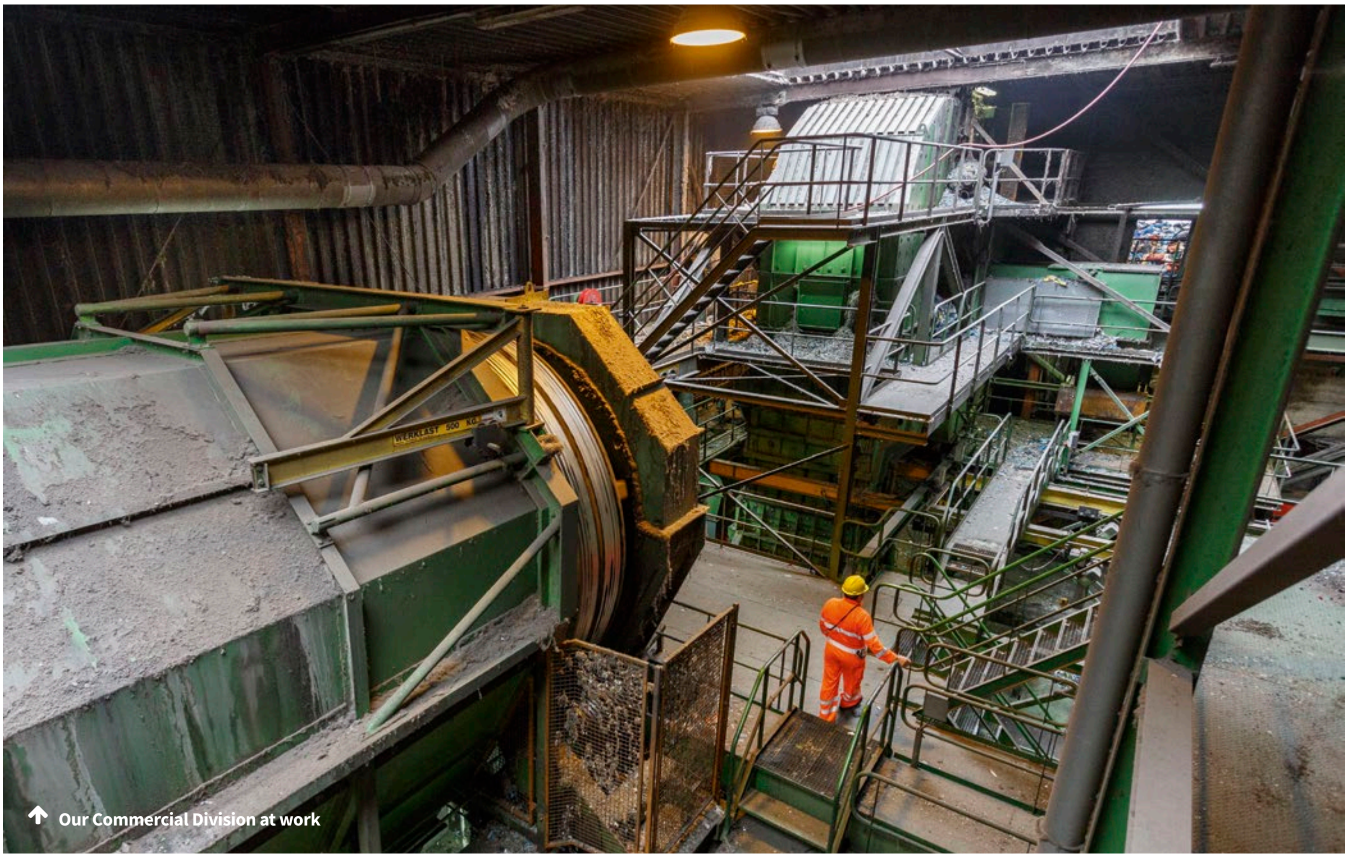
The Commercial Division performed strongly in 2016/17, delivering revenues up by 2% to €414m

COMMERCIAL FINANCIAL PERFORMANCE

	REVENUE YEAR ENDED				**TRADING PROFIT** YEAR ENDED			
	Mar 17	Mar 16	Variance	Variance %	Mar 17	Mar 16	Variance	Variance %
Netherlands Commercial Waste	**270.0**	253.6	16.4	6%	**19.1**	13.7	5.4	39%
Belgium Commercial Waste	**144.2**	152.8	(8.6)	-6%	**7.8**	7.4	0.4	5%
Total €m	**414.2**	406.4	7.8	2%	**26.9**	21.1	5.8	27%
Total £m (at average rate)	**347.6**	297.3	50.3	17%	**22.6**	15.4	7.2	47%

	TRADING MARGIN		**RETURN ON OPERATING ASSETS**	
Netherlands Commercial Waste	**7.1%**	5.4%	**10.7%**	7.5%
Belgium Commercial Waste	**5.4%**	4.8%	**24.6%**	19.8%
Total	**6.5%**	5.2%	**12.8%**	9.6%

The return on operating assets for Belgium excludes all landfill related provisions.



Our Commercial Division at work

Operational review
The Commercial Waste Division delivered this strong financial performance due to a further year of delivery of core strategic programmes, coupled with strong local operational management. The commercial effectiveness programme was at the heart of the further margin enhancement in the Netherlands. The division again managed to ensure that a dynamic pricing environment, with volatile recyclate prices and increasing incinerator gate fees, resulted in margins that were preserved and, where possible, enhanced through exiting loss-making contracts and a determined focus on profitable segments. Commercial effectiveness was also important in Belgium where a new national organisation structure was able to increase the co-ordination of commercial activities across the business.

Continuous improvement (CI) was also important in both the Netherlands and Belgium. The CI programme in our Dutch Commercial Division has been further rolled out in 2016/17. We have implemented lean tools in 60% of our sites to help the business to optimise their processes. The targeted savings have been realised; for example, we achieved between 10% and 20% efficiency improvement on certain targeted processes and between 2% and 5% on the logistics activities. We still see further potential here and continue to roll-out CI throughout our combined business in 2017/18. In Belgium, we introduced lean management techniques to Mont St Guibert and Seraing (Liege), identifying up to €3m of potential benefits across Belgium. With increasing volumes, but pricing still highly competitive, CI is important to improve productivity and to ensure that assets are maximised.

The organics segment in the Netherlands provides a good example of the combination of commercial and operational effectiveness. A change in regulations meant that the front end composition of some of the waste taken in needed to change. New waste inputs were sourced and adjusted operation of the composting tunnels resulted in an improvement in profitability. Additionally, the Greenmills AD facility in Amsterdam generated increased returns on the back of improved process up-time and improving electricity prices.

Capital investment in the Commercial Division remained tightly controlled during 2016/17, with some additional investments planned for 2017/18 as a result of the improving market conditions. The key investment in the year was the commissioning on time and on budget of the new €12m Vliko and Kluivers depot at Zoeterwoude in the Netherlands. It was built to replace a site at Leiderdorp that was badly damaged by fire in 2014. The facility has been built using the latest sustainability techniques and with lean operations in mind from the outset. The combination of rerouting waste streams and logistics savings from the relocation will result in an attractive return on the net investment. Additional investment was completed in the renovation of the Biocel AD facility and the installation of a new food depackaging line.

Small scale portfolio management also continued despite the merger. In June 2016 we sold our non-core Smink Groundworks business to a local operator along with a parcel of un-needed land. In August 2016 we acquired the commercial waste activities of the City of Leiden; the 1,500 customers acquired were integrated with our new Vliko site within weeks of the acquisition, with a retention rate greater than 90%.

↑ **Our ATM facility in the Netherlands**

HAZARDOUS WASTE

Divisional strategy

The Hazardous Waste Division's strategy is to grow through increasing capacity to treat additional volumes that will be sourced through market growth, and expanding both geographically and the range of products that can be treated through our assets.

Financial performance

Hazardous Waste delivered a strong performance in 2016/17 given the relative weakness of the core oil and gas market. Revenues increased by 3% to €191.2m and trading profit by 9% to €23.1m. Margins increased by 70bps to 12.1%, and the return on assets increased by 360bps to 26.3%.

Reym saw revenues remain flat during the year in a tough market, with growth in Total Care contract services replacing higher margin cleaning revenues. Nevertheless, careful capacity management enabled the business to deliver trading profit growth despite the weaker input mix.

Revenues at ATM increased by 6%, with strong soil, water and packed chemical waste throughput and no material recurrence of the operational contamination that impacted the prior year.

Operational review

ATM, our hazardous waste treatment site, has an advantaged location and cost position with regard to its soil and water treatment processes, which has therefore

HAZARDOUS FINANCIAL PERFORMANCE

	REVENUE YEAR ENDED				**TRADING PROFIT** YEAR ENDED			
	Mar 17	Mar 16	Variance	Variance %	Mar 17	Mar 16	Variance	Variance %
Total €m	**191.2**	185.9	5.3	3%	**23.1**	21.2	1.9	9%
Total £m (at average rate)	**160.2**	136.2	24.0	18%	**19.3**	15.6	3.7	24%

	TRADING MARGIN		**RETURN ON OPERATING ASSETS**	
Total	**12.1%**	11.4%	**26.3%**	22.7%

€15m

During 2017/18 ATM is expected to start a three-year €15m refurbishment and upgrade of the TRI soil processing line

€23.1m

Hazardous Waste delivered a strong performance, increasing trading profit by 9% to €23.1m

been the focus of investment to increase capacity and capability. End markets remained subdued during the year but were in line with our expectations and we were able to operate the plant at close to capacity.

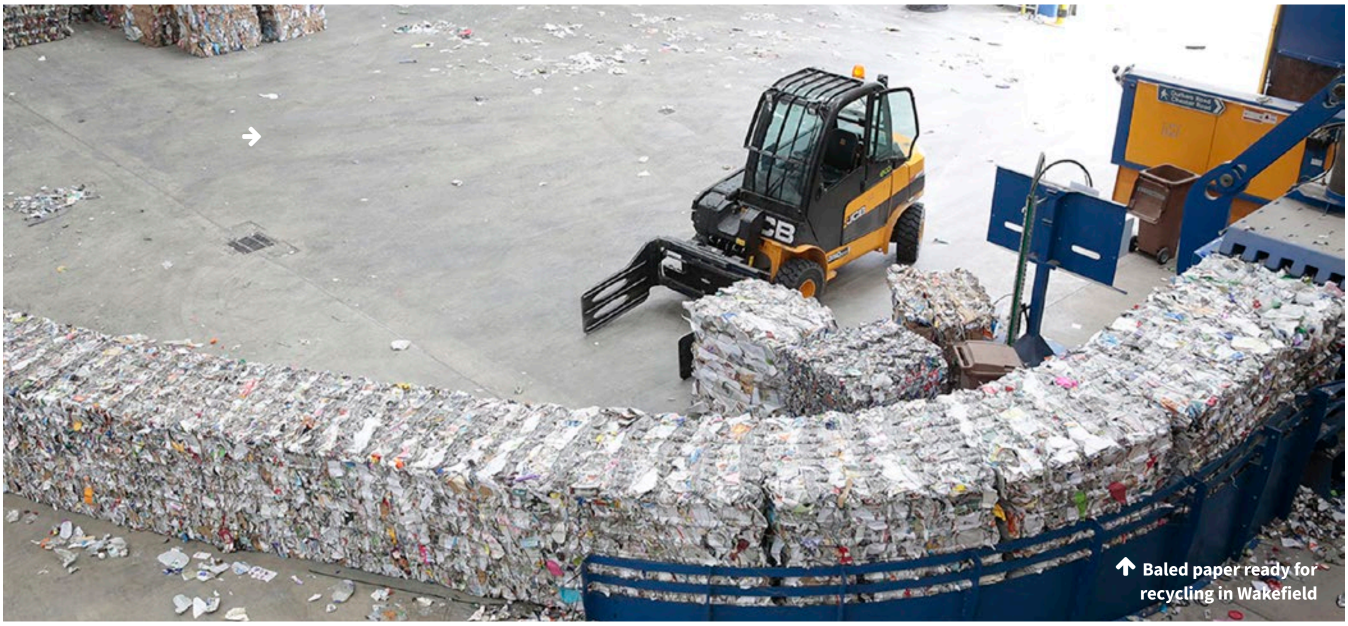
The soil processing line operated well during the course of the year. Supply of TAG (tar-containing asphalt grit) was strong and imports of relatively high priced European soil offset ongoing weakness in domestic soil availability. The market to dispose of the cleaned soil has become more challenging during the year and contains a potential risk to future margins. Management has a range of projects underway to ensure that multiple disposal options remain available.

The waterside also delivered a strong year with increased volumes and a better mix driving improved average pricing. Record numbers of ships were cleaned at the jetty in March 2017 following investment in additional capacity during the previous year. Supply of sludges and heavily contaminated waters remained subdued as a result of the oil and gas market, but there was strong growth in the supply of salt water for treatment. The ATM facility can only process a certain proportion of salt water along with fresh water through the plant so during the year we entered into a joint venture with local partners to source a large shared storage facility for salt water so that increased volumes can be taken in according to customer demand and processed over time.

The packed chemical waste, or pyro, line at ATM also had a strong year with encouraging volume growth at stable prices. A new storage shed is under construction that will increase capacity after it is completed late in 2017/18.

The Reym business performed well in the face of an ongoing trough in the oil and gas market and customer demand remained both subdued, especially offshore and in the northern region, and volatile, impacting productivity. Management had anticipated a challenging year as oil prices fell during 2015/16 and had reduced capacity to face a contracting market. This capacity management, along with a strong focus on cost control, allowed the business to deliver a recovery in profitability despite the conditions.

During 2017/18, ATM is expected to start a three-year €15m programme of refurbishment and upgrading of the TRI soil processing line to maintain capacity and meet tightening emission requirements.



↑ Baled paper ready for recycling in Wakefield

MUNICIPAL

Divisional strategy

The Municipal Division's strategy is to deliver a recovery plan to restore profitability, lost as a result of adverse market dynamics, and to ensure the successful completion and commissioning to full operational capability of its new assets both under construction or recently commissioned.

Financial performance

Municipal revenues grew by 8% at constant currency to £203.2m and the business reported a trading loss of £2.7m at constant currency (2016: profit of £9.4m).

The UK business reported revenues up by 7% to £174.8m, mainly due to annual RPI increases and a full year from the Barnsley, Doncaster and Rotherham (BDR) contract which started late in the first quarter last year. The UK business made a trading loss of £4.2m (2016: profit of £7.8m). The key drivers of the decline in trading profit, as previously reported, were margin pressure in the recovered fuels market, the sensitivity of the legacy business model to market shifts, and specific operational optimisation issues. The older PFI contracts, ELWA, Cumbria and D&G, have a legacy structure of being exposed, at the back end of the business, to material changes in the costs of disposal of the recovered fuels SRF and RDF or to income made from recovered recyclates. As described in the Chief Executive's Statement, both the solid recovered fuel (SRF) and refuse derived fuel (RDF) markets have experienced significant challenges over the past year and these worsened rather than improved in the second half. The cost of some RDF contracts has doubled from a lowest point of €40 per tonne to current rates of around €80 per tonne, at an exchange rate that has moved adversely by over 20% during the past 18 months. The business additionally has to incur material further costs of baling and transporting waste in order to open up alternative disposal options. Market challenges have additionally impacted the Westcott Park anaerobic digestion (AD) facility which has experienced a severe lack of available organic feedstock. Challenges getting to full optimisation have been experienced at the two new facilities of BDR and Wakefield, the latter largely in the area of the AD segment of the site where, as previously reported, a key contractor became insolvent during the final months of construction during 2015/16.

The Canadian business reported revenues up by 17% at constant currency to £28.4m which is all attributable to increased construction revenue relating to the Surrey contract. Trading profit was down by 15% at constant currency to £1.7m. Underlying performance in the Canada business was relatively robust for most of the year. However, the London plant experienced operational difficulties during the last quarter that had a negative impact on trading profit of around £0.5m. The plant has returned to normal operation as at the start of the new financial year.

Operational review – UK

The UK business was significantly impacted by a broad range of challenges during 2016/17 and a number of improvement initiatives have been implemented to partially offset these challenges. New management has been put in place, including James Priestley as the Managing Director for the Municipal Division. A detailed improvement plan has been prepared and is being implemented, comprising the following key elements:

- Plans to get to full capacity and power generation at pace;
- Shift operations to create higher quality fuels and recyclates;
- Negotiate off-take terms and find new outlets;
- Improve productivity and plant uptime; and
- Renegotiate local municipal contracts where possible.

At ELWA, the refinement hall at its flagship Frog Island facility was recommissioned in the second quarter following an extensive rebuild as a result of a fire in August 2014. However, the market for the SRF produced by Frog Island remained subdued and shipments are not expected to resume until 2017/18. ELWA has also been particularly exposed to the changing RDF prices and the currency impact of exporting to continental Europe. An investment in significant baling capacity will open up new markets over time. Challenges in the SRF market also impacted D&G and Cumbria during the year, although both are accounted for as onerous contracts.

The new Wakefield and BDR facilities continued to experience challenges getting to full optimisation during the

The bio-fuel facility in Surrey, Canada, has made good construction progress

year. The Wakefield anaerobic digestion (AD) facility has ongoing issues where we had to step in at a late stage last year due to the insolvency of the main contractor. These challenges mean that the facility is not yet producing electricity from bio-gas, which has a significant impact on the operating economics of the plant. A detailed improvement plan is underway with full gas production expected by the middle of 2017/18. The new BDR facility, the largest of the mechanical biological treatment (MBT) plants built to date, has also experienced challenges getting to full optimisation in its first full year of operation. These have been addressed in a systematic fashion, including a brief closure in December to address a latent defect and upgrade certain areas of the facility. As noted in the Chief Financial Officer's Review, charges for onerous contract provisions have been recorded.

The anaerobic digestion market has continued to show a wide disparity of performance based on geographic and regulatory factors. Energen Biogas, our 50% joint venture in Scotland, delivered another year of strong revenue and profit growth based on good availability of volumes due to the Zero Waste Scotland policy. Investments in the past two years to increase capacity and provide a gas-to-grid capability are generating strong returns. In contrast, our Westcott Park facility in Oxfordshire is operating in an area of food waste scarcity with low prices and a lack of available volumes to maintain full capacity. Operationally the facility is performing well and a shift in market dynamics through government policy or competitor withdrawals would transform performance. As a result of current market conditions, we have revised our future expectations of trading performance which has led to an impairment of the carrying value of the asset by £6m.

The Derby facility has been impacted by the previously reported insolvency of a major contractor and technology supplier to Interserve plc, the EPC contractor for the Derby project. This insolvency has caused a material delay of up to a year to the project which had been due to commission in March 2017. Most other aspects of the construction are on time and on budget and we have been working with Interserve to commission the plant as soon as possible. The financial impact of the delay has been limited to £1.7m liquidated damages, as previously disclosed, plus a further £1.7m of exceptional costs relating to the commissioning of the plant now an onerous contract as a result of the delay. Some £17.5m of subordinated debt was injected into the SPV on schedule on 31 March 2017.

Operational review – Canada

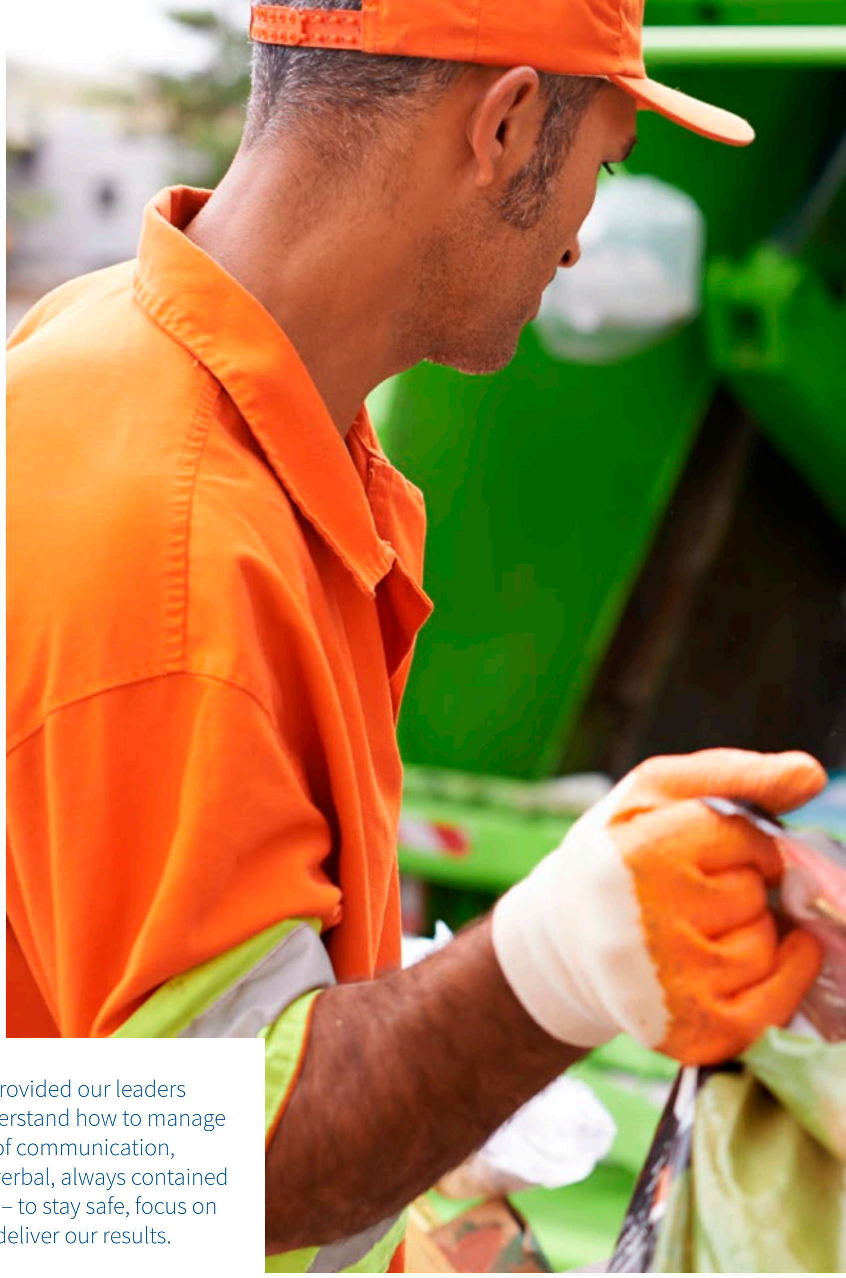
Our Ottawa and London plants delivered consistently through the year until the final quarter when the London plant experienced operational issues relating to the bacteria in the composting process. The reduced throughput impacted profitability by around £0.5m but is resolved and all tunnels are in full production. The innovative bio-fuel facility in Surrey, Canada has made good construction progress during the year and is largely complete. We have started commissioning and we are working through completion matters with the constructors with a view to receiving first waste later this year, slightly behind schedule.

MUNICIPAL FINANCIAL PERFORMANCE

	REVENUE YEAR ENDED				**TRADING PROFIT** YEAR ENDED			
	Mar 17	Mar 16	Variance	Variance %	Mar 17	Mar 16	Variance	Variance %
UK Municipal	**174.8**	163.5	11.3	7%	**(4.2)**	7.8	(12.0)	N/A
Canada Municipal	**28.4**	24.2	4.2	17%	**1.7**	2.0	(0.3)	-15%
Bid costs	**–**	–	–		**(0.2)**	(0.4)	0.2	
Total £m (at constant currency)	**203.2**	187.7	15.5	8%	**(2.7)**	9.4	(12.1)	N/A
Total £m (at average rate)	**207.6**	187.7	19.9	11%	**(2.6)**	9.4	(12.0)	N/A

	TRADING MARGIN	
UK Municipal	**-2.4%**	4.8%
Canada Municipal*	**9.5%**	14.4%
Total*	**-1.8%**	5.1%

*For comparability, the Canadian trading margin excludes Surrey construction revenue and profits
All numbers for Canada are shown at a constant exchange rate



ENGAGING THROUGH INTEGRATION

Our people are at the heart of both the successes at Shanks and the turnaround at Van Gansewinkel. Our goal now is to engage them through our integration, building a winning team at Renewi

Maintaining focus during the transaction

Earlier this year, Shanks merged with Van Gansewinkel to create Renewi. Whilst the deal did not complete until the end of February 2017, news of the potential merger leaked in May 2016. Due to this, we simultaneously communicated the merger news internally.

Whilst the prospect of a large-scale merger was an exciting project for the majority of our people, it did pose a significant risk of distraction and even loss of key people. Effective, frequent and informative communication was key to maintain engagement and focus.

Prior to the deal being formally signed, on 29 September 2016, we communicated with our people via internal announcements and manager briefings. We were able to tell people what we knew and also advise when we expected to be able to communicate further. After the deal signing it became apparent that a more frequent channel of communication was required. In October we launched the first in a series of bi-weekly merger bulletins. The one-page updates provided information in an easily digestible manner and meant that we were able to keep our people updated with progress about the merger.

We provided meetings with our leaders with the opportunity for them to suggest their ideas on integration, ask questions and raise concerns. We also provided our leaders with training to understand how to manage change. Each form of communication, whether written or verbal, always contained three key messages – to stay safe, focus on our customers and deliver our results.

The outcome of our approach was meeting our expectations, high levels of energy, positive feedback and retaining our leaders.

Delivering a complex integration programme

Bringing together Shanks and Van Gansewinkel is an integration which predominantly involves our people based in the Benelux. Due to the size and scale of the merger, as well as the involvement of the Works Councils, it has been paramount to plan and execute carefully.

We started discussions with relevant Works Councils, in the Netherlands and Belgium, long before the deal closed. Early and constructive engagement with both Works Councils and Unions has been very important throughout the process to deliver any required organisational changes in a smooth and negotiated manner and in full compliance with good employment practice.

In the Netherlands, the Works Councils have strong rights regarding corporate activities and restructuring plans. We received positive Works Council advice for the transaction itself, its financing and for our top team structure, plus we were also able to agree a new Social Plan. The Works Councils from ex-Shanks and ex-Van Gansewinkel agreed to create a single temporary Central Works Council to make engagement easier and the process more efficient.

Detailed organisation design is well underway to create a team aligned with the new Target Operating Model (TOM). We aim to engage and involve the people affected to help refine this design.

Maintaining engagement through change

Change is inevitable after a large-scale merger and it has been a priority to ensure that we recognise the uncertainty that change can bring. It has been important for us to strike a balance between planning our integration carefully and ensuring we bring our people on the journey with us.

We have created a five-step approach to maintain engagement throughout the period of change:

MAINTAINING ENGAGEMENT THROUGH CHANGE

1 ENGAGING OUR TEAMS

People don't resist change: they resist being changed. We engage our leaders and people in change processes so they can help to shape the new organisation. This has included listening sessions, leadership team calls and training for our leaders.

2 OVER-COMMUNICATING

Communicate, communicate, communicate! Silence can create rumours and unsettle people. We communicate frequently through a variety of channels: screens in the workplace, videos, merger bulletins and face to face. Even when there is not much new to say, we keep communicating so that people feel they are up to date with progress.

3 CONTROLLING THE CONTROLLABLES

We encourage our people to concentrate on what they can control – keeping people safe, delivering our results and focusing on our customers. This approach brings a sense of control when other decisions are outside of scope. Keeping this new "business as usual" approach also keeps our focus on our core business.

4 BEING OPEN AND TRANSPARENT

Through open and honest dialogue, we build trust that we are acting and will act with integrity and fairness as we undertake this merger of equals. We have used this approach in all of our communications, no matter the audience or the channel.

5 TRAINING OUR LEADERS TO MANAGE CHANGE

We have started and will continue to help our leaders understand the emotional and practical impacts of a changing environment – on themselves and their people. Training in this area has helped them to lead their teams effectively and in a positive and supportive way.

We benefit enormously from our diverse workforce; we all learn from each other

Building a winning team
From the outset, we have promoted our merger as a "merger of equals" and it has been a key integration principle throughout the transaction. This means that we have always planned to take the very best of what made Shanks and Van Gansewinkel great and leverage it at Renewi. The two legacy businesses are highly complementary and it has been important for us to capture the breadth of skills and experience from across both businesses.

Our new Executive Committee is a blend of strong leaders with proven international expertise and clear customer focus. There is a mix of Shanks and Van Gansewinkel leaders, together with some newly recruited leaders with impressive blue-chip experience. This mix means we are able to capitalise on the knowledge and skillsets from both leadership teams.

We have a clearly defined vision to be the "leading waste-to-product company" and a strong purpose to "give new life to used materials". These statements, underpinned by our "waste no more" strapline, provide a solid foundation and a clear path for our business.

We have defined a set of leadership characteristics and aim to lead our people with an open mindset. This means that our leaders listen and learn from others around them, are positive and engaged, committed to great teamwork and operate with high levels of integrity.

A careful selection process is underway to ensure we have the right people in the right places and with the right support. It will take some months to complete all layers of our management and we are working hard to get our new teams in place. We are following our integration principles and are aiming for our first two layers of divisional managment to be in place by the end of the summer.

We will work together closely as a combined team to deliver the benefits of the merger. There are so many opportunities for us to be "better together"! For example, we are already processing more combined volumes, sharing transport routes and selling services together. We have also started an important initiative to improve machinery safety, especially 'lock-off' processes, right across all Renewi sites.

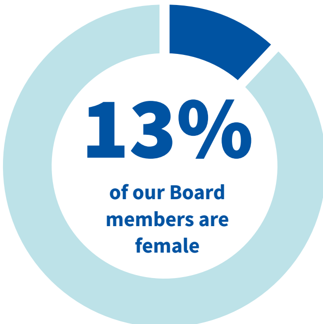
Our ethics
Renewi is an equal opportunities employer and full and fair consideration is given to applications from, the continuing employment of, and career development and training of disabled people. This report does not contain information about any policies of the business in relation to human rights, since it is not considered necessary for an understanding of the development, performance or position of Renewi's activities.

We benefit enormously from our diverse workforce. Our people come with different backgrounds and from a wide range of cultures, creating a vibrant workforce where we can all learn from one another. The importance of diversity, equality and non-discrimination is highlighted in our Code of Conduct.

Around 15% of our workforce is female, with approximately 1,029 women employed. We currently have one female on our Board.

During the year Renewi reviewed its policies concerned with combating the possibility of human trafficking and slavery in any of its businesses or supply chains. In compliance with the Modern Slavery Act 2015, Renewi plc's statement on this matter is considered and approved by the Board on an annual basis and can be found on the website.

GENDER DIVERSITY



WWW.RENEWI.COM/MODERN-SLAVERY-STATEMENT

We are working hard to get our new teams in place →

Our values

We appreciate the importance of values – they should outline what matters most to us, how we operate and what differentiates us from our competitors.

Our new values will come to life and grow as we work together. We want to ensure that our values are owned and felt throughout the organisation, rather than being created in the boardroom.

In the coming months, our newly formed leadership team will craft our values together with input from the broader Renewi workforce. Once they have been determined, we will communicate them clearly and ensure they continue to guide us in the way we manage our business and engage with each other and our customers.

CASE STUDY

DAY 1: A DAY TO REMEMBER!

On the 28 February 2017, Van Gansewinkel and Shanks joined forces to create something new: Renewi.

We had one chance to get Day 1 right and give all of our 7,000 employees a great first day at Renewi. The primary objective was to generate excitement, engage people with the new brand and embed our vision to be "the leading waste-to-product company".

After months of planning and detailed logistics, we launched Day 1 using a range of channels. Each site was given the flexibility to celebrate the day in their own way, using the materials and framework provided.

Our leaders gave their teams a presentation about our new company and what to expect in the future. Every employee was given a welcome pack with some branded keepsakes and a brochure introducing our new company. Legacy branded flags were removed and new Renewi flags were raised in flag raising ceremonies across our estate. Our teams were even able to enjoy a branded cupcake and a drink out of limited edition Renewi mugs!

The new Executive Committee team toured our flagship sites to meet our teams and support local leaders in delivering the presentations and answering questions. What they saw made us all proud and confident that we are now, better together!

Footage of the celebrations is captured here: renewi.com/video-gallery

The start of something new: Pictures from our Day 1 celebrations across Renewi sites

FULLY ALIGNED AND AMBITIOUS

Strong CSR cultures at Shanks and Van Gansewinkel have allowed us to maximise our CSR performance at Renewi

As merger partners, Shanks and Van Gansewinkel were fully aligned in their ambitions to be sustainable companies. We reported on the same sustainability indicators and set comparable sustainability targets independently. Our in-house CSR experts from both businesses also realised quickly that their data collection systems were compatible and that we could obtain accurate and complete information from existing processes. This is why it has been possible, so early post-merger, to produce a set of fully merged key CSR performance indicators.

Our CSR activities focus on three key areas: care for the environment, the health and safety of our people; and building strong relationships with our host communities.

ALIGNED WITH SUSTAINABILITY

Care for the environment forms a large part of our CSR activities. Our vision is to be the leading waste-to-product company. This means we focus exclusively on extracting value from waste rather than on its disposal through mass burn incineration or landfill. We believe our unique approach helps to improve the environmental footprint of our customers and addresses demands from regulators and society at large for a cleaner, greener, more sustainable way of living.

Our waste-to-product philosophy is a reflection of our belief that 'waste' is a state of mind. It is not waste in our hands; it is a product, an opportunity and a small part of our planet preserved.

Our waste management activities contribute to sustainability in three key ways:

- Last year, we recycled or recovered 90% of the 15 million tonnes of waste that our sites handled. By giving new life to used materials, we limit the environmental damage caused by the production of virgin raw material and contribute to solutions for climate change through our secondary raw materials
- We produced more than 172 billion watt hours of green electricity in 2016/17 – enough to power 40,000 homes. Through the production of waste-derived fuels to generate green electricity, we are helping to reduce the use of fossil fuels
- Our recycling and recovery activities result in more than 3 million tonnes of carbon avoidance a year

90%
Recycling and recovery rate, up from 74% in 2010

172bn
watt hours of green electricity generated – enough to power 40,000 homes

OUR RECYCLING AND RECOVERY PERFORMANCE	2015/16	2016/17
Total waste handled at sites (million tonnes)	14.28	14.78
Amount of materials recycled (million tonnes)[1]	9.69	10.25
Amount of materials recovered for energy production from waste (million tonnes)[2]	3.16	3.07
Total materials recycled and recovered for energy production (million tonnes)	12.85	13.31
Recycling as % of total waste handled	68%	69%
Recycling and recovery as % of total waste handled	90%	90%

1. Recycling is materials given a 'second life' for reprocessing into new goods/materials. Recovery is waste used for energy production such as production of waste derived fuels, bio-mass, etc.
2. Includes water recovery and moisture loss during treatment for some technologies employed.

Alongside our commitment to sustainability, we take our responsibility to our people and society very seriously

EMISSIONS FROM OUR ACTIVITIES (CO_2 equivalent '000 tonnes)[1]	2015/16	2016/17
Process based emissions		
Emissions from anaerobic digestion and composting	105	109
Emissions from hazardous waste treatment	295	304
Emissions from landfill	97	93
Emissions from mechanical biological treatment (MBT)	24	22
Transport based emissions		
Fuel used by waste transport vehicles	126	120
Business travel (cars, trains, flights etc)	8	8
Energy use emissions		
Electricity used on sites and in offices	96	103
Gas used on sites and in offices	15	17
Fuel used on sites for plant and equipment/heating	30	28
Total emissions from significant sources	**796**	**805**

OUR CARBON AVOIDANCE PERFORMANCE (CO2 equivalent '000 tonnes)1	2015/16	2016/17
Renewable energy generated	49	63
Waste derived fuels produced and sold	848	874
Materials separated for re-use/recycling	1,656	1,788
Energy from waste used on site as a fuel	334	349
Total potential avoided emissions	2,887	3,075

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding. Some data based on carbon 'factors'. These vary from country to country and are periodically updated, such as by Government agencies

GREENHOUSE GAS EMISSIONS AND AVOIDANCE INTENSITY RATIOS	2015/16	2016/17
Amount greenhouse gases emitted (CO_2 equivalent '000 tonnes) per unit of revenue (£m)	0.61	0.56
Amount greenhouse gases avoided by our activities (CO_2 equivalent '000 tonnes) per unit of revenue (£m)	2.22	2.16

RESPONSIBLE IN OUR ACTIONS

Alongside our commitment to environmental sustainability, we take our responsibility towards our people and society seriously.

Our people are crucial to the success of Renewi. Their dedication and commitment to our 'waste no more' ethos is one of the key reasons why our customers choose to work with us. This is why the health, safety, wellbeing and engagement of our people are top priorities for Renewi. This starts with making sure our people go home safely every day.

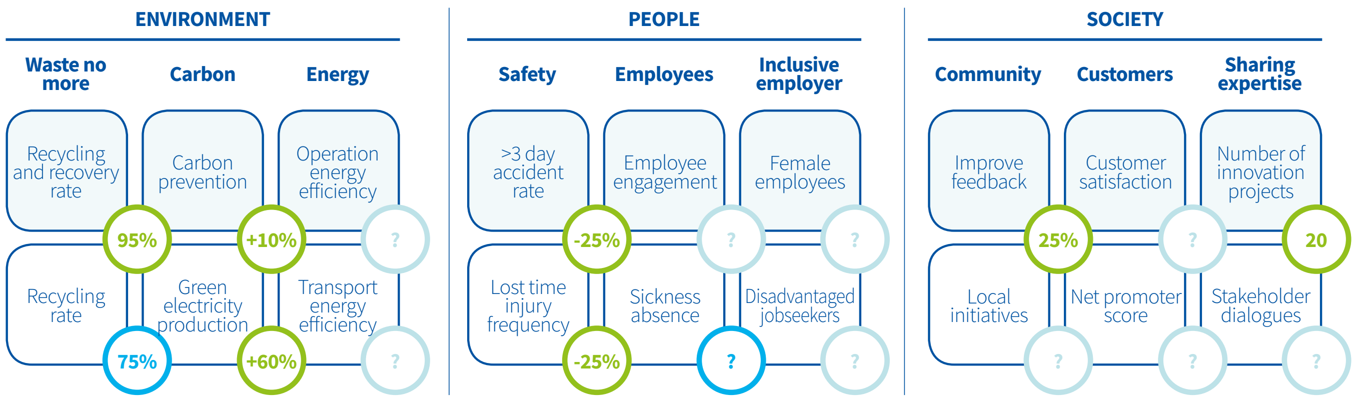
Shanks and Van Gansewinkel both brought strong safety cultures to Renewi, which is why we performed well on our safety objectives for 2016/17, despite focus being diverted to the merger. Our lost time injury frequency improved by 5% over the year. The number of near misses raised by our employees rose by 20% during the same period and the rate we closed these out at improved by 26%. For us, safety is a way of life.

BEING GOOD NEIGHBOURS

Our relationship with society is also critical, both at a macro and micro level. In terms of the big picture, our commitment to recycling and recovering waste contributes to society's quest for a more sustainable future. To carry out this work, we need the support of our customers and our host communities. That support needs to be earned: from customers, by providing a high standard of service at all times; and from communities, by being a good and considerate neighbour.

For Renewi, building and sharing our expertise in sustainability is a key part of building good relations with society. We do this by investing in innovation. In 2016/17, we focused on building our expertise in gasification technologies – a green way of converting waste into synthetic gas, which can then be used to generate electricity. Our new plant in Derby will make use of this technology and we are also participating in a Netherlands-based project that is exploring ways of using gasification to convert waste into methanol. (You can read more about these initiatives in our CSR Report, available at **renewi.com/our-responsibilities**.)

CSR OBJECTIVES TO 2020: DEVELOPMENT FOLLOWING THE MERGER



KEY AREAS FOR OBJECTIVES

- Data and definitions exist already in ex-VGG and ex-Shanks which are compatible, and objectives compatible. Proposed objectives for publication in 2017 CSR Report are shown based on ex-VGG and ex-Shanks previous objectives.
- Data exists already in ex-VGG and ex-Shanks which are compatible. However either definition requires some work and/or a decision needs to be made whether or at what level an objective can be set for publication in 2017 CSR Report.
- Work needs to be done on data and/or definitions. As a result setting an objective for publication in 2017 CSR Report is not feasible. But, an objective could be set for publication in 2018 CSR Report if required.

SETTING OUR CSR OBJECTIVES

To ensure we live up to our sustainability ambitions and our responsibilities, both to our people and to society, we set ourselves objectives and measure our progress towards achieving them.

Shanks and Van Gansewinkel had set CSR objectives, to be achieved by 2020. The data and definitions that exist for many of these objectives are compatible and, in these instances, we are committed to pursuing those objectives to 2020. These objectives include increasing our recycling and recovery of the waste we handle by 5% to 95%, reducing our accident rate by 25% and increasing the number of innovation projects we participate in by 20.

Other objectives are equally important and need to be set. However, differences in the way Shanks and Van Ganswinkel defined and collected data on these objectives need to be reconciled before we can set meaningful targets. Areas affected by this process include achieving greater transport energy efficiency, helping disadvantaged jobseekers and improving dialogue with our stakeholders.

We want to ensure the objectives we set are stretching and realistic. For this reason, as we move through the merger integration process, we will spend time defining and collecting data on these areas and aim to have a clearer set of objectives to state and work towards in 2018/19.

The graphic above outlines our desired CSR objectives and highlights which ones we will work towards achieving in 2017/18 and which ones will require further development.

CONSISTENT ACROSS OUR SCOPE

Our commitment to the environment, our people and society extends across all of our countries of operation and throughout all of our divisions. This means the CSR objectives we set for ourselves apply to all our activities, no matter where they are.

Read more about our CSR performance and goals in our CSR report, available on www.renewi.com

KEY FACTS AND FIGURES	Belgium	Canada	France	Germany	Hungary	Luxembourg	Netherlands	Portugal	UK	Renewi Total
Number of operating sites[1]	46	2	5	2	1	1	114	1	36	208
Operating sites with recycling/recovery[2]	20	2	5	1	1	1	53	1	36	120
Operational landfill sites	2	-	-	-	-	-	3	-	2	7
Number collection and transport trucks	702	-	-	15	-	3	1,888	-	23	2,631

1. Active operating sites. Does not include offices and other non-operational sites
2. Some sites include more than one operation, such as a landfill with an in-vessel composting plant on it. In these cases the site is noted as having recycling/recovery

RISK AND UNCERTAINTIES

We have made good progress against our 2016/17 objectives on day-to-day risk management, with an additional focus on our recent merger

INTEGRATED RISK MANAGEMENT

Change brings risk, and it also brings opportunity. Good risk management is critical to ensuring that the risks associated with change are mitigated, and that the opportunities presented can be taken. Since our last annual report, we have doubled in size as a company, significantly expanded our geographical reach and added substantially to our portfolio of sustainable waste management technologies. Our recent merger has therefore been a major focus for additional risk management review.

Extensive due diligence was undertaken prior to our merger, comprising our internal dedicated due diligence team, supported by extensive skilled external advice. Risks from a wide range of areas were investigated, from contractual risks and commercial issues to environmental permit risks and liabilities. Each was quantified and the results of due diligence fed into the transaction process, and used as preparation for integration. Where practical direct mitigation measures were put in place, and where not practical indirect mitigation such as insurance and other risk transfer mechanisms were used.

Our focus now is to exercise good risk management during integration to ensure we deliver the value capture and other benefits of integration. The extensive risk management we undertook throughout the due diligence and transaction stages in our merger provide a firm foundation on which to build.

One key risk identified early in our merger process was a loss of focus on our day-to-day business. We continue to face volatile economic and market conditions. The continuing reduction in oil prices affects our ability to sell recovered oil waste, and commodity market fluctuations can result in less demand for our recycled and recovered products. Economic conditions have also historically affected the volume of waste being collected and treated, although there are signs of improvement.

We have responded by clearly segregating duties so that most executives focus on normal business. We have also maintained our detailed monthly review processes, unaltered by the transaction.

Environmental regulation continues to tighten in some of the countries we operate in, resulting in growth opportunities but also an increased focus on management and reporting, coupled with a need for investment to meet more stringent standards. Our teams of experienced and knowledgeable internal specialists are key to good risk management in these areas.

The property and business interruption insurance market for waste management facilities continues to harden, posing premium and capacity pressures. We have made, and continue to make, improvements in our fire risk management to mitigate these pressures.

The challenges being faced by our UK PFI operations illustrate that whilst our recent merger was one major risk management event during the year, material risks can emerge within our existing operations as well as from change. We are reviewing the lessons to be learnt from our UK PFI operations and will use them to improve our risk management.

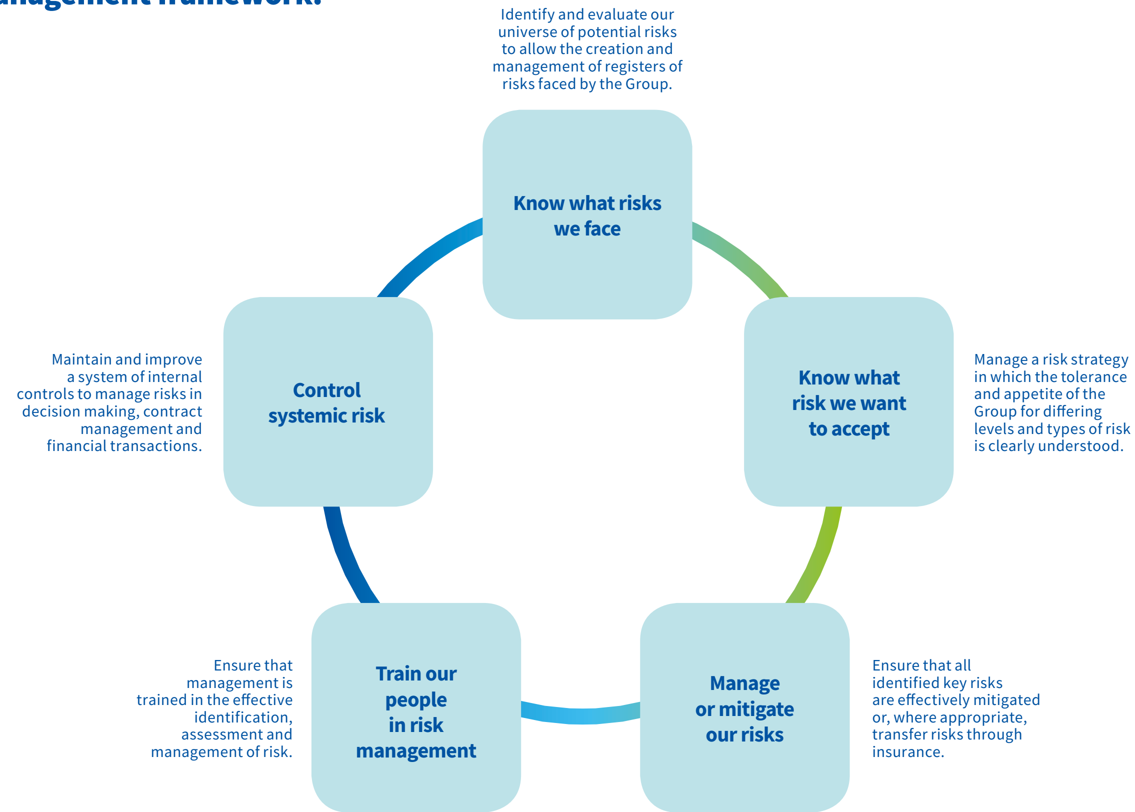
Our challenge now is to integrate our new merged businesses, deliver the committed value capture upsides, target the opportunities presented, and grow our new merged company. Integrated and good quality risk management will be critical to achieving this.

OUR RISK FRAMEWORK

Our merger presents wider risks and opportunities. However, the practice of good risk management remains constant. The core elements of our risk management framework remain, although they will be developed throughout our integration journey, and include:

- Our schedule of matters reserved for the Board and our strict adherence to it. This ensures that all significant issues affecting strategy, structure, viability and financing are properly managed by the Directors;
- Our risk management framework. This ensures that each of our businesses identifies the risks it faces and their importance, designs and implements effective mitigations to control key risks and that these mitigations are monitored and remain effective. The output of this process is a summary of all our significant strategic, operational, financial and compliance risks, our mitigating controls and the action plans necessary to reduce risks to a level aligned with our risk appetite. These are reviewed by both divisional management, our Risk Committee, Audit Committee and the Board to ensure the appropriateness of the risks identified and the effectiveness of the controls and actions reported;
- Embedded risk management systems that are part of our day-to-day operations. These underpin the effectiveness of our risk management processes by involving a wide audience in risk systems, such as divisional registers, to ensure all risks are considered and ranked appropriately and that mitigations are informed and practical;
- Enhanced risk assessment for all major capital requests. This ensures we allocate funds in a risk aware manner to maximise the value of our investments and minimise the risk of under-performance; and
- Review of key risks at each divisional review meeting which ensures that we monitor our key risks and mitigations at an appropriate level. It also supports risk management as an embedded feature of our decision-making process.

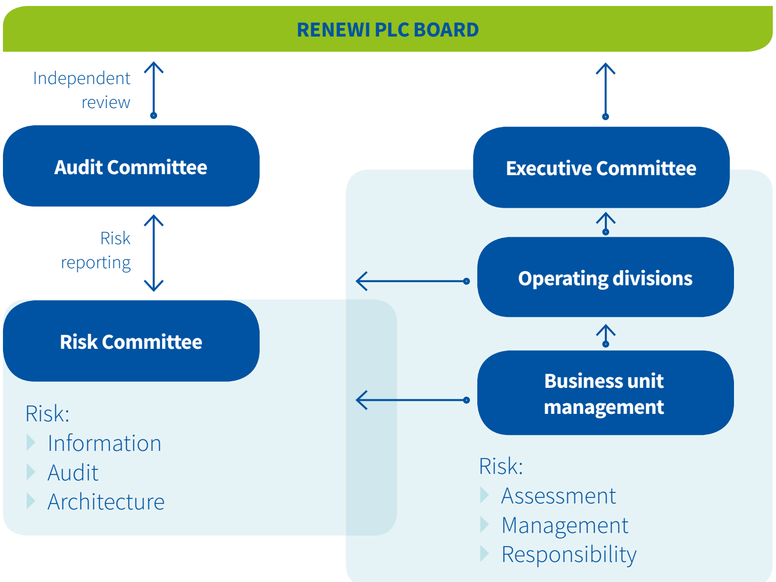
Five objectives of our risk management framework:



OUR RISK RESPONSIBILITIES AND ARCHITECTURE

Our operating divisions and business unit management have responsibility for the assessment and management of risk. This applies equally to both of our merged companies. Our Risk Committee supports how we manage risk through information, frameworks, policy, strategy and processes. Reporting through our Audit Committee and Executive Committee ensures the identification and communication of critical risks, and that key risks are brought to the attention of the Board. The decisions of the Board and their risk appetite are cascaded back through our risk architecture to ensure that the approach to risk appetite and tolerance are aligned and consistent across all of our activities.

Risk management responsibilities



OUR PROGRESS AGAINST 2016 OBJECTIVES AND THE FUTURE

In our 2016 Annual Report we outlined a series of improvements we had already made in our risk management processes. We also committed to further actions in 2016/17. Despite the resources and effort we have devoted to risk management and our recent merger, progress has still been made on our day-to-day risk management. A synopsis of this progress is shown below.

What we said we would do in 2016/17	How we did	What we plan to do in 2017/18
Use our new web-based risk tool to provide coherent reporting of performance and mitigation progress, including to the highest levels in our divisions and at Group-level	Divisional risk registers were uploaded to our web-based risk tool in 2016	Through our new integrated Risk Committee, produce revised and new divisional risk registers aligned with our new company, and upload these to our web-based risk tool
Implement routine guest spots into our Risk Committee agenda for senior divisional management to present on their key risks, allowing our Risk Committee to comment on these and share knowledge across the Group	Guest spots at our Risk Committee commenced in 2016, and included presentations from our UK operations director and external insurance brokers	Continue the approach of guest spots to ensure we consider the whole of our risk universe with input from both internal and external sources
Roll out the business continuity plan framework across our smaller sites	Business continuity framework rolled out across all Shanks operations and completed in late 2016	Review quality of business continuity planning across our larger company
Continue to upgrade our fire systems at additional key sites, in co-operation with our insurers to ensure high standards are met	Upgrades in fire systems being progressed at 11 key sites, with a projected spend estimated at some £11m over three years, with further improvements being planned	Integrate existing fire system standards into one high-quality package for our larger company
Investigate how our risk management ConnectUs community can be adapted to provide an induction for employees in risk management	Key risk policies and guidance uploaded during 2016 to our ConnectUs risk management community to allow easy access by all employees	Integrate existing risk management policies, incorporating the best from both merged companies to provide high quality policies and processes in our larger company. Ensure easy access to these policies by all employees
Monitor the level of retained risk associated with our property and business interruption insurance ready to be implemented as required	Retained property and business interruption insurance risk level maintained in 2016/17	Conduct series of deep-dive studies of key insurance covers during 2017 to ensure best risk approach for our larger merged company at 2018 insurance renewals. Investigate alternative retained risk mechanisms
Make enhanced use of our web-based risk tool, entering audit outcomes into it and tracking audit action progress across the Group and reporting on progress	The tool is being tested to collate audit outcomes	Investigate use of web-based risk tool as an audit tracking and reporting package across our larger company
Allocate divisional 'leaders and administrators' for our new web-based risk tool to allow our divisions full access and use of the tool	Divisional leaders and administrators for our web-based risk tool were allocated in 2016 and given access to the system	Reallocate leaders in line with new and revised divisional risk registers reflecting our new merged divisional structure
Develop and enhance this risk management community on ConnectUs, adding to its content and accessibility	Our risk management ConnectUs community was opened to all employees during 2016, and additional information included	Investigate options for risk management knowledge sharing via ICT systems in our larger company

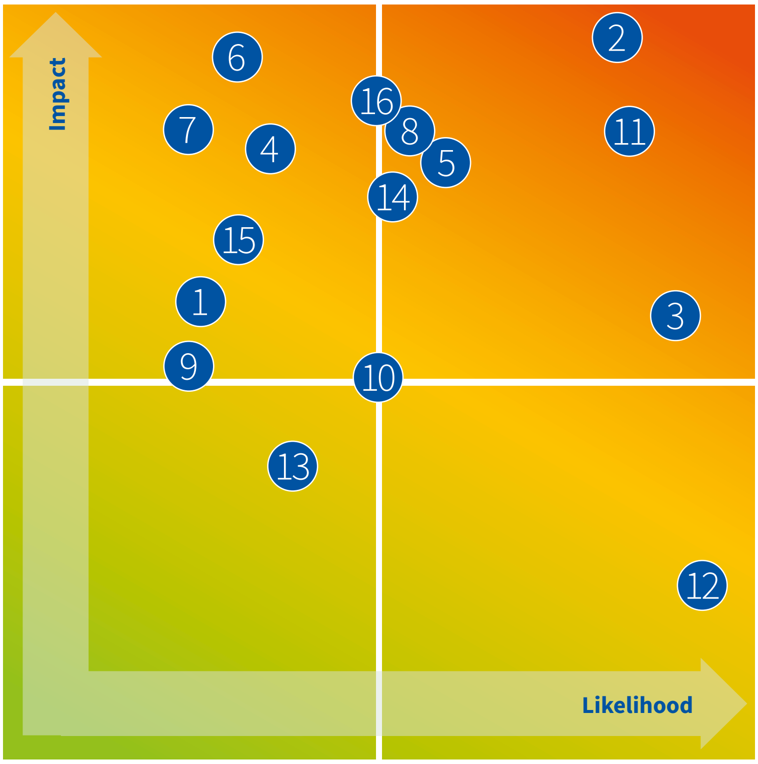
KEY RISKS AND MITIGATIONS

Our key risks are outlined in the heat diagram on the right and in the table on the following pages. For 2017 our key risks have been discussed in detail by both our newly reformed Risk Committee and senior leaders, and include revisions to risk rating and additions as a result of our recent merger. The heat diagram has been commented on by our Audit Committee. The final version has been approved by the Board.

Key risks

1. Input volumes
2. Input pricing competition
3. Output pricing
4. Output recyclate/recovered product volumes
5. Investment and growth – cash risk
6. Investment and growth – financing risk
7. Environmental permit risk
8. Health and safety risk
9. ICT failure
10. Talent development/leadership
11. Long-term contracts
12. Fire and business continuity
13. Operational failure
14. Project execution
15. Changes in law and policy
16. Integration risks

A description of each risk can be found in the table below.



Overarching key risks

All risk levels shown in the heat diagram are with the current level of mitigation. In previous annual reports we have shown risk direction. For this year we have revised our key risk register in line with our larger estate, and will recommence indicating risk direction for our 2018 report.

SUMMARY OF KEY RISKS

Reference numbers are consistent with those used in the heat diagram (above)

Key risk	Key mitigation	Commentary
1 **Input volumes** That incoming waste volumes in the market may fall	• Strong reporting of incoming waste volumes across the Group for rapid response to market changes • Continued investment to secure new waste streams and volumes • Market-facing customer-focused organisation • Major capital deployed only if backed by long-term contracts	Our larger company handles in excess of 14 million tonnes of waste a year. Our wider geographical spread provides access to more markets. Our combined waste management technology offering gives us greater client attractiveness.
2 **Input pricing competition** That market pricing may put pressure on our margins	• Constant reporting and monitoring of price via operational systems • Cost management, both structural and operational, to deliver cost leadership in core markets • Use of long-term contracts, where appropriate • Effective commercial organisations to maximise margins • Targeted price increases	Value capture from our recent merger provides an opportunity to reduce costs and increase price competitiveness. Set against this, macro-economic pressures remain, although in some markets is improving.

Key risk	Key mitigation	Commentary
3 Output pricing That the value we receive for recycled and recovered product falls	• Focus on improving product quality • Maximise off-take pricing leverage, where appropriate • Cost control to offset impact of lost revenue • Sustainable technologies used align with market needs and international and national policy • Renegotiation of long-term and fixed price off-take contracts where appropriate	Pressure from commodity markets remains, with falling or stagnant prices for some recyclates and recovered products. Set against this our larger company allows better access to some markets, such as for recovered waste fuels, which we are already starting to exploit.
4 Output recyclate/recovered product volumes That the volumes of products we place to market falls	• Investment in technologies which fit with market needs for products • Experienced employees dedicated to product off-take markets • Diversity of product off-takers to spread risk • Quality control systems in place to ensure quality of products is as required	As for output pricing, commodity market pressure has increased over the year. Our larger company presents the opportunity to offset this risk with wider market access and diversity.
5 Investment and growth – cash risk That funding sources are available, but that cash generation is insufficient to allow access to funding	• Continuous improvement of cash control • Continuing portfolio management • Reinvest only where profitable • Good budget control on capital projects • Good balance of leased and owned assets	Value capture and efficiencies from merger present the opportunity to maximise cash generation. Strict control of integration costs is part of planning and implementation of our merger.
6 Investment and growth – financing risk That funding is not available	• Diverse range of financing options and timings • Good quality external advice • Strong relations with investors • Good management reputation and planning	Market confidence in our merger is high. Critical ongoing mitigation is to deliver on our commitments to value capture and effective integration.
7 Environmental permit risk That our environmental permits to operate are restricted or removed	• Effective management of all environmental matters arising • Environment management systems and regular inspections and audits in place • Monthly environmental issues reporting across all levels of organisation • Experienced and competent environmental specialist employees in place • Community environmental engagement performance in place as key business objective	Pressure on environmental permits through increasingly strict regulation has grown over recent years. Internal management of compliance through competent specialists is recognised as key in both merged companies. The wider scale of our combined Group reduces potential impact at individual sites by ability to move wastes across more operations.
8 Health and safety risk That we incur reputational loss, or civil and criminal costs	• Top agenda item on all management meetings • Corporate Health and Safety Manager and competent internal specialists in place • Defined and tracked health and safety priorities plan in place • Active engagement with regulators • Safety leadership programme in place • Coherent targets in place for accident, near-miss and other key safety performance parameters	Both merged companies have competent internal specialists in place. A merged Renewi safety priorities plan has been produced, and initiatives such as on machinery safety have already commenced. Combined reporting of performance is in place and sharing of best practice across our wider estate has commenced.

Key risk	Key mitigation	Commentary
9 ICT failure That ICT failure causes business interruption or loss	• Business continuity planning in place for ICT and tested • Assessment of ICT resilience conducted by insurers with high-quality result • IT Director in place to deliver ICT leadership • Development of greater centralisation of ICT systems to allow common risk approach • Continued investment in upgraded systems and infrastructure	ICT was a key focus during due diligence pre-merger, with structured planning for integration in place. The merging of both companies' systems presents the opportunity to upgrade and implement best practice as a critical underpinning to gaining value capture and effective integration.
10 Talent development/leadership That we lack the required management capabilities	• Performance appraisal process in place • First-class talent mapping and development process • Leadership programmes in place • HR Director and divisional teams to ensure good HR leadership • Engagement surveys in place • Key objectives set for absence management and employee development	Effective and considered integration processes to ensure leakage of talent minimised are in place, with a clear road map towards our new operating model. A planned and structured approach to Works Councils to ensure smooth integration is in place. Opportunities are presented by the larger potential talent pool in our wider merged company.
11 Long-term contracts That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts	• Strict Board controls on entering into major contracts • Selective bidding on contracts • Detailed risk assessment and due diligence on contracts • Tight controls and reviews on build programmes to ensure on track	Developments and performance in UK PFI operations have underscored the importance of this risk. A strict authorisation matrix was put in place from day one of our merger, including contract authorisation. A review of failings in UK PFIs underway, with learnings to be spread across the company.
12 Fire and business continuity planning Business interruption and other costs as the result of a disaster such as fire	• Effective insurance programmes supported by experienced brokers • Improvements in fire control through fire control standards • Fire risk survey process in place including engagement with insurers, and with competent external advice • Business continuity planning in place at all major sites	Waste management continues to be an unpopular sector with property and business interruption insurers, resulting in premium and capacity pressures. Planned upgrades in fire systems at key sites are underway, with an estimated spend in excess of £11m over three years. Our larger company allows the opportunity to explore alternative risk retention mechanisms.
13 Operational failure Operational failure at a key facility leading to business interruption and other costs	• Mechanical breakdown insurance in place for at-risk facilities and reviewed on a regular basis for adequacy • Highly-experienced operational teams with in-depth knowledge of processes • Regular annual and other shutdowns at key facilities to ensure they remain well invested and maintained • Business continuity planning includes breakdown risk and mitigation measures	Resilience at our major unique facilities remains our concentration, with high-quality maintenance and lifecycle programmes in place. Across our general recycling and recovery plants, our larger company provides greater flexibility to divert wastes and retain value internally in the event of breakdown.

Key risk	Key mitigation	Commentary
14 Project execution That we fail to deliver our investment and cost reduction programmes	• Strong financial oversight of project costs and effective capital authorisation processes • Strong due diligence of potential opportunities to ensure returns • Regular senior management review of all programmes including post-investment reviews • Use of skilled and trained project management teams • Fixing of contractual costs, where possible	A clear and strict authorisation matrix, including projects, was put in place from day one of our merger. Continuing oversight of current major projects through the integration process via allocation of resources is in place. Delivery of our integration project to achieve projected value capture is key (see integration risks below).
15 Changes in law and policy Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes	• Horizon scanning by competent internal specialist to ensure adverse changes planned for and managed, and potential opportunities captured • Alignment of business model with national and international policy and law towards more sustainable waste management practices	Our business model is in line with society's needs for sustainable waste management. Many changes in law and policy provide opportunities for Renewi. Potentially adverse changes are planned for and managed. The potential impacts of a disparate approach in the UK, in particular in environmental policy, following Brexit is being tracked.
16 Integration risks That integration of the two companies is ineffective and/or fails to deliver anticipated synergies	• Comprehensive and in-depth due diligence prior to merger • Use of competent external advisors where required • Clear integration plan with road map to successful integration in place • Dedicated Integration Director in place, with competent internal team • Clear targets in place for integration performance communicated to all key staff	We have a clear vision of where value capture from our merger lies, and a clear plan to achieve it. Our new dedicated Integration Director sits on our Executive Committee to allow direct involvement in decision making at top level. Clear reporting for value capture performance and tracking against integration plan is in place.

FINANCIAL RISKS

The Group takes action to insure or hedge against the most material financial risks. Details of our key policies for control of financial risks are:

Interest rate risk
The Group has continued to limit its exposure to interest rate risk by entering into fixed rate retail bonds and interest rate swaps for PFI/PPP projects that fix a substantial proportion of floating rate debt. At the end of March 2017, circa 78% of core borrowings were on fixed terms. For all long-term PFI contracts, interest rate swaps for the duration of the contracts are entered into as part of financial close of the project.

Foreign exchange risk
The Group is exposed to foreign exchange risk for movements between the Euro, Canadian Dollar and Sterling. The majority of the Group's subsidiaries conduct their business in their respective functional currencies. Hedging agreements, such as forward exchange contracts, are in place to minimise known currency transactional exposures. The Group does not hedge its foreign currency exposures on the translation of profits into Sterling. Assets denominated in Euros and Canadian Dollars are hedged by borrowings in the same currency to manage translational exposure.

Trade credit risk
Trade credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group has implemented the setting and monitoring of appropriate customer credit limits. Credit limits and outstanding receivables are reviewed monthly. The Group has a policy to ensure that any surplus cash balances are held by financial institutions, meeting minimum acceptable credit ratings.

Fraud risk
To mitigate the exposure to losses arising from fraud committed on the Group or by Group employees, robust internal controls and financial procedures are reviewed and tested regularly.

Integrating our Risk Committee

Our Risk Committee is a critical component of our risk management architecture. The Committee produces and proposes risk management processes and policies for consideration and approval by our Audit Committee, creates the frameworks through which our operations can exercise practical risk management, and is the focal point for activities such as divisional and top-level key risk registers.

Within two weeks of our merger we reconstituted our Risk Committee to include our larger company. Within three weeks our new Risk Committee began merging and refining both companies' existing top-line key risks registers, adding key risks from integration and exploring the wider risk universe we face. At its first formal meeting in early April our new Committee refined and reviewed this top-line key risks register for our Audit Committee to review. A summary of this combined Group register is given in the heat diagram and table starting on page 71.

Our Risk Committee continues to consist of internal senior people from a wide spectrum of specialisms from finance and operations to environmental permitting, insurance and health and safety disciplines. This broad composition ensures we capture all of our potential risks and can rank them effectively no matter what risk area they fall into.

Future tasks for our integrated new Risk Committee include the merging of existing risk policies, frameworks and processes to ensure good practice from both merged companies is captured, developing our divisional key risks registers so they are aligned with our new operating structure and activities, and producing the structures which will allow us to practise effective risk management in our larger merged company.

Toby Woolrych
Risk Committee Chair

The Risk Committee creates the frameworks through which our operations can exercise practical risk management

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than 12 months and has adopted a period of three years for the assessment. The scenario modelling has been based on the combined Group following the merger. The Board's strategic planning horizon is five years. However, the first three years of the plan were selected for the testing given that this horizon is key for integration following the recent merger with VGG and the delivery of merger benefits.

The Board assessed the principal risks to the business as set out in the preceding pages and agreed that a total of seven severe but plausible risk scenarios should be explicitly modelled. The scenario modelling included further deterioration in the macro-economic environment, underperformance on a major contract, the impact of Brexit, and slower and more costly delivery of merger benefits. For each scenario the Group identified the appropriate mitigation steps it would take to reduce the risk. These mitigations include the identification of structural cost programmes, business continuity and commercial effectiveness plans.

The Group's liquidity and financial headroom have all been assessed and incorporated within the risk scenario modelling. Based on the consolidated financial impact of the sensitivity analysis and associated mitigating actions that are either in place or could be implemented, it has been demonstrated that the Group maintained adequate headroom during the different scenarios.

Based on the results of this analysis, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

THE BOARD OF DIRECTORS

The Board is committed to maintaining a sound governance framework through which the strategy and objectives of the Group are set and monitored. The non-executive directors bring considerable international experience to the Board across a number of sectors and play a full role in constructively challenging and developing strategic proposals

Colin Matthews CBE, FREng
Chairman

Appointed: March 2016 and appointed as Chairman in April 2016. He is also Chairman of the Nomination Committee and a member of the Remuneration Committee.

Skills and experience: Colin currently chairs Highways England Company Limited, formerly the Highways Agency. In his executive career he has been Chief Executive Officer of Heathrow Airport, Hays plc and Severn Trent plc. He has also been Managing Director of Transco and Engineering Director of British Airways. Earlier he worked in the motor industry in Japan and the UK, in strategy consulting and for General Electric in the UK, France and Canada. He has also served as a Non-Executive Director for Mondi plc and Severn Trent plc. Colin is a Fellow of the Royal Academy of Engineering and was awarded the CBE in 2014 for his services to aviation. Colin is a Non-Executive Director of Johnson Matthey plc.

Colin is considered by the Board to be independent.

Eric van Amerongen
Senior Independent Director

Appointed: February 2007 and appointed as Senior Independent Director in July 2007. He is also Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Eric will be retiring as a Director of the Company at the conclusion of the 2017 AGM.

Skills and experience: Eric has wide-ranging European business experience, including in the telecoms, defence and publishing sectors. He holds a number of non-executive and advisory positions. Until January 2008 Eric was a Non-Executive Director of Corus Group plc, a position he held for seven years. Eric is Vice Chairman of the Supervisory Boards of BT Nederland BV and Thales Nederlands BV and also a Supervisory Board Member of ANWB BV, Royal Wegener NV and Essent NV. Eric was appointed as Chairman of the Supervisory Board of Shanks Netherlands Holdings BV in October 2016.

Eric is considered by the Board to be independent.

Jacques Petry, MBA
Non-Executive Director

Appointed: September 2010 and will be appointed as Senior Independent Director at the conclusion of the AGM. He is also a member of the Audit, Remuneration and Nomination Committees.

Skills and experience: Jacques is currently Chairman of energy provider Albioma, having held the position of both Chairman and CEO until 1 June 2016. He was Chairman and Chief Executive of SITA and its parent company, Suez Environnement. In 2005 he was appointed Chief Executive of Sodexo Continental Europe and South America. Since 2007 he has advised corporate and financial sponsors, specialising in Infrastructure and Environmental Services investments worldwide. He has extensive global non-executive and executive experience.

Jacques is considered by the Board to be independent.

Stephen Riley, B.Eng, PhD
Non-Executive Director

Appointed: March 2007. He is a member of the Audit, Remuneration and Nomination Committees. Stephen will be retiring as a Director of the Company at the conclusion of the 2017 AGM.

Skills and experience: Stephen is a chartered engineer, having graduated with a First-Class Honours degree in Mechanical Engineering from Liverpool University before completing a PhD. He joined International Power in 1985, going on to hold senior positions in two UK power stations and becoming Managing Director of their Australian operations. From 2004 to 2011 he was a Director of International Power plc, resigning from that Board following the amalgamation of International Power and GDF SUEZ, now ENGIE. Stephen remained as CEO and President of GDF SUEZ Energy UK-Turkey until his retirement at the end of 2015. In January 2017 he was appointed to the Board of Cubico Sustainable Investments Holdings Limited.

Stephen is considered by the Board to be independent.

Marina Wyatt, MA, FCA
Non-Executive Director

Appointed: April 2013. Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Skills and experience: Marina is a Fellow of the Institute of Chartered Accountants and is currently the Chief Financial Officer at UBM plc. Following nine years with Arthur Andersen in London and the US, she then joined Psion plc as its Group Controller and became Group Finance Director in 1996. In 2002 she was appointed Chief Financial Officer of Colt Telecom plc and joined TomTom as its Chief Financial Officer in September 2005, where she remained until taking up her current position at UBM plc in September 2015. Marina is a Member of the Supervisory Board at Lucas Bols N.V.

Marina is considered by the Board to be independent.

Allard Castelein, MD
Non-Executive Director

Appointed: January 2017. Allard will become Chairman of the Remuneration Committee from the conclusion of the AGM. He is also a member of the Audit and Nomination Committees.

Skills and experience: Allard is currently President and Chief Executive Officer of the Port of Rotterdam, having been appointed in 2014. He qualified as a medical doctor before pursuing a career in the Energy sector, holding a number of senior positions at Shell. Over more than 25 years he amassed extensive experience within the industry, culminating in becoming the Vice President Environment for Royal Dutch Shell in 2009. Allard also holds a number of Supervisory Board positions including those at Isala Klinieken, Rotterdam Partners, Sohar Industrial Port Company and the Ronald McDonald House Sophia Rotterdam. He is a senior member of several Dutch trade organisations including Logistiek Nederland, Economische Programmaraad Zuidvleugel and the General Council of the Confederation of Netherlands Industry and Employers.

Allard is considered by the Board to be independent.

Peter Dilnot, B.Eng
Chief Executive Officer

Appointed: February 2012.

Skills and experience: Prior to joining Renewi, Peter was a senior executive at Danaher Corporation, a leading global industrial business listed on the NYSE. He held a number of progressive general management roles including President Danaher Middle East, Group President Emerging Markets, and President EMEA and Asia of its Gilbarco Veeder-Root subsidiary. Before Danaher, Peter spent seven years at the Boston Consulting Group (BCG) in London and Chicago, working with industrial and pharmaceutical clients and was a leader in BCG's global Sales & Marketing Practice. Peter's earlier career, after graduating from RMA Sandhurst, was spent as an officer in the British Armed Forces. He originally trained as an Army helicopter pilot and saw active service with both NATO and the UN.

Toby Woolrych, MA, ACA
Chief Financial Officer

Appointed: August 2012.

Skills and experience: Toby began his career at Arthur Andersen where he qualified as a chartered accountant before becoming Finance Director of Medicom International Ltd, a medical publishing company, in 1992. He then joined Johnson Matthey plc as Corporate Development Manager in 1997, going on to become Divisional Finance Director and then Managing Director of one of Johnson Matthey's global speciality chemicals business units. From 2005 to 2008, he was the Chief Financial Officer and Chief Operating Officer at Acta SpA, a renewable energy company, before joining Consort Medical plc as Group Finance Director.

CHAIRMAN'S INTRODUCTION

We remain committed to achieving the highest standards of legal compliance, environmental protection and safety

Colin Matthews
Chairman

On behalf of the Board, I am pleased to present our Corporate Governance Report and confirm our compliance with the UK Corporate Governance Code for the year ended 31 March 2017. We believe that both the Board collectively and directors individually have a responsibility to set and demonstrate high standards of corporate governance. The following pages outline the structures, processes and procedures by which the Board ensures that these high standards are maintained throughout the Group.

The non-executive directors, all of whom the Company regard as independent, bring considerable international experience to the Board across a number of sectors. They play a full role in constructively challenging and developing strategic proposals, as well as chairing and being members of Board committees. The executive directors implement Board strategy, with a view to driving margin expansion, investing in infrastructure and actively managing the portfolio of businesses, all to deliver profitable growth and increased returns. In particular the Board ensures that the Group as a whole remains committed to achieving the highest standards of legal compliance, environmental protection and safety.

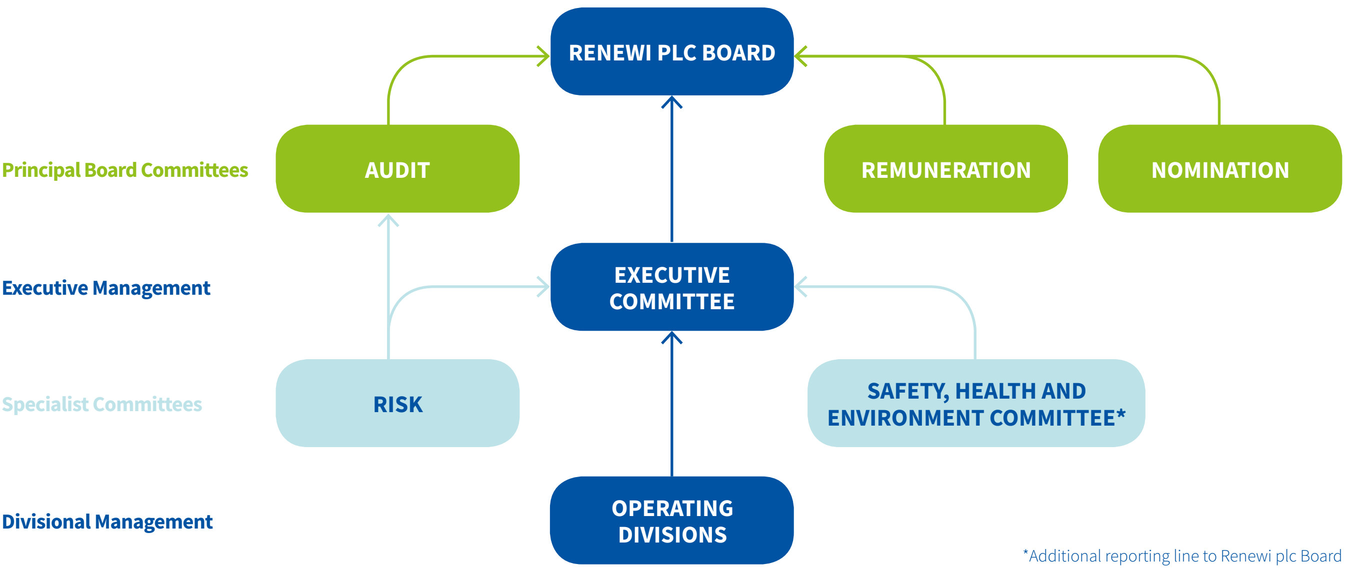
The Board is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Audit Committee has again assisted the Board in this regard throughout the year. This Committee has also provided support and guidance in connection with the viability statement disclosure requirements of the UK Corporate Governance Code.

At this year's AGM we will be seeking approval of the Directors' Remuneration Policy, it being three years since the policy was last approved by shareholders. Though broadly in line with the 2014 policy, there are some changes which, following consultation with our largest shareholders and institutional bodies, are set out in the Directors' Remuneration Report on pages 86 to 101.

We were very pleased in November 2016 to win two awards in the capital markets space. After several years as a nominee, we were winner of Best Use of Digital in the Small Cap segment at the IR Society Awards. Specific mention was made of our use of the website to update investors on the Van Gansewinkel merger process. We were also winners of the Golden Bridge award for Anglo-Belgian trade. These prestigious awards are sponsored by KBC Bank and the Chamber of Commerce to recognise and stimulate business between the UK and Belgium.

Colin Matthews
Chairman

OUR CORPORATE GOVERNANCE REPORTING MANAGEMENT FRAMEWORK



CORPORATE GOVERNANCE REPORT

Renewi continues to comply fully with the UK Corporate Governance Code

The Board fully supports the principles of good corporate governance. This report, together with the Directors' Remuneration Report on pages 86 to 101, explains how the Group has applied and complied fully with the provisions of the UK Corporate Governance Code in force for the year to 31 March 2017.

The Board

The Board comprises the Chairman, a further five independent non-executive directors, the Chief Executive Officer and Chief Financial Officer.

The Chairman, who is independent, has primary responsibility for running the Board. The Chief Executive Officer is responsible for the operations of the Group and for the development of strategic plans and initiatives for consideration by the Board. The formal division of responsibilities between the Chairman and the Chief Executive Officer has been agreed by the Board and documented, a copy of which is available on the Group's website.

The non-executive directors bring a wide range of experience to the Group and are considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The non-executive directors make a significant contribution to the functioning of the Board, thereby ensuring that no individual or group dominates the decision-making process. Non-executive directors are not eligible to participate in any of the Company's share option or pension schemes. The Chairman also meets and communicates regularly with the non-executive directors without the presence of the executive directors.

Jacques Petry will take over as Senior Independent Director from Eric van Amerongen, who will be retiring at the 2017 Annual General Meeting. The Senior Independent Director will be available to shareholders should they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

The table on the right details the number of formal Board meetings held in the year and the attendance record of each director.

Director	Board meetings
Colin Matthews (Chairman)	11 (11)
Allard Castelein	1 (3)
Peter Dilnot	11 (11)
Jacques Petry	11 (11)
Stephen Riley	8 (11)
Eric van Amerongen	11(11)
Toby Woolrych	11 (11)
Marina Wyatt	11 (11)

Bracketed figures indicate maximum potential attendance of each director.
Allard Castelein was appointed to the Board on 3 January 2017.

The calendar of meetings of the Board and its committees for 2016/17 is shown in the table below.

Board governance

There is a formal schedule of matters reserved specifically for the Board's decision. These include approval of financial statements, strategic policy, acquisitions and disposals, capital projects over defined limits, annual budgets and new borrowing facilities. The Board meets regularly, having met 16 times during the year inclusive of an additional five meetings held to consider the merger with Van Gansewinkel Groep BV to create Renewi plc.

The Board is provided with appropriate information in a timely manner to enable it to discharge its duties effectively. All directors have access to the Company Secretary, whose role includes ensuring that Board procedures and regulations are followed. In addition, directors are entitled, if necessary, to seek independent professional advice in connection with their duties at the Company's expense.

THE CALENDAR OF MEETINGS OF THE BOARD AND ITS COMMITTEES FOR 2016/17

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Board	●	●○	●○	●	○	●○	●	●	●○	●		●●
Audit Committee		●						●			●	●
Remuneration Committee		●		●		●		●		●		●
Nomination Committee						●		●				●
Shareholder (AGM/EGM)				●			●					

In addition, 27 duly authorised Board Committee meetings, comprising at least two directors, were held during the year, ten of which were held in connection with the Van Gansewinkel transaction.
● Scheduled Board meeting ○ Additional Board meeting in connection with the Van Gansewinkel transaction.

In recognition of the importance of their stewardship responsibilities, the first standing item of business at every scheduled Board meeting is the consideration of the Safety, Health and Environmental report. Other regular reports include those from the Chief Executive Officer and Chief Financial Officer covering business performance, markets and competition, investor and analyst updates as well as progress against strategic objectives and capital expenditure projects.

All directors are required to notify the Company on an ongoing basis of any other commitments and, through the Company Secretary, there are procedures for ensuring that the Board's powers for authorising directors' conflicts of interest are operated effectively.

The work of the Board is further supported by three formal Committees (Audit, Remuneration and Nomination). In addition, while not a Committee with specific powers of its own delegated by the Board, the Chief Executive Officer is assisted in the performance of his duties by the Executive Committee. This Committee meets monthly and comprises the Chief Executive Officer and Chief Financial Officer, the Divisional Managing Directors and Corporate Function Directors. In addition there are specialist committees covering Risk, Safety, Health and Environment.

In reviewing the Group's overall corporate governance arrangements, the Board continues to give due consideration to balancing the interests of customers, shareholders, employees and the wider communities in which the Group operates.

Board induction and professional development

On appointment, directors are given an introduction to the Group's operations, including visits to principal sites and meetings with operational management.

Specific training requirements of directors are met either directly or by the Company through legal/regulatory updates. Non-executive directors also have access to PricewaterhouseCoopers' non-executive database and course programme. There is a rolling programme of holding Board meetings at different Group locations in order to review local operations, with a focus on health and safety during site visits.

Board evaluation

Performance evaluation of the Board, its Committees and directors during the year was accomplished by structured meetings conducted by the Chairman with individual directors. The evaluation of the Chairman was undertaken by the non-executive directors, led by the Senior Independent Director. The process was designed to cover the key aspects of Board and Board Committee effectiveness and directors' performance.

Given the dynamic circumstances associated with the merger, the Board determined that it was inappropriate to undertake an externally facilitated evaluation during the year but that consideration would now be given to such an exercise in recognition of best practice and Corporate Governance Code compliance for FTSE 250 companies. The Board identified three specific areas upon which to focus in the coming year:

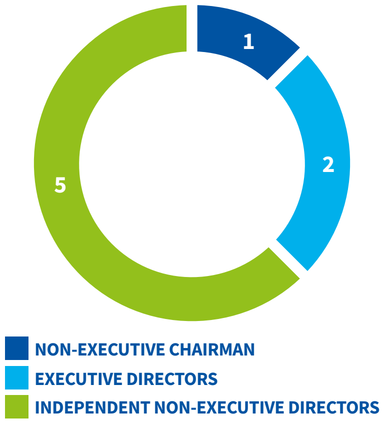
- further strategic analysis of the market and technology drivers of the circular economy, specifically in the Benelux markets in which Renewi operates;
- greater exposure for members of the Executive Committee to the Board through formal presentations and site visit opportunities; and
- refreshing talent reviews and succession plans for senior executives throughout the combined business.

As part of the evaluation it was also determined that the Board and its Committees continued to operate effectively during the year and that each director continued to demonstrate commitment to their role and perform effectively. The Board was therefore able to recommend the election and re-election of the directors standing at the forthcoming AGM.

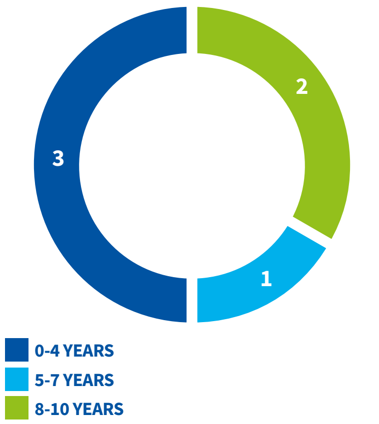
Nomination Committee

The Nomination Committee is chaired by Colin Matthews. The Committee also comprised throughout the year of the non-executive directors: Eric van Amerongen, Stephen Riley, Jacques Petry, Marina Wyatt and Allard Castelein. The Committee is formally constituted with written terms of reference which are available on the Group's website. It met three times in 2016/17 and is responsible for making recommendations to the Board on the appointment of Directors and succession planning. It also reviews organisation and resourcing plans for the purpose of providing assurance that appropriate processes are in place to ensure a sufficient supply of competent executive and senior management.

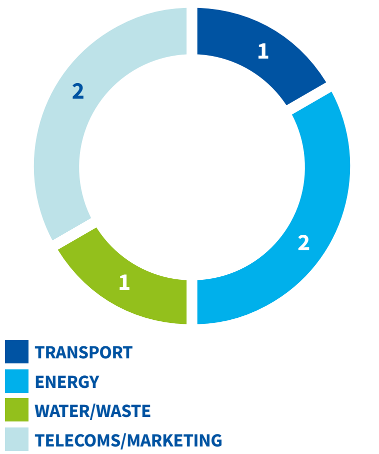
BALANCE OF NON-EXECUTIVE AND EXECUTIVE DIRECTORS



LENGTH OF TENURE OF CHAIRMAN AND NON-EXECUTIVE DIRECTORS



BACKGROUND/ EXPERIENCE OF CHAIRMAN AND NON-EXECUTIVE DIRECTORS



During the year, the Committee worked closely with recruitment consultants to undertake a search for a Benelux-based non-executive director with requisite skills and experience to supplement those already covered by existing Board members, culminating in the appointment of Allard Castelein in January 2017. It is expected that one further non-executive director will be appointed during the year.

Appointments to the Board continue to be based on the diversity of contribution

Any new director appointed to the Board is subject to election by shareholders at the first opportunity after their appointment. All non-executive directors are required under the Company's Articles of Association to stand for re-election at each AGM. In accordance with best corporate governance practice, the executive directors also stand for re-election at each AGM.

The Committee at the current time has not determined to set a specific female Board member quota. Appointments to the Board and throughout the Group continue to be based on the diversity of contribution and required competencies, irrespective of gender, age, nationality or any other personal characteristic. However, in recognition of both the Lord Davies and Hampton-Alexander Reviews on female representation, the Board continue to closely monitor all aspects of diversity in recruitment and promotions across the workforce. Statistical employment data for the Group can be found in the Corporate Social Responsibility Report available on the Group website and summary details in the People section on page 60.

Remuneration Committee
The Remuneration Committee met six times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Eric van Amerongen, Colin Matthews, Stephen Riley, Jacques Petry, Marina Wyatt and Allard Castelein. The Committee, which is chaired by Eric van Amerongen, formulates the Company's Remuneration Policy and the individual remuneration packages for executive directors. The Committee also determines the remuneration of the Group's senior management and that of the Chairman.

During the year, the Committee was involved in the development of the new Remuneration Policy, set out on pages 88 to 93. The new Policy will replace that approved at the 2014 AGM and will be put forward for shareholder approval at the 2017 AGM.

The Committee recommends the remuneration of the non-executive directors for determination by the Board. In exercising its responsibilities, the Committee has access to professional advice, both internally and externally, and may consult the Chief Executive Officer about its proposals. The Directors' Remuneration Report on pages 86 to 101 contains particulars of Directors' remuneration and their interests in the Company's shares.

Audit Committee
The Audit Committee met four times in the year and is formally constituted with written terms of reference which are available on the Group's website. The Committee is solely comprised of non-executive directors: Stephen Riley, Jacques Petry, Eric van Amerongen, Allard Castelein and Marina Wyatt who chairs the Committee. As required under the UK Corporate Governance Code, Marina Wyatt has current and relevant financial experience. She is a chartered accountant and currently holds the position of Chief Financial Officer at UBM Plc. In addition, the Board consider that the Audit Committee as a whole has competence relevant to the waste-to-product sector.

The Chairman, the executive directors and representatives from the external auditors PricewaterhouseCoopers LLP are regularly invited to attend meetings. The Committee also has access to the external auditors' advice without the presence of the executive directors.

The Audit Committee Report on pages 82 to 85 sets out the role of the Committee and its main activities during the year.

Other information
Other information, necessary to fulfil the requirements of the Corporate Governance Statement, relating to the Company's share capital structure and the appointment and powers of the directors, can be found in the Other Disclosures section on pages 102 to 104.

Director	Audit Committee meetings
Marina Wyatt (Chair)	4 (4)
Allard Castelein	1 (2)
Jacques Petry	3 (4)
Stephen Riley	3 (4)
Eric van Amerongen	4 (4)

Director	Remuneration Committee meetings
Eric van Amerongen (Chair)	6 (6)
Allard Castelein	1 (2)
Colin Matthews	6 (6)
Jacques Petry	5 (6)
Stephen Riley	6 (6)
Marina Wyatt	5 (6)

Director	Nomination Committee meetings
Colin Matthews (Chair)	3 (3)
Allard Castelein	0 (1)
Jacques Petry	3 (3)
Stephen Riley	2 (3)
Eric van Amerongen	3 (3)
Marina Wyatt	3 (3)

Bracketed figures indicate maximum potential attendance of each director.
Allard Castelein was appointed to the Board and the above Committees on 3 January 2017.

AUDIT COMMITTEE REPORT

On behalf of the Board I am pleased to present the Audit Committee Report for the year ended 31 March 2017

The primary objective of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to the Group's corporate reporting, risk management and internal controls and any other matters referred to it by the Board. This covers:

- Monitoring the integrity of the financial statements including annual and half yearly reports
- Reviewing and challenging the consistency of and changes to significant accounting policies, the methods used to account for significant or unusual transactions and appropriate estimates and judgements
- Keeping under review the adequacy and effectiveness of internal financial controls and internal control and risk management systems
- Reviewing the adequacy of procedures for detecting fraud and ensuring that appropriate arrangements are in place to allow for company employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- Monitoring and review of the effectiveness of the internal audit function in the context of the overall risk management system
- The appointment, terms of engagement, effectiveness, objectivity and independence of the external auditors and the nature and scope of the audit
- The development and implementation of policy on the engagement of the external auditor to supply non-audit services

Committee Chair
Marina Wyatt

Committee Members
Jacques Petry, Stephen Riley, Eric van Amerongen, Allard Castelein (appointed 3 January 2017)

Terms of Reference
www.renewi.com/audit

At their May 2016 meeting, the Committee considered corporate governance compliance, taxation and the 2016 financial statements. The November meeting was concerned primarily with the interim results and a review of internal control developments. An extra meeting was held in February 2017, prior to the completion of the VGG merger, to consider all matters relating to the merger including planning for the year end audit, the purchase price accounting exercise, accounting policy alignment topics, the process for the risk framework for the combined Group and the scenario planning for the viability statement. The March 2017 meeting considered all other year end accounting matters and treatments, the external audit plan and preparation of the 2017 financial statements along with the review of updated authority levels and treasury policy for the combined Group.

During the year the Committee was also responsible for agreeing the approach and framework to assist the Board in their preparation of the viability statement as required by provision C.2.2 of the UK Corporate Governance Code. This included reviewing the Company's principal risks and the methodology for stress testing those risks against modelled scenarios. The Group's viability statement on page 75 confirms the Board's reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2020.

Accounting policies and issues

In carrying out its duties, the Committee reviewed and made recommendations in respect of the full year and interim financial statements with a particular focus on the appropriateness of the Group's accounting policies and practices, material areas in which significant judgements have been applied and compliance with financial

Marina Wyatt
Chair of the
Audit Committee

reporting standards and relevant financial and governance reporting requirements. The significant accounting issues considered by the Committee during the year were:

- Acquisition accounting. Following the acquisition of VGG on 28 February 2017 a full purchase price allocation review has been undertaken to assess the fair value of assets and liabilities acquired including any separately identifiable intangible assets and goodwill. For the assessment of intangibles a number of assumptions and estimates have been made in preparing the future cash flows, including customer attrition rates and growth rates for existing customer revenues.
  We engaged KPMG to assist us with these processes. In addition the review also considered the alignment of accounting policies across the combined Group. The Committee has reviewed the papers and supporting documentation prepared by management and concluded that the provisional fair value is appropriate. Given the timing of the acquisition, it was determined that the real estate value should be stated at book value and an external market appraisal will be undertaken in the new financial year.

- Revenue recognition. In particular, the Committee has continued to assess revenue recognition with regard to long-term municipal contracts and also in our principal Hazardous Waste activity where revenue is recognised as processing occurs. The enhanced controls and processes introduced last year following on from the revenue recognition error have been re-confirmed.

- Impairment. A number of significant assumptions have to be made when preparing cash flow projections including long-term growth rates, discount rates and future profitability. The Committee has reviewed the papers and supporting documentation prepared by management and concluded that the only significant impairment required this year relates to the Westcott Park anaerobic digestion plant as a result of market impacts and lower volumes. With regard to goodwill balances the appropriate level of disclosures for any reasonably possible changes in assumptions have been included in the financial statements.

- Presentation of non-trading and exceptional items. The Group discloses non-trading and exceptional items separately due to their size or incidence to enable a better understanding of performance. This is a key judgemental area which has been subject to recent pronouncements on quantum and presentation from the Financial Reporting Council. Based on a review of the supporting papers and calculations from management, the Committee considers that these items have been appropriately classified.

- Landfill and other liability provisioning. Landfill provisions due to their nature are judgemental as they are subject to a number of factors including changes in legislation and uncertainty over timing of payments. The acquisition of VGG included significant landfill-related provisions, with a different estimate of the period of liability and discount rate. The Committee has reviewed the papers submitted by management and has determined that the closing balances were appropriate.

- Accounting for onerous contracts in Municipal. Given the long-term nature of these contracts, these provisions are judgemental. The Committee has discussed and reviewed management papers and has concluded that the appropriate level of provisions were reflected in the balance sheet as at 31 March 2017.

- Accounting for various tax related matters including the level of provisions. The most significant judgements in 2016/17 related to the inclusion of tax balances relating to the merger and the recognition of deferred tax assets. The Committee received verbal and written reports from senior management and the external auditors, and the balances recognised at March 2017 were considered appropriate.

The Committee is satisfied that the judgements made by management are reasonable and the appropriate disclosures in relation to key judgements and estimates have been included in the financial statements.

Fair, balanced and understandable
The Committee has assisted the Board in their consideration as to whether the Annual Report and Accounts are fair, balanced and understandable, such that shareholders are provided with the necessary information to assess the Group's performance, business model and strategy. Having reviewed the results of the year end internal verification and approval processes at their meeting in May 2017, the Committee was able to confirm this to be the case.

External audit
PricewaterhouseCoopers LLP (PwC) were appointed as the Company's external auditors by shareholders at the AGM in 1994. The Committee expects to schedule an external audit tender process by no later than 2020.

The Committee continues to review the performance, effectiveness and independence of the auditors on an annual basis.

PwC rotate their lead audit engagement partner as a minimum at least every five years, as required by their own rules and by regulatory bodies. Rotation ensures a fresh look without sacrificing institutional knowledge. The rotation of lead audit partners, other partners including specialist partners and senior engagement personnel is reviewed on a regular basis by the lead audit engagement partner in consultation with the Committee. PwC's rotation rules require the lead audit partner and key partners involved in the audit to rotate every five years (previously seven for key audit partners), and other partners and senior staff members every seven or ten years.

The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a non-audit services policy. Specified services may be provided by the external auditor subject to a competitive bid process other than in situations where it is determined by the Committee, that the work is closely related to the audit or when a significant benefit can be obtained from work previously conducted by the external auditor. While the CFO may approve any new engagement up to the value of £25,000, anything in excess requires Committee approval up to an agreed annual aggregate limit of 50% of the prior year's audit fee. In exceptional circumstances, this limit may be exceeded with the approval of the Board.

In determining whether or not to engage the external auditor to provide any non-audit services, consideration will be given to whether this would create a threat to their independence. Similarly, the external auditor will not be permitted to undertake any advocacy role for the Group such that their objectivity may be compromised. The external auditor may not provide services involving the preparation of accounting records or financial statements, the design, implementation and operation of financial information systems, actuarial and internal control functions or the management of internal audits.

During the year £3.2m of non-audit services were provided by PwC, while their total audit fees, as disclosed in note 5 of the financial statements, amounted to £1.2m. The significant increase this year is due to the appointment of PwC as reporting accountant for the capital markets work relating to the VGG merger. PwC was selected on the basis that their knowledge of the Group would make reporting on various workstreams more efficient and that they would remain independent and objective.

A resolution will be put to shareholders at the forthcoming AGM proposing PwC's re-appointment as Group auditors.

As part of the external audit process, the Committee discusses and agrees the scope of the audit which is based around a structured methodology to help ensure quality and rigour as well as regulatory compliance. The 2016/17 audit process was based on PwC's acceptance and independence procedures reflecting their understanding of the business and focusing on scoped areas determined to be of highest risk.

During the year, tax and other professional services relating to the transaction have also been provided to the Group by audit firms KPMG, Deloitte and EY.

Internal audit

The Committee's oversight of the internal audit function during the year is supported by the work of a dedicated Group Internal Audit and Reporting executive. During the year internal audit activities included a programme of internal cross-divisional peer reviews designed to bring the benefits of:

- wider spread of specialist knowledge during audits;
- enhanced operational and business model knowledge input to internal audits;
- better ability to share knowledge across the Group on audit outcomes and improvements; and
- independent assessment as divisional auditors do not audit their own divisions.

The Group Internal Audit and Reporting executive co-ordinates the process to ensure consistency, quality of reporting and close-out of improvement actions and reports up to the Committee. Internal audit services from suitably qualified external providers were also engaged during the year. KPMG performed a control review which covered UK invoicing procedures. The detailed findings from all reviews were presented to and considered by the Committee. Any necessary actions including improvements from both the internal and external reviews are acted upon by local divisional teams with regular follow up at monthly business review meetings.

Accountability and audit

The responsibilities of the directors and the auditors in relation to the financial statements are set out on pages 105 to 113.

Risk management

The Group risk management framework, major risks and the steps taken to manage these risks are outlined on pages 68 to 75. As set out on these pages a detailed review of the Group risk register has been undertaken post the VGG merger in February.

Internal control responsibility

The system of internal control is based on a continuous process of identifying, evaluating and managing risks including the risk management processes outlined on pages 68 to 75. The Board of directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board recognises that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatements, losses and the breach of laws and regulations.

Annual assessment of the effectiveness of the risk management and internal control systems

In addition to the Board's ongoing internal control monitoring process, it has also conducted an annual effectiveness review of the Group's risk management and internal control systems in compliance with provision C.2.1 of the UK Corporate Governance Code and Turnbull guidance. This covered risk management systems and all significant material controls including financial, operational and compliance controls.

Specifically, the Board's review included consideration of changes in the risk universe and the Group's ability to respond to these through its review of business risk registers controls and improvement action plans. It also reviewed the six-monthly certification by divisional management to ensure that appropriate internal controls are in place as well as reports by internal audit and external auditors.

The main elements of the internal control framework which contribute towards its continuous monitoring are as follows:

- a defined schedule of matters for decision by the Board;
- a Group finance manual setting out financial and accounting policies, minimum internal financial control standards and the delegation of authority matrix over

Anti-bribery policies are in place that are applicable throughout the combined Group

items such as capital expenditure, pricing strategy and contract authorisation;

- a comprehensive planning and budgeting exercise. Performance is measured monthly against plan and prior year results and explanations sought for significant variances. Key performance indicators are also extensively used to help management of the business and to provide early warning of potential additional risk factors;
- monthly meetings and visits to key operating locations by the executive directors and most senior managers to discuss performance and plans;
- appointment and retention of appropriately experienced and qualified staff to help achieve business objectives;
- an annual risk-based internal audit plan approved by the Committee. Summaries of audit findings and the status of action plans to remedy significant failings are discussed at Group Board and Committee meetings on a regular basis;
- a range of quality assurance, safety and environmental management systems in use across the Group. Where appropriate these are independently certified to internationally recognised standards and subject to regular independent auditing;
- a minimum of three scheduled Committee meetings each year, to consider all key aspects of the risk management and internal control systems; and
- prompt review by the Committee of any fraudulent activity or whistle-blowing reports with appropriate rectifying action.

Where weaknesses in the internal control system have been identified through the monitoring processes outlined above, plans for strengthening them are put in place and action plans regularly monitored until complete. The Board confirms that no material weaknesses were identified during the year and therefore no remedial action is required in relation to them.

Financial reporting

In addition to the general risk management and internal control processes described above, the Group has implemented internal controls specific to the financial reporting process and the preparation of the annual consolidated financial statements. The main control aspects are as follows:

- formal written financial policies and procedures applicable to all business units;
- a detailed reporting calendar including the submission of detailed monthly accounts for each business unit in addition to the year end and interim reporting process;
- detailed management review to Board level of both monthly management accounts and year end and interim accounts;
- consideration by the Board of whether the Annual Report is fair, balanced and understandable;
- bi-annual certification by divisional managing and finance directors and executive directors on compliance with appropriate policies and accuracy of financial information; and
- the Committee also receives regular reports from the Group Tax Manager on the Group's tax policy, tax management and compliance.

Anti-bribery and corruption

Anti-bribery policies are in place which are applicable to all business units throughout the combined Group. For the former Shanks businesses a 24-hour/seven-days-a-week confidential reporting, 'whistle-blowing' service has been in operation throughout the year with all notifications being reported to and considered by the Committee. VGG have developed an Integrity Management framework supported by two dedicated Integrity Managers to whom employees may confidentially report any concerns for advice and investigation as necessary.

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee is focused on designing and implementing a Remuneration Policy that promotes the long-term success of the Company by enabling the Company to hire and retain the most appropriate people, aligning their financial interests with those of shareholders

This Report, prepared by the Remuneration Committee on behalf of the Board, takes full account of the UK Corporate Governance Code and the latest Investment Association (IA) Principles of Remuneration and the Pensions and Lifetime Savings Association (PLSA) guidelines, and has been prepared in accordance with the provisions of the Companies Act 2006, the Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Act requires the Auditor to report to the Group's shareholders on the audited information within this Report and to state whether in their opinion those parts of the Report have been prepared in accordance with the Act. The Auditor's opinion in this regard is set out on page 113 and those aspects of the Report which have been subject to audit are clearly marked.

CONTENTS

1. REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2017.

I have summarised below the key decisions the Committee has taken during the year and provided explanation of the context in which they were made.

2016/17 PERFORMANCE, DECISIONS AND REWARD OUTCOMES

2016/17 Annual bonus

Largely as a result of difficulties faced by the Municipal Division, the Group did not achieve the threshold profit target. However, the Committee has determined that the cash-flow targets, representing 25% of maximum bonus opportunity, was met. The result of this financial performance in combination with the Executive Directors overall performance against their personal objectives has meant that bonuses of 48% and 47% of the maximum will be paid to the Chief Executive Officer and the Chief Financial Officer respectively. Further details are set out on page 96.

2014 LTIP vesting in 2017 based on three-year performance to 31 March 2017

The Long Term Incentive Plan (LTIP) granted in May 2014 was designed to incentivise and reward the achievement of financial and share price performance over the three-year period concluding at the end of 2016/17 financial year. Though the company has made steady progress over this period, the stretching targets set for EPS, share price growth and ROCE have not been met. The 2014 LTIP awards have therefore lapsed in full.

Remuneration Policy Review

As a result of the policy reaching the end of its three-year duration in 2017, the Committee undertook a review of the Remuneration Policy in light of the Group's strategy, performance and the completion of the Van Gansewinkel Groep BV (VGG) acquisition and the developing views of our major investors. Following the review, the Committee decided that, with certain changes to reflect developments in best practice, the existing policy continues to be appropriate for the time being. The Committee therefore intends to submit the existing policy for shareholder approval at the 2017 AGM with the following changes:

- Shareholding guidelines for Executive Directors will be increased from 100% to 200% of salary. Executive Directors will be required to retain at least 50% of shares, net of tax, which vest under the Long Term Incentive Plan (LTIP) and Deferred Annual Bonus (DAB) until the guideline is met;
- A two-year, post-vesting holding period will be introduced to LTIP awards granted to Executive Directors from the 2017 AGM onwards. This will replace the current phased approach whereby 50% of LTIP awards are released after three years from grant, 25% after four years and 25% after five years; and
- Consistent with the Remuneration Committee's intention, the relevant plan rules and practice under the LTIP, the policy has been clarified in respect of the payment of dividend equivalents on DAB awards, starting with the first such awards granted in 2015, to the extent that awards vest.

Eric van Amerongen
Chairman of the
Remuneration Committee

The new Directors' Remuneration Policy will be put to a binding shareholder vote at the AGM on 13 July 2017 and, subject to receiving majority shareholder support, the Policy will apply from the date of approval. The Policy is intended to remain in place for a maximum of three years although the Committee intends to review the policy in the next 12 to 24 months to ensure it remains aligned with business needs and our strategic priorities as the integration of our recent merger progresses.

Implementing the Remuneration Policy for 2017/18
The Remuneration Committee intends to operate the Remuneration Policy for Executive Directors for 2017/18 as follows:

- Executive Director basic salaries were increased from 1 April 2017 (the normal salary review date). Reflecting the importance of retaining the Executive Directors through the current period during which the value of the VGG merger is to be realised, the Chief Executive Officer's basic salary was increased from £452,285 to £500,000 whilst the Chief Financial Officer's basic salary was increased from £296,160 to £345,000. Further rationale for the increases is set out on page 94. No changes have been made to pension provision;
- Annual bonus provision will remain at 150% of salary and targets will continue to measure profit before tax, free cashflow and personal objectives. Targets will reflect the enlarged Group. No changes will be made to the deferral, whereby two thirds of any bonus is payable in cash and one third will be deferred in shares, vesting 50% after three years, 25% vesting after four years and 25% vesting after five years; and
- LTIP awards will be granted in 2017 at 150% of salary for the Chief Executive Officer and 120% for the Chief Financial Officer. Targets will continue to measure EPS, share price and ROCE.

In addition, a two year post-vesting holding period will apply to LTIP awards granted from the 2017 AGM onwards.

Looking forward
At the 2016 AGM, our Annual Report on Remuneration received the support of just over 94% of all votes cast. The Committee thanks shareholders for their continued support and asks that they support the 2017 AGM resolutions.

Resolutions seeking the approval of the Annual Statement and Annual Report on Remuneration for the year ended 31 March 2017 and the Remuneration Policy will be put to shareholders at the 2017 AGM.

Eric van Amerongen
Chairman of the Remuneration Committee
25 May 2017

The role of the Committee is to:

- Determine the Group's policy on remuneration and monitor its careful implementation;
- Review and set performance targets for incentive plans;
- Set the remuneration of the Group's senior management;
- Approve the specific remuneration package for each of the Executive Directors;
- Determine the remuneration of the Chairman;
- Determine the terms on which LTIP and Sharesave awards are made to employees; and
- Determine the policy for and scope of pension arrangements for the Executive Directors.

The Remuneration Committee met six times during the year and details of members' attendance at meetings are provided in the Corporate Governance section on page 81.

Committee Chairman:
Eric van Amerongen

Committee members:
Colin Matthews, Jacques Petry, Stephen Riley, Marina Wyatt , Allard Castelein (appointed 3 January 2017)

Terms of Reference:
www.renewi.com/remco

2. DIRECTORS' REMUNERATION POLICY

The principal objective of the Remuneration Committee is to design and implement a Remuneration Policy that promotes the long-term success of the Company. The Committee seeks to ensure that the senior executives are fairly rewarded in light of the Group's performance, taking into account all elements of their remuneration package. A significant proportion of executive remuneration is performance related, comprising an annual bonus and a Long Term Incentive Plan (LTIP). The fixed portion of remuneration comprises basic salary, benefits and a payment in lieu of pension.

Policy scope

The Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

The new Directors' Remuneration Policy Report will be put to a binding shareholder vote at the AGM on 13 July 2017 and, subject to receiving majority shareholder support, the Policy will apply from the date of approval for a maximum of three years. It is intended however to revisit the Policy over the next 12 to 24 months to ensure that it remains aligned with business needs and strategic priorities during the next stage of the Company's development.

Changes from 2014 Remuneration Policy

The main changes from the 2014 Remuneration Policy are summarised below:

- Shareholding guidelines for Executive Directors will be increased from 100% to 200% of salary. Executive Directors will be required to retain at least 50% of the shares, net of tax, which vest under the LTIP and DAB until the guideline is met;
- A two year post-vesting holding period will be introduced to LTIP awards granted to Executive Directors from the 2017 AGM onwards. This will replace the current phased approach whereby 50% of LTIP awards are released after three years from grant, 25% after four years and 25% after five years; and
- Consistent with the Remuneration Committee's intention and practice under the LTIP, the policy has been clarified in respect of the payment of dividend equivalents on DAB awards, starting with the first such awards granted in 2015, to the extent that awards vest.

To facilitate its operation, a number of minor changes have also been made to the wording of the Remuneration Policy where appropriate.

POLICY TABLE

BASE SALARY: To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Salary levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The Committee also has regard to individual and Group performance and changes to pay levels across the Group.	Any basic salary increases are applied in line with the outcome of the review. For Executive Directors, it is anticipated that salary increases will normally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity or a material market misalignment), the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive.	None.

PENSION: To provide an opportunity for executives to build up a provision for income on retirement

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors receive a cash pension allowance in lieu of company pension scheme contributions.	Executive Directors may receive a cash allowance of up to 25% of salary.	None.

BENEFITS: To provide market-competitive benefits

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Benefits include life assurance, medical insurance, income protection and car/travel allowances.	Benefits may vary by role. However, the total cost of taxable benefits will not normally exceed 10% of salary. The Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. relocation or ex-patriation) or in circumstances where factors outside the Group's control have changed (e.g. increases in market insurance premia).	None.

POLICY TABLE continued

ALL EMPLOYEE SHARE SCHEMES: To encourage Group-wide share ownership

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors may participate in all-employee share arrangements on the same terms offered to employees.	The maximum opportunity will not exceed the relevant HMRC limits, where applicable.	None.

ANNUAL BONUS: To motivate senior executives to maximise short-term performance and help drive initiatives which support long-term value creation

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Performance measures, targets and weightings are set at the start of the year. The maximum bonus is payable only if all performance targets are met in full. At least one third of any annual bonus award is deferred into shares for at least three years, subject to continued employment. The Group's current policy is for 50% of the bonus to vest after three years, 25% to vest after four years, and 25% to vest after five years. Deferred bonus awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the relevant vesting periods but would be paid only on shares that vest. **MALUS & CLAWBACK:** Malus provisions exist which entitle the Committee, at its discretion, to reduce the final award or deem it to have lapsed (to the extent it has not yet vested) in exceptional circumstances, e.g. material financial misstatement or gross misconduct. The bonus is also subject to clawback, i.e. recovery of paid amounts for material financial misstatement or conduct justifying summary dismissal.	For Executive Directors, the maximum annual bonus opportunity is 150% of salary. For threshold performance, the bonus earned is generally 25% of maximum and for on-target performance, 80% of maximum.	Executive Director performance is assessed by the Committee on an annual basis by reference to Group financial performance such as profit or cashflow measures (majority weighting) and the achievement of personal or strategic objectives (minority weighting). Bonus targets are generally calibrated with reference to the Group's budget for the year. The Committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards, to ensure that payments are a true reflection of performance over the performance period, e.g. in the event of unforeseen circumstances outside management control. Details of the measures, weightings and targets applicable for the financial year under review are provided in the Annual Report on Remuneration.

LONG TERM INCENTIVE PLAN (LTIP): To motivate and retain senior executives and managers to deliver the Group's strategy and long-term goals and to help align executive and shareholder interests

OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Executive Directors and senior employees may be granted awards annually, as determined by the Committee. The vesting of these awards is subject to the attainment of performance conditions. Awards are in the form of Renewi plc ordinary shares. Dividend equivalents may accrue over the vesting period but would be paid only on shares that vest. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, then the awards will lapse. Once vested awards may, at the discretion of the Committee, be subject to further holding in whole, or in part, for a period of up to two years following the end of the performance period. A two year post-vesting holding period will apply to LTIP awards granted to Executive Directors following the 2017 AGM. **MALUS & CLAWBACK:** Malus provisions exist which entitle the Committee to reduce the final award or deem it to have lapsed during the period between the granting and end of the later of the vesting or holding period, if there has been material misstatement, gross misconduct or something which causes significant reputational damage to the Group. LTIP awards (from 2015 onwards) are also be subject to clawback, i.e. recovery of vested awards for material financial misstatement or conduct justifying summary dismissal.	The maximum award limit in normal circumstances under the 2011 Long Term Incentive Plan will be 150% of salary (up to 200% in exceptional circumstances). Threshold performance will result in vesting of no more than 25% of maximum under each element.	Vesting of LTIP awards will be subject to continued employment and financial and/or share price-related performance targets measured over a period of at least three years. In addition to the Group achieving the financial/share price targets, the Committee must satisfy itself that the recorded outcome is a fair reflection of the underlying performance of the Group. The Committee has discretion (within the limits of the scheme) to adjust the formulaic performance outcomes to ensure that payments fairly reflect underlying performance over the period. Adjustments may be upwards or downwards. Details of LTIP targets are included in the Annual Report on Remuneration.

Notes to the policy table

Payments from existing awards

The Group will honour any commitment entered into, and Executive Directors will be eligible to receive payment from any award made, prior to the approval and implementation of the Remuneration Policy detailed in this report, including previous share awards and associated dividend equivalent payments under the LTIP and deferred share bonus plan. Details of any such awards are disclosed in the Annual Report on Remuneration.

Use of discretion

The Committee may apply discretion as detailed below. Under each element of remuneration, a full description of how discretion can be applied is set out in line with UK reporting requirements.

To ensure fairness and align executive remuneration with individual and underlying company performance the Committee may adjust up or down the outcome of the annual bonus and LTIP or the performance measures of inflight awards under either plan. Any adjustments in light of 'non-regular events' (including, but not limited to, corporate events (including Rights Issues), changes in the Group's accounting policies, minor or administrative matters, internal promotions, external recruitment and terminations of employment) are expected to be made on a 'neutral' basis – i.e. adjustments will be designed so that the event is not expected to be to the benefit or the detriment of participants. Adjustments to incentives to ensure that outcomes reflect underlying performance may be made in exceptional circumstances to help ensure outcomes are fair to shareholders and participants.

Performance measurement selection

The measures used in the annual bonus are selected annually to reflect the Group's main business priorities for the year, and capture both financial and non-financial objectives. Group financial performance targets relating to the annual bonus plan are based around the Group's annual budget, which is reviewed and approved by the Board prior to the start of each financial year. Underlying profit before tax and underlying free cash flow are typically used as the key financial performance measures in the annual bonus plan because they are clear and well-understood measures of Group performance.

Performance targets are reviewed annually and set to be stretching and achievable, taking into account the Group's resources, strategic priorities and the economic environment in which the Group operates. Targets are set taking into account a range of internal and external reference points, including the Group's strategic plan and broker forecasts for both the Group and sector peers. The Committee believes that the performance targets are stretching, and that to achieve maximum outcomes requires truly outstanding performance.

The Committee considers the combination of three-year EPS growth, ROCE improvement and share price growth currently operated for the LTIP to be key indicators of success for the Group. These measures are transparent, visible and motivational to participants, balance growth and returns, and provide good line-of-sight for executives and alignment with shareholders.

Remuneration policy for our senior leaders

The Group's approach to annual salary reviews is broadly consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels for comparable roles in comparable companies. The broader Remuneration Policy across the Group is also consistent with that set out in this report for the Executive Directors. For example, remuneration is linked to Group and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value.

Senior employees generally participate in an annual bonus scheme with a similar structure to that described for the Executive Directors. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate.

Members of the Executive Committee and other senior managers may participate in the LTIP on a similar basis to, but at lower levels than, Executive Directors. Such awards may be on the same terms as those granted to Executive Directors or they may differ in respect of vesting periods, holding periods and performance targets (i.e. the targets used and/or whether performance targets apply for some or all of the awards).

All UK employees are eligible to participate in the Sharesave Scheme on the same terms although other all-employee share arrangements may be introduced if considered appropriate.

Share ownership guidelines

The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Share ownership guidelines will, subject to shareholder approval, increase from the 2017 AGM, requiring Executive Directors to acquire a holding equivalent to 200% of their salaries. Executive Directors will be required to retain 50% of any LTIP and deferred bonus shares acquired on vesting (net of tax) until they reach their ownership guideline.

APPROACH TO RECRUITMENT REMUNERATION

External appointments

In the cases of hiring or appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as described in the Policy Table on pages 88 and 89. The maximum limits for variable pay (excluding buy-outs) will be as for existing Executive Directors.

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including the overall quantum and nature of remuneration, and the jurisdiction from which the candidate is being recruited) to ensure that all such arrangements are in the best interests of Renewi and its shareholders.

The Committee may also make an award in respect of a new appointment to buy-out incentive arrangements forgone on leaving a previous employer on a like-for-like basis, in addition to providing the normal remuneration elements.

In constructing a buy-out, the Committee will consider all relevant factors including time to vesting, any performance conditions attached to awards, and the likelihood of those conditions being met. Any such buy-out awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise the discretion available under the FCA Listing Rule 9.4.2 R to make awards using a different structure. Any buy-out awards would have a fair value no higher than that of the awards forgone.

Internal appointments

In cases of appointing a new Executive Director by way of internal promotion, the Committee will determine remuneration in line with the policy for external appointees. Where an individual has contractual commitments made prior to promotion to the Board, the Group will continue to honour these. Incentive opportunities for below Board employees are typically no higher than for Executive Directors, but measures may vary to ensure they are relevant to the role.

Non-Executive Director recruitment

In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table on page 93. A base fee in line with the prevailing rate for Board membership would be payable, with additional fees payable for acting as Senior Independent Director or Chairman of a Committee, as appropriate.

PAY SCENARIO CHARTS

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On-target' and 'Maximum'.

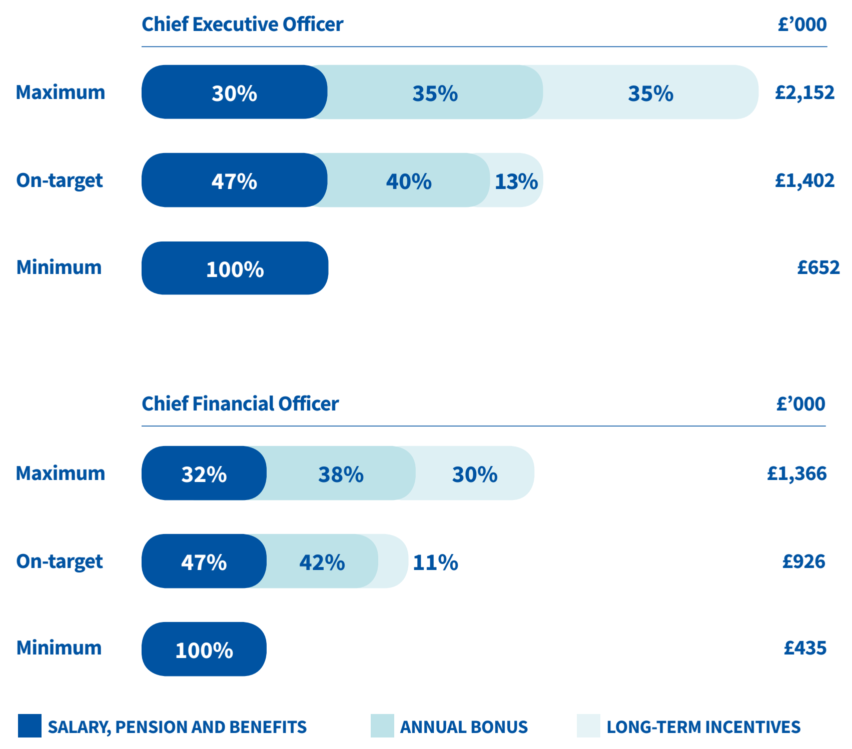
Potential reward opportunities are based on the Remuneration Policy, applied to basic salaries as at 1 April 2017. Note that the projected values exclude the impact of any share price movements and dividends.

The 'Minimum' scenario shows basic salary, pension and estimated benefits (i.e. fixed remuneration). These are the only elements of the Executive Directors' remuneration packages which are not at risk.

The 'on-target' scenario reflects fixed remuneration as above, plus a target bonus of up to 80% of maximum and threshold LTIP vesting of 25%.

The 'Maximum' scenario reflects fixed remuneration plus full pay-out of all incentives, excluding any share price appreciation and dividends (as per the regulations).

PROPORTION OF FIXED AND VARIABLE REMUNERATION FOR 2017/18



SERVICE CONTRACTS AND EXIT PAYMENT POLICY

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. The Committee has agreed that the policy with regard to the notice period for Executive Directors is one year's written notice from the Group and from the individual. The contracts provide for an obligation to pay salary plus contractual benefits for any portion of the notice period waived by the Group. The Group has the ability to pay such sums in instalments, requiring the Director to mitigate loss (for example, by gaining new employment) over the relevant period.

Executive Director	Date of service contract
Peter Dilnot	1 February 2012
Toby Woolrych	27 August 2012

If employment is terminated by the Group, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Group wishes to enter into a settlement agreement (as provided for below), and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Group and its shareholders to do so.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table on page 92 summarises how the awards under the annual bonus and LTIP are typically treated in different circumstances, with the final treatment remaining subject to the Committee's discretion.

TREATMENT OF AWARDS ON EXIT

SCENARIO	TIMING OF VESTING	TREATMENT OF AWARDS
ANNUAL CASH BONUS		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Cash bonuses will only be paid to the extent that Group and personal objectives set at the beginning of the year have been achieved. Any resulting bonus will generally be pro-rated for time served during the year.
Change of control.	Immediately.	Performance against targets will be assessed at the point of change of control and any resulting bonus will generally be pro-rated for time served.
Any other reason.	Not applicable.	No bonus is paid.
DEFERRED ANNUAL BONUS (DAB)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal payment date, although the Committee has discretion to accelerate.	Any outstanding DAB awards will generally be pro-rated for time served.
Change of control.	Immediately.	Any outstanding DAB awards will generally be pro-rated for time served.
Any other reason.	Not applicable.	Awards lapse.
LONG TERM INCENTIVE PLAN (LTIP)		
Ill-health, disability, death, retirement (with Group consent) or any other reasons the Committee may determine in its absolute discretion.	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding LTIP awards will generally be pro-rated for time served and performance.
Change of control.	Immediately.	Any outstanding LTIP awards will generally be pro-rated for time served and performance, subject to the Committee's discretion. In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.
Any other reason.	Not applicable.	Awards lapse.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors do not have service contracts as their terms of engagement are governed by letters of appointment. These letters and the Company's Articles of Association make provision for annual renewal at each AGM. Details of the Non-Executive Directors' terms of appointment are shown in the table on the right. The appointment and re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

The Non-Executive Directors are not eligible to participate in the Group's performance-related incentive plans and do not receive any pension contributions.

Non-Executive Director	Initial agreement date	Renewal date
Colin Matthews (Chairman)	7 March 2016	31 July 2017
Allard Castelein	10 November 2016	31 July 2017
Jacques Petry	30 September 2010	31 July 2017
Stephen Riley	29 March 2007	Retiring at 2017 AGM
Eric van Amerongen	9 February 2007	Retiring at 2017 AGM
Marina Wyatt	2 April 2013	31 July 2017

Shareholder approval is being sought at the AGM to increase the cap on Non-Executive Directors' fees in the Company's Articles of Association from £400K to £750K, this last having been increased in 2005.

Details of policy on fees paid to Non-Executive Directors are set out in the table below:

OBJECTIVE	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Group.	Fee levels are reviewed annually, with any adjustments effective 1 April each year. The fee paid to the Chairman is determined by the Committee and fees to Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and as Chairman of the Board's Committees and subsidiary company Supervisory Boards. Fee levels are reviewed by reference to FTSE-listed companies of similar size and complexity. The required time commitment and responsibilities are taken into account when reviewing fee levels. Non-Executive Directors may recieve benefits (including travel and office support, together with any associated tax liability that may arise).	Non-Executive Director fee increases are applied in line with the outcome of the review. Fees in respect of the year under review, and for the following year, are disclosed in the Annual Report on Remuneration. It is expected that any increases to Non-Executive Director fees will normally be in line with those for salaried employees. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	None.

EXTERNAL APPOINTMENTS

The Committee acknowledges that Executive Directors may be invited to become Non-Executive Directors of other quoted companies which have no business relationship with the Group and that these duties can broaden their experience and knowledge to the benefit of the Group. Executive Directors are limited to holding one such position, and the policy is that fees may be retained by the Director, reflecting the personal risk assumed in such appointments. No external appointments were held by the Executive Directors during the year.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

Although the Committee does not consult directly with employees on executive Remuneration Policy, the Committee does consider general basic salary increases across the Group, remuneration arrangements and employment conditions for the broader employee population when determining Remuneration Policy for the Executive Directors.

CONSIDERATION OF SHAREHOLDER VIEWS

When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on Remuneration Policy and arrangements, and commits to undergoing shareholder consultation in advance of any significant Remuneration Policy changes.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the executive remuneration remains appropriate.

Further details of the votes received in relation to last year's Annual Report on Remuneration and the Remuneration Policy approved in 2014 are provided below:

	2015/16 ANNUAL REPORT ON REMUNERATION AGM ON 14 JULY 2016		REMUNERATION POLICY AGM ON 25 JULY 2014	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	300,065,259	94.04%	280,656,244	97.9%
Against	19,002,556	5.96%	6,030,596	2.1%
Total votes cast (excluding withheld votes)	319,067,815	100%	286,686,840	100%
Votes withheld	69,956		10,225,806	

3. ANNUAL REPORT ON REMUNERATION

The following section provides details of how our Remuneration Policy will be implemented during the year ending 31 March 2018 and how it was implemented during the financial year ended 31 March 2017.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2017/18

Basic salary
Executive Director basic salaries were increased from 1 April 2017 (the normal salary review date). The Chief Executive Officer's basic salary was increased from £452,285 to £500,000 whilst the Chief Financial Officer's basic salary was increased from £296,160 to £345,000. In determining the revised salary levels, the Committee considered: (i) the performance of both the Group and the individuals concerned; (ii) the successful completion of the transformational VGG transaction, which has significantly increased the size of the roles, responsibility levels and time spent outside of the UK in the Benelux region for the two Executive Directors; (iii) the fact that both temporary and permanent relocation costs have been avoided; and (iv) the critical importance of retaining the existing Executive Directors for the post acquisition, integration phase of the VGG merger.

Executive Director	Basic salary at 1 April 2016	Basic salary from 1 April 2017	Percentage increase
Peter Dilnot	£452,285	£500,000	10.5%
Toby Woolrych	£296,160	£345,000	16.5%

Pension
The Chief Executive Officer and Chief Financial Officer will continue to receive a cash supplement in lieu of pension of 25% and 20% of salary, respectively, or an equivalent pension contribution.

Annual bonus
The maximum annual bonus opportunity for Executive Directors in 2017/18 will remain unchanged at 150% of salary, with one third of any bonus pay-out deferred into shares vesting 50% after three years, 25% after four years and 25% after five years. Pay-out for achievement of target performance will be 75% of maximum.

Bonuses will be based 50% on underlying profit before tax, 25% on underlying free cash flow and 25% on personal objectives. Proposed target levels have been set to be challenging relative to the 2017/18 business plan. The specific targets are currently deemed to be commercially sensitive, however we will disclose them retrospectively in the 2017/18 Annual Report.

LTIP
The Committee intends that LTIP awards granted in 2017 will be granted on the same terms as the awards granted in 2016. The performance conditions will therefore remain EPS, share price growth and ROCE weighted 50%, 25% and 25% respectively. Further details on the measures, targets and vesting schedule can be found on page 97. LTIP opportunities will remain at 150% of salary for the Chief Executive Officer and 120% of salary for the Chief Financial Officer. For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Company over the period. Furthermore, half of any shares earned will be subject to an additional holding period, delivered to the individual in equal tranches after a further one and two years, subject to continued employment.

A two year post-vesting holding period will be introduced to LTIP awards for Executive Directors granted after the 2017 AGM. This will replace the current phased approach whereby 50% of LTIP awards are released after three years from grant, 25% after four years and 25% after five years.

Chairman and Non-Executive Director fees
Chairman and Non-Executive Director fees, effective from 1 April 2017, are set out in the table below.

	Basic fee at 1 April 2016	Basic fee from 1 April 2017
Base fees		
Chairman	£150,000	£150,000
Non-Executive Director	£39,780	£48,000
Additional fees		
Audit Committee Chair	£7,140	£8,500
Remuneration Committee Chair	£7,140	£8,500
Senior Independent Director	£5,100	£6,000

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2017 and the prior year.

	PETER DILNOT		TOBY WOOLRYCH	
	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Basic salary	452	452	296	296
Taxable benefits[1]	27	27	21	21
Pension[2]	113	113	59	59
Single-year variable[3]	465	326	305	209
Multiple-year variable[4]	–	–	–	–
Other[5]	6	3	5	2
Total	**1,063**	**921**	**686**	**587**

1 Taxable benefits comprise car allowance and medical insurance.
2 During the year, Peter Dilnot and Toby Woolrych received cash supplements in lieu of pension contribution of 25% and 20% of salary respectively.
3 Payment for performance during the year under the annual bonus including any deferred annual bonus. (See following sections for further details.)
4 Includes any LTIP awards based on the value at vesting of shares vesting on performance over the three-year period ending 31 March 2017 for 2016/17, and for shares vesting on performance over the three-year period ending 31 March 2016 for 2015/16.
5 Includes Sharesave awards, valued based on embedded gain at grant, life assurance and income protection

SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS (AUDITED)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2017 and the prior year.

	BASE FEE		ADDITIONAL FEES		TOTAL	
	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Colin Matthews (Chairman)[1]	13	150	–	–	13	150
Allard Castelein[2]	–	10	–	–	–	10
Jacques Petry	40	40	–	–	40	40
Stephen Riley	40	40	–	–	40	40
Eric van Amerongen[3]	40	40	12	25	52	65
Marina Wyatt[4]	40	40	7	7	47	47
Former Directors[5]	118	–	–	–	118	–

1 Colin Matthews was appointed Chairman Designate on 7 March 2016 and succeeded Adrian Auer as Chairman on 1 April 2016.
2 Allard Castelein was appointed to the Board on 3 January 2017.
3 Eric van Amerongen's additional fees comprise amounts for his role as the Senior Independent Director and for his role as the Chair of the Remuneration Committee. His fees are set in Sterling and paid in Euros each month at the prevailing monthly exchange rate. From October 2016 he also received a fee of €30K pa for his Chairmanship of the Supervisory Board of Shanks Netherlands Holdings BV. This fee for the year is stated in Sterling at an exchange rate of £1: €1.1918
4 Marina Wyatt's additional fee is in respect of her role as the Chair of the Audit Committee.
5 Adrian Auer retired as Chairman and from the Board on 31 March 2016.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2017

Performance-related annual bonus in respect of 2016/17 performance

The annual bonus was measured against underlying profit before tax (50% weighting), underlying free cash flow (25% weighting) and the achievement of personal objectives (25% weighting). Actual performance against the targets set for each of these elements is shown below.

Financial element outcomes

The financial targets and corresponding outcomes for the 2016/17 annual bonus are shown below.

Measure	Weighting	2016/17 Final outcome	Threshold	Max	Bonus payout (% of max)
Underlying profit before tax	50%	£19.0m	£21.9m	£26.7m	0%
Underlying free cash flow	25%	£13.4m	£6.1m adjusted	£6.1m adjusted	100%

Both the underlying profit before tax and underlying free cash flow are set based on the Group's expected budget outcome for the year with all values for the divisions converted to Sterling at the budgeted rates of exchange. Actual performance is also measured at this constant exchange rate.

Profit performance for the Group was below threshold as a result of the challenges faced in the Municipal Division.

The cash flow targets were set at the start of the financial year based on a number of operating assumptions which became inconsistent with the refinancing required to complete the VGG acquisition. As a result and so as not to penalise management for undertaking the important strategic development of the VGG acquisition, the Committee adjusted the originally set underlying free cash flow targets. The Committee is comfortable that these adjustments are fair and reasonable in the circumstances and are aligned to shareholder interests, particularly noting that the original targets would have been met in full had the VGG acquisition not taken place and also that the Company's cash position following the refinancing is in a materially better position than it would have been had the transformational acquisition not taken place.

Personal element outcomes

The personal performance measures were based on individual objectives, as detailed below.

	Personal objectives during the year	Committee's assessment of performance	Bonus payout (% of max)
Peter Dilnot	1. Assess and capture strategic transformational opportunities whilst applying robust capital discipline 2. Refine Group growth strategy and produce implementation road map 3. Deliver commercial effectiveness gains 4. Develop senior leadership team 5. Continue to maintain and build investor relations 6. Continue to drive environmental, health and safety improvements across the Group	The Committee was satisfied that objectives 1 to 5 were met or exceeded. While progress was made in respect of objective 6 and noting the impact of the VGG acquisition, the Committee considers that further improvements could be made.	92%
Toby Woolrych	1. Assess and capture strategic transformational opportunities whilst applying robust capital discipline 2. Define and implement a strategy to protect and strengthen the Group balance sheet 3. Strengthen finance in respect of organisational design and structure 4. Standardise and harmonise finance functions and prepare for system upgrades 5. Drive cost savings and sustain Group investment programme returns 6. Continue to drive environmental, health and safety improvements across the Group 7. Continue to maintain and build investor relations	The Committee was satisfied that objectives 1, 2, 3, 5 and 7 were met or exceeded. The Committee determined that objective 4 was partially met and that progress was made in respect of objective 6 (as noted above).	88%

Overall bonus outcomes

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall bonus outcome (% of salary/£)
Peter Dilnot	37.5%	34.5%	72% / £325,645
Toby Woolrych	37.5%	33.0%	70.5% / £208,793

One third of the bonus will be awarded in shares, which will vest in the proportion 50%, 25% and 25% on the third, fourth and fifth anniversary of the date of grant, respectively.

2014 LTIP vesting in 2017

Peter Dilnot and Toby Woolrych were granted LTIP awards in 2014 over shares equal to the value of circa 150% and 120% of salary respectively which would vest in 2017 based on three-year performance to 31 March 2017. Vesting was dependent on three-year adjusted underlying EPS, share price performance and ROCE. The vesting schedules, targets and the performance against targets are set out below:

Measure	Weighting	Targets	Actual performance	Vesting outcome (% of maximum)
EPS CAGR	50%	0% vesting below 5% p.a. 25% vesting for 5% p.a. 50% vesting for 10% p.a. 100% vesting for 15% p.a. Straight-line vesting between these points	<5%	0%
Share price CAGR	25%	0% vesting below 9% p.a. 25% vesting for 9% p.a. 50% vesting for 13% p.a. 100% vesting for 17% p.a. Straight-line vesting between these points	<9%	0%
Improvement in ROCE	25%	0% vesting below +0.5% 25% vesting for +0.5% 100% vesting for +2.0% Straight-line vesting between these points	<+0.5%	0%
Total vesting				0%

Share price growth was calculated using three-month average share prices immediately prior to the start and end of the performance period.

SHARE AWARDS GRANTED IN 2016/17 (AUDITED)

The normal annual LTIP and deferred share bonus award grant date had been scheduled for late May 2016 but trading in the Company's shares was suspended on 24 May 2016 at the Company's instigation as a result of press speculation concerning a possible transaction with Van Gansewinkel Groep. It was agreed by the Committee that awards would be made as soon as the Company entered an open period which, due to successful negotiations, Prospectus publication, Rights Issue and shareholder approvals, was achieved some six months later, after the publication of the Interim Results on 17 November 2016. So as to ensure that participants were no better or worse off as a result of the delayed grant date (both in respect of the deferred bonus and LTIP awards), the number of shares that were granted in November 2016 was based on those that would have been granted at the end of May 2016 (and subsequently adjusted for the 3 for 8 Rights Issue), to ensure that individuals receiving awards were kept whole.

LONG-TERM INCENTIVE PLANS

Peter Dilnot and Toby Woolrych were granted awards under the Renewi plc 2011 Long Term Incentive Plan in November 2016 as follows:

Executive Director	Date of grant	Base salary	Basis of award	Share price	Face value[2]	Number of shares[2]	Post rights issue adj[3]
Peter Dilnot	23 November 2016[1]	£452,285	150% of salary	81p	£678,428	837,565	963,000
Toby Woolrych	23 November 2016[1]	£296,160	120% of salary	81p	£355,392	438,756	504,000

1 As a result of the Company being within a prohibited share dealing period, the 2016 LTIP award grant date was delayed from the end of May 2016 until 23 November 2016.
2 Based on the three-day average dealing price prior to the temporary suspension of the Company's shares on 24 May 2016 (i.e. based on the average share price just prior to the intended grant date).
3 The number of shares intended to be granted in May 2016 based on a share price of 81p adjusted using the theoretical ex-rights price formula and rounded down to the nearest 1,000 shares.

Details of the performance targets are as follows:

Measure	Weighting	Targets
EPS CAGR	50%	0% vesting below 5% p.a. 25% vesting for 5% p.a. 50% vesting for 10% p.a. 100% vesting for 15% p.a. Straight-line vesting between these points
Share price CAGR	25%	0% vesting below 9% p.a. 25% vesting for 9% p.a. 50% vesting for 13% p.a. 100% vesting for 17% p.a. Straight-line vesting between these points
Improvement in ROCE	25%	0% vesting below +0.5% 25% vesting for +0.5% 100% vesting for +2.0% Straight-line vesting between these points

For any shares to vest, the Committee will also need to satisfy itself that the recorded outcome is a fair reflection of the overall performance of the Group over the period. Awards will vest on the third anniversary of grant. Half of any amounts earned will be released in November 2019 (i.e. three years from grant) and, reflecting the delayed grant date, the remaining portion will be delivered to the individuals in two equal tranches in May 2020 and May 2021 respectively (i.e. four and five years from the intended May 2016 grant date).

DEFERRED ANNUAL BONUS (DAB)

Peter Dilnot and Toby Woolrych were granted awards under the Renewi plc Deferred Annual Bonus Plan in November 2016 as follows:

Executive Director	Date of grant	2015/16 annual bonus	Basis of deferred award	Share price[2]	Face value of bonus deferred	Number of shares[3]	Post rights issue adj[3]
Peter Dilnot	23 November 2016[1]	£465,042	1/3rd of bonus	81p	£155,014	191,375	220,189
Toby Woolrych	23 November 2016[1]	£304,514	1/3rd of bonus	81p	£101,505	125,315	144,183

1 As a result of Company being within a prohibited share dealing period, the 2016 DAB award grant date was delayed from the end of May 2016 until 23 November 2016.
2 Based on the three-day average dealing price prior to the temporary suspension of the Company's shares on 24 May 2016 (i.e. based on the average share price just prior to the intended grant date).
3 The number of shares intended to be granted in May 2016 based on a share price of 81p adjusted using the theoretical ex-rights price formula.

50% of the awards will vest on the third anniversary of grant and, rather than the 4 and 5 year deferral typically operated for the remainder, 25% of awards will vest after 3 years and 6 months and 25% will vest after 4 years and 6 months, subject to continued employment. The shortened vesting periods reflect the delayed grant date from May 2016 to November 2016.

EXIT PAYMENTS AND PAYMENTS MADE TO PAST DIRECTORS MADE IN THE YEAR (AUDITED)

No exit payments or payments to past Directors were made in the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and share buy-backs) from the financial year ended 31 March 2016 to the financial year ended 31 March 2017. The Directors are proposing a final dividend for the year ended 31 March 2017 of 2.1 pence per share (2016: 2.35p).

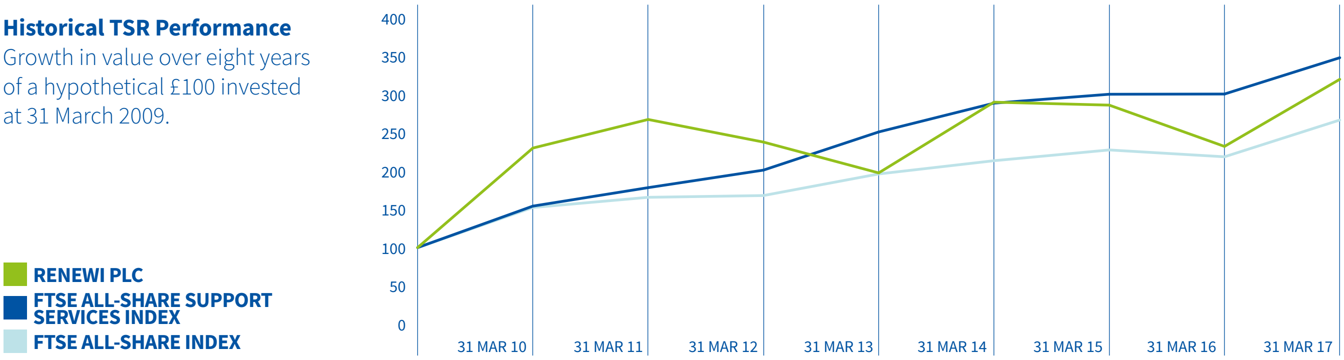
	2015/16 £m	2016/17 £m	% change
Distribution to shareholders	13.7	15.1	10%
Employee remuneration	144.1	178.2	24%

The increase in distribution to shareholders is attributable to the equity raise in October and November 2016.
Employee remuneration is significantly higher than the prior year as the values for 2016/17 include one month of costs for the Van Gansewinkel businesses.

PAY FOR PERFORMANCE

The graph shows the total shareholder return (TSR) of the Group over the eight-year period to 31 March 2017. While there is no comparator index or group of companies that truly reflects the activities of the Group, the FTSE Support Services sector has been selected as a comparator index as it is the sector in which Renewi is classified and tends to be the index against which analysts judge the performance of the Group. The Group is also a member of the FTSE all-share index. The table below the graph details the Chief Executive Officer's single figure remuneration and actual variable pay outcomes over the same period.

Historical TSR Performance
Growth in value over eight years of a hypothetical £100 invested at 31 March 2009.



Chief Executive Officer's single figure of remuneration over the eight year period to 31 March 2017

	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	TOM DRURY[1]			PETER DILNOT[2]					
Chief Executive Officer single figure of remuneration (£'000)	663	840	284	157	657	860	902	1,063	921
Annual bonus outcome (% of maximum)	38%	69%	0%	87%	19%	66%	47%	69%	48%
LTIP vesting outcome (% of maximum)	0%	0%	0%	–	0%	0%	0%	0%	0%

1 Tom Drury resigned as Chief Executive on 30 September 2011.
2 Peter Dilnot was appointed as Chief Executive on 1 February 2012.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE OFFICER'S REMUNERATION

The table below shows the percentage change in the Chief Executive Officer's remuneration from the prior year compared to the average percentage change in remuneration for all UK-based employees. This group was selected because the Committee believes it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases that are based on similar incentive structures, while on the other hand reducing any distortion arising from including all of the geographies in which the Group operates, with their different economic conditions. To provide a meaningful comparison, the analysis includes all UK based employees and is based on a consistent set of employees.

	CHIEF EXECUTIVE OFFICER			OTHER EMPLOYEES
	2015/16 £'000	2016/17 £'000	% Change	% Change
Salary	452	452	0%	2%
Taxable benefits	27	27	0%	0%
Single-year variable	465	326	-30%	-7%

DIRECTORS' INTERESTS (AUDITED)

The interests of the Directors and persons closely associated in the ordinary shares of the Group during the year and as at 25 May 2017 were as shown on the right. Details of Directors' interests in shares and options under the long-term share schemes are set out in the sections below.

	Ordinary shares at 1 April 2016	Ordinary shares at 31 March 2017 and 25 May 2017
Colin Matthews (Chairman)	–	137,500
Eric van Amerongen	–	–
Allard Castelein (appointed January 2017)	–	–
Peter Dilnot	95,538	131,364
Jacques Petry	–	–
Stephen Riley	20,000	27,500
Toby Woolrych	39,821	54,753
Marina Wyatt	–	–

DIRECTORS' SHAREHOLDING (AUDITED)

The table below shows the shareholding of each Executive Director, against their respective shareholding requirement as at 31 March 2017:

	SHARES HELD			OPTIONS HELD					
	Owned outright or vested	Unvested but subject to holding period	Unvested and subject to performance conditions	Vested but not exercised	Exercised during the year	Unvested and subject to continuous employment	Shareholding requirement[1] (% salary)	Current shareholding[2] (% salary)	Requirement met?
Peter Dilnot	131,364	330,261	1,678,650	–	–	26,133	100%	28%	On track
Toby Woolrych	54,753	216,260	879,083	–	–	26,133	100%	18%	On track

1 Share ownership guideline to be increased from 100% of salary to 200% of salary from the 2017 AGM (subject to shareholder approval).
2 Shareholdings were calculated using the mid-market price at 31 March 2017 of 95.5 pence and salary as at 31 March 2017.

DIRECTORS' INTERESTS IN SHARES OPTIONS AND SHARES IN THE DEFERRED ANNUAL BONUS PLAN, LONG TERM INCENTIVE PLAN AND ALL-EMPLOYEE PLANS (AUDITED)

The Executive Directors have been made awards under the Group's Deferred Annual Bonus Plan:

	Outstanding awards at 31 March 2016	Awards made during the year	Rights issue adj[1]	Awards lapsed during the year	Awards exercised during the year	Outstanding awards at 31 March 2017	Date of award	Share price on date of award (pence)	Restricted period end[2]
Peter Dilnot	95,668	–	14,404	–	–	110,072	29.05.15	108.92	29.05.20
	–	220,189	–	–	–	220,189	23.11.16	93.5	23.11.21
Toby Woolrych	62,645	–	9,432	–	–	72,077	29.05.15	108.92	29.05.20
	–	144,183	–	–	–	144,183	23.11.16	93.5	23.11.21

1 Awards granted prior to the November 2016 Rights Issue were adjusted based on the standard theoretical ex-rights price formula.
2 50% of the awards will be released three years after the date of award, 25% after four years and the remaining 25% after five years.

The Executive Directors have been made notional allocations of shares under the Group's Long Term Incentive Plan:

	Outstanding awards at 31 March 2016	Awards made during the year	Rights issue adj[1]	Awards lapsed during the year[2]	Awards exercised during the year	Outstanding awards at 31 March 2017[3]	Date of award	Share price on date of award (pence)	Performance period end	Restricted period end[4]
Peter Dilnot	652,000	–	98,167	750,167	–	–	29.05.14	102.00	31.03.17	29.05.17
	622,000	–	93,650	–	–	715,650	29.05.15	108.92	31.03.18	29.05.18
	–	963,000	–	–	–	963,000	23.11.16	93.5	31.03.19	23.11.19
Toby Woolrych	341,000	–	51,342	392,342	–	–	29.05.14	102.00	31.03.17	29.05.17
	326,000	–	49,083	–	–	375,083	29.05.15	108.92	31.03.18	29.05.18
	–	504,000	–	–	–	504,000	23.11.16	93.5	31.03.19	23.11.19

1 Awards granted prior to the November 2016 Rights Issue were adjusted based on the standard theoretical ex-rights price formula.
2 Awards lapse to the extent the performance conditions are not met.
3 The performance conditions relating to the vesting of outstanding awards are shown on page 98.
4 For LTIP awards made in 2014 to 2016, half of the awards will be released following the end of the performance period, with the remaining portion delivered in two equal tranches after a further one and two years respectively.

The Executive Directors held options to subscribe for ordinary shares under the Group's Sharesave Schemes:

	Date of grant	Normal exercise dates from	Normal exercise dates to	Option price (pence)[1]	Rights Issue adj (pence)[2]	Number at 1 April 2016	Granted in year	Rights issue adj[3]	Lapsed in year	Exercised in year	Number at 31 March 2017
Peter Dilnot	25.09.14	01.11.17	30.04.18	84.0	73.01	10,714	–	1,613	–	–	12,327
	24.09.15	01.11.18	30.04.19	75.0	65.18	12,000	–	1,806	–	–	13,806
Toby Woolrych	25.09.14	01.11.17	30.04.18	84.0	73.01	10,714	–	1,613	–	–	12,327
	24.09.15	01.11.18	30.04.19	75.0	65.18	12,000	–	1,806	–	–	13,806

1 The option price is the price at which the option was granted. The price is set by the Remuneration Committee but is not less than 80% of the average market price of the shares over the last three dealing days immediately preceding the date of the invitation to subscribe.
2 The option price was adjusted during the year for the November 2016 Rights Issue based on the standard theoretical ex-rights price formula.
3 Awards were adjusted during the year for the November 2016 Rights Issue based on the standard theoretical ex-rights price formula.

The highest closing mid-market price of the ordinary shares of Renewi plc during the year was 99.52 pence and the lowest closing mid-market price during the year was 67.79 pence. The mid-market price at the close of business on 31 March 2017 was 95.5 pence.

OTHER INTERESTS

None of the Directors had an interest in the shares of any subsidiary undertaking of the Group or in any significant contracts of the Group.

ADVICE PROVIDED TO THE COMMITTEE DURING THE YEAR

FIT Remuneration Consultants LLP ('FIT') was appointed by the Remuneration Committee during the year to provide independent advice on Committee matters. In 2016/17, FIT provided independent advice on executive remuneration including remuneration benchmarking data and market and best practice updates. FIT reports directly to the Chairman of the Committee. Their total fees for the provision of remuneration services to the Committee in 2016/17 were £27,341 charged on a time and materials basis. FIT provides no other services to the Group. Prior to this, Deloitte LLP was the appointed independent adviser to the Committee. Deloitte's fees to the Committee for 2016/17 were £59,200.

Both FIT and Deloitte are members of the Remuneration Consultants Group and are signatories to the Code of Conduct for Remuneration Committees consultants which can be found at www.remunerationconsultantsgroup.com.

The Committee periodically undertakes due diligence to ensure that the Remuneration Committee advisers remain independent of the Group and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided is independent.

By order of the Board

Eric van Amerongen
Chairman of the Remuneration Committee
25 May 2017

OTHER DISCLOSURES

Change of Company name
Following shareholder and regulatory approvals the merger of Shanks Group plc and Van Gansewinkel Groep BV was completed on 28 February 2017 and the combined company was renamed Renewi plc by Board resolution, as provided for in the Articles of Association.

The Company's Articles of Association
Many of the matters described below are governed by the Company's Articles of Association as well as by current legislation and regulations. The Company will be seeking a small number of amendments to the Articles at the 2017 Annual General Meeting, details of which are set out in the Notice of Meeting. The proposed amendments to the Articles can be viewed on the Company website at www.renewi.com/agm2017.

Strategic report
The Overview and Strategic Report sections set out on pages 2 to 75 provide a fair review of the Group's business for the year ended 31 March 2017. They also explain the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, the Group's financial position, key performance indicators and likely future developments of the business. The Overview and Strategic Report were approved by a duly authorised committee of the Board on 25 May 2017 and signed on its behalf by the Company Secretary.

Directors' report
The Directors' Report comprises pages 76 to 105. The Directors' Report was approved by a duly authorised committee of the Board on 25 May 2017 and signed on its behalf by the Company Secretary.

Other information
Apart from the details of the Company's Long Term Incentive Plans, as set out in the Directors' Remuneration Report on pages 86 to 101, no further information requires disclosure for the purposes of complying with the Financial Conduct Authority's Listing Rule 9.8.4C.

Directors
The composition of the Board at the date of this Report, together with directors' biographical details, are shown on pages76 and 77. All served on the Board throughout the financial year under review with the exception of Allard Castelein. Eric van Amerongen and Stephen Riley will be retiring from the Board at the conclusion of the 2017 AGM. Following his appointment in January 2017, Allard Castelein will be standing for election by shareholders at the 2017 AGM. In accordance with governance best practice, all remaining directors will be offering themselves for re-election at the 2017 AGM.

Appointment and replacement of directors
The Company's minimum requirement is to appoint at least two directors. The appointment and replacement of directors may be made as follows:

- the Company's members may, by ordinary resolution, appoint any person who is willing to act to be a director;
- the Board may appoint any person who is willing to act to be a director. Any director so appointed shall hold office only until the next AGM and shall then be eligible for election;
- each director shall retire from office at every AGM but may be re-appointed by ordinary resolution if eligible and willing;
- the Company may, by special resolution, remove any director before the expiry of his or her period of office or may, by ordinary resolution, remove a director where special notice has been given and the necessary statutory procedures are complied with; and
- a director must vacate their office if any of the circumstances in Article 100 of the Articles of the Company arise.

Powers of directors
The business of the Company is managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Articles and by any directions given by special resolution of the members of the Company. Specific provisions relevant to the exercise of powers by the directors include the following:

- pre-emptive rights and new issues of shares – under the Companies Act 2006, (the Act), the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles or given by its shareholders in general meeting. In addition, under the Act, the Company may not allot shares for cash (otherwise than pursuant to an employees share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the Company's shareholders. The Company received authority at the last AGM to allot shares for cash on a non pre-emptive basis up to a maximum nominal amount of £3,982,052. This authority lasts until the earlier of the AGM in 2017 or 30 September 2017;
- repurchase of shares – subject to authorisation by shareholder resolution, the Company may purchase all or any of its own shares in accordance with the Act and the Listing Rules. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The Company received authority at the last AGM to purchase up to 39,802,523 ordinary shares. This authority lasts until the earlier of the AGM in 2017 or 30 September 2017; and
- borrowing powers – the directors are empowered to exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the Company's assets, provided that the aggregate amount of borrowings of the Group outstanding at any time does not exceed the limit set out in the Articles, unless sanctioned by an ordinary resolution of the Company's shareholders.

Directors' indemnities
As at the date of this Report, the Company has granted indemnities to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out the role of a director of the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In respect of those liabilities for which the directors may not

be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Corporate governance
The Board is fully committed to high standards of corporate governance. Details relating to the Company's compliance with the UK Corporate Governance Code for the financial year are given in the Corporate Governance and Directors' Remuneration Reports on pages 78 to 101.

Corporate Social Responsibility
Renewi plc is a leading international waste-to-product company. Information on Corporate Social Responsibility (CSR) matters, including those on environment, social, community and employment policies and health and safety are set out in the CSR section on pages 65 to 67, and in the People section on pages 60 to 64 of the Strategic Report. These include disclosures on greenhouse gas emissions reporting as well as human rights and gender diversity policies. Further details on the Company's approach to carbon avoidance and the benefits of sustainable waste management can also be found in the Group CSR Report and CSR Policy, both of which are available on the company's website.

Results and dividends
The Group's Consolidated Income Statement, which appears on page 114 and note 3 to the financial statements, shows the contribution to revenue and profits made by the different segments of the Group's business. The Group's loss for the year was £61.4m (2016: loss of £3.9m).

The directors recommend a final dividend of 2.1 pence (2016: 2.35 pence) per share be paid on 28 July 2017 to ordinary shareholders on the register of members at the close of business on 30 June 2017. This dividend, if approved by shareholders, together with the interim dividend of 0.95 pence (2016: 1.1 pence) per share already paid on 6 January 2017, will make a total dividend for the year of 3.05 pence per share (2016: 3.45 pence). After adjusting for the bonus factor of the Rights Issue, 3.05p represents an unchanged dividend on the previous year.

Going concern and viability
After making enquiries, the directors have formed the view, at the time of approving the financial statements, that the Company and Group have adequate resources to continue to operate and that the Group's business is a going concern. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Taking account also of the Company's current position and principal risks, the Board set out on page 75 how they have assessed the prospects of the Company and, in compliance with UK Corporate Governance Code provision C.2.2, confirm that they have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2020.

Share capital
The Company's share capital comprises ordinary shares of 10 pence each par value. As at 31 March 2017 and as at the date of this Report there were 799,812,223 and 799,825,845 ordinary shares in issue respectively. During the year ended 31 March 2017, in addition to ordinary shares issued in respect of the exercise of options or awards under the Company's share schemes, the following ordinary shares were issued in relation to the merger with van Gansewinkel Groep BV: 45,000,000 Firm Placing shares, 166,201,962 Rights Issue shares and 190,187,502 Consideration shares, details of which are given in note 28 to the financial statements.

Principal rights and obligations attaching to shares

- Dividend rights – the Company may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the directors. The directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Payment or satisfaction of a dividend may be made wholly or partly by distribution of assets, including fully paid shares or debentures of any other company. The directors may deduct from any dividend payable to a member all sums of money (if any) payable by such member to the Company in respect of their ordinary shares.

- Voting rights – on a poll, every shareholder who is present in person or by proxy or represented by a corporate representative has one vote for every share held by that shareholder. In the case of joint holders of an ordinary share, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding. The deadline for appointing proxies to exercise voting rights at any general meeting is set out in the notice convening the relevant meeting. The Company is not aware of any agreements between holders of its shares that may result in restrictions on voting rights.

- Return of capital – in the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the sanction of a special resolution of the shareholders and any other sanction required by law, divide among the shareholders in kind the whole or any part of the Company's assets or vest the Company's assets, but no shareholder may be compelled to accept any assets upon which there is any liability.

Share restrictions
There are no limitations under the Company's Articles of Association that restrict the rights of members to hold the Company's shares. Certain restrictions may from time to time be imposed on the transfer of the Company's shares by laws and regulations such as insider trading laws. In limited situations, as permitted by the Articles, the Board may also decline to register a transfer. The Company is not aware of any agreements between holders of its shares that may result in restrictions on the transfer of securities.

Employee share schemes – control rights
The Company operates a number of employee share schemes. Under one of those schemes, ordinary shares may be held by trustees on behalf of employees. Employees are not entitled to exercise directly any voting or other control rights in respect of any shares held by such trustees. The trustees have full discretion to vote or

abstain from voting at general meetings of the Company in respect of such shares.

Notifiable interests
The Company has been notified of direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Company as set out in the table below.

Retail bonds
As at 31 March 2017 the Company had in issue two Retail Bonds: the first, comprising €100m 4.23% guaranteed notes due 30 July 2019; and the second, comprising €100m 3.65% guaranteed notes due 16 June 2022. There are no restrictions under the instruments governing these notes that restrict the rights of investors to hold or transfer them. The Company is not aware of any agreements between the holders of the notes that may result in restrictions on their transfer.

Change of control – significant agreements
The Group's principal financing instrument at 31 March 2017, a €600m multi-currency revolving credit facility and term loan with six major banks, contains an option for those banks to declare by notice that all sums outstanding under that agreement are repayable immediately in the event of a change of control of the Company. Any such notice may take effect no earlier than 30 days from the change of control and, if exercised at 31 March 2017, would have required the repayment of £279.6m (2016: £61.3m) in principal and interest.

The Group's Retail Bonds issued in July 2013 and in June 2015 require notice to be given to bondholders within seven business days of a change of control following which the holders have an option to seek repayment at a 1% premium, within 60 days of that notice. Such repayment must be made within ten business days of the expiry of the option period. If exercised at 31 March 2017, repayment of £177.6m (2016: £164.7m) in principal and interest would have been required.

The rules of the Company's employee share plans provide that awards and options may vest and become exercisable on a change of control of the Company.

Research and development
The Group spent £44,000 (2016: £86,000) on research and development during the year. This related to the development of technologies for mapping landfill sites, optimising waste decomposition processes and the recovery of energy and materials through excavation techniques and waste pre-treatment.

NOTIFIABLE INTERESTS

	NOTIFICATIONS RECEIVED UP TO 25 MAY 2017	
	Number of shares	Issued share capital %
Kabouter Management LLC	72,364,207	9.05
FMR LLC	41,620,714	5.20
FIL Limited	40,281,457	5.03
Paradice Investment Management LLC	38,660,040	4.80
Cross Ocean Partners	34,079,882	4.26
Neptune Investment Management Limited	29,925,720	3.74
Notz, Stucki Europe SA	25,925,000	3.24

Political donations
No donations were made by the Group for political purposes during the financial year (2016: £nil).

Annual General Meeting
Notice of the AGM of the Company to be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA on Thursday, 13 July 2017 at 11.00am will be made available to shareholders, together with a form of proxy, and will also be available on the Company website at www.renewi.com. The directors consider that all the AGM resolutions are in the best interests of the Company and they recommend unanimously that all shareholders vote in favour, as they intend to do in respect of their own shareholdings.

Investor relations
Renewi has an active investor relations programme to engage with institutional investors, analysts, press and other stakeholders. The Company uses a number of channels to do this including its AGM, face-to-face meetings, roadshows, analyst workshops, videos, presentations, reports and its corporate website. During the year the Remuneration Committee undertook a consultation exercise with the 20 largest shareholders in connection with the triennial review of the Directors' Remuneration Policy. Following on from the completion of the merger with Van Gansewinkel and in support of the year-end trading update announced on 31 March 2017, the Company also hosted a workshop session with analysts, slides from which are available on the Company website.

By order of the Board

Philip Griffin-Smith
Company Secretary
25 May 2017

Renewi plc
Registered in Scotland no. SC077438

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the loss of the Group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group and Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the directors whose names and functions are listed on pages 76 and 77 of the Annual Report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Overview and Strategic Report include a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces;
- there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

By order of the Board

P. Griffin-Smith

Philip Griffin-Smith
Company Secretary
25 May 2017

Renewi plc
Registered in Scotland no. SC077438

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI PLC

Report on the financial statements

OUR OPINION

In our opinion:

- Renewi plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2017 and of the Group's loss and the Group's and the Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated Balance Sheet as at 31 March 2017;
- the Parent Company Balance Sheet as at 31 March 2017;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Parent Company Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Parent Company Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

OUR AUDIT APPROACH - OVERVIEW

Materiality

- Overall Group materiality: £3.9 million which represents 0.5% of revenue.

Audit scope

- We performed an audit of the complete financial information of five out of the eight reporting units being the Hazardous Waste, Netherlands Commercial (excluding Netherlands Organics), Belgium Commercial, UK Municipal and Group Central Services divisions, and an audit of certain balance sheet items for the VGG reporting unit. Additional analytical review and specified audit procedures were performed over the remaining two reporting units, being Netherlands Organics and Canada Municipal.
- We obtained coverage of approximately 79% of the Group's revenue and 87% of the Group's underlying profit before tax from the audit procedures performed on full scope components.

Areas of focus

- Acquisition of VGG.
- Goodwill, intangible and tangible asset impairment.
- Presentation of non-trading and exceptional items.
- Accounting for provisions.
- Accounting for taxation.
- Accounting for PFI/PPP contracts.
- Revenue recognition on contracts where performance occurs over time.

THE SCOPE OF OUR AUDIT AND OUR AREAS OF FOCUS

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table opposite. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Acquisition of VGG	
The Group acquired VGG on 28 February 2017 for consideration of £205.6m as described in note 17. IFRS 3 "Business combinations" ("IFRS 3") requires that all assets and liabilities acquired in the business combination are recorded at fair value on acquisition. We focused on the acquisition accounting as judgment is required in identifying and valuing all the assets and liabilities acquired, in particular intangible assets. Management engaged an external expert to support them with quantifying the fair values of identified intangible and tangible assets. Intangible assets of £44.0m were identified relating to customer contracts, environmental permits, and licenses. The key judgments were in determining an appropriate methodology to value the assets and in the underlying assumptions including future cash flows, growth rates for existing customer revenues and a risk adjusted weighted average cost of capital. Given the timing of the acquisition being shortly before the year-end, the acquisition date fair values of acquired assets and liabilities have been presented as provisional.	We evaluated the process used by management to identify and value the assets and liabilities acquired against the requirements of IFRS 3. We used our firm's valuation experts in assessing the appropriateness of methodologies, and the reasonableness of key assumptions and judgements made by management in relation to the valuation of assets required. In relation to the valuation model inputs, we: - compared cash flow forecasts and revenue growth rates with historical patterns in the business to verify that assumptions were reasonable; - ascertained the life of operating licenses and assessed whether the cash flows appropriately reflected the term of these licenses; - agreed the tax rates used in the models to those enacted in the prospective markets; and - benchmarked the discount rate to comparable companies. We were satisfied that the methodologies and assumptions applied in determining the fair values of the intangible assets were materially consistent with our independent expectations and analysis. We tested the treatment of the other assets and liabilities acquired and the fair value adjustments applied by tracing these to supporting information.
Goodwill, intangible and tangible asset impairment	
At 31 March 2017, the Group had £603.3m of goodwill and intangible assets and £578.4m of tangible assets on the Group balance sheet. See notes 13 and 14 to the financial statements respectively. The Group is required to annually assess the carrying value of goodwill by calculating the recoverable amount based on the future cash flow estimates of the relevant cash generating unit (CGU). As a result of performing value in use calculations, no goodwill impairment charges have been recorded by the Group for the year ended 31 March 2017. We focused on this area because the value in use calculations include key assumptions and judgements in the calculation of the recoverable amounts, namely forecast revenue growth rates, trading margin, the long term growth rate and discount rate assumptions. Separate to the consideration of the carrying value of goodwill, the Group must also consider whether any indicators of impairment have been identified in relation to other intangible assets subject to amortisation and tangible assets subject to depreciation in CGUs without goodwill. Accordingly, we focused on this area because the consideration of whether indicators of impairment exist in CGUs without goodwill is judgemental.	For all CGUs, we obtained the discounted cash flow forecasts prepared by management. Details of the key assumptions included in the cash flow forecasts prepared by the Group are included in notes 13 and 14. We evaluated the reasonability of the future cash flow forecasts by comparing them with the latest Board approved budgets and considering the historic accuracy of management's forecasts by comparing prior year forecasts to actual outturn. Further, we challenged management on: - Forecast revenue growth rates and trading margins for the CGUs over the period of the forecasts; - The key assumptions for long term growth rates in the forecasts by comparing them with historical results and economic and industry forecasts; and - The discount rate used. Specifically, we recalculated the Group's weighted average cost of capital using market comparable information and compared it to the rate calculated by management.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Goodwill, intangible and tangible asset impairment continued	
Impairment reviews were performed for certain of the Group's CGUs without goodwill as a result of deterioration in the markets in which these CGUs are located. As a result of this analysis, an impairment charge of £6.0m was recognised against plant and equipment at a UK Municipal facility. We focused on this area to verify whether the assumptions used in determining the quantum of the asset impairments were appropriate.	We also performed sensitivity analysis on the discounted cash flow forecasts and on the ability of the Group to generate the forecast cash flows. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill, intangible and/or tangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising and whether this would impact the assessment that no impairment is recognised for the year ended 31 March 2017. For all CGUs with goodwill, we were satisfied that the carrying value of goodwill was supported by the value in use calculations. In the CGUs without goodwill, we considered whether any indicators of impairment existed in specific CGUs identified by management. We compared actual performance of the relevant CGUs with budget/forecast and, where performance was below budget/forecast, investigated the underlying causes. Having performed these procedures, and those on the cash flow forecasts prepared by management above, we concluded that the assumptions used by the Group in tangible asset impairments were reasonable and that the quantum of these impairments were within a reasonable range of outcomes.
Presentation of non-trading and exceptional items	
The Group presents two measures of performance in the Income Statement; statutory and trading/underlying, the latter after adjusting for certain items of income or expense as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. The determination of which items of income or expense are classified as exceptional or non-trading is subject to judgement and therefore users of the accounts could be misled if amounts are not classified appropriately. A description of the amounts presented as non-trading or exceptional is included in note 4 to the financial statements.	We considered the appropriateness of the amounts classified as non-trading and exceptional. In order to do this we considered: - The Group's accounting policy on exceptional and non-trading items; and - Pronouncements by the Financial Reporting Council on this matter. We challenged management on the appropriateness of the classification of such items being mindful that classification should be even handed between gains and losses, the basis for the classification clearly disclosed, and applied consistently from one year to the next. Our work highlighted certain items that management had classified as exceptional which were judgemental. Having considered the nature and quantum of these items, overall we are satisfied that the presentation of non-trading and exceptional items in the financial statements for the year ended 31 March 2017 is appropriate.
Accounting for provisions	
The Group operates in different jurisdictions and in an industry that is heavily regulated and subject to change. Non-compliance with laws and regulations has the potential to lead to litigation and associated financial or reputational damage. As disclosed in note 26 to the financial statements, the Group has long term landfill provisions for site restoration and aftercare of £115.2m at 31 March 2017.	Our audit work on provisions focused on: - Understanding the processes and controls in place to ensure compliance and a discussion of any instances of non-compliance in the year with management; - Reading significant contracts entered into by the Group to determine whether any other contracts, other than those identified by management, are onerous;

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Accounting for provisions continued	
Separately the Group has onerous contract provisions of £40.6m principally in the Municipal division and other provisions of £32.4m principally comprising restructuring obligations,dilapidations long-service employee awards, lifecycle expenditure obligations, legal claims, warranties and indemnities. Due to their nature, these provisions are judgmental. Changes to the environment in which the Group operates can impact both the amounts required to settle the provision and the period over which the provision is recognised.	- Reading board minutes to identify any relevant matters reported to the Board; - Meeting with in-house legal counsel to determine the status of known claims against the Group and assess the appropriateness of the associated provisions held; and - Discussions with management to understand the basis of the calculation of the provision. In addition to the procedures above, for the Group's long term landfill and onerous contract provisions we specifically: - Considered the estimation accuracy of the forecast spend on which the provision is based on our knowledge of the industry, the sites and contracts involved; - Considered the reasonableness of the provisions for future losses on onerous contracts in light of actual outturn in the year compared to previous estimates; and - Considered the appropriateness of the discount rates applied to the forecast future cash flows in light of market risk free rates and the nature of the risks in the future cash flows. Having performed the procedures above we found that the key assumptions applied to each provision, which differed depending on the nature of and duration of the provision, were appropriately supported.
Accounting for taxation	
The Group has recognised £15.0m of a total potential deferred tax assets of £61.2m in respect of historic losses as at 31 March 2017. See note 18 to the financial statements. The amount of deferred tax assets recognised is judgemental and is determined by reference to future forecasts of taxable profits. In the current year the Group has increased the level of deferred tax assets recognised to represent a greater expected future utilisation of brought forward losses and temporary differences. This reflects greater certainty over interest income streams in the UK and restructuring of certain Belgian legal entities during the year.	As part of our work on deferred tax, we have considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets. Specifically we assessed: - Board approved budgets and forecasts against historic performace by legal entity; - Whether taxable differences result in taxable amounts against which unused tax losses can be utilised; and - The historic level of utilisation of deferred tax assets. Having performed the procedures above we consider that the assumptions applied in the recognition of deferred tax assets at 31 March 2017 were reasonable.
Accounting for PFI/PPP contracts	
The Group has the operating contracts for seven PFI contracts in the UK – A&B, D&G, Derby, ELWA, Cumbria, Derbyshire, BDR and Wakefield. Separately, the Group is the primary obligor in connection with the construction and delivery of a waste management facility in Surrey Canada. The key accounting judgements and estimates that management have applied in accounting for PFI/PPP contracts are disclosed in note 2.	We have considered the appropriateness of the revenue and margin recognised on the Surrey Canada contract by considering the specific contractual arrangements and the requirements of IFRIC 12 which states that the total consideration receivable from the grantor is split between the fair value of construction services delivered and the fair value of operating services. This included evaluating the amount of revenue and margin recognised by reference to the proportion of costs incurred at 31 March 2017 compared to the total costs expected to be incurred.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Accounting for PFI/PPP contracts continued	
In addition to these estimates and judgements, during the year there have been a number of operational issues which have financial and accounting consequences including the recognition of provisions arising in connection with the construction of the facilities and commissioning obligations, and impairment of intangible assets associated with the operating agreements.	We re-performed the calculation of revenue recognised based on this information to confirm that an appropriate amount of revenue and margin has been recognised in the year ended 31 March 2017. On the basis of our work we consider the amount of revenue and margin recognised to be appropriate. We reviewed the reasonableness of management's models which were used to estimate the expected returns on the operating agreements. We did this by considering the estimation accuracy of management's forecasts in light of actual outturn in the year and our knowledge of current market conditions. Where such estimates gave rise to provisions and / or impairments we considered the appropriateness of the discount rates applied to the forecast future cash flows in light of market risk free rates and the nature of the risks in the future cash flows. Based on this work, we concluded that management's forecasts were reasonable and that where provisions and/or impairment charges were recognised, these had been calculated on an appropriate basis.
Revenue recognition on contracts where performance occurs over time	
The nature of the Group's performance obligations under revenue contracts varies from business to business and from customer to customer. In the Netherlands Commercial and VGG divisions, a number of contracts give rise to an obligation to process waste received. In the Hazardous Waste division the majority of the contracts give rise to an obligation to process waste received. Where such obligations exist revenue is deferred when invoices to customers are raised in advance of processing the waste. The calculation of deferred revenue in the Hazardous Waste division is based on a number of assumptions and judgments, principally in relation to the quantity of unprocessed material on site at the year end, which impact the quantum of revenue recognised in the year. At 31 March 2017 the Group has £28.4m of deferred revenue on its balance sheet. See note 25 to the financial statements. Due to the varying nature of the Group's contractual obligations and the judgemental nature of the amount of unprocessed material on site at the year-end we have focused effort on this area to address the risk of undetected material errors in the recording of revenue and deferred revenue.	We assessed the accuracy of management's calculation of deferred revenue, which is calculated based on waste tonnages and pricing, by: ▸ attending year-end inventory counts of unprocessed waste at three sites to test the existence and completeness of waste tonnages at year-end; ▸ considering the reasonableness of management's assumptions included in the calculation of deferred revenue by benchmarking data points used by management to external sources of information; ▸ performing substantive tests of detail on the pricing of individual waste components by tracing to invoices raised to customers; and ▸ re-performing management's calculation of deferred revenue at year-end. Having performed the procedures above we were satisfied that the assumptions and judgments taken by management in calculating quantities of unprocessed waste at year-end were supportable and that appropriate prices had been used to calculate the deferred revenue balance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting function is structured into local or regional finance centres for each of the territories in which the Group operates. These functions maintain their own accounting records and controls and report to the head office finance team in Milton Keynes UK through an integrated consolidation system.

The Group financial statements are a consolidation of seven reporting units being Netherlands Commercial (excluding Netherlands Organics), Netherlands Organics, Belgium Commercial, Hazardous Waste, UK Municipal, Canada Municipal, VGG and Group Central Services. Of the Group's seven reporting units, we identified Netherlands Commercial (excluding Netherlands Organics), Belgium Commercial, Hazardous Waste, UK Municipal and Group Central Services which, in our view, required an audit of their complete financial information due to their size compared to the Group.

Given the timing of the acquisition of VGG, the contribution of this segment to the Group income statement for the year ending 31 March 2017 is not significant from an audit perspective. Therefore we did not perform a full scope audit on VGG for the current year. However, in order to obtain sufficient coverage over the enlarged Group balance sheet we audited specific balance sheet line items for VGG at 31 March 2017. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Additional procedures were performed over non-reporting components, specifically Netherlands Organics and Municipal Canada, which included specified procedures and analytical review.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team (who were also responsible for the audit of the Municipal reporting unit), or component auditors from other PwC network firms operating under our instruction. Where the work was performed by our component audit teams we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This included attendance at a planning day held through video conference with the component teams, a separate planning meeting with the VGG component team, attendance by the Group engagement team at the clearance meetings held for the Netherlands Commercial (excluding Organics), Belgium Commercial, Hazardous Waste and VGG reporting units and a review of the audit working papers of our component teams by the Group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£3.9m (2016: £1.1m).
How we determined it	0.5% of revenue (2016: 5% of underlying profit before tax).
Rationale for benchmark applied	Given the growth of the Group through the acquisition of VGG, we considered that the benchmark applied in 2016 did not adequately reflect the scale of the enlarged Group's operations. In determining materiality for 2017, we considered a range of materiality benchmarks, including materiality based on underlying profit before tax, EBITDA and revenue. Having considered this range of materiality benchmarks, we selected an overall materiality level of £3.9m, being 0.5% revenue for the year which was neither at the upper nor lower end of the range.
Component materiality	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.7m and £3.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2m (2016: £0.1m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 103, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

Companies Act 2006 reporting

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

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

In addition, in light of the knowledge and understanding of the Group, the Parent Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
▸ information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or • otherwise misleading.	We have no exceptions to report.
▸ the statement given by the directors on page 105, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company acquired in the course of performing our audit.	We have no exceptions to report.
▸ the section of the Annual Report on page 82, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
▸ the directors' confirmation on page 75 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▸ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▸ the directors' explanation on page 75 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' Remuneration Report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 105, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Matthew Mullins
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 May 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

		2017			2016		
	Note	Trading £m	Non trading & exceptional items £m	Total £m	Trading £m	Non trading & exceptional items £m	Total £m
Revenue	3,4	**779.2**	**–**	**779.2**	614.8	(1.0)	613.8
Cost of sales	4	**(653.3)**	**(43.3)**	**(696.6)**	(517.8)	(0.6)	(518.4)
Gross profit (loss)		**125.9**	**(43.3)**	**82.6**	97.0	(1.6)	95.4
Administrative expenses	4	**(89.4)**	**(32.2)**	**(121.6)**	(63.6)	(22.0)	(85.6)
Operating profit (loss)	3,4,5	**36.5**	**(75.5)**	**(39.0)**	33.4	(23.6)	9.8
Finance income	8	**10.3**	**–**	**10.3**	16.6	0.1	16.7
Finance charges	4,8	**(23.1)**	**(11.6)**	**(34.7)**	(30.0)	–	(30.0)
Share of results from associates and joint ventures	4,15	**2.0**	**–**	**2.0**	1.0	–	1.0
Profit (loss) before taxation	3	**25.7**	**(87.1)**	**(61.4)**	21.0	(23.5)	(2.5)
Taxation	4,9	**(5.9)**	**6.4**	**0.5**	(2.3)	0.8	(1.5)
Profit (loss) for the year from continuing operations		**19.8**	**(80.7)**	**(60.9)**	18.7	(22.7)	(4.0)
Discontinued operations							
(Loss) profit for the year from discontinued operations	4,10	**–**	**(0.5)**	**(0.5)**	(0.3)	0.4	0.1
Profit (loss) for the year		**19.8**	**(81.2)**	**(61.4)**	18.4	(22.3)	(3.9)
Attributable to:							
Owners of the parent		**20.1**	**(81.2)**	**(61.1)**	18.4	(22.3)	(3.9)
Non-controlling interest	34	**(0.3)**	**–**	**(0.3)**	–	–	–
		19.8	**(81.2)**	**(61.4)**	18.4	(22.3)	(3.9)
Basic earnings (loss) per share attributable to owners of the parent (pence per share)*							
Continuing operations	12	**3.7**	**(15.0)**	**(11.3)**	4.2	(5.1)	(0.9)
Discontinued operations	12	**–**	**(0.1)**	**(0.1)**	(0.1)	0.1	–
		3.7	**(15.1)**	**(11.4)**	4.1	(5.0)	(0.9)
Diluted earnings (loss) per share attributable to owners of the parent (pence per share)*							
Continuing operations	12	**3.7**	**(15.0)**	**(11.3)**	4.2	(5.1)	(0.9)
Discontinued operations	12	**–**	**(0.1)**	**(0.1)**	(0.1)	0.1	–
		3.7	**(15.1)**	**(11.4)**	4.1	(5.0)	(0.9)

*Earnings (loss) per share for 2016 has been restated to reflect the bonus factor within the 2017 equity raise.

The notes on pages 119 to 175 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	2017 £m	2016 £m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**14.7**	13.0
Fair value movement on cash flow hedges	16	**1.3**	(4.8)
Deferred tax on fair value movement on cash flow hedges	18	**(0.7)**	0.2
Share of other comprehensive income of investments accounted for using the equity method	15	**0.3**	0.1
		15.6	8.5
Items that will not be reclassified to profit or loss:			
Actuarial (loss) gain on defined benefit pension schemes	27	**(10.7)**	3.2
Deferred tax on actuarial (loss) gain on defined benefit pension schemes	18	**1.7**	(0.9)
		(9.0)	2.3
Other comprehensive income for the year, net of tax		**6.6**	10.8
Loss for the year		**(61.4)**	(3.9)
Total comprehensive (loss) income for the year		**(54.8)**	6.9
Attributable to:			
Owners of the parent		**(54.3)**	7.1
Non-controlling interest		**(0.5)**	(0.2)
Total comprehensive (loss) income for the year		**(54.8)**	6.9
Total comprehensive (loss) income attributable to owners of the parent arising from:			
Continuing operations		**(53.8)**	7.0
Discontinued operations		**(0.5)**	0.1
		(54.3)	7.1

The notes on pages 119 to 175 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2017

	Note	31 March 2017 £m	31 March 2016 £m
Assets			
Non-current assets			
Intangible assets	13	**603.3**	194.5
Property, plant and equipment	14	**587.4**	297.0
Investments	15	**15.8**	10.8
Loans to associates and joint ventures	15	**14.2**	1.3
Financial assets relating to PFI/PPP contracts	20	**165.5**	145.8
Trade and other receivables	21	**3.1**	1.1
Derivative financial instruments	16	**0.3**	–
Deferred tax assets	18	**31.3**	19.9
		1,420.9	670.4
Current assets			
Inventories	19	**19.9**	6.8
Loans to associates and joint ventures	15	**5.7**	–
Financial assets relating to PFI/PPP contracts	20	**13.3**	12.8
Trade and other receivables	21	**234.0**	122.4
Derivative financial instruments	16	**–**	0.3
Current tax receivable		**0.1**	–
Cash and cash equivalents	22	**74.9**	34.7
		347.9	177.0
Assets classified as held for sale	23	**0.3**	–
		348.2	177.0
Total assets		**1,769.1**	847.4
Liabilities			
Non-current liabilities			
Borrowings – PFI/PPP non-recourse net debt	24	**(85.0)**	(87.9)
Borrowings – Other	24	**(482.4)**	(224.9)
Derivative financial instruments	16	**(30.0)**	(28.8)
Other non-current liabilities	25	**(5.1)**	(6.4)
Deferred tax liabilities	18	**(73.6)**	(31.6)
Provisions	26	**(142.7)**	(43.9)
Defined benefit pension schemes deficit	27	**(26.9)**	(10.7)
		(845.7)	(434.2)
Current liabilities			
Borrowings – PFI/PPP non-recourse net debt	24	**(2.1)**	(3.2)
Borrowings – Other	24	**(16.4)**	(2.4)
Derivative financial instruments	16	**(0.8)**	(2.4)
Trade and other payables	25	**(409.3)**	(203.3)
Current tax payable		**(11.2)**	(6.1)
Provisions	26	**(45.5)**	(13.0)
		(485.3)	(230.4)
Total liabilities		**(1,331.0)**	(664.6)
Net assets		**438.1**	182.8
Equity			
Share capital	28	**79.9**	39.8
Share premium	28	**377.2**	100.2
Exchange reserve		**39.1**	24.4
Retained earnings		**(63.3)**	20.4
Equity attributable to owners of the parent		**432.9**	184.8
Non-controlling interest	34	**5.2**	(2.0)
Total equity		**438.1**	182.8

The notes on pages 119 to 175 are an integral part of these consolidated financial statements.

The Financial Statements on pages 114 to 175 were approved by the Board of Directors and authorised for issue on 25 May 2017. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Note	Share capital £m	Share premium £m	Exchange reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 1 April 2016		**39.8**	**100.2**	**24.4**	**20.4**	**(2.0)**	**182.8**
Loss for the year		**–**	**–**	**–**	**(61.1)**	**(0.3)**	**(61.4)**
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		**–**	**–**	**14.7**	**–**	**–**	**14.7**
Fair value movement on cash flow hedges	16	**–**	**–**	**–**	**1.5**	**(0.2)**	**1.3**
Actuarial loss on defined benefit pension scheme	27	**–**	**–**	**–**	**(10.7)**	**–**	**(10.7)**
Tax in respect of other comprehensive income items	18	**–**	**–**	**–**	**1.0**	**–**	**1.0**
Share of other comprehensive income of investments accounted for using the equity method	15	**–**	**–**	**–**	**0.3**	**–**	**0.3**
Total comprehensive income (loss) for the year		**–**	**–**	**14.7**	**(69.0)**	**(0.5)**	**(54.8)**
Transactions with owners in their capacity as owners:							
Share-based compensation	7	**–**	**–**	**–**	**0.5**	**–**	**0.5**
Movement on tax arising on share-based compensation	18	**–**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Proceeds from share issues, net of transaction costs	28	**21.1**	**115.2**	**–**	**–**	**–**	**136.3**
Issue of ordinary shares in consideration for a business combination	17,28	**19.0**	**161.7**	**–**	**–**	**–**	**180.7**
Proceeds from exercise of employee options	28	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Non-controlling interest on acquisition of a subsidiary	17	**–**	**–**	**–**	**–**	**7.7**	**7.7**
Dividends	11	**–**	**–**	**–**	**(15.1)**	**–**	**(15.1)**
Balance as at 31 March 2017		**79.9**	**377.2**	**39.1**	**(63.3)**	**5.2**	**438.1**
Balance at 1 April 2015		39.8	100.0	11.4	39.7	(1.8)	189.1
Loss for the year		–	–	–	(3.9)	–	(3.9)
Other comprehensive income (loss):							
Exchange gain on translation of foreign subsidiaries		–	–	13.0	–	–	13.0
Fair value movement on cash flow hedges	16	–	–	–	(4.6)	(0.2)	(4.8)
Actuarial gain on defined benefit pension scheme	27	–	–	–	3.2	–	3.2
Tax in respect of other comprehensive income items	18	–	–	–	(0.7)	–	(0.7)
Share of other comprehensive income of investments accounted for using the equity method		–	–	–	0.1	–	0.1
Total comprehensive income (loss) for the year		–	–	13.0	(5.9)	(0.2)	6.9
Transactions with owners in their capacity as owners:							
Share-based compensation	7	–	–	–	0.5	–	0.5
Movement on tax arising on share-based compensation	18	–	–	–	(0.2)	–	(0.2)
Proceeds from exercise of employee options	28	–	0.2	–	–	–	0.2
Dividends	11	–	–	–	(13.7)	–	(13.7)
Balance as at 31 March 2016		39.8	100.2	24.4	20.4	(2.0)	182.8

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

The notes on pages 119 to 175 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities	30	**27.9**	72.2
Income tax paid		**(5.3)**	(4.8)
Net cash inflow from operating activities		**22.6**	67.4
Investing activities			
Purchases of intangible assets		**(7.0)**	(4.9)
Purchases of property, plant and equipment		**(37.0)**	(29.5)
Disposals of property, plant and equipment		**2.8**	6.2
Acquisition of subsidiary, net of cash acquired	17	**53.3**	–
Acquisition of business assets		**(1.1)**	(0.2)
Proceeds from disposal of subsidiary		**1.1**	0.4
Proceeds from sale of subordinated debt and on loss of control of subsidiary	17	**–**	25.8
Proceeds from discontinued assets		**–**	2.4
Outflow from disposal of subsidiaries	17	**–**	(1.4)
Receipt of deferred consideration		**4.6**	0.9
Payment of deferred consideration		**(1.3)**	(0.1)
Investment in joint venture	15	**–**	(0.7)
Dividends received from associates and joint ventures	15	**0.1**	0.1
Loans granted to joint ventures	15	**(18.5)**	–
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(2.1)**	(29.3)
Capital received in respect of PFI/PPP financial assets		**3.5**	22.8
Finance income		**9.9**	12.6
Net cash inflow from investing activities		**8.3**	5.1
Financing activities			
Finance charges and loan fees paid		**(28.9)**	(25.4)
Proceeds from share issues	28	**141.5**	0.2
Costs in relation to share issues	28	**(5.1)**	–
Dividends paid	11	**(15.1)**	(13.7)
Proceeds from issuance of retail bonds		**–**	71.4
Repayment of the VGG loan and derivatives acquired as part of the business combination		**(289.5)**	–
Repayment of retail bonds		**–**	(73.5)
Repayment of senior notes		**–**	(28.5)
Proceeds from bank borrowings		**211.2**	25.1
Proceeds from PFI/PPP net debt		**0.4**	9.2
Repayment of PFI/PPP net debt		**(4.4)**	(63.4)
Repayments of obligations under finance leases		**(3.2)**	(2.8)
Net cash inflow (outflow) from financing activities		**6.9**	(101.4)
Net increase (decrease) in cash and cash equivalents		**37.8**	(28.9)
Effect of foreign exchange rate changes		**2.4**	2.8
Cash and cash equivalents at the beginning of the year		**34.7**	60.8
Cash and cash equivalents at the end of the year	22	**74.9**	34.7

The notes on pages 119 to 175 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

Renewi plc (previously Shanks Group plc) is a public limited company listed on the London Stock Exchange and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 191. The nature of the Group's operations and its principal activities are set out in note 3.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, share-based payments and assets classified as held for sale, which are stated at fair value. The policies set out below have been consistently applied. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2016. The consolidated financial statements are presented in pounds sterling and all amounts are rounded to the nearest £0.1m unless otherwise stated.

Changes in presentation

Loans to joint ventures and associates were previously disclosed within investments on the balance sheet and have been presented separately in the current year to more accurately reflect the nature of these assets. The 2016 comparatives have been amended to reflect this change.

Going concern

Having assessed the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Adoption of new and revised accounting standards and interpretations

There were no new standards, amendments to standards or interpretations adopted for the first time for the Group's financial year beginning 1 April 2016 that had a significant impact on these financial statements.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union.

At the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRS 9 Financial Instruments, effective for annual periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition approaches for financial assets and liabilities and requires additional disclosures in relation to hedging activities. The Group is yet to assess the full effect of the standard, however it is not expected to have a significant impact on the recognition and measurement of its financial instruments.
- IFRS 15 Revenue from contracts with customers, effective for annual periods beginning on or after 1 January 2018. The standard addresses revenue recognition and establishes principles for reporting information about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Following the recent acquisition of Van Gansewinkel Groep (VGG) the Group is working on the impact of this new standard on the Group's financial statements. The Group will make an assessment of the impact over the next twelve months.
- IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The standard is expected to have a material impact for the Group as it requires almost all operating leases to be recognised as a liability together with a corresponding "right of use asset". The Group has not yet quantified the impact given the recent acquisition as it will depend on leases held in the future. The current level of operating leases held by the Group is disclosed in note 32.

There are no other IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the Group and there were no new IFRSs or IFRS IC interpretations which were early adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Renewi plc and all its subsidiary undertakings (subsidiaries). Subsidiaries are entities which are directly or indirectly controlled by the Group. Control exists where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where there is a non-controlling interest this is identified separately from the Group's equity. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those used by the Group. The results of subsidiaries acquired or sold during the year are included in the consolidated financial statements from, or up to the date control passes. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary or joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but is not in control or joint control over those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in other comprehensive income are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the Group.

Where the Group is party to a jointly-controlled operation, the Group proportionately accounts for its share of the income and expenditure, assets and liabilities and cash flows on a line-by-line basis in the consolidated financial statements.

Equity investments in entities that are neither associates, joint ventures nor subsidiaries are held at cost, less any provision for impairment.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, liabilities incurred or assumed including the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. The fair value of businesses acquired may include waste permits, licences and customer relationships with the value calculated by discounting the future attributable revenue streams, which are recognised as intangible assets and amortised. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The costs of acquisition are charged to the Income Statement in the year in which they are incurred.

Revenue recognition

Revenue

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding sales taxes, discounts and inter-company sales, for goods and services provided in the normal course of business. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue recognition criteria for the key types of transaction are as follows:

- Waste collection services – revenue is recognised once the waste is delivered to the transfer station or processing facility.
- Waste processing services – where the Group's revenue contracts include an obligation to process waste, revenue is recognised as processing occurs.
- Hazardous waste industrial cleaning – revenue is recognised by reference to the stage of completion based on services performed to date.
- Sales of recyclate materials and products from waste – revenue is based on contractually agreed prices and is recognised when the risks and rewards have passed to the buyer.
- Income from power generated from gas produced by processes at anaerobic digestion facilities and landfill sites is recognised at the time of supply based on the volumes of energy produced and an estimation of the amount to be received.
- Construction services under the Canada Municipal service concession arrangement – revenue is recognised based on the stage of completion of the work performed.

1. Accounting policies continued

Accrued income

Accrued income at the balance sheet date is recognised at the fair value based on services provided and contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable.

Unprocessed waste

Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed, or require an accrual for the costs of disposing of residual waste to be created once the Group has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate.

PFI/PPP contracts

The Group's PFI/PPP contracts are waste management contracts which require the building of new infrastructure and all rights to the infrastructure pass to the local authority at the termination or expiry of the contract. The Group applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators. Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on having considered the extent to which the grantor (the local authority) controls the assets, over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Having considered these factors the Group applies the 'financial asset' model to account for the infrastructure as it has an unconditional right to receive cash. The Group splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. Interest receivable is added to the financial asset based on the rate implied in the contract payments. Reviews are undertaken regularly to ensure that the financial asset will be recovered over the contract life. Borrowing costs relating to contract specific external borrowings are expensed in the Income Statement.

Income and costs relating to specific rights and obligations within the contracts are transferred to deferred revenue or other receivables and released or charged to the Income Statement over the period of delivery. Under the terms of these contracts, the Group is required to maintain the infrastructure such that it is handed over to the local authority in good working order. Where such expenditure required to fulfil these obligations constitutes major refurbishments and renewals (lifecycle expenditure) a provision is recorded for the best estimate of these costs as the facility is used.

Intangible assets

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition and is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to those cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to the Income Statement and is not reversed in a subsequent period.

Goodwill arising on acquisitions prior to the date of transition to IFRS (31 March 2004) has been retained at the previous UK GAAP net book value following impairment tests.

Landfill void

Landfill void represents the acquisition of a landfill operation in the Netherlands, the landfill void was capitalised based on the fair value of the void acquired. This asset is amortised over its estimated useful life on a void usage basis and measured at cost less accumulated amortisation. The estimated remaining useful life is 18 years.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies continued

Other intangibles
Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation. They are amortised over the estimated useful life on a straight-line basis, as follows:

Contract right relating to leasehold land	Term of the lease
Contract right relating to PFI/PPP contracts in Municipal	Term of the contract
Computer software	1 to 5 years
Acquisition related intangibles:	
Waste permits and licences	5 to 20 years
Customer relationships	Up to 14 years

Property, plant and equipment
Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land and assets under construction are not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Buildings, plant and machinery
Depreciation is provided on these assets to write off their cost (less the expected residual value) on a straight line basis over the expected useful economic lives as follows:

Buildings	Up to 30 years
Fixtures and fittings	10 years
Plant	5 to 10 years
Cars and service vehicles	5 to 10 years
Heavy goods vehicles	10 years
Other items of plant and machinery	5 to 15 years
Computer equipment	3 to 5 years

Landfill sites
Site development costs including engineering works are written off over the operational life of each site up to 30 years.

Leased assets
Finance leases
Where the Group has substantially all the risks and rewards of ownership of a leased asset, the lease is treated as a finance lease. Leased assets are included in property, plant and equipment at the total of the capital elements of the payments during the lease term and the corresponding obligation is included in borrowings. Depreciation is provided to write down the assets over the shorter of the expected useful economic life and the lease term, unless there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful economic life.

1. Accounting policies continued

Operating leases
All leases other than finance leases are treated as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the relevant lease. The future aggregate minimum lease payments for operating leases are shown in note 32.

Inventories
Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

Provisions
Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rates are reviewed at each year end with consideration given to appropriate market rates and the risk in relation to each provision. The unwinding of the discount to present value is included within finance costs.

The Group's policies on provisions for specific areas are:

Site restoration provision
Full provision is made for the net present value (NPV) of the Group's unavoidable costs in relation to restoration liabilities at its landfill sites. In addition, the Group continues to provide for the NPV of intermediate restoration costs over the life of its landfill sites and mineral extraction sites, based on the quantity of waste deposited or mineral extracted in the year.

Aftercare provision
Provision is made for the NPV of post closure costs at the Group's landfill sites based on the quantity of waste deposited in the year.

Onerous contact provisions
Onerous contract provisions are recognised when under a contract the unavoidable costs of meeting the obligation exceed the economic benefits expected to be received.

Restructuring provision
Provision for restructuring costs is recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

Employee benefits
Retirement benefits
The Group accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due. The Group participates in several multi-employer schemes in the Netherlands and Belgium. With the exception of certain schemes in Belgium, these are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies, and the Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit.

Share-based payments
The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Group's estimate of the shares that will eventually vest. At each balance sheet date the Group revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market-related performance conditions.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies continued

Taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements as the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

Foreign currencies

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Sterling, which is the Group's presentation currency.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency of the Group as follows:

- assets and liabilities at each balance sheet date are translated into Sterling at the closing year end exchange rate;
- income and expenses in each Income Statement are translated into Sterling at the average rate of exchange for the year; and
- the resulting exchange differences are recognised in the exchange reserve in other comprehensive income.

Cumulative exchange differences are recognised in the Income Statement in the year in which an overseas subsidiary undertaking is disposed of.

The most significant currencies for the Group were translated at the following exchange rates:

	Closing rates			Average rates		
Value of £1	**31 March 2017**	31 March 2016	Change	**31 March 2017**	31 March 2016	Change
Euro	**1.17**	1.26	(7.3)%	**1.19**	1.37	(12.8)%
Canadian Dollar	**1.67**	1.86	(10.3)%	**1.79**	1.97	(9.5)%

The Group applies the hedge accounting principles of IAS 39 Financial Instruments: Recognition and Measurement relating to net investment hedging to offset the exchange differences arising on foreign currency denominated borrowings with the translation of foreign operations. Net investment hedges are accounted for by recognising exchange rate movements in the exchange reserve, with any hedge ineffectiveness being charged to the Income Statement in the period the ineffectiveness arises.

1. Accounting policies continued

Deferred consideration
Deferred consideration is provided for at the NPV of the Group's expected cost or receipt at the date of acquisition or disposal. The likelihood of payment or receipt for deferred consideration where conditional on meeting certain performance targets is considered on acquisition or disposal. For acquisitions after 1 April 2010, any differences between consideration accrued and consideration paid or received are charged or released to the Income Statement and before this date any differences are adjusted through goodwill.

Financial instruments
Trade receivables
Trade receivables do not carry interest and are recognised initially at their fair value and are subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the value of estimated future cash flows. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

Trade receivables are derecognised when the Group's rights to receive cash flows and substantially all the risks and rewards of ownership have been transferred. In transactions where substantially all the risks and rewards of ownership have neither been transferred nor retained and control has not been passed to the transferee, the Group continues to recognise the trade receivable to the extent of its continuing involvement which is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

Financial assets relating to PFI/PPP contracts
Financial assets relating to PFI/PPP contracts are classified as loans and receivables and are initially recognised at fair value of consideration receivable and subsequently at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Where the Group has a legal right to offset with a financial institution and the intention to settle net, then bank overdrafts are offset against the cash balances.

External borrowings
Interest bearing loans and retail bonds are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

When the Group exchanges with an existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the Group accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Trade payables
Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Other receivables and other payables
Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments and hedging activities
In accordance with its treasury policy, the Group only holds derivative financial instruments to manage the Group's exposure to financial risk. The Group does not hold derivative financial instruments for trading or speculative purposes.

Such financial risk includes:

- Interest risk and foreign exchange risk on the Group's variable rate borrowings;
- Commodity risk in relation to diesel consumption; and
- Foreign exchange risk on the Group's off-take contacts in the UK Municipal business.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies continued

The Group manages these risks through a range of derivative financial instruments, including interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives.

Derivative financial instruments are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. At the inception of the hedge relationship, the Group formally designates and documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Such hedges are expected at inception to be highly effective and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in other comprehensive income and subsequently reclassified into profit or loss as the hedged cash flows occur. Any ineffectiveness is recognised in the Income Statement as a non-trading income or charge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in the Income Statement immediately.

Certain derivative financial instruments do not quality for hedge accounting. Changes in the fair value of such instruments are recognised immediately in the Income Statement as a non-trading income or charge.

Details of the fair values of the derivative financial instruments are disclosed in note 16.

Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for sale in their present condition.

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Dividends

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

Segmental reporting

The Group's segmental reporting reflects the management structure which is aligned with the core activities of the Group. The reportable segments are Commercial Waste, Hazardous Waste, Municipal, Van Gansewinkel Groep (VGG) and Group central services.

2. Key accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes.

Underlying business performance

The Group uses alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These include trading profit, underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation). These measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees.

The terms 'trading profit', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit.

The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items, financing fair value remeasurements and amortisation of acquisition intangibles. 'Trading profit' is defined as continuing operating profit before amortisation of acquisition intangibles and exceptional items. . The Group incurs costs each year in maintaining the acquired customer relationships, permits and licences intangible assets and excludes amortisation of these assets from trading profit to avoid double counting such costs within underlying results. EBITDA comprises trading profit from continuing operations before depreciation, amortisation and profit or loss on disposal of property, plant and equipment. Reconciliations are set out in note 4.

A full list of alternative performance measures and non-IFRS measures are set out on page 189.

Non-trading and exceptional items

Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, restructuring of the activities of an entity including employee severance costs, acquisition and disposal related transaction costs, onerous contracts, profit or loss on disposal of properties or subsidiaries and amortisation of acquisition intangibles. A full listing of those items presented as non-trading and exceptional is shown in note 4.

Service concession arrangements under PFI/PPP contracts

Financial assets are recognised in accordance with IFRIC 12. They represent the present value of the future cash flows of the contract. These cash flows are dependent on, amongst other things, tonnages, indexation, recycling rates and labour costs.

UK PFI/PPP contracts

The Group's UK PFI/PPP arrangements involve the construction of waste management facilities to be provided to local authorities. The building of the facilities is governed by the engineer, procure and construct contract entered into by the Group. The construction work is undertaken by third party contractors with drawdowns of financing from the UK PFI/PPP funders used to pay the subcontractor for the construction works.

The Group has considered all relevant factors in the contractual arrangements between the parties to determine whether the Group acts as agent or principal during the construction phase of the contracts. The considerations taken into account in reaching this conclusion are:

- The Group obtains quotes for the fixed price construction contract from a number of contractors as part of the preparation to submit a bid to the municipality. Once the Group has been selected as preferred bidder it has no further opportunity to vary the prices it has bid other than indexation for inflation following delay to financial close. The detailed specification and prices of the works are agreed in advance and milestone payments are only made against works to the agreed specification. In the event that a revision to the specification of works is required these and the pricing adjustment are jointly agreed with the municipality and the funders.
- At the date of financial close direct agreements are signed between the municipality, the funders and the construction contractors which govern the procedures for the completion of the waste management facilities.
- The Group has an obligation to pay the construction contractor from the non-recourse bank debt regardless of any non-payment by the municipality. In the event that the municipality fails to pay tonnage fees after the construction period there is a termination procedure which calculates the amount of damages due to all parties including fully repaying the debt. We consider that the likelihood of the risk of the municipality becoming insolvent is remote. Therefore in our view the weight of this factor in coming to our overall judgement is educed.
- In the event that the construction contractor fails to perform under the terms of the contract the Group holds performance and retention bonds which guarantee the obligations of the contractor. Any additional costs arising from having to replace the contractor, should they arise, would be satisfied by payments from the bonds.
- The Group earns certain fixed fees in connection with UK PFI/PPP arrangements. These fees represent consideration for services delivered before financial close or for ongoing project management.

NOTES TO THE FINANCIAL STATEMENTS

2. Key accounting judgements and estimates continued

In summary we consider that, on the basis that the construction contractor is known to the municipality at the date of financial close and in view of the negligible credit risk taken by the Group, on balance, despite some overall risk residing with the Group for delivery of services, we consider that we act as agent versus principal in the provision of construction services. Accordingly, revenue and costs for the construction are not recognised gross in the Income Statement.

In light of these conclusions and the presentation of the revenue and costs associated with the construction services net in the Income Statement, we consider that the most appropriate classification of the PFI/PPP non-recourse debt cash flows associated with the construction of the waste management facilities in the Statement of Cash Flows is as financing and investing cash flows respectively and not as operating cash flows. This classification has been consistently applied to all periods presented in the financial statements.

The Group is the operator for one class of service concession arrangements, that of the provision of waste treatment and waste treatment facilities, and these are classified as service concession arrangements in accordance with IFRIC. If the Group underperforms, including failure to divert waste from landfill, the contract can be terminated before the end of its term.

Canadian PPP contract

The Group's Canadian PPP arrangement involves the construction of waste management facilities to be provided to the City of Surrey. The building of the facilities is governed by the design-build agreement entered into by the Group. The construction work is undertaken by third party contractors with the financing provided from the Group's core bank facilities.

All relevant factors in the contractual arrangements between the parties have been considered to determine whether the Group acts as agent or principal during the construction phase of the contracts. Given the level of risks and rewards borne by the Group it has been concluded that we act as principal in this contract. Revenue and costs for the construction are therefore recognised gross in the Income Statement and the cash flows associated with the construction of the waste management facilities are classified as operating cash flows in the Statement of Cash Flows. For the year ended March 2017 the construction revenue recognised was £20.8m (2016: £13.8m).

Other information for PFI/PPP contracts

The table below sets out the Group's interest in service concession arrangements as at 31 March 2017.

Contract	Financial close	Full Service Commencement (actual or forecast)	Contract Expiry	Interests in Special Purpose Vehicle
Argyll & Bute	September 2001	April 2003	September 2026	Renewi: 100%
Cumbria	June 2009	April 2013	June 2034	Renewi: 100%
Wakefield	January 2013	December 2015	February 2038	Renew: 50.001% Equitix Infrastructure 4 Limited: 49.99%
City of Surrey (Canada)	February 2015	Late 2017	January 2042	Renewi: 100%
Barnsley, Doncaster and Rotherham	March 2012	July 2015	June 2040	Renewi: 75% SSE Generation Limited: 25%
Derby City and Derbyshire	August 2014	January 2018	March 2042	Renewi: 50% Interserve Developments No 4 Limited: 50%
Dumfries and Galloway	November 2004	February 2007	September 2029	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%
East London Waste Authority	December 2002	August 2007	December 2027	Renewi: 20% John Laing Environmental Assets Group (UK) Limited: 80%

Following the entering into a share purchase agreement on 30 March 2016 the sale of 49.99% of the equity interest in Wakefield Waste PFI Holdings completed on 17 August 2016.

The design and build phase of the facility for the City of Surrey service concession arrangement remains in progress with full service commencement scheduled for late 2017.

There have been no changes to the other arrangements during the year ended 31 March 2017. Further disclosures in respect of service concession arrangements as required by paragraph 6 SIC 29 are provided on pages 32 to 35 of the review of Municipal.

2. Key accounting judgements and estimates continued

PPP contracts in the Netherlands

Following the acquisition of VGG, the Group now participates in PPPs with local governments in the Netherlands with regard to waste collecting activities. The PPP entities are each 100% owned by the local government municipality with the Group wholly responsible for the management of the legal entity. In addition to 100% ownership by the municipality, the considerations taken into account in reaching this conclusion are that the municipality has the ability to direct the activities that significantly affect the investee's returns through approval of budgets, investment plans and business plans and has the ability to terminate the operating agreement. The Group has considered all relevant factors in the contractual arrangements between the parties and has concluded that the municipality has control over the PPPs and therefore the PPP entities are not consolidated within the Group's financial statements.

Invoice finance facilities

The Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties on a monthly basis. Trade receivables subject to the arrangement are derecognised if it is assessed that substantially all risks and rewards and rights to receive cash flows have been transferred. For trade receivables where the Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, the Group continues to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards of the financial asset. The continuing involvement on the non-recourse invoice finance facility is the remaining late payment risk and is included within trade receivables and other payables.

The Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure. Residual amounts owed from the third parties under the arrangement are disclosed in note 21.

Impairment of intangible assets

In conducting the impairment review on goodwill and intangibles, management is required to make estimates of pre-tax discount rates, future profitability and growth rates. Detailed descriptions of assumptions and values are given in note 13.

Provisions

Restoration and aftercare provisions are recognised in the financial statements at the net present value of the estimated future expenditure required to settle the Group's restoration and aftercare obligations. A discount is applied to recognise the time value of money and is unwound over the life of the provision. Provisions also include the present value of the estimated operating losses on loss-making onerous contracts. Further information is set out in note 26.

Retirement benefit schemes

The Group operates defined benefit schemes in the UK, the Netherlands and Belgium for which actuarial valuations are carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. The principal assumptions in connection with the Group's retirement benefit schemes are set out in note 27.

Taxation

The Group operates principally in the Netherlands, Belgium, the UK, France, Germany and Canada, all of which have their own tax legislation. Deferred tax assets and liabilities have been calculated based on the substantially enacted tax rates in the relevant jurisdictions at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Group has available tax losses, some of which have been recognised as a tax asset and some have not based on management's best estimate of the ability of the Group to utilise those losses. Further information is set out in note 18.

NOTES TO THE FINANCIAL STATEMENTS

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group are set out below. Following the recent acquisition of the Van Gansewinkel Groep (VGG) on 28 February 2017 the results of VGG have been reported as a separate reportable segment with no changes to the existing segments.

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Hazardous Waste	Industrial cleaning and treatment of hazardous waste in the Netherlands.
Municipal	Operation of waste management facilities under long-term municipal contracts in the UK and Canada.
Van Gansewinkel Groep (VGG)	Waste collection, recycling and head office functions operating principally in the Netherlands and Belgium
Group central services	Head office corporate function.

The Commercial Waste division includes the Netherlands and Belgium operating segments and the Municipal division includes the UK and Canada operating segments, based on geographical location. Operating segments within the Commercial Waste and Municipal divisions have been aggregated as they operate in similar markets in relation to the nature of the products, services, production processes and type of customer.

The profit measure the Board of Directors uses to evaluate performance is trading profit. Trading profit is continuing operating profit before the amortisation of acquisition intangibles, non-trading and exceptional items. The Group accounts for inter-segment trading on an arm's length basis.

Revenue

	2017 £m	2016 £m
Netherlands Commercial Waste	**226.6**	185.5
Belgium Commercial Waste	**121.0**	111.8
Commercial Waste	**347.6**	297.3
Hazardous Waste	**160.2**	136.2
UK Municipal	**174.8**	163.5
Canada Municipal	**32.8**	24.2
Municipal	**207.6**	187.7
VGG	**71.5**	–
Inter-segment revenue	**(7.7)**	(6.4)
Total revenue from continuing operations#	**779.2**	614.8

#Total revenue from continuing operations in 2016 excludes the impact of the non-trading item of £1.0m.

3. Segmental reporting continued

Results

	2017 £m	2016 £m
Netherlands Commercial Waste	**16.0**	10.0
Belgium Commercial Waste	**6.6**	5.4
Commercial Waste	**22.6**	15.4
Hazardous Waste	**19.3**	15.6
UK Municipal	**(4.2)**	7.8
Canada Municipal	**1.8**	2.0
Bid costs	**(0.2)**	(0.4)
Municipal	**(2.6)**	9.4
VGG	**3.9**	–
Group central services	**(6.7)**	(7.0)
Total trading profit	**36.5**	33.4
Non-trading and exceptional items	**(75.5)**	(23.6)
Total operating (loss) profit from continuing operations	**(39.0)**	9.8
Finance income	**10.3**	16.7
Finance charges	**(23.1)**	(30.0)
Finance charges – non trading and exceptional items	**(11.6)**	–
Share of results from associates and joint ventures	**2.0**	1.0
Loss before taxation and discontinued operations	**(61.4)**	(2.5)

Net Assets

	Operating Assets								
	Commercial Waste £m	Hazardous Waste £m	Municipal £m	VGG £m	Group central services £m	Tax, net debt and derivatives £m	Total continuing operations £m	Discontinued operations £m	**Total £m**
31 March 2017									
Gross non-current assets	**280.8**	**180.2**	**245.6**	**681.5**	**0.4**	**31.6**	**1,420.1**	**0.8**	**1,420.9**
Gross current assets	**68.0**	**29.2**	**51.8**	**123.6**	**0.6**	**75.0**	**348.2**	**–**	**348.2**
Gross liabilities	**(131.8)**	**(42.0)**	**(112.4)**	**(302.2)**	**(40.9)**	**(701.5)**	**(1,330.8)**	**(0.2)**	**(1,331.0)**
Net assets (liabilities)	**217.0**	**167.4**	**185.0**	**502.9**	**(39.9)**	**(594.9)**	**437.5**	**0.6**	**438.1**
31 March 2016									
Gross non-current assets	267.6	171.3	209.5	–	1.6	19.9	669.9	0.5	670.4
Gross current assets	61.0	26.6	53.1	–	0.6	35.0	176.3	0.7	177.0
Gross liabilities	(125.6)	(38.2)	(92.1)	–	(21.2)	(387.3)	(664.4)	(0.2)	(664.6)
Net assets (liabilities)	203.0	159.7	170.5	–	(19.0)	(332.4)	181.8	1.0	182.8

NOTES TO THE FINANCIAL STATEMENTS

3. Segmental reporting continued

Other disclosures

	Commercial Waste £m	Hazardous Waste £m	Municipal £m	VGG £m	Group central services £m	Discontinued operations £m	Total £m
31 March 2017							
Capital expenditure:							
Property, plant and equipment	**19.1**	**7.3**	**0.9**	**7.0**	**–**	**–**	**34.3**
Intangible assets	**2.1**	**0.3**	**8.4**	**0.3**	**–**	**–**	**11.1**
Depreciation charge	**24.6**	**9.9**	**3.3**	**4.0**	**–**	**–**	**41.8**
Amortisation of intangibles	**3.6**	**0.6**	**0.2**	**0.8**	**0.2**	**–**	**5.4**
Impairment charge:							
Intangible assets	**–**	**–**	**3.2**	**–**	**–**	**–**	**3.2**
Property, plant and equipment	**0.3**	**–**	**6.0**	**–**	**–**	**0.5**	**6.8**
31 March 2016							
Capital expenditure:							
Property, plant and equipment	18.8	8.5	1.1	–	–	–	28.4
Intangible assets	0.8	0.2	3.9	–	–	–	4.9
Depreciation charge	22.5	8.4	2.3	–	–	–	33.2
Amortisation of intangibles	3.5	0.5	0.2	–	0.2	–	4.4
Impairment charge:				–		–	
Property, plant and equipment	0.5	–	–	–	–	–	0.5

Geographical information – continuing operations

The Group's revenue from external customers and information about its segment assets (non-current assets being intangibles assets, property plant and equipment and investments in joint ventures, associates and other unlisted investments.) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Netherlands	**423.0**	315.3	**769.9**	401.4
Belgium	**145.7**	110.8	**324.4**	37.6
UK	**174.8**	163.5	**36.1**	38.2
Canada	**32.8**	24.2	**28.1**	25.1
France	**1.8**	–	**37.7**	–
Portugal	**0.9**	–	**9.0**	–
Germany	**0.2**	–	**0.9**	–
Hungary	**–**	–	**0.4**	–
	779.2	613.8	**1,206.5**	502.3

4. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items.

Continuing operations	Note	2017 £m	2016 £m
Restructuring charges and employee related costs		**2.4**	2.4
Portfolio management activity:			
Acquisition costs	17	**18.9**	0.8
Synergy delivery costs		**4.5**	–
Integration costs		**2.9**	–
Industrial Cleaning disposal in Belgium	17	**0.4**	3.7
Disposals in the Netherlands		**(0.3)**	–
Wakefield equity and subordinated debt disposal	17	**–**	5.0
		26.4	9.5
Other items:			
Onerous contract provisions		**28.2**	5.0
Municipal contract issues		**5.3**	4.9
Costs relating to a fire		**1.6**	–
ATM waterside contamination		**–**	1.3
ATM soil revenue recognition		**–**	1.0
Profit on disposal of land (Vliko)		**–**	(2.7)
Prior period exceptional provision releases		**–**	(0.1)
		35.1	9.4
Exceptional finance costs		**11.6**	–
Impairment of assets and goodwill		**9.5**	0.5
Amortisation of acquisition intangibles	13	**2.1**	1.8
Change in fair value of derivatives at fair value through profit or loss		**–**	(0.1)
Non-trading and exceptional items in loss before tax		**87.1**	23.5
Tax on non-trading and exceptional items		**(6.4)**	(0.8)
Non-trading and exceptional items in loss after tax		**80.7**	22.7
Discontinued operations	10	**0.5**	(0.4)
Total non-trading and exceptional items in loss after tax		**81.2**	22.3

The above non-trading and exceptional items include the following:

Restructuring charges and employee related costs
Restructuring and employee related charges were incurred for structural cost reduction programmes across the Group in place prior to the merger of £1.5m (2016: £2.4m) and reassessment of prior year employee related provisions of £0.9m (2016: £nil). The total cost of £2.4m is recorded in administrative expenses (2016: £2.4m).

Portfolio management activity
Acquisition related costs of £18.9m (2016: £0.8m) principally comprising advisory, corporate finance and legal fees have been incurred in relation to the merger with Van Gansewinkel Groep BV. Synergy costs of £4.5m (2016: £nil) and integration costs of £2.9m (2016: £nil) were incurred as the Group starts to execute merger plans for generating value.

Following the sale of the loss-making industrial cleaning business in the prior year further costs of £0.4m (2016: £3.7m) were incurred. The disposals in the Netherlands generated a profit of £0.3m including the loss on the sale of the groundworks business (£0.6m), profit on sale of surplus land in Netherlands Commercial Business (£0.5m) and the profit on sale of a closed facility in Hazardous Waste (£0.4m).

The total charge of £26.4m is recorded in administrative expenses (2016: £0.1m in cost of sales and £9.4m in administrative expenses).

NOTES TO THE FINANCIAL STATEMENTS

4. Non-trading and exceptional items continued

Other items

The onerous contract charge of £28.2m (2016: £5.0m) includes increases in the Cumbria (£2.2m) and D&G (5.0m) onerous contract provisions which were classified as exceptional in previous years. New provisions were recognised this year in relation to the BDR operating contract (£8.6m), a provision for a specific loss-making contract entered into under the ELWA operating contact (£1.6m) and a provision for the commissioning of the Derby facility due to an uncontrollable delay in completion (£1.8m). Separately, a provision has been recognised to cover incremental capital works that are required at BDR and Wakefield to enable the plants to function as intended (£9.0m).

The Municipal contract issues of £5.3m (2016: £4.9m) relate to the Derby, Wakefield, ELWA and Canada contracts. As a result of the insolvency of one of the major contractors for the Derby contract, there has been a delay in the commissioning of the facility. The Group is largely protected from this as it is not involved in the construction of the project, however liquidated damages and associated costs of £1.7m will be incurred. At Wakefield, £2.5m of additional third party cleaning and disposal costs have been incurred in the year due to operational issues following on from the subcontractor insolvency last year. Other items totalling £1.1m include reinstatement works on leased land (£0.6m) and a legal claim in Canada (£0.5m).

Costs of £1.6m have been incurred relating to incremental operating costs which were unable to reclaimed under the Group's business interruption insurance following the fire at the UK Municipal East London site in August 2014.

The total charge of £35.1m (2016: £9.4m) is recorded as £32.0m in cost of sales and £3.1m in administrative expenses (2016: £1.0m in revenue, £1.4m credit in cost of sales and £9.8m in administrative expenses).

Finance costs

The total charge of £11.6m (2016: £nil) includes the costs of arranging the banking facility, extinguishment of the previous facility together with the settlement of the Pricoa deferred premium.

Impairment of assets and goodwill

Impairment of assets of £9.5m (2016: £0.5m) relates to plant and equipment at the Westcott Park UK Municipal facility (£6.0m), contract rights in UK Municipal (£3.2m) and Shanks branding on trucks in Netherlands Commercial (£0.3m). The prior year impairment charge of £0.5m principally related to plant and equipment at the Shanks Wood Products biomass facility in Belgium as a result of market changes. The charge was split £9.2m (2016: £0.1m) in cost of sales and £0.3m (2016: £0.4m) in administrative expenses.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of £2.1m (2016: £1.8m) is all recorded in cost of sales.

Reconciliation of trading profit to EBITDA from continuing operations	**2017 £m**	2016 £m
Trading profit	**36.5**	33.4
Depreciation of property, plant and equipment	**41.8**	33.2
Amortisation of intangible assets (excluding acquisition intangibles)	**3.3**	2.6
Non-exceptional gains on disposal of property, plant and equipment	**(0.5)**	(0.3)
Landfill related expense and provisioning	**(0.7)**	(0.4)
EBITDA from continuing operations	**80.4**	68.5

5. Operating profit

Operating profit for the year is stated after charging (crediting):

Continuing operations	Note	2017 £m	2016 £m
Staff costs	6	**178.2**	144.1
Depreciation of property, plant and equipment	14	**41.8**	33.2
Amortisation of intangible assets	13	**5.4**	4.4
Repairs and maintenance expenditure on property, plant and equipment		**42.8**	35.1
Net profit on disposal of property, plant and equipment		**(0.5)**	(0.3)
Non-trading and exceptional items	4	**75.5**	23.6
Trade receivables impairment	21	**1.4**	1.3
Government grants		**(0.1)**	(0.3)
Operating lease costs:			
– Minimum lease payments		**15.8**	11.2
– Less sub-lease rental income		**(0.3)**	(0.2)
		15.5	11.0

	2017 £m	2016 £m
Remuneration of the Group's auditor, PricewaterhouseCoopers LLP and its associates:		
– Audit of parent company and consolidated financial statements	**0.2**	0.2
– Audit of subsidiaries pursuant to legislation	**1.0**	0.5
Fees payable to the auditors pursuant to legislation	**1.2**	0.7
Corporate finance services	**3.1**	–
Other non-audit services	**0.1**	0.1
Total fees	**4.4**	0.8

Corporate finance services relate to professional services performed in respect of the acquisition of VGG. The Corporate Governance section on page 84 includes an explanation of how the external auditor's objectivity and independence are safeguarded when non-audit services are provided by the external auditor.

6. Employees

Staff costs and the average monthly number of employees analysed by reportable segment are shown below:

	Note	2017 £m	2016 £m
Wages and salaries		**139.5**	112.0
Social security costs		**25.4**	21.3
Share-based benefits	7	**0.5**	0.5
Other pension costs	27	**12.8**	10.3
Total staff costs		**178.2**	144.1

The average number of employees by reportable segment during the year was:		
Commercial Waste	**1,895**	2,012
Hazardous Waste	**758**	783
Municipal	**665**	631
VGG*	**309**	–
Group central services	**18**	20
Total average number of employees	**3,645**	3,446

* For the VGG reportable segment the number of employees for the month of March 2017 was 3,709.

NOTES TO THE FINANCIAL STATEMENTS

7. Share-based payments

As described in the Remuneration Report, the Group issues equity-settled share-based payments under a Savings Related Share Option Scheme (SRSOS), a Long Term Incentive Plan (LTIP) and a Deferred Annual Bonus (DAB) arrangement. The final options under the Executive Share Option Scheme (ESOS) expired on 5 June 2015.

Outstanding options – SRSOS and LTIP

	SRSOS		ESOS		LTIP
	Options Number	Weighted average exercise price	Options Number	Weighted average exercise price	Options Number
Outstanding at 1 April 2015	1,307,369	79p	33,979	114p	11,625,000
Granted	816,336	75p	–	–	3,708,000
Forfeited	(425,838)	80p	–	–	(880,000)
Expired	(25,260)	90p	(33,979)	114p	(3,856,000)
Exercised	(339,140)	74p	–	–	–
Outstanding at 31 March 2016	1,333,467	77p	–	–	10,597,000
Rights issue adjustment*	198,294	(10p)	–	–	1,595,447
Granted*	537,060	83p	–	–	4,710,000
Forfeited*	(277,833)	69p	–	–	(598,288)
Expired*	(86,679)	67p	–	–	(4,868,019)
Exercised*	(233,202)	66p	–	–	–
Outstanding at 31 March 2017	1,471,107	73p	–	–	11,436,140
Exercisable at 31 March 2017	35,143	63p			
Exercisable at 31 March 2016	70,910	73p			
Weighted average share price at date of exercise		94p			
At 31 March 2017:					
Range of price per share at exercise		65.2p to 82.6p			
Weighted average remaining contractual life		1 – 2 years			

*All information is given as if the Rights Issue occurred on 1 April 2016 to enable comparison (see note 28 for details of the Rights Issue).

Fair value of options granted during the year

	SRSOS		LTIP			
Valuation model	**2017 Black-Scholes**	2016 Black-Scholes	**2017 Discounted**	2016 Discounted	**2017 Monte Carlo**	2016 Monte Carlo
Weighted average fair value	**19p**	18p	**89p**	109p	**34p**	29p
Weighted average share price	**92p**	90p	**89p**	109p	**89p**	109p
Weighted average exercise price	**71p**	75p	**–**	–	**–**	–
Expected volatility	**25%**	26%	**–**	–	**27%**	26%
Expected life	**3 years**	3 years	**3 years**	3 years	**3 years**	3 years
Risk-free interest rate	**0.1%**	0.5%	**–**	–	**0.3%**	0.7%
Dividend yield	**3.9%**	3.4%	**–**	–	**–**	3.4%

For the LTIP awards granted, the fair value of the element subject to non-market conditions has been calculated using a discounted model based on the share price at the award date and the expense recognised is based on expectations of these conditions being met which are reassessed at each balance sheet date. The awards granted in 2016/17 vest after three years, three and a half years and four and a half years. The awards granted during 2014/15 and 2015/16 vest after three years, four years and five years. There is no service condition after three years on any of the awards granted, just a holding period of between half a year and two years.

The Monte Carlo valuation model is used to determine the weighted average fair value of the market conditions element of awards granted. Expected volatility has been calculated using average volatility historical data over a three-year period from the grant date. The risk-free interest rate is based on the implied yield of zero-coupon government bonds with a remaining term equal to the expected life. The expected life used in the models equals the vesting period.

7. Share-based payments continued

Deferred Annual Bonus (DAB)

On 23 November 2016 364,372 shares were granted in relation to the DAB for the year ended March 2016 and in the prior year 182,149 shares (adjusted in relation to the Rights Issue) were granted in relation to the year ended March 2015. The DAB awards for the year ended March 2017 have not yet been granted and therefore the charge is based on an estimate.

Further details and performance metrics of both LTIPs and DABs can be found in the Directors' Remuneration Report on pages 86 to 101.

Charge for the year

The Group recognised a total charge of £0.5m (2016: £0.5m) relating to equity-settled share-based payments.

8. Net finance charges

Continuing operations	2017 £m	2016 £m
Finance charges		
Interest payable on borrowings wholly repayable within five years	7.9	9.5
Interest payable on borrowings repayable after five years	2.9	1.9
Interest payable on PFI/PPP non-recourse net debt	7.3	14.2
Unwinding of discount on provisions (note 26)	2.6	2.3
Interest charge on the retirement benefit schemes (note 27)	0.3	0.5
Amortisation of loan fees	1.0	1.1
Other finance costs	1.1	0.5
Total finance charges	23.1	30.0
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts (note 20)	(9.6)	(16.2)
Unwinding of discount on deferred consideration receivable	(0.2)	(0.2)
Interest income on bank deposits	–	(0.1)
Interest receivable on other loans and receivables	(0.5)	(0.1)
Total finance income	(10.3)	(16.6)
Change in fair value of derivatives at fair value through profit or loss	–	(0.1)
Exceptional finance charges (note 4)	11.6	–
Net finance charges	24.4	13.3

9. Taxation

The tax (credit) charge based on the loss for the year from continuing operations is made up as follows:

	2017 £m	2016 £m
Current tax:		
UK corporation tax		
– Current year	1.4	1.0
Overseas tax		
– Current year	3.7	3.1
– Prior year	0.2	0.2
Total current tax	5.3	4.3
Deferred tax (note 18)		
– Origination and reversal of temporary differences in the current year	(5.3)	(2.6)
– Adjustment in respect of prior year	(0.5)	(0.2)
Total deferred tax	(5.8)	(2.8)
Total tax (credit) charge for the year	(0.5)	1.5

NOTES TO THE FINANCIAL STATEMENTS

9. Taxation continued

The tax on the Group's loss for the year from continuing operations differs from the UK standard rate of tax of 20% (2016: 20%), as explained below:

	2017 £m	2016 £m
Total loss before taxation	**(61.4)**	(2.5)
Tax credit based on UK tax rate of 20% (2016: 20%)	**(12.3)**	(0.5)
Effects of:		
Adjustment to tax charge in respect of prior years	**(0.3)**	–
Profits taxed at overseas tax rates	**0.8**	–
Non-deductible (non-taxable) other items	**1.3**	(1.2)
Non-deductible transaction costs	**1.9**	–
Non-taxable disposals	**–**	(1.6)
Unrecognised deferred tax assets	**6.4**	3.8
Change in tax rate	**1.7**	1.0
Total tax (credit) charge for the year	**(0.5)**	1.5

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As a result the UK deferred tax for the year has been calculated based on the enacted rates of 17%, 19% and 20% depending on when the timing differences are expected to reverse (2016: 18%,19% and 20%).

10. Discontinued operations

The table below show the results of the UK Solid Waste discontinued operations which are included in the Income Statement.

Income Statement

	2017 £m	2016 £m
Revenue	**–**	0.1
Cost of sales	**–**	(0.2)
Administrative expenses	**–**	(0.2)
Trading loss before exceptional and non-trading items	**–**	(0.3)
Exceptional and non-trading items	**(0.5)**	0.4
Operating profit before tax on discontinued operations	**(0.5)**	0.1
Taxation	**–**	–
Profit after tax on discontinued operations	**(0.5)**	0.1

The £0.5m non-trading item related to the impairment of an unused piece of land based on the recoverable amount calculated on the fair value less costs to sell. The prior year gain related to profit generated on the sale of the Kettering material recycling facility.

The net cash inflow generated from the discontinued operations included in the consolidated cash flow statement was £0.4m (2016: £2.8m inflow).

11. Dividends

	2017 £m	2016 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2016 of 2.35p per share (2015: 2.35p)	**9.4**	9.3
Interim dividend paid for the year ended 31 March 2017 of 0.95p per share (2016: 1.1p)	**5.7**	4.4
	15.1	13.7
Proposed final dividend for the year ended 31 March 2017 of 2.1p per share (2016: 2.35p)	**16.8**	9.4
Total dividend per share	**3.05p**	3.45p

12. Earnings per share

	2017	2016*
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	**536.3m**	449.5m
Effect of share options in issue	**0.9m**	0.5m
Weighted average number of ordinary shares for diluted earnings per share	**537.2m**	450.0m
Continuing operations		
Loss attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**(60.6)**	(4.0)
Non-trading and exceptional items (net of tax) (£m) (see note 4)	**80.7**	22.7
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**20.1**	18.7
Basic and diluted loss per share	**(11.3)p**	(0.9)p
Underlying and underlying diluted earnings per share (see note below)	**3.7p**	4.2p
Discontinued operations		
(Loss) profit attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**(0.5)**	0.1
Non-trading and exceptional items (net of tax) (£m) (see note 4)	**0.5**	(0.4)
Loss attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**–**	(0.3)
Basic and diluted loss per share	**(0.1)p**	–
Underlying and underlying diluted loss per share (see note below)	**–**	(0.1)p
Total operations		
Loss attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**(61.1)**	(3.9)
Non-trading and exceptional items (net of tax) (£m) (see note 4)	**81.2**	22.3
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**20.1**	18.4
Basic and diluted loss per share	**(11.4)p**	(0.9)p
Underlying and underlying diluted earnings per share (see note below)	**3.7p**	4.1p

*Earnings (loss) per share for 2016 has been restated to reflect the bonus factor within the 2017 equity raise .

As detailed in note 28, the Group issued new shares during the year by way of a firm placing and rights issue. As required by International Accounting Standard 33 – Earnings per Share, the Group has adjusted the current year and prior year basic, diluted and underlying earnings per share, for the bonus element included within the placing and rights issue. The bonus adjustment factor was 1.129.

The Directors believe that adjusting basic earnings per share for the effect of the amortisation of acquisition intangibles, the change in fair value of derivatives, non-trading and exceptional items enables comparison with historical data calculated on the same basis. Exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance.

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible assets

	Goodwill £m	Landfill void £m	Computer software and others £m	Acquisition related intangibles £m	Total £m
Cost					
At 1 April 2015	200.6	18.6	11.6	23.8	254.6
Acquisition through business combination	0.3	–	–	–	0.3
Additions	–	–	4.9	–	4.9
Disposals	(0.1)	–	(0.1)	–	(0.2)
Reclassification (note 20)	–	–	3.9	–	3.9
Exchange	18.7	1.7	1.1	2.2	23.7
At 31 March 2016	219.5	20.3	21.4	26.0	287.2
Acquisition through business combination – VGG	337.2	–	9.1	44.0	390.3
Acquisition through business combination – other	0.2	–	–	0.8	1.0
Additions	–	–	11.1	–	11.1
Exchange	17.6	1.6	1.0	2.2	22.4
At 31 March 2017	**574.5**	**21.9**	**42.6**	**73.0**	**712.0**
Accumulated amortisation and impairment					
At 1 April 2015	46.2	9.7	6.5	18.4	80.8
Amortisation charge	–	1.4	1.2	1.8	4.4
Disposals	(0.1)	–	(0.1)	–	(0.2)
Exchange	4.4	0.8	0.7	1.8	7.7
At 31 March 2016	50.5	11.9	8.3	22.0	92.7
Amortisation charge	–	1.4	1.9	2.1	5.4
Impairment charge	–	–	3.2	–	3.2
Exchange	4.0	1.0	0.6	1.8	7.4
At 31 March 2017	**54.5**	**14.3**	**14.0**	**25.9**	**108.7**
Net book value					
At 31 March 2017	**520.0**	**7.6**	**28.6**	**47.1**	**603.3**
At 31 March 2016	169.0	8.4	13.1	4.0	194.5
At 31 March 2015	154.4	8.9	5.1	5.4	173.8

The £11.1m (2016: £4.9m) additions in the year include £8.1m (2016: £3.7m) contract rights in relation to Municipal contracts. The reclassification in the prior year of £3.9m related to UK Municipal contract rights which have been reclassified from financial assets.

Of the total £5.4m (2016: £4.4m) amortisation charge for the year, £2.1m (2016: £1.8m) related to intangible assets arising on acquisition. Of the remaining amortisation expense of £3.3m (2016: £2.6m), £1.9m (2016: £1.6m) has been charged in cost of sales and £1.4m (2016: £1.0m) has been charged in administrative expenses.

The acquisition related intangibles net book value of 47.1m (2016: £4.0m) included customer relationships of £31.5m (2016: £1.3m), permits of £7.3m (2016: £1.8m) and licences of £7.7m (2016: £nil).

The impairment charge of £3.2m (2016: £nil) for the year related to contract right intangibles in UK Municipal as it has been determined that they are no longer recoverable.

13. Intangible assets continued

Goodwill impairment

Impairment testing is carried out at cash generating unit (CGU) level on an annual basis. The following is a summary of the goodwill allocation for each reporting segment:

	2017 £m	2016 £m
Commercial Waste	**67.0**	61.9
Hazardous Waste	**99.6**	92.3
Municipal	**15.7**	14.8
VGG	**337.7**	–
Total goodwill	**520.0**	169.0

The Group estimates the recoverable amount of a CGU using a value in use model by projecting cash flows for the next five years together with a terminal value using a growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment is forecast revenue and trading profit. The forecast revenues in these models are based on management's predictions of overall market growth rates, including both volume and price. Trading margin is the average trading profit margin as a percentage of revenue over the five-year forecast period. The five-year plans used in the impairment models are based on management's past experience and future expectations of performance and reflect the planned changes in the CGUs as a result of restructuring programmes and actions instigated in the current year together with limited recovery and improvement in general market and economic conditions.

For each of the CGUs with significant goodwill in comparison with the total carrying value of goodwill of the Group, the key assumptions, long-term growth rate and discount rate used in the value in use calculations are shown below.

31 March 2017	Netherlands Commercial Waste	Hazardous Waste	VGG
Revenue (% annual growth rate)	3.6%	1.2%	1.0%
Trading margin (average % of revenue)	7.8%	14.1%	4.7%
Long-term growth rate	2.0%	2.0%	2.0%
Pre-tax discount rate	8.6%	8.7%	8.9%

31 March 2016	Netherlands Commercial Waste	Hazardous Waste	VGG
Revenue (% annual growth rate)	2.9%	2.5%	–
Trading margin (average % of revenue)	7.8%	13.2%	–
Long-term growth rate	2.0%	2.0%	–
Pre-tax discount rate	8.6%	8.6%	–

The recoverable amounts of the Commercial, Hazardous Waste, Municipal and VGG CGUs were in excess of the carrying values and it is considered unlikely that any reasonably possible change to key assumptions would result in an impairment charge.

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment

	Land and buildings £m	Landfill sites £m	Plant and machinery £m	Total £m
Cost				
At 1 April 2015	226.7	36.5	470.1	733.3
Acquisition through business combination	–	–	0.1	0.1
Additions	11.5	–	16.9	28.4
Disposals	(6.6)	–	(34.2)	(40.8)
Transfer from assets held for sale	3.3	–	–	3.3
Exchange	17.9	3.4	40.9	62.2
At 31 March 2016	252.8	39.9	493.8	786.5
Acquisition through business combination (note 17)	140.4	3.9	140.8	285.1
Additions	7.8	0.1	26.4	34.3
Disposals	(4.4)	-	(18.7)	(23.1)
Exchange	20.4	3.1	37.7	61.2
At 31 March 2017	**417.0**	**47.0**	**680.0**	**1,144.0**
Accumulated depreciation and impairment				
At 1 April 2015	88.3	33.9	328.2	450.4
Depreciation charge	8.0	0.2	25.0	33.2
Impairment charge	0.2	–	0.3	0.5
Disposals	(3.9)	–	(32.6)	(36.5)
Transfer from assets held for sale	1.7	–	–	1.7
Exchange	7.6	3.2	29.4	40.2
At 31 March 2016	101.9	37.3	350.3	489.5
Depreciation charge	10.0	0.4	31.4	41.8
Impairment charge	0.5	–	6.3	6.8
Disposals	(2.6)	–	(17.0)	(19.6)
Exchange	8.1	2.7	27.3	38.1
At 31 March 2017	**117.9**	**40.4**	**398.3**	**556.6**
Net book value				
At 31 March 2017	**299.1**	**6.6**	**281.7**	**587.4**
At 31 March 2016	150.9	2.6	143.5	297.0
At 31 March 2015	138.4	2.6	141.9	282.9

Included above are plant and machinery assets under construction of £9.8m (2016: £4.2m) and land and buildings assets under construction of £2.7m (2016: £3.0m).

Depreciation expense of £40.0m (2016: £32.1m) has been charged in cost of sales and £1.8m (2016: £1.1m) in administrative expenses.

Included in plant and machinery are assets held under finance leases with a net book value of £55.2m (2016: £11.0m) and in land and buildings are assets under finance leases with a net book value of £8.9m (2016: £2.8m).

The impairment charge of £6.8m (2016: £0.5m) relates principally to plant and machinery at the UK Municipal organics facility as a result of adverse market developments. The recoverable amount was based on the value in use with a pre-tax discount rate applied of 8.5%. The impairment of land and buildings relates to the discontinued UK Solid Waste business as referred to in note 10. The prior year impairment charge of £0.5m relates principally to plant and equipment at the Belgium Commercial Shanks Wood Products facility as a result of market changes with the recoverable amounts determined with reference to the estimated fair value less costs of disposal of the land and buildings based on an external valuation and for the plant and equipment based on the value in use and a pre-tax discount rate of 9.5%. The impairment charge was split £6.0m (2016: £0.1m) cost of sales, £0.3m (2016: £0.4m) administrative expenses and £0.5m (2016: £nil) in discontinued cost of sales.

15. Investments and Loans to joint ventures and associates

	Loans	Investments			
	Loans to joint ventures and associates £m	Joint ventures £m	Associates £m	Other unlisted investments £m	Total £m
At 1 April 2015	1.3	3.0	3.4	2.4	8.8
Additions	–	0.7	–	–	0.7
Share of retained profits	–	0.6	0.4	–	1.0
Dividend income	–	(0.1)	–	–	(0.1)
Fair value adjustment on cash flow hedges	–	–	0.1	–	0.1
Exchange	–	–	–	0.3	0.3
At 31 March 2016	1.3	4.2	3.9	2.7	10.8
Additions	18.5	–	–	–	–
Acquisitions through business combinations (note 17)	0.1	0.4	1.1	1.0	2.5
Share of retained profits	–	1.5	0.5	–	2.0
Dividend income	–	–	(0.1)	–	(0.1)
Fair value adjustment on cash flow hedges	–	–	0.3	–	0.3
Exchange	–	–	–	0.3	0.3
At 31 March 2017	**19.9**	**6.1**	**5.7**	**4.0**	**15.8**

Joint ventures are held at nil value when the Group's share of losses exceeds the carrying amount as a result of the charge in relation to the fair value movement on cash flow interest rate hedges. The Group's share of losses in the year was £3.8m (2016: £1.9m), cumulatively £13.9m (2016: £10.1m) which is unrecognised.

The loans to joint ventures and associates increased by £18.5m in the year which included £17.5m in relation to the subordinated debt injection into Resource Recovery Solutions (Derbyshire) Limited. The loans to joint ventures and associates is split £5.7m current (2016: £nil) and £14.2m non-current (2016: £1.3m).

Where the associate or joint venture holds non-recourse PFI/PPP debt there is a restriction on payment of dividends, which is due to the terms of the financing facility agreements and as such requires lender approval.

Details of joint ventures and investments in associates are shown in note 35. No joint venture or associate is considered individually material to the Group for further disclosure.

NOTES TO THE FINANCIAL STATEMENTS

16. Derivative financial instruments

	2017		2016	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Relating to core financing facility				
Cross-currency interest rate swaps – cash flow hedges	–	1.1	–	–
Fuel derivatives – cash flow hedges	–	0.8	–	3.0
Forward foreign exchange contracts – cash flow hedges	–	0.1	0.3	0.1
Interest rate cap – cash flow hedge	0.3	–	–	–
Relating to PFI/PPP contracts				
Interest rate swaps – cash flow hedges	–	28.6	–	27.9
Interest rate swaps – at fair value through profit or loss	–	0.2	–	0.2
Total	0.3	30.8	0.3	31.2
Current	–	0.8	0.3	2.4
Non-current	0.3	30.0	–	28.8
Total	0.3	30.8	0.3	31.2

The fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity is less than one year.

Cumulative losses recognised in equity on the derivative financial instruments at 31 March 2017 were £29.4m (2016: £30.7m) with a gain of £1.3m recognised in the current year (2016: £4.8m loss) in the Statement of Comprehensive Income. There was no ineffectiveness to be recorded for the cash flow hedges. The foreign exchange gain on translation of the borrowings under the cross currency interest rate swaps of £0.9m (2016: £nil) is included within the £1.3m gain recognised in other comprehensive income. In the prior year £17.8m of losses were reclassified from equity to the Income Statement as a result of the interest rate swap contracts disposed of in relation to Wakefield Waste PFI Limited.

Relating to core financing facilities

Cross-currency interest rate swaps

The notional principal amount of the outstanding forward cross currency interest rate swaps at 31 March 2017 was £75.0m (2016: £nil). Under these two contracts a floating rate term loan borrowing of Canadian dollar $50.0m was swapped to €36.1m at a fixed interest rate of 2.18% and a floating rate revolving credit facility (RCF) borrowing of Sterling £45m was swapped to €53.0m at a fixed interest rate of 2.17%. The expiry date for both contracts is 28 February 2020.

Interest rate cap

The notional principal amount of the outstanding interest rate cap contract at 31 March 2017 was £106.9m (2016: £nil). Under this contract the 3-month Euribor interest rate payable on £106.9m (€125m) of term loan and RCF borrowings is capped at 0.25% until 28 February 2020.

Fuel derivatives

The value of wholesale fuel covered by fuel derivatives at 31 March 2017 amounted to £12.6m (2016: £9.6m). The combined Group has annual usage across the Netherlands and Belgium of approximately 54m litres of diesel per annum of which approximately 34m litres has been fixed at an average of €0.40 per litre for the year to 31 March 2018 and a further 7m litres has been fixed at an average of €0.39 per litre for the year to 31 March 2019.

Forward foreign exchange contracts

The notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2017 was £10.1m (2016: £5.6m). Under these contracts the UK Municipal business has fixed the Sterling rate of underlying Euro off take contracts on a monthly basis at an average GBP:EUR rate of 1.15 expiring on 7 March 2018.

Relating to PFI/PPP contracts

Interest rate swaps

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2017 was £100.4m (2016: £104.3m). Under these contracts the Libor rate of PPP/PFI non-recourse borrowing for Argyll & Bute, Cumbria and Barnsley Doncaster & Rotherham projects are fixed at rates of 5.8%, 4.8% and 3.4% respectively from inception to expiry on 16 January 2023, 30 September 2032 and 30 June 2037 respectively. The gains and losses recognised in the Statement of Comprehensive Income for cash flow hedges will be released to the Income Statement within finance costs until the repayment of the non-recourse borrowings.

17. Acquisitions and disposals

Acquisitions

On 28 February 2017, the Group acquired 100% of the share capital of Van Gansewinkel Groep BV (VGG) for £205.6m being £24.9m cash and consideration shares of £180.7m. The fair value of the 190,187,502 shares issued was based on the published share price on the date of acquisition of 95p per share.

VGG is a market leader in the Benelux region whose operations were divided into two segments Waste Collections and Recycling. Following the acquisition, the Renewi Group has a fully national presence across the Netherlands bringing the opportunity to service all areas and clients in-house enabling a full waste-to-product service and allow it to address increased potential waste volumes to maximise utilisation of the Group's facilities. In Belgium the combined Group will be able to provide a full waste service offering as legacy VGG and Shanks traditionally focussed on different regions.

The provisional fair value of the identifiable assets and liabilities acquired in respect of the VGG acquisition were:

	Provisional fair value acquired £m
Intangible assets: Customer relationships	30.8
Intangible assets: Licenses	7.7
Intangible assets: Permits	5.5
Intangible assets: Software	9.1
Property, plant and equipment	285.1
Investments	2.6
Trade and other receivables	107.8
Assets held for sale	0.3
Inventory	11.1
Deferred taxation	5.6
Current tax receivable	0.1
Cash and cash equivalents	78.2
	543.9
Trade and other payables	(186.9)
Provisions	(96.5)
Defined benefit pension schemes deficit	(8.1)
Deferred tax liability	(40.5)
Current tax payable	(4.6)
Derivatives	(12.6)
Borrowings – Syndicated facility	(276.9)
Borrowings - Finance leases, overdraft and other loans	(41.7)
	(667.8)
Net identifiable assets acquired	(123.9)
Less: Non-controlling interests	(7.7)
Add: Goodwill arising on acquisition	337.2
Net assets acquired	**205.6**

	Total £m
Purchase consideration – cash (outflow) inflow	
Cash consideration	(24.9)
Less: Cash balances acquired	78.2
Net cash inflow – investing activities	**53.3**

NOTES TO THE FINANCIAL STATEMENTS

17. Acquisitions and disposals continued

The fair value of acquired trade receivables is £67.4m. The gross contractual amount for trade receivables due is £70.2m of which £2.8m is expected to be uncollectable.

Land and buildings of £139.8m, included in property plant and equipment in the table above, have provisionally been carried at book value for the purposes of the purchase price allocation exercise as at 28 February 2017. The directors intend to obtain an external market appraisal of the fair value of the land and buildings acquired within the next six months, at which point a measurement period adjustment will be recorded which will affect the carrying value of the land and buildings and goodwill.

The goodwill arising on the acquisition is attributable to management's expectations in regard to VGG's growth prospects and margin improvements as well as synergies to be achieved post acquisition. None of the goodwill on this acquisition is expected to be deductible for tax.

As disclosed in note 4, the Group incurred £30.5m of acquisition related costs that were not directly attributable to the issue of shares and have been charged to the consolidated Income Statement as exceptional items.

VGG contributed revenues of £71.5m and trading profit of £3.9m to the Group for the month of March 2017. If the acquisition had occurred on 1 April 2016, consolidated pro forma revenue and EBITDA for the year ended 31 March 2017 would have been £1,463.5m and £150.3m respectively. EBITDA is shown as this was the measure used by VGG prior to acquisition. This information is not necessarily indicative of the 2017 results for the consolidated group had the purchase actually been made at the beginning of the year presented, or indicative of the future consolidated performance given the nature of the business acquired.

Disposals
On 30 November 2015 the Group sold 100% of its holding in Shanks Wallonia Industrial Cleaning SA, a non-core industrial cleaning business in the Belgium Commercial Waste segment. A loss of £0.4m (2016: £3.7m) was recognised in non-trading administrative expenses as a result of the transaction. A payment of £1.2m including deferred consideration and a working capital adjustment was paid during the year ended 31 March 2017 (2016: £1.4m).

On 30 March 2016 the Group signed a share purchase agreement to dispose of 100% of the subordinated debt and 49.99% of its equity interest in the Wakefield Waste PFI Holdings Limited. A loss of £5.0m was recognised in non-trading administrative expenses during the year ended 31 March 2016 as a result of the transaction. Total cash consideration was £30.0m of which £25.8m was received during the year ended 31 March 2016 and the remaining deferred consideration of £4.2m was received during the year ended 31 March 2017. The remaining holding in the Wakefield SPV is now recognised as a joint venture.

18. Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using applicable local tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Retirement benefit schemes £m	Tax losses £m	Derivative financial instruments £m	Capital allowances £m	Other timing differences £m	Total £m
At 1 April 2015	3.3	9.2	8.9	(27.3)	(2.6)	(8.5)
(Charge) credit to Income Statement (note 9)	(0.5)	0.4	–	1.7	1.2	2.8
(Charge) credit to equity	(0.9)	–	0.2	–	(0.2)	(0.9)
Disposal of subsidiary	–	(2.9)	(3.2)	4.9	(1.4)	(2.6)
Exchange	–	0.2	–	(2.2)	(0.5)	(2.5)
At 31 March 2016	1.9	6.9	5.9	(22.9)	(3.5)	(11.7)
(Charge) credit to Income Statement (note 9)	(0.4)	4.6	–	(1.9)	3.5	5.8
Credit (charge) to equity	1.7	–	(0.7)	–	(0.1)	0.9
Acquisition through business combination (note 17)	2.1	3.3	–	(26.0)	(14.3)	(34.9)
Exchange	–	0.2	–	(1.6)	(1.0)	(2.4)
At 31 March 2017	**5.3**	**15.0**	**5.2**	**(52.4)**	**(15.4)**	**(42.3)**
Deferred tax assets	**5.3**	**5.5**	**5.2**	**7.3**	**8.0**	**31.3**
Deferred tax liabilities	**–**	**9.5**	**–**	**(59.7)**	**(23.4)**	**(73.6)**
At 31 March 2017	**5.3**	**15.0**	**5.2**	**(52.4)**	**(15.4)**	**(42.3)**
Deferred tax assets	1.9	1.7	5.9	7.2	3.2	19.9
Deferred tax liabilities	–	5.2	–	(30.1)	(6.7)	(31.6)
At 31 March 2016	1.9	6.9	5.9	(22.9)	(3.5)	(11.7)

At 31 March 2017, £31.3m (2016: £19.1m) of the deferred tax asset and £73.6m (2016: £31.6m) of the deferred tax liability is expected to be recovered after more than one year.

As at 31 March 2017, the Group had unused trading losses (tax effect) of £61.2m (2016: £29.4m) available for offset against future profits. A deferred tax asset has been recognised in respect of £15.0m (2016: £6.9m) of such losses and recognition is based on management's projections of future profits in the relevant companies. No deferred tax asset has been recognised in respect of the remaining £46.2m (2016: £22.5m) due to the uncertainty of future profit streams. Tax losses may be carried forward indefinitely in the relevant companies with the exception of the Netherlands where the losses expire after 9 years (£3.2m recognised and £20.0m unrecognised).

No liability has been recognised on the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries. This is because the Group is in a position to control the timing and method of the reversal of the differences and it is probable that such differences will not give rise to a tax liability in the foreseeable future. The total temporary difference at 31 March 2017 amounted to £194.3m (2016: £157.5m) and the unrecognised deferred tax on the unremitted earnings is estimated to be £0.3m (2016: £0.3m) which relates to taxes payable on repatriation and dividend withholding taxes levied by overseas jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exemptions.

NOTES TO THE FINANCIAL STATEMENTS

19. Inventories

	2017 £m	2016 £m
Raw materials and consumables	**9.8**	6.1
Finished goods	**10.1**	0.7
	19.9	6.8

20. Financial assets relating to PFI/PPP contracts

Financial assets result from the application of IFRIC 12 on accounting for concession arrangements relating to the UK and Canada PFI/PPP Municipal contracts and they are measured initially at fair value of consideration receivable and subsequently at amortised cost.

	£m
At 1 April 2015	278.2
Income recognised in the income statement: Interest Income (note 8)	16.2
Advances	37.3
Disposal	(133.7)
Repayments	(36.4)
Reclassified to intangible assets (note 13)	(3.9)
Exchange	0.9
At 31 March 2016	158.6
Income recognised in the income statement: Interest Income (note 8)	9.6
Advances	21.4
Repayments	(13.1)
Exchange	2.3
At 31 March 2017	**178.8**
Current	**13.3**
Non-current	**165.5**
At 31 March 2017	**178.8**
Current	12.8
Non-current	145.8
At 31 March 2016	158.6

The prior year disposal related to the agreement to sell 49.99% of the equity of the Wakefield Waste SPV and the prior year reclassification of £3.9m related to UK Municipal contract rights which were reclassified to intangible assets.

21. Trade and other receivables

	2017 £m	2016 £m
Non-current assets		
Deferred consideration	**0.8**	0.5
Other receivables	**2.3**	0.6
	3.1	1.1
Current assets		
Trade receivables	**144.5**	71.2
Provision for impairment of receivables	**(8.5)**	(7.5)
Trade receivables – net	**136.0**	63.7
Accrued income	**53.0**	20.0
Deferred consideration	**–**	4.7
Other receivables	**30.0**	22.5
Prepayments	**15.0**	11.5
	234.0	122.4

As at 31 March 2017, the carrying amount included in trade and other receivables representing the Group's continuing involvement in trade receivables subject to invoice finance facilities (as described on page 129) totalled £4.0m (2016: £3.3m) in trade receivables and £12.9m (2016: £3.4m) in other receivables.

Movement in the provision for impairment of receivables:

	2017 £m	2016 £m
At 1 April	**7.5**	6.6
Charged to Income Statement	**1.4**	1.3
Utilised	**(1.0)**	(0.7)
Disposal of subsidiary	**–**	(0.2)
Exchange	**0.6**	0.5
At 31 March	**8.5**	7.5

The allowance for bad and doubtful debts is equivalent to 5.9% (2016: 10.5%) of gross trade receivables.

Ageing of trade receivables that are past due but not impaired:

	2017 £m	2016 £m
Neither impaired nor past due	**99.6**	47.3
Not impaired but overdue by less than three months	**31.5**	14.7
Not impaired but overdue by between three and six months	**1.7**	0.5
Not impaired but overdue by more than six months	**3.2**	1.2
Impaired	**8.5**	7.5
Impairment provision	**(8.5)**	(7.5)
	136.0	63.7

Past due and current amounts are not impaired where collection is considered likely. The Group considers that the carrying amount of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of customers internationally dispersed with no individual customer owing a significant amount.

NOTES TO THE FINANCIAL STATEMENTS

21. Trade and other receivables continued

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**34.8**	41.2
Euro	**200.9**	80.9
Canadian Dollar	**1.4**	1.4
	237.1	123.5

22. Cash and cash equivalents

	2017 £m	2016 £m
Cash at bank and in hand	**74.8**	34.6
Short-term deposits	**0.1**	0.1
	74.9	34.7

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**18.1**	9.3
Euro	**56.2**	24.7
Canadian Dollar	**0.6**	0.7
	74.9	34.7

23. Assets classified as held for sale

	2017 £m	2016 £m
Property, plant and equipment	**0.3**	–

The assets held for sale were acquired through the VGG acquisition and consist of a piece of land on the Maarheeze site in the Netherlands which was formerly used as a waste collection site.

24. Borrowings

	2017 £m	2016 £m
Current borrowings		
Bank overdraft	**4.0**	–
Finance lease obligations	**12.3**	2.4
Other loans	**0.1**	–
Core borrowings	**16.4**	2.4
PFI/PPP non-recourse net debt	**2.1**	3.2
	18.5	5.6
Non-current borrowings		
Retail bonds	**170.2**	157.5
Term loan	**123.0**	–
Revolving credit facility	**156.2**	59.6
Finance lease obligations	**32.9**	7.8
Other loans	**0.1**	–
Core borrowings	**482.4**	224.9
PFI/PPP non-recourse net debt	**85.0**	87.9
	567.4	312.8

The table below details the maturity profile of non-current borrowings:

	2017			2016		
	Core borrowings £m	PFI/PPP non-recourse net debt £m	Total £m	Core borrowings £m	PFI/PPP non-recourse net debt £m	Total £m
Between one and two years	**9.5**	**2.5**	**12.0**	2.0	3.0	5.0
Between two years and five years	**379.0**	**9.3**	**388.3**	141.5	8.5	150.0
Over five years	**93.9**	**73.2**	**167.1**	81.4	76.4	157.8
	482.4	**85.0**	**567.4**	224.9	87.9	312.8

The carrying amounts of borrowings are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**132.1**	112.6
Euro	**398.7**	200.8
Canadian Dollar	**55.1**	5.0
	585.9	318.4

Core borrowings

The Group's core bank loans and retail bonds are unsecured and have cross guarantees from members of the Group.

Term loan and revolving credit facilities

At 31 March 2017, the Group had a core multicurrency bank facility of £513.1m (€600m) (2016: £142.7m (€180m)). €575m (£491.7m) of the facility, including the whole term loan and part of the revolving credit facility mature in five years on 29 September 2021 (in each case subject to two, one year extension options), the remaining €25m (£21.4m) of the revolving credit facility matures in two years on 29 September 2018. At 31 March 2017 the margin on the facility was 2.15% which will then vary according to a leverage based pricing grid.

At 31 March 2017 the £123.0m (€143.8m) term loan was fully drawn (2016: £nil) and £156.2m (€182.7m) (2016: £61.3m (€77.4m)) of the revolving credit facility was drawn for borrowing. The remaining £233.9m (€273.5m) (2016:£81.4m (€102.6m)) was available for drawing under the revolving credit facility of which £69.7m (€59.6m) (2016: £nil (€nil)) was utilised for ancillary guarantee facilities.

Retail bonds

At 31 March 2017 the Group had two issues of retail bonds to investors in Belgium and Luxembourg which are listed on the London Stock Exchange. The retail bonds due July 2019 of £85.2m (€100m) (2016: £79.3m (€100m)) have an annual coupon of 4.23% and the green retail bonds due June 2022 of £85.0m (€100m) (2016: £79.3m (€100m)) have an annual coupon of 3.65%.

NOTES TO THE FINANCIAL STATEMENTS

24. Borrowings continued

Finance leases

The Group's finance lease liabilities are payable as follows:

Group	2017 Minimum lease payments £m	2017 Interest £m	2017 Principal £m	2016 Minimum lease payments £m	2016 Interest £m	2016 Principal £m
Within one year	**13.4**	**(1.1)**	**12.3**	2.8	(0.4)	2.4
Between one and five years	**25.9**	**(2.0)**	**23.9**	5.8	(0.9)	4.9
More than five years	**10.7**	**(1.7)**	**9.0**	4.5	(1.6)	2.9
	50.0	**(4.8)**	**45.2**	13.1	(2.9)	10.2

The Group has an option to purchase leased assets at the end of the lease term. There are no restrictions imposed by lessors to take out further debt or leases.

PFI/PPP non-recourse net debt

The PFI/PPP non-recourse debt is held in the three PFI/PPP companies: Argyll & Bute, Cumbria and Barnsley, Doncaster & Rotherham with maturities on 15 January 2023, 30 September 2032 and 30 June 2037 respectively.

PFI/PPP cash and cash equivalents are offset against the non-recourse gross debt as they are subject to offsetting arrangements under the debt facilities.

	2017 Bank Loans PFI/PPP non-recourse net debt £m	2016 Bank Loans PFI/PPP non-recourse net debt £m
PFI/PPP non-recourse gross debt	**102.7**	105.8
PFI/PPP cash and cash equivalents	**(15.6)**	(14.7)
PFI/PPP non-recourse net debt	**87.1**	91.1

Each UK Municipal PFI/PPP company has non-recourse loan facilities which are secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PFI/PPP company.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group primarily manages liquidity risk by monitoring forecast cash flows to ensure that revolving credit facility drawdowns are arranged as necessary and an adequate level of headroom is maintained. The way the Group manages liquidity risk has not changed from the previous year.

Unutilised committed borrowing facilities:

	Core borrowings		PFI/PPP non-recourse net debt		Total	
	2017 £m	2016 £m	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Expiring between one and two years	**21.4**	–	**–**	–	**21.4**	–
Expiring in more than two years	**161.6**	81.4	**1.9**	1.9	**163.5**	83.3
	183.0	81.4	**1.9**	1.9	**184.9**	83.3

In addition, the Group had access to £4.3m (2016: £25.1m) of undrawn uncommitted working capital facilities.

In the majority of cases subsidiaries holding non-recourse PFI/PPP debt and financial assets are restricted in their ability to transfer funds to the parent in the form of cash dividends or to repay loans and advances. This is due to the terms of the financing facility agreements and require lender approval to make such transfers.

24. Borrowings continued

The following table analyses the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings. The maturities of the undiscounted cash flows, including interest and principal, at the balance sheet date are based on the earliest date on which the Group is obliged to pay.

	Within one year £m	Between one and five years £m	Over five years £m
At 31 March 2017			
Retail bonds	**6.7**	**105.2**	**88.6**
Bank loans – core borrowings	**11.6**	**307.6**	**–**
Bank loans – PFI/PPP non-recourse net debt	**6.8**	**26.2**	**108.4**
Finance lease liabilities	**13.4**	**25.9**	**10.7**
Net settled derivative financial instruments	**3.1**	**12.2**	**23.0**
Trade and other payables	**347.6**	**0.6**	**2.7**
	389.2	**477.7**	**233.4**
At 31 March 2016			
Retail bonds	5.7	99.0	84.5
Bank loans – core borrowings	1.4	63.9	–
Bank loans – PFI/PPP non-recourse net debt	6.7	26.7	116.0
Finance lease liabilities	2.8	5.8	4.5
Net settled derivative financial instruments	3.7	13.5	25.4
Trade and other payables	171.7	1.2	2.7
	192.0	210.1	233.1

25. Trade and other payables and other non-current liabilities

	2017 £m	2016 £m
Current liabilities		
Trade payables	**177.1**	89.2
Other tax and social security payable	**34.9**	16.4
Other payables	**46.4**	15.0
Accruals	**123.4**	66.3
Deferred revenue	**26.8**	15.2
Deferred consideration	**0.7**	1.2
	409.3	203.3
Non-current liabilities		
Other payables	**2.9**	2.9
Deferred revenue	**1.6**	2.2
Deferred consideration	**0.4**	1.0
Government grants	**0.2**	0.3
	5.1	6.4

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**73.5**	74.0
Euro	**335.3**	131.6
Canadian Dollar	**5.6**	4.1
	414.4	209.7

NOTES TO THE FINANCIAL STATEMENTS

26. Provisions

	Site restoration and aftercare £m	Restructuring £m	Onerous contracts £m	Other £m	Total £m
At 1 April 2016	36.9	1.3	12.2	6.5	56.9
Provided in the year	0.4	5.4	28.2	9.4	43.4
Released in the year	–	–	–	(0.2)	(0.2)
Acquisition through business combination	74.8	1.3	4.8	15.6	96.5
Finance charges – unwinding of discount (note 8)	1.7	–	0.8	0.1	2.6
Utilised in the year	(1.1)	(1.6)	(5.9)	(5.6)	(14.2)
Transfer	(0.5)	–	0.5	–	–
Exchange	3.0	–	–	0.2	3.2
At 31 March 2017	**115.2**	**6.4**	**40.6**	**26.0**	**188.2**
Current	**6.8**	**6.4**	**21.7**	**10.6**	**45.5**
Non-current	**108.4**	**–**	**18.9**	**15.4**	**142.7**
At 31 March 2017	**115.2**	**6.4**	**40.6**	**26.0**	**188.2**
Current	2.5	1.3	5.0	4.2	13.0
Non-current	34.4	–	7.2	2.3	43.9
At 31 March 2016	36.9	1.3	12.2	6.5	56.9

Site restoration

The site restoration provision as at 31 March 2017 related to the cost of final capping and covering of the landfill sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 34 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology.

Aftercare

Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Restructuring

The restructuring provision relates to redundancy and related costs incurred as part of the previous structural cost programme and also recent restructuring initiatives including the delivery of merger related synergies. As at 31 March 2017 the remaining affected employees are expected to leave the business during the following year.

Onerous contracts

Onerous contracts are provided at the net present value of the least net cost of either exiting the contracts or fulfilling our obligations under the contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040.

Other

Other provisions principally cover dilapidations, long-service employee awards, lifecycle expenditure obligations, legal claims, indirect tax, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments.

27. Retirement benefit schemes

Retirement benefit costs	2017 £m	2016 £m
UK defined contribution scheme	**1.1**	1.0
UK defined benefit scheme	**0.3**	0.3
VGG defined benefit schemes	**0.2**	–
Other overseas pension schemes	**11.2**	9.0
	12.8	10.3

UK defined benefit scheme

The UK defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants. The defined benefit plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. Plan assets are managed by the trustees. There are five trustees, three were appointed by the Company and two nominated by members, who are responsible for ensuring the scheme is run in accordance with the members' best interests and the pension laws of the UK (which are overseen by The Pensions Regulator).

The most recent triennial actuarial valuation of the Scheme, which was performed by independent qualified actuaries for the trustees of the Scheme, was carried out as at 5 April 2015. The Group has agreed that it will aim to eliminate the pension plan deficit over a further five years, with an agreed annual deficit contribution of £3.1m. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2018 are £3.3m.

The scheme's assets of £174.0m (2016: £150.8m) are invested via Aon's Delegated Consulting Service which is a fiduciary investment management platform managed by Hewitt Risk Management Services Limited. The delegated mandate is split into a growth and a hedging component and the allocation to each is determined by the investment objectives set by the trustees. The growth component of £97.0m (2016: £84.2m) comprises the following asset classes: equities, fixed income, debt, property, infrastructure and hedge funds. The hedging component of £77.0m (2016: £66.6m) comprises a mix of leveraged gilt funds and cash.

The significant actuarial assumptions adopted at the balance sheet date were as follows:

	2017 % p.a.	2016 % p.a.
Discount rate	**2.6**	3.5
Rate of price inflation	**3.3**	3.0
Consumer price inflation	**2.2**	2.0

The discount rate assumption is derived from the single agency curve based on high quality AA rated bonds. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23 years if they are male and for a further 25 years if they are female. For a member who retires in 2037 at age 65 the assumptions are that they will live on average for around a further 25 years after retirement if they are male or for a further 27 years after retirement if they are female.

The weighted average duration of the defined benefit obligation is approximately 19 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on net defined benefit obligation		
	Change in assumption %	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25	8.9	(9.4)
Rate of price inflation	0.25	(5.6)	4.8
Consumer price inflation	0.25	(5.6)	4.8

	Increase by 1 year in assumption £m	Decrease by 1 year in assumption £m
Life expectancy	(7.0)	7.0

NOTES TO THE FINANCIAL STATEMENTS

27. Retirement benefit schemes continued

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

VGG defined benefit schemes

The VGG net defined benefit obligation relates to funded plans, mainly insurance contracts managed by insurers, in both the Netherlands and Belgium. There are various schemes which are based on final salaries and in some cases on average salaries. The assets consist of qualifying insurance policies which match the vested benefits. The vested benefits will be financed immediately for the pension plan. The build-up of rights for inactives are indexed on the basis of additional interest and rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans. The total estimated contributions expected to be paid to the scheme in the year ending 31 March 2018 are £2.0m.

The significant actuarial assumptions adopted at the balance sheet date for the most significant scheme were as follows:

	2017 % p.a.
Discount rate	**2.2**
Rate of salary inflation	**2.5**
Rate of price inflation	**2.0**

The discount rate assumption is based on interest rates applying to high quality corporate bonds with a term approximately equal to the term of the related pension liability. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 24 years if they are female. For a member who retires in 2037 at age 65 the assumptions are that they will live on average for around a further 24 years after retirement if they are male or for a further 26 years after retirement if they are female.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on net defined benefit obligation		
	Change in assumption %	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25	(2.8)	3.0
Rate of price inflation	0.25	0.3	(0.3)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

27. Retirement benefit schemes continued

The amounts recognised in the financial statements are as follows:

Income statement

	2017			2016		
	UK £m	VGG £m	Total £m	UK £m	VGG £m	Total £m
Current service cost	0.3	0.2	0.5	0.3	–	0.3
Interest expense on scheme net liabilities	0.3	–	0.3	0.5	–	0.5
Net retirement benefit charge before tax	0.6	0.2	0.8	0.8	–	0.8

Statement of comprehensive income

	2017			2016		
	UK £m	VGG £m	Total £m	UK £m	VGG £m	Total £m
Actuarial (loss) gain on scheme liabilities	(33.2)	–	(33.2)	9.6	–	9.6
Actuarial gain (loss) on scheme assets	22.5	–	22.5	(6.4)	–	(6.4)
Actuarial (loss) gain	(10.7)	–	(10.7)	3.2	–	3.2

Cumulative actuarial gains and losses recognised in the statement of comprehensive income since 1 April 2004 are losses of £36.4m (2016: £25.7m).

Balance sheet

	2017			2016		
	UK £m	VGG £m	Total £m	UK £m	VGG £m	Total £m
Present value of funded obligations	(192.7)	(52.8)	(245.5)	(161.5)	–	(161.5)
Fair value of plan assets	174.0	44.6	218.6	150.8	–	150.8
Pension scheme deficit	(18.7)	(8.2)	(26.9)	(10.7)	–	(10.7)
Related deferred tax asset (note 18)	3.2	2.1	5.3	1.9	–	1.9
Net pension liability	(15.5)	(6.1)	(21.6)	(8.8)	–	(8.8)

The movement in the amounts recognised in the balance sheet:

	UK £m	VGG £m	Total £m
At 1 April 2015	(16.4)	–	(16.4)
Current service cost	(0.3)	–	(0.3)
Interest expense	(0.5)	–	(0.5)
Net actuarial gains recognised in the year	3.2	–	3.2
Contributions from employer	3.3	–	3.3
At 31 March 2016	(10.7)	–	(10.7)
Acquisition through business combination (note 17)	–	(8.1)	(8.1)
Current service cost	(0.3)	(0.2)	(0.5)
Interest expense	(0.3)	–	(0.3)
Net actuarial losses recognised in the year	(10.7)	–	(10.7)
Contributions from employer	3.3	0.1	3.4
At 31 March 2017	(18.7)	(8.2)	(26.9)

NOTES TO THE FINANCIAL STATEMENTS

27. Retirement benefit schemes continued

Reconciliation of the defined benefit obligation:

	UK £m	VGG £m	Total £m
At 1 April 2015	(169.2)	–	(169.2)
Current service cost	(0.3)	–	(0.3)
Interest expense	(5.7)	–	(5.7)
Remeasurements:			
Actuarial gain on scheme liabilities arising from changes in financial assumptions	3.8	–	3.8
Actuarial gain on scheme liabilities arising from changes in experience	6.0	–	6.0
Actuarial loss on scheme liabilities arising from changes in demographic assumptions	(0.2)	–	(0.2)
Contributions from plan participants	(0.1)	–	(0.1)
Benefit payments	4.2	–	4.2
At 31 March 2016	(161.5)	–	(161.5)
Acquisition through business combination	–	(52.4)	(52.4)
Current service cost	(0.3)	(0.2)	(0.5)
Interest expense	(5.5)	(0.1)	(5.6)
Remeasurements:			
Actuarial loss on scheme liabilities arising from changes in financial assumptions	(33.3)	–	(33.3)
Actuarial gain on scheme liabilities arising from changes in experience	1.1	–	1.1
Actuarial loss on scheme liabilities arising from changes in demographic assumptions	(1.0)	–	(1.0)
Contributions from plan participants	(0.1)	(0.1)	(0.2)
Benefit payments	7.9	–	7.9
At 31 March 2017	**(192.7)**	**(52.8)**	**(245.5)**

Reconciliation of plan assets:

	UK £m	VGG £m	Total £m
At 1 April 2015	152.8	–	152.8
Interest income	5.2	–	5.2
Remeasurements:			
Return on plan assets excluding interest expense	(6.4)	–	(6.4)
Contributions from employer	3.3	–	3.3
Contributions from plan participants	0.1	–	0.1
Benefit payments	(4.2)	–	(4.2)
At 31 March 2016	150.8	–	150.8
Acquisition through business combination	–	44.3	44.3
Interest income	5.2	0.1	5.3
Remeasurements:			
Return on plan assets excluding interest expense	22.5	–	22.5
Contributions from employer	3.3	0.1	3.4
Contributions from plan participants	0.1	0.1	0.2
Benefit payments	(7.9)	–	(7.9)
At 31 March 2017	**174.0**	**44.6**	**218.6**

27. Retirement benefit schemes continued

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are set out below.

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields and if plan assets underperform this yield, this will result in a deficit. The UK pension scheme's assets are held in a portfolio of pooled funds which are single priced at the net asset value. The investment objective of the portfolio is to achieve long-term total returns in excess of a nominal portfolio of long-dated Sterling bonds through a diversified portfolio of collective investment schemes, which may include derivatives. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The trustees have agreed an underlying strategy with the Company so that any ongoing improvements in the scheme's funding position would trigger movements from growth assets to non-growth assets in order to protect and consolidate such improvements.

The assets in the VGG pension schemes consist of qualifying insurance policies which match the benefits that will be paid to employees.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

The majority of benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. For the UK scheme caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities.

Other overseas schemes

The total cost in the year for other overseas pensions was £11.2m (2016: £9.0m).

In the Netherlands in particular, employees are members of either a multi-employer pension scheme or other similar externally funded schemes, including Government funded schemes. These schemes are treated as defined contribution plans as it is not possible to separately identify the Group's share of the assets and liabilities of those schemes. The Group has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit. In addition there are a number of pension schemes in Belgium which are considered as defined benefit schemes under IAS 19. At 31 March 2017 the potential liability to the Group was estimated and determined as not significant.

NOTES TO THE FINANCIAL STATEMENTS

28. Share capital and share premium

Group	Number	Ordinary shares of 10p each £m	Share premium £m
Share capital allotted, called up and fully paid			
At 1 April 2015	397,850,417	39.8	100.0
Issued under share option schemes	339,140	–	0.2
At 31 March 2016	398,189,557	39.8	100.2
Issued under rights issue and firm placing	211,201,962	21.1	115.2
Consideration shares issued as consideration for acquisition of subsidiary	190,187,502	19.0	161.7
Issued under share option schemes	233,202	–	0.1
At 31 March 2017	**799,812,223**	**79.9**	**377.2**

On 24 October 2016 a firm placing of 45,000,000 shares was completed at a price of 100p per share. On 10 November 2016 a 3 for 8 rights issue of 166,201,962 shares to qualifying shareholders was completed at 58p per share. The Company raised £136.3m net of £5.1m issuance costs. The bonus factor used in all calculations was 1.129.

On 28 February 2017 the Group issued 190,187,502 shares as part of the purchase consideration for 100% of the ordinary share capital of Van Gansewinkel Groep B V. The ordinary shares issued have the same rights as the other shares in issue.

During the year 233,202 (2016: 339,140) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £156,017 (2016: £249,548). Further disclosures relating to share-based options are set out in note 7.

29. Financial instruments

Carrying value of financial assets and financial liabilities

Financial assets	Note	2017 £m	2016 £m
Loans and receivables			
Loans to joint ventures and associates	15	**19.9**	1.3
Trade and other receivables excluding prepayments	21	**222.1**	112.0
Cash and cash equivalents	22	**74.9**	34.7
Financial assets relating to PFI/PPP contracts	20	**178.8**	158.6
Derivative financial instruments			
Interest rate cap	16	**0.3**	–
Forward foreign exchange contracts		**–**	0.3
Available for sale financial assets			
Unlisted investments	15	**4.0**	2.7
		500.0	309.6

The Group considers that the fair value of financial assets is not materially different to their carrying value. For unlisted investments the carrying value is measured at cost as the range of possible fair values is significant and the Group has no current plans to dispose of these investments.

Financial liabilities	Note	2017 £m	2016 £m
Financial liabilities at amortised cost			
Bank overdraft	24	**4.0**	–
Term loan, revolving credit facility and other loans	24	**279.4**	59.6
Retail bonds	24	**170.2**	157.5
Finance lease obligations	24	**45.2**	10.2
Trade and other payables excluding non-financial liabilities	25	**350.9**	175.6
Bank loans – PFI/PPP non-recourse net debt	24	**87.1**	91.1
Derivative financial instruments			
Cross-currency interest rate swaps	16	**1.1**	–
Fuel derivatives	16	**0.8**	3.0
Forward foreign exchange contracts	16	**0.1**	0.1
Interest rate swaps relating to PFI/PPP contracts	16	**28.8**	28.1
		967.6	525.2

The Group considers that the fair value of bank loans, trade and other payables and finance lease obligations are not materially different to their carrying value.

Fair value hierarchy

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 March 2017, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments continued

Valuation techniques used to derive Level 2 fair values
The fair values of interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives are determined by discounting the future cash flows using the applicable period-end yield curve. For the retail bonds, the fair value is based on indicative market pricing.

The table below presents the Group's assets and liabilities measured at fair value:

	Level 2	
	2017 £m	2016 £m
Assets		
Derivative financial instruments (note 16)	**0.3**	0.3
	0.3	0.3
Liabilities		
Derivative financial instruments (note 16)	**30.8**	31.2
Retail bonds	**177.4**	164.6
	208.2	195.8

Risk management
The Group is exposed to market risk (interest rate risk and commodity price risk), foreign exchange risk, liquidity risk and counterparty credit risk. The Group's Treasury Committee is charged with managing and controlling risk relating to the financing and liquidity of the Group under policies approved by the Board of Directors. The Group does not enter into speculative transactions.

These risks are described in more detail below in addition to the information disclosed in note 16.

Interest rate risk
Changes in interest rates could have an impact on the interest cover covenant of the core Group facilities and on the interest charge in the Income Statement. In order to monitor and manage the risk, borrowings and the expected interest cost for the year are frequently forecasted and sensitised for potential changes.

The Group has continued to limit its exposure to interest rate risk by using fixed rate retail bonds, fixed rate finance leases and, following the recent acquisition, entering into cross currency interest rate swaps and an interest rate cap to protect the Group from movements in interest rates over the next three years. The proportion of the Group's core borrowing that was fixed or hedged at 31 March 2017 was £387.1m (2016: £168.5m) or 78% (2016: 74%). Additionally the PFI/PPP non-recourse floating rate borrowings are hedged using interest rate swaps. The interest rate swaps hedge the interest cash flows.

The interest rate swaps and cross currency swaps are accounted for under IAS 39 with changes in the fair value of interest rate swaps being recognised directly in reserves, as they are effective hedges. The interest rate swap in relation to Argyll & Bute has not been designated as a hedge by the Group therefore it is classified as held for trading in accordance with IAS 39.

29. Financial instruments continued

Interest rate sensitivity for core borrowings

Interest on the unhedged floating rate revolving credit facility will vary as interest rates increase or decrease. If rates had moved by 1% the impact on profit before tax would have been a loss or gain of £0.8m (2016: £0.5m) based on the average core bank borrowing during the year.

The fair values of cross currency interest rate swaps for hedging the core borrowing are determined with reference to floating market interest rates. A 1% increase in interest rates would have reduced the fair value of the interest rate hedge liabilities and resulted in a pre-tax gain in other comprehensive income of £2.3m (2016: £nil). A 1% decrease in interest rates would have increased the fair value of the interest rate hedge liabilities and led to a pre-tax loss in other comprehensive income of £2.4m (2016: £nil).

The fair value of the interest rate cap used for hedging the core borrowing was determined with reference to floating market interest rates. A 1% increase in interest rates would have increased the fair value of the interest rate cap asset and resulted in a pre-tax gain in other comprehensive income of £1.6m (2016: £nil). A 1% decrease in interest rates would have reduced the fair value of the interest rate cap asset and led to a pre-tax loss in other comprehensive income of £0.2m (2016: £nil).

Interest rate sensitivity for PFI/PPP non-recourse borrowings

There is no unhedged amount of the PFI/PPP facilities. The fair values of interest rate swaps used for hedging of PFI/PPP non-recourse borrowings are determined with reference to floating market interest rate. A 1% increase in interest rates would have reduced the fair value of the interest rate swap liabilities and resulted in a pre-tax gain in other comprehensive income of £11.0m (2016: £22.2m as restated to remove the sale of the Wakefield investment). A 1% decrease in interest rates would have increased the fair value of the cross currency interest rate swap liabilities and led to a pre-tax loss in other comprehensive income of £12.6m (2016: £13.5m as restated to remove the impact of the sale of the Wakefield investment).

Foreign exchange risk

The Group operates in Europe and Canada and is exposed to translation risk on the value of assets denominated in Euro and Canadian Dollar into Sterling. This exposure is reduced by borrowing in Euros and Canadian Dollars. The Group applies hedge accounting principles to net investments in foreign operations and the related borrowings.

The Group has limited transactional risk as the Group's subsidiaries conduct the majority of their business in their respective functional currencies. Some risk arises on the export of processed waste from the UK to Europe in Euros which is managed through the use of forward exchange contracts.

The Group has designated the carrying value of Euro borrowings (excluding finance leases) of £349.8m (2016: £190.8m) (fair value of £357.0m (2016: £197.9m)) as a net investment hedge of the Group's investments denominated in Euros. The hedge was 100% effective for the year ended 31 March 2017 (2016: 100%) and as a result the related exchange loss of £17.2m (2016: £18.7m loss) on translation of the borrowings into Sterling has been recognised in the exchange reserve.

Foreign exchange sensitivity

The impact of a change in foreign exchange rates of 10% on the Group's profit before tax would be £2.3m (2016: £0.5m) and the impact on underlying profit before tax would have been £3.4m (2016: £2.0m).

The fair values of cross currency interest rate swaps for hedging the core borrowing are determined with reference to spot foreign exchanges rates. A 10% increase in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have increased the fair value of the cross currency interest rate swap liabilities and resulted in a pre-tax loss in other comprehensive income of £7.3m (2016: £nil). A 10% decrease in the Euro foreign exchange rate against the Canadian Dollar and Sterling would have reduced the fair value of the cross currency interest rate swap liabilities to become an asset and led to a pre-tax gain in other comprehensive income of £8.9m (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments continued

Commodity price risk

The Group is exposed to diesel price changes which are managed using forward contracts. The Group manages other exposures to prices of paper, plastics, metals, residual fuels and other recyclates associated with off take through commercial contracting as they are not commoditised.

Commodity price sensitivity

The impact of a change in unhedged wholesale fuel prices (excluding duty) of 10% on the Group's profit before tax would have been £0.4m (2016: £0.2m).

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

Surplus cash is primarily used to repay borrowings. At 31 March 2017 the amount of credit risk on cash and short-term deposits totalled £74.9m (2016: £34.7m).

Trade and other receivables mainly comprise amounts due from customers for services performed. Management considers that the exposure to any single customer is not significant and that where credit quality is in doubt, adequate provision has been made for probable losses. At 31 March 2017 the amount of credit risk on trade and other receivables amounted to £209.2m (2016: £108.6m). The Group does not hold any collateral as security.

The financial assets relating to PFI/PPP contracts are recoverable from the future revenues relating to these contracts. Management consider that as the counterparties for the future revenues are local authorities or councils, there is minimal credit risk. At 31 March 2017 the amount of credit risk on financial assets amounted to £178.8m (2016: £158.6m).

Capital management

The Group actively manages the capital available to fund the Group, comprising equity and reserves together with core debt funding. In order to make decisions over where capital is allocated, the Group monitors the return on capital employed. The Group has a funding strategy to ensure there is an appropriate debt to equity ratio as well as an appropriate debt maturity profile. The strategy is based on the requirements of the Company's Articles of Association, which state that borrowings should be limited to three times the level of capital and reserves, which is the equity attributable to the owners of the parent.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as core net debt divided by total capital. The gearing ratios at 31 March 2017 and 2016 were as follows:

	Note	**2017 £m**	2016 £m
Total core borrowings	24	**498.8**	227.3
Less: cash and cash equivalents	22	**(74.9)**	(34.7)
Core net debt		**423.9**	192.6
Total equity		**438.1**	182.8
Total capital		**862.0**	375.4
Gearing ratio		**49%**	51%

During the year the firm placing and rights issues raised additional funding of £136.3m.

The Group has to comply with a number of banking covenants which are set out in the core bank facility agreements including interest cover and the ratio of debt to EBITDA of the Group. There are other restrictions in the loan documentation concerning acquisitions, disposals, security and other issues. The Group has complied with its banking covenants during the year.

30. Notes to the statements of cash flows

	2017 £m	2016 £m
Loss before tax	**(61.4)**	(2.5)
Fair value gain on financial instruments	**–**	(0.1)
Finance income	**(10.3)**	(16.6)
Finance charges	**34.7**	30.0
Share of results from associates and joint ventures	**(2.0)**	(1.0)
Operating (loss) profit from continuing operations	**(39.0)**	9.8
Operating (loss) profit from discontinued operations	**(0.5)**	0.1
Amortisation and impairment of intangible assets	**8.6**	4.4
Depreciation and impairment of property, plant and equipment	**48.6**	33.7
Gain on disposal of property, plant and equipment	**(0.5)**	(3.0)
Increase in service concession arrangement receivable	**(19.6)**	(10.3)
Exceptional gain on disposal of property, plant and equipment	**(0.5)**	–
Exceptional gain on disposal of discontinued assets	**–**	(0.4)
Exceptional loss on disposal of subsidiaries	**0.2**	8.7
Net increase in provisions	**29.0**	2.1
Payments to fund defined benefit pension scheme deficit	**(3.1)**	(3.1)
Share-based compensation	**0.5**	0.5
Exceptional non-cash contract costs	**–**	2.3
Operating cash flows before movement in working capital	**23.7**	44.8
(Increase) decrease in inventories	**(1.5)**	0.8
(Increase) decrease in receivables	**(4.1)**	5.0
Increase in payables	**9.8**	21.6
Cash flows from operating activities	**27.9**	72.2

Movement in net debt

	At 1 April 2016 £m	Cash flows £m	Acquired £m	Other non-cash changes £m	Exchange movements £m	At 31 March 2017 £m
Cash and cash equivalents	34.7	(40.4)	78.2	–	2.4	**74.9**
Bank loans	(59.6)	65.7	(282.3)	(1.6)	(5.6)	**(283.4)**
Retail bonds	(157.5)	–	–	(0.2)	(12.5)	**(170.2)**
Finance leases	(10.2)	3.2	(36.3)	(1.1)	(0.8)	**(45.2)**
Total core net debt	(192.6)	28.5	(240.4)	(2.9)	(16.5)	**(423.9)**
PFI/PPP non-recourse net debt	(91.1)	4.0	–	–	–	**(87.1)**
Total net debt	(283.7)	32.5	(240.4)	(2.9)	(16.5)	**(511.0)**

Consolidated movement in net debt

	2017 £m	2016 £m
Net decrease in cash and cash equivalents	**(40.4)**	(28.9)
Net decrease in borrowings and finance leases	**72.9**	62.4
Capitalisation of loan fees	**–**	1.7
Cash and borrowings acquired through the VGG business combination	**(240.4)**	–
Total cash flows in net debt	**(207.9)**	35.2
Disposal of PFI/PPP non-recourse debt	**–**	80.4
Finance leases entered into during the year	**(1.1)**	(0.3)
Deferred interest of PFI/PPP non-recourse debt	**–**	(3.1)
Amortisation of loan fees	**(1.8)**	(1.1)
Exchange loss	**(16.5)**	(17.2)
Movement in net debt	**(227.3)**	93.9
Net debt at beginning of year	**(283.7)**	(377.6)
Net debt at end of year	**(511.0)**	(283.7)

NOTES TO THE FINANCIAL STATEMENTS

30. Notes to the statements of cash flows continued

Reconciliation of underlying free cash flow as presented in the Finance Review

	2017 £m	2016 £m
Net cash inflow from operating activities	**22.6**	67.4
Exclude provisions, working capital and restructuring spend	**25.5**	7.4
Exclude payments to fund UK defined benefit pension scheme	**3.1**	3.1
Exclude increase in service concession arrangement	**19.6**	10.3
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(19.4)**	(25.4)
Include finance income received	**9.9**	12.6
Include purchases of replacement items of intangible assets	**(3.1)**	(1.0)
Include purchases of replacement items of property, plant and equipment	**(37.9)**	(23.8)
Include proceeds from disposals of property, plant and equipment	**2.8**	6.2
Underlying free cash flow	**23.1**	56.8

31. Capital commitments

	2017 £m	2016 £m
Contracts placed for future capital expenditure on financial assets	**1.9**	17.2
Contracts placed for future capital expenditure on property, plant and equipment	**18.9**	9.6
Contracts placed for future intangible assets	**1.3**	1.1
Joint venture contracts placed for future capital expenditure including financial assets	**10.4**	30.2

32. Financial commitments

	2017 £m	2016 £m
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	**31.1**	10.9
Later than one year and less than five years	**70.8**	24.1
More than five years	**140.3**	52.8
	242.2	87.8
Future minimum lease payments expected to be received under non-cancellable sub-leases	**(0.6)**	(0.2)
	241.6	87.6

33. Contingent liabilities

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to the disposed operations for which appropriate provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling £216.4m (2016: £165.7m).

NOTES TO THE FINANCIAL STATEMENTS

34. Related party transactions

Non-controlling interests

The information below reflects the amounts included in the Group's Income Statement and Balance Sheet for subsidiaries with material non-controlling interests at 31 March 2017.

	2017		
	Maltha Groep BV £m	Others £m	Total £m
Revenue	4.2	18.3	22..5
Profit after tax	(0.1)	(1.2)	(1.3)
Other comprehensive income	–	(0.7)	(0.7)
Total comprehensive income	(0.1)	(1.9)	(2.0)
Loss allocated to the non-controlling interests	–	(0.5)	(0.5)
Non-current assets	28.9	73.6	102.5
Current assets	15.5	9.5	25.0
Non-current liabilities	(10.3)	(62.1)	(72.4)
Current liabilities	(14.6)	(24.6)	(39.2)
Net assets	19.5	(3.6)	15.9
Accumulated non-controlling interests	6.5	(1.3)	5.2
Net increase (decrease) in cash and cash equivalents	0.3	(0.3)	–

Comparative information is not disclosed as there were no material non-controlling interests in the year ended 31 March 2016.

Transactions between the Group and its associates and joint ventures

The Group had the following transactions and outstanding balances with associates and joint ventures, in the ordinary course of business:

	Associates		Joint ventures	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Sales	**64.1**	59.3	**74.6**	40.0
Purchases	**1.5**	0.1	**0.4**	1.4
Management fees	**0.7**	0.7	**0.8**	0.4
Interest on loans to joint ventures and associates	**–**	–	**0.1**	0.1
Receivables at 31 March	**7.2**	5.9	**4.1**	3.2
Payables at 31 March	**0.3**	–	**0.2**	0.1
Loans made by Group companies at 31 March	**1.1**	–	**19.1**	1.3
Loans made to Group companies at 31 March	**–**	–	**0.5**	0.5

The receivables and payables are due one month after the date of the invoice are unsecured in nature and bear no interest.

34. Related party transactions continued

Remuneration of key management personnel

Key management personnel comprises the Board of Directors and the members of the Group's Executive Committee. The disclosures required by the Companies Act 2006 and those specified by the Financial Conduct Authority relating to Directors' remuneration (including retirement benefits and incentive plans), interests in shares, share options and other interests, are set out within the Directors' Remuneration Report on pages 86 to 101, and form part of these financial statements. The emoluments paid or payable to key management personnel were:

	2017 £m	2016 £m
Short-term employee benefits	**3.9**	3.7
Post-employment benefits	**0.2**	0.3
Share-based payments	**0.2**	0.3
	4.3	4.3

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiary undertakings and investments at 31 March 2017

Subsidiary undertakings

In accordance with section 409 of the Companies Act, a full list of subsidiaries at 31 March 2017 is disclosed. All are wholly-owned by the Group and have a 31 March year end unless otherwise stated and all operate in the waste management sector and have been consolidated in the Group's financial statements. Those subsidiaries owned by Renewi plc, the parent company, are indicated with an asterix.

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
AB Civiel Beheer BV	Valgenweg 7, 9936HV Farmsum, Netherlands
Afvalstoffen Terminal Moerdijk BV	Vlasweg 12, 4782 PW Moerdijk, Netherlands
A&G Holding BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
B.V. Twente Milieu Bedrijven	Flight Forum 240, 5657 DH Eindhoven, Netherlands
B.V. van Vliet Groep Milieu-Dienstverleners	Grote Wade 45, 3439 NZ Nieuwegein, Netherlands
Coolrec BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Coolrec Nederland BV	Grevelingenweg 3, 3313 LB Dordrecht, Netherlands
EcoSmart Nederland BV	Spaarpot 6, 5667 KX Geldrop, Netherlands
Glasrecycling Noord-Oost Nederland BV	Columbusstraat 20, 7825 VR Emmen, Netherlands
Icopower BV	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
Icova BV	Kajuitweg 1, 1041 AP Amsterdam, Netherlands
IMMO CV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Klok Containers BV	Molenvliet 4, 3076 CK Rotterdam, Netherlands
Maltha Glasrecycling Nederland BV (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Glassrecycling International BV (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Maltha Groep BV (67%)	Glasweg 7, 4794 TB Heijningen, Netherlands
Orgaworld International BV	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld Nederland BV	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Orgaworld WKK 1 BV	Hornweg 67, 1044 AN Amsterdam, Netherlands
Orgaworld WKK II BV	Hornweg 69, 1044 AN Amsterdam, Netherlands
Orgaworld WKK III BV	Hornweg 71, 1044 AN Amsterdam, Netherlands
Plastic Herverwerking Brakel BV	Van Hilststraat 7, 5145 RK Waalwijk, Netherlands
Riebeek Olie Amsterdam 1 BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Regionale Reinigingsdienst (R.R.D.) BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Reym BV	Computerweg 12, 3821 AB Amersfoort, Netherlands
Robesta Vastgoed Acht BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Robesta Vastgoed BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Semler BV	Ockhuizenweg 5-A, 5691 PJ Son, Netherlands
Shanks Belgium Holding BV	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
Shanks BV	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands

35. Subsidiary undertakings and investments at 31 March 2017 continued

Subsidiary	Address of the registered office
Incorporated in the Netherlands	
Shanks European Investments 1 Coop WA	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks European Investments 2 Coop WA*	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks Hazardous Waste BV	Computerweg 12D, 3821 AB Amersfoort, Netherlands
Shanks Nederland BV	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks Netherlands Holdings BV	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Shanks Netherlands Investments BV	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Smink Afvalverwerking BV	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Smink Beheer BV	Lindeboomseweg 15, 3825 AL, Amersfoort, Netherlands
Transportbedrijf Van Vliet BV	Wateringveldseweg 1, 2291 HE Wateringen, Netherlands
Van Gansewinkel CFS BV	Wetering 14, 6002 SM Weert, Netherlands
Van Gansewinkel Industrial Services BV	Quebecstraat 1, 3197 KL Botlek Rotterdam, Netherlands
Van Gansewinkel Industrie BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel International BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel Maasvlakte BV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Van Gansewinkel Milieuservices Overheidsdiensten BV	Touwslagerstraat 1, 2984 AW Ridderkerk, Netherlands
Van Gansewinkel Milieutechniek BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel Nederland BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel Recycling BV	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Van Gansewinkel Zweekhorst BV	Doesburgseweg 16 D, 6902 PN Zevenaar, Netherlands
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) CV	Loswalweg 50, 3199 LG Maasvlakte Rotterdam, Netherlands
Vliko BV	Industrieweg 24, 2382 NW Zoeterwoude, Netherlands
Incorporated in Belgium	
Belgo-Luxembourgeoise de Services Publics SA	Rue de Rolleghem 381, 7700 Mouscron, Belgium
Coolrec Belgium NV	Baeckelmansstraat 125, 2830 Willebroek, Belgium
Eco-Smart NV	Nijverheidsstraat 2, 2870 Puurs, Belgium
Enviro+ NV	John Kennedylaan 4410, 9042 Gent, Belgium
Maltha Glasrecycling Belgie BVBA	Fabrieksstraat 114, 3920 Lommel, Belgium
Ocean Combustion Service NV	Terlindenhofstraat 36, 2170 Meerksem, Belgium
Recydel SA (80%)	Rue Wérihet 72, 4020 Liège, Belgium
Shanks Belgium NV (previously Shanks Vlaanderen NV)	Da Vincilaan, 2, Building G, 3de verdieping, 1930 Zaventem, Belgium
Shanks Logistics NV	John Kennedylaan 4410, 9042 Gent, Belgium
Shanks Valorisation & Quarry SA (previously Shanks SA)	Da Vincilaan, 2, Building G, 3de verdieping, 1930 Zaventem, Belgium
Shanks Wood Products NV	John Kennedylaan 4410, 9042 Gent, Belgium
Van Gansewinkel NV	Berkebossenlaan 7, 2400 Mol, Belgium
Van Gansewinkel ES Treatment NV	Berkebossenlaan 7, 2400 Mol, Belgium
Van Gansewinkel Industrial Services Belgium NV	Berkebossenlaan 7, 2400 Mol, Belgium
Incorporated in Germany	
ATM Entsorgung Deutschland GmbH (Year end 31 December)	Kaldenkirchener Strasse 25, D-41063, Mönchengladbach, Germany
Reym GmbH	Hansestrasse 14-16, 49685 Schneiderkrug, Germany
Coolrec Deutschland GmbH (Year end 31 December)	Donatusstraße 127-129, 50259 Pulheim, Germany
Coolrec RDE Rucknahmen Demontagen Elektronik-Recycling GmbH (Year end 31 December)	Industriestraße 1, 50259 Pulheim, Germany

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiary undertakings and investments at 31 March 2017 continued

Subsidiary	Address of the registered office
Incorporated in France	
Coolrec France SAS (90%)	Rue Iéna Parcelle 36, 59810 Lesquin, France
Maltha Glass Recycling France SAS (67%)	Zone Industrielle, 33450 Izon, France
Incorporated in Hungary	
Maltha Hungary Uvegujrahasznosito Kft. (67%)	1214 Budapest, Orion utca 14, Hungary
Incorporated in Luxembourg	
Van Gansewinkel Luxembourg SA	Z.A. Gadderscheier, 4501 Differdange, Luxembourg
Incorporated in Poland	
Maltha Szklo Recycling Polska Sp. zoo (67%)	ul. Półłanki 64, 30-740 Kraków, Poland
Incorporated in Portugal	
Maltha Glass Recycling Portugal Lda (67%)	Parque Industrial da Gala, Lotes 26 e 27, 3081-801 Figueira da Foz, Portugal
Incorporated in the Czech Republic	
A&G Envirotech sro	U Vlečky 592, 664 42 Modřice, Czech Republic
Incorporated in the UK	
Renewi Waste Management Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Safewaste Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks European Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Financial Management Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Holdings Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks PFI Investments Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks SRF Trading Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Waste Management Limited*	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

35. Subsidiary undertakings and investments at 31 March 2017 continued

Subsidiary	Address of the registered office
Incorporated in Canada	
Orgaworld Canada Limited	2940 Dingman Drive, London ON N6N 1G4, Canada
Orgaworld Design-Builder General Partner Limited	800-885 West Georgia Street, Vancouver BC V6C 3H1, Canada
Orgaworld Design-Builder Limited Partnership	800-885 West Georgia Street, Vancouver BC V6C 3H1, Canada
Orgaworld Surrey General Partner Limited	800-885 West Georgia Street, Vancouver BC V6C 3H1, Canada
Orgaworld Surrey Limited Partnership	800-885 West Georgia Street, Vancouver BC V6C 3H1, Canada
Subsidiary undertakings holding UK PFI/PPP contracts	
Shanks Argyll & Bute Limited	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Shanks Argyll & Bute Holdings Limited*	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Shanks Cumbria Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Cumbria Holdings Limited	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Holdings Limited (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
3SE (Barnsley, Doncaster & Rotherham) Limited (75%)	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiary undertakings and investments at 31 March 2017 continued

Joint ventures, joint operations and associates

At 31 March 2017 the Group through wholly-owned subsidiaries had the following interests in joint venture companies, joint operations and associates, all of which operate in the waste management sector.

Joint venture, joint operation and associates	% Group holding	Most recent year end	Address of the registered office
Incorporated in the Netherlands			
Afval Loont Holding BV	22%	31 December 2016	Middenbaan-Noord 5, 3191 EM Hoogvliet Rotterdam, Netherlands
AMP BV	33%	31 December 2016	Victoriberg 18, 2211 DH Noordwijkerhout, Netherlands
Baggerspecieverwerking Noord-Nederland VOF	50%	31 December 2016	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Dorst BV	50%	31 December 2016	Van't Hoffstraat 12A, 2313SP, Leiden, Netherlands
Induserve VOF	67%	31 December 2016	Flight Forum 240, 5657 DH Eindhoven, Netherlands
Mokum Mariteam BV	50%	31 December 2016	Jan van Galenstraat 4, 1051 KM, Amsterdam, Netherlands
Mokum Mariteam CV	20%	31 December 2016	Jan van Galenstraat 4, 1051 KM, Amsterdam, Netherlands
Octopus VOF	50%	31 December 2016	Forellenweg 24, 4941 SJ Raamsdonksveer, Netherlands
PQA BV	50%	31 December 2016	Bennebroekerdijk 244, 2142 LE, Cruquius, Netherlands
Recycling Maatschappij Bovenveld BV	50%	31 December 2016	Coevorderweg 48, 7737 PG Stegeren, Netherlands
Reym HMVT BV	50%	31 December 2016	Maxwellstraat 31, 6716 BX Ede, Netherlands
Smink Boskalis Dolman VOF BV	50%	31 December 2016	Lindeboomseweg 15, 3825 AL Amersfoort, Netherlands
SQAPE BV	50%	31 December 2016	Bennebroekerdijk 244, 2142 LE Cruquius, Netherlands
Tankterminal Sluiskil BV	40%	31 December 2016	Oude Haven 44, 4501 PA Oostburg, Netherlands
TOP Leeuwarden VOF	50%	31 December 2016	Newtonweg 1, 8912 BD Leeuwarden, Netherlands
Zavin BV	33%	31 December 2016	Baanhoekweg 42, 3313 LA Dordrecht, Netherlands
Zavin CV	33%	31 December 2016	Baanhoekweg 46, 3313 LA Dordrecht, Netherlands
Incorporated in France			
ENVIE2e SAS	17%	31 December 2016	2 Boulevard Thomson, 59810 Lesquin, France
Incorporated in Belgium			
Marpos NV	45%	31 December 2016	L. Coiseaukaai 43 8380 Brugge, Belgium
Recypel BVBA	50%	31 December 2016	Reinaertlaan 82, 9190 Stekene, Belgium
Silvamo NV	50%	31 March 2017	Regenbeekstraat 7C 8800 Roeselare, Belgium
SUEZ PCB Decontamination NV	23%	31 December 2016	Westvaartdijk 97, 1850 Grimbergen, Belgium
Valorem SA	30%	31 December 2016	Rue des trois Burettes 65 1435 Mon-Saint-Guibert, Belgium

35. Subsidiary undertakings and investments at 31 March 2017 continued

Joint venture, joint operation and associates	% Group holding	Most recent year end	Address of the registered office
Incorporated in Austria			
EARN Elektrogeräte Service GmbH	33%	31 December 2016	Johannesgasse 15, 1010 Wien, Austria
Incorporated in the UK			
Caird Evered Holdings Limited	50%	31 December 2016	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
Caird Evered Limited	50%	31 December 2016	Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ, United Kingdom
ELWA Limited	20%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
ELWA Holdings Limited	20%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Energen Biogas Limited	50%	31 March 2017	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Resource Recovery Solutions (Derbyshire) Holdings Limited	50%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Resource Recovery Solutions (Derbyshire) Limited	50%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Shanks Dumfries and Galloway Holdings Limited	20%	31 March 2017	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Shanks Dumfries and Galloway Limited	20%	31 March 2017	16 Charlotte Square, Edinburgh, EH2 4DF, United Kingdom
Wakefield Waste Holdings Limited	50.001%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Holdings Limited	50.001%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom
Wakefield Waste PFI Limited	50.001%	31 March 2017	Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU, United Kingdom

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Consolidated income statement					
Revenue[1]	**779.2**	614.8	601.4	633.4	611.9
Trading profit from continuing operations[1]	**36.5**	33.4	34.3	45.6	44.9
Finance charges – interest	**(8.3)**	(9.7)	(10.6)	(11.7)	(10.8)
Finance charges – other	**(4.5)**	(3.7)	(2.8)	(4.1)	(3.8)
Share of results from associates and joint ventures	**2.0**	1.0	0.8	0.3	(0.3)
Profit from continuing operations before exceptional items and tax (underlying profit)	**25.7**	21.0	21.7	30.1	30.0
Non-trading and exceptional items	**(87.1)**	(23.5)	(42.2)	(22.5)	(40.3)
(Loss) profit before tax from continuing operations	**(61.4)**	(2.5)	(20.5)	7.6	(10.3)
Taxation	**(5.9)**	(2.3)	(1.7)	(7.2)	(7.5)
Exceptional tax and tax on exceptional items	**6.4**	0.8	4.0	1.4	6.7
(Loss) profit after tax from continuing operations	**(60.9)**	(4.0)	(18.2)	1.8	(11.1)
(Loss) profit after tax from discontinued operations	**(0.5)**	0.1	1.3	(30.0)	(24.1)
Loss for the year	**(61.4)**	(3.9)	(16.9)	(28.2)	(35.2)
(Loss) profit attributable to:					
Owners of the parent	**(61.1)**	(3.9)	(17.0)	(28.3)	(35.3)
Non-controlling interest	**(0.3)**	–	0.1	0.1	0.1
	(61.4)	(3.9)	(16.9)	(28.2)	(35.2)
Consolidated balance sheet					
Non-current assets	**1,420.9**	670.4	737.3	744.4	767.7
Other assets less liabilities	**(471.8)**	(203.9)	(170.6)	(166.8)	(179.7)
Net debt	**(511.0)**	(283.7)	(377.6)	(304.1)	(274.3)
Net assets	**438.1**	182.8	189.1	273.5	313.7
Equity attributable to owners of the parent					
Share capital and share premium	**457.1**	140.0	139.8	139.7	139.5
Reserves	**(24.2)**	44.8	51.1	134.0	174.1
	432.9	184.8	190.9	273.7	313.6
Non-controlling interest	**5.2**	(2.0)	(1.8)	(0.2)	0.1
Total equity	**438.1**	182.8	189.1	273.5	313.7
Financial ratios					
Underlying earnings per share – continuing operations[2]	**3.7p**	4.2p	4.4p	5.1p	5.0p
Basic (loss) earnings per share – continuing operations[2]	**(11.3)p**	(0.9)p	(4.1)p	0.4p	(2.5)p
Dividend per share	**3.05p**	3.45p	3.45p	3.45p	3.45p

[1] Revenue and trading profit from continuing operations is stated before non-trading and exceptional items as set out in note 4.
[2] Underlying and basic (loss) earnings per share for continuing operations have been restated to reflect the bonus factor within the 2017 equity raise as described in note 12.

PARENT COMPANY BALANCE SHEET

As at 31 March 2017

	Note	31 March 2017 £m	31 March 2016 £m
Assets			
Non-current assets			
Intangible assets	6	**0.2**	0.3
Property, plant and equipment	7	**0.3**	0.3
Investments	8	**411.2**	498.8
Trade and other receivables	9	**272.6**	81.1
Deferred tax assets	10	**7.0**	3.1
		691.3	583.6
Current assets			
Trade and other receivables	9	**183.5**	175.0
Cash and cash equivalents	11	**18.1**	2.6
		201.6	177.6
Total assets		**892.9**	761.2
Liabilities			
Non-current liabilities			
Borrowings	12	**(170.2)**	(209.3)
Derivative financial instruments	13	**(0.1)**	(0.7)
Other non-current liabilities	14	**–**	(96.9)
Defined benefit pension scheme deficit	16	**(18.7)**	(10.7)
		(189.0)	(317.6)
Current liabilities			
Derivative financial instruments	13	**(0.8)**	(2.4)
Trade and other payables	14	**(120.2)**	(39.7)
Current tax payable		**–**	(0.3)
Provisions	15	**(0.9)**	(0.8)
		(121.9)	(43.2)
Total liabilities		**(310.9)**	(360.8)
Net assets		**582.0**	400.4
Equity			
Share capital	17	**79.9**	39.8
Share premium	17	**401.2**	124.2
Retained earnings*		**100.9**	236.4
Total equity		**582.0**	400.4

*As permitted by section 408 of the Companies Act, the Company has elected not to present its own Income Statement or Statement of Comprehensive Income. The Company reported a loss for the year ended 31 March 2017 of £111.8m (2016: £14.6m profit).

These Financial Statements were approved by the Board of Directors and authorised for issue on 25 May 2017. They were signed on its behalf by:

Colin Matthews
Chairman

Toby Woolrych
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £m	Share Premium £m	Retained Earnings £m	Total Equity £m
Balance at 1 April 2016		**39.8**	**124.2**	**236.4**	**400.4**
Loss for the year		**–**	**–**	**(111.8)**	**(111.8)**
Other comprehensive loss:					
Actuarial loss on defined benefit pension scheme	16	**–**	**–**	**(10.7)**	**(10.7)**
Tax in respect of other comprehensive income items		**–**	**–**	**1.7**	**1.7**
Total comprehensive loss for the year		**–**	**–**	**(120.8)**	**(120.8)**
Transactions with owners in their capacity as owners:					
Share-based compensation	3	**–**	**–**	**0.5**	**0.5**
Movement on tax arising on share-based compensation		**–**	**–**	**(0.1)**	**(0.1)**
Proceeds from exercise of employee options	17	**–**	**0.1**	**–**	**0.1**
Proceeds from share issues, net of transaction costs	17	**21.1**	**115.2**	**–**	**136.3**
Issue of ordinary shares in consideration for a business combination	17	**19.0**	**161.7**	**–**	**180.7**
Dividends	5	**–**	**–**	**(15.1)**	**(15.1)**
Balance at 31 March 2017		**79.9**	**401.2**	**100.9**	**582.0**
Balance at 1 April 2015		39.8	124.0	232.3	396.1
Profit for the year		–	–	14.6	14.6
Other comprehensive income:					
Fair value movement on cash flow hedges		–	–	0.8	0.8
Actuarial gain on defined benefit pension scheme	16	–	–	3.2	3.2
Tax in respect of other comprehensive income items		–	–	(1.1)	(1.1)
Total comprehensive gain for the year		–	–	17.5	17.5
Transactions with owners in their capacity as owners:					
Share-based compensation	3	–	–	0.5	0.5
Movement on tax arising on share-based compensation		–	–	(0.2)	(0.2)
Proceeds from exercise of employee options	17	–	0.2	–	0.2
Dividends	5	–	–	(13.7)	(13.7)
Balance as at 31 March 2016		39.8	124.2	236.4	400.4

PARENT COMPANY STATEMENT OF CASH FLOWS

	2017 £m	2016 £m
Cash flows from (used in) operating activities	**1.2**	(39.3)
Income tax (paid) received	**(0.4)**	1.1
Net cash inflow (outflow) from operating activities	**0.8**	(38.2)
Investing activities		
Proceeds from sale of subordinated debt and on loss of control of subsidiary	**–**	25.8
Investment in subsidiaries	**(43.4)**	(15.0)
Finance income	**6.9**	5.5
Net cash (outflow) inflow from investing activities	**(36.5)**	16.3
Financing activities		
Finance charges and loan fees paid	**(13.2)**	(9.0)
Proceeds from share issues	**141.5**	0.2
Costs in relation to share issues	**(5.1)**	–
Dividends paid	**(15.1)**	(13.7)
Proceeds from issuance of retail bonds	**–**	71.4
Repayment of retail bonds	**–**	(73.5)
(Repayment of) proceeds from bank borrowings	**(56.9)**	41.1
Net cash inflow from financing activities	**51.2**	16.5
Net increase (decrease) in cash and cash equivalents	**15.5**	(5.4)
Cash and cash equivalents at the beginning of the year	**2.6**	8.0
Cash and cash equivalents at the end of the year	**18.1**	2.6

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies

General information

Renewi plc (previously Shanks Group plc) is a public limited company listed on the London Stock Exchange and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is given on page 191. The nature of the Company's principal activity is a head office corporate function.

Basis of preparation

The separate financial statements of the Company are presented in compliance with the requirements for companies whose shares are listed on the London Stock Exchange. They have been prepared on the historical cost basis, except for derivative financial instruments and share-based payments, which are stated at fair value. The policies set out below have been consistently applied. The Company has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2016.

Going concern

Having assessed the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Adoption of new and revised accounting standards and interpretations

There were no new standards, amendments to standards or interpretations adopted for the first time for the Company's financial year beginning 1 April 2016 that had a significant impact on these financial statements.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union.

At the date of approval of these financial statements, the following standard was in issue but not yet effective:

IFRS 9 Financial Instruments, effective for annual periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition approaches for financial assets and liabilities and requires additional disclosures in relation to hedging activities. The Company is yet to assess the full effect of the standard, however it is not expected to have a significant impact on the recognition and measurement of its financial instruments.

There are no other IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the Company.

Intangible assets

Computer Software

Computer software is capitalised on the basis of the costs incurred to purchase and bring the assets into use. These costs are amortised over the estimated useful life ranging from one to five years on a straight-line basis.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies – Company continued

Property, plant and equipment

Property, plant and equipment, except for freehold land, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Depreciation is provided on fixtures and fittings to write off their cost (less the expected residual value) on a straight line basis over an expected useful life of up to 10 years.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company's balance sheet less any provision for impairment in value.

Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Retirement benefits

The Company accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income.

Payments to defined contribution schemes are charged to the Income Statement as they become due.

Share-based payments

The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest. At each balance sheet date the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

1. Accounting policies – Company continued

Taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Foreign currencies

The functional and presentational currency of the Company is Sterling. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the period end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

Financial instruments

Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less.

External borrowings

Interest bearing loans and retail bonds are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

When the Company exchanges with an existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the Company accounts for substantial modifications of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on extinguishment is recognised in the Income Statement.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Amounts owed to subsidiary undertakings

Amounts owed to subsidiary undertakings are initially recognised at fair value and subsequently held at amortised cost.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Group's exposure to financial risk. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's derivatives financial instruments are not designated as hedges and the changes in fair value are recognised in the Income Statement. Details of the fair values of the derivative financial instruments are disclosed in note 13.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies – Company continued

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Dividends

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid

2. Key accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The area involving a higher degree of judgement or complexity is set out below and in more detail in the related note.

Retirement benefit scheme

The Company operates a defined benefit scheme in the UK for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. The principal assumptions in connection with the retirement benefit schemes are set out in note 27 of the Group financial statements.

3. Employees

Staff costs	2017 £m	2016 £m
Wages and salaries	**3.4**	3.3
Social security costs	**0.4**	0.4
Share-based benefits	**0.5**	0.5
Other pension costs	**0.1**	0.2
Total staff costs	**4.4**	4.4

The average number of people (including executive directors) employed by the Company was 18 employees (2016: 20).

See pages 86 to 101 of the Directors' Remuneration report for details of the remuneration of executive and non-executive Directors and their interest in shares and options of the Company.

See note 7 of the Group financial statements for details of share based payments.

4. Auditor's remuneration

The auditor's remuneration for audit services to the Company was £0.1m (2016: £0.1m). Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services for the Company are disclosed in note 5 of the Renewi plc consolidated financial statements.

5. Dividends

See Note 11 of the Group financial statements for details of the dividends of the Company.

6. Intangible assets

	Computer Software £m
Cost	
At 1 April 2015, 31 March 2016 and 31 March 2017	**1.2**
Accumulated amortisation and impairment	
At 1 April 2015	0.7
Amortisation charge	0.2
At 31 March 2016	0.9
Amortisation charge	0.1
At 31 March 2017	**1.0**
Net book value	
At 31 March 2017	**0.2**
At 31 March 2016	0.3
At 31 March 2015	0.5

7. Property, plant and equipment

	Land £m	Fixtures and fittings £m	Total £m
Cost and accumulated amortisation and impairment			
At 1 April 2015, 31 March 2016 and 31 March 2017	**0.1**	**0.2**	**0.3**
Net book value			
At 31 March 2017	**0.1**	**0.2**	**0.3**
At 31 March 2016	0.1	0.2	0.3
At 31 March 2015	0.1	0.2	0.3

8. Investments

	Investments in subsidiary undertakings £m
At 1 April 2015	487.4
Additions	15.0
Disposals	(3.6)
At 31 March 2016	498.8
Additions	43.4
Disposals	(29.4)
Impairment	(101.6)
At 31 March 2017	**411.2**

During the year an impairment of £101.6m related to the investment in Shanks Waste Management Limited as a result of the difficult trading conditions being encountered in the UK Municipal division. The addition of £43.4m relates to a loan to Shanks Waste Management Limited which was capitalised on 31 March 2017.

The disposals of £29.4m (2016: £3.6m) related to investments in dormant non-trading subsidiaries which were placed into voluntary liquidation during the year.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

9. Trade and other receivables

	2017 £m	2016 £m
Non-current assets		
Amounts owed by subsidiary undertakings	**272.6**	81.1
	272.6	81.1
Current assets		
Amounts owed by subsidiary undertakings	**183.0**	174.5
Other receivables	**0.4**	0.4
Prepayments	**0.1**	0.1
	183.5	175.0

Interest on inter-company balances is received at rates of between 0% and 13% (2016: 0% and 13%), the balances are unsecured and repayable either on demand or in accordance with the loan agreement with the final repayment due on 30 September 2039.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**62.3**	65.3
Euro	**362.8**	163.1
Canadian Dollar	**31.0**	27.7
	456.1	256.1

10. Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using applicable local tax rates.

	Retirement benefit schemes £m	Tax losses £m	Derivative financial instruments £m	Other timing differences £m	Total £m
At 1 April 2015	3.3	–	0.2	1.0	4.5
(Charge) credit to Income Statement	(0.5)	–	0.4	(0.2)	(0.3)
Charge to equity	(0.9)	–	–	(0.2)	(1.1)
At 31 March 2016	1.9	–	0.6	0.6	3.1
(Charge) credit to Income Statement	(0.4)	2.9	(0.4)	–	2.1
Credit to equity	1.7	–	–	0.1	1.8
At 31 March 2017	**3.2**	**2.9**	**0.2**	**0.7**	**7.0**

At 31 March 2017, £7.0m (2016: £3.1m) of the deferred tax asset is expected to be recovered after more than one year.

As at 31 March 2017, the Company has unused tax losses (tax effect) of £6.6m (2016: £5.9m) available for offset against future profits. A deferred tax asset has been recognised in respect of £2.9m (2016: £nil) of such losses and recognition is based on management's projections of future profits in the Company. Tax losses may be carried forward indefinitely.

11. Cash and cash equivalents

The carrying amount of cash and cash equivalents of £18.1m (2016: £2.6m) were denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**10.0**	1.5
Euro	**8.1**	0.8
Canadian Dollar	**–**	0.3
	18.1	2.6

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12. Borrowings

	2017 £m	2016 £m
Non-current borrowings		
Retail bonds	**170.2**	157.5
Revolving credit facility	**–**	51.8
	170.2	209.3

The table below details the maturity profile of non-current borrowings:

	2017 £m	2016 £m
Between two years and five years	**85.2**	130.4
Over five years	**85.0**	78.9
	170.2	209.3

The carrying amounts of borrowings are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**–**	16.9
Euro	**170.2**	192.4
	170.2	209.3

The terms of the retails bonds and the revolving credit facility, including the amount available for drawing, are detailed in the Group financial statements note 24. The retail bonds are carried at amortised cost and are not subject to the consolidated hedging arrangements.

13. Derivative financial instruments

The Company held fuel derivatives with a current liability of £0.7m (2016: £2.3m) and a non-current liability of £0.1m (2016: £0.7m). The notional value of the wholesale fuel covered by fuel derivatives as at 31 March 2017 amounted to £12.6m (2016: £9.6m). Forward foreign exchange contracts were held with a current liability of £0.1m (2016: £0.1m) and a notional value of £10.6m (2016: £2.4m).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

14. Trade and other payables and other non-current liabilities

	2017 £m	2016 £m
Current liabilities		
Trade payables	**7.5**	0.3
Other tax and social security payable	**0.3**	0.3
Other payables	**0.1**	0.5
Accruals	**12.4**	8.1
Amounts owed to Group undertakings	**99.9**	30.5
	120.2	39.7
Non-current liabilities		
Amounts owed to Group undertakings	**–**	96.9
	–	96.9

Interest on inter-company loan balances is charged at rates of between 0% and 2.15% (2016: 0% and 2.32%) and these balances are unsecured and repayable upon demand.

The carrying amounts of trade and other payables and other non-current liabilities are denominated in the following currencies:

	2017 £m	2016 £m
Sterling	**82.9**	111.8
Euro	**37.3**	24.8
	120.2	136.6

15. Provisions

	Restructuring £m	Other £m	Total £m
At 1 April 2016	–	0.8	0.8
Provided in the year	0.2	–	0.2
Utilised in the year	–	(0.1)	(0.1)
At 31 March 2017	**0.2**	**0.7**	**0.9**

Restructuring

The restructuring provision relates to redundancy and related costs incurred as part of the delivery of merger related synergies. As at 31 March 2017 the remaining affected employees are expected to leave the business during the following year.

Other

Other provisions principally covers warranties, under the terms of the agreements for the disposal of certain businesses, the Company has given warranties to the purchasers which may give rise to payments.

16. Retirement benefit scheme

The Renewi plc defined benefit pension scheme (called the Shanks Group Pension Scheme) covers eligible UK employees and is closed to new entrants. The defined benefit plan provides benefits to members in the form of a guaranteed level of pension payable for life and the level of benefits provided depends on the members' length of service and salary. See note 27 of the Group financial statements for further details.

17. Share capital and share premium

	Number	Ordinary shares of 10p each £m	Share premium £m
Share capital allotted, called up and fully paid			
At 1 April 2015	397,850,417	39.8	124.0
Issued under share option schemes	339,140	–	0.2
At 31 March 2016	398,189,557	39.8	124.2
Issued under rights issue and firm placing	211,201,962	21.1	115.2
Consideration shares issued	190,187,502	19.0	161.7
Issued under share option schemes	233,202	–	0.1
At 31 March 2017	**799,812,223**	**79.9**	**401.2**

On 24 October 2017 a firm placing of 45,000,000 shares was completed at a price of 100p per share. On 10 November 2016 a 3 for 8 rights issue of 166,201,962 shares to qualifying shareholders was completed at 58p per share. The Company raised £136.3m net of £5.1m issuance costs. The bonus factor used in all calculations was 1.129.

On 28 February 2017 the Group issued 190,187,502 shares as part of the purchase consideration for 100% of the ordinary share capital of Van Gansewinkel Groep B V. The ordinary shares issued have the same rights as the other shares in issue.

During the year 233,202 (2016: 339,140) ordinary shares were allotted following the exercise of share options under the Savings Related Share Option Schemes for an aggregate consideration of £156,017 (2016: £249,548).

18. Financial instruments

The carrying value of the Company's financial assets and financial liabilities is shown below:

	Note	**2017 £m**	2016 £m
Financial assets			
Trade and other receivables excluding prepayments	9	**456.0**	256.0
Cash and cash equivalents	11	**18.1**	2.6
		474.1	258.6
Financial liabilities			
Bank loans	12	**–**	51.8
Retail bonds	12	**170.2**	157.5
Trade and other payables excluding non-financial liabilities	14	**119.9**	136.3
Fuel derivatives	13	**0.8**	3.0
Forward foreign exchange contracts	13	**0.1**	0.1
		291.0	348.7

The fair value of financial assets and financial liabilities is not materially different to their carry value except for the retail bonds which have a fair value of £177.4m (2016: £164.6m).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

19. Notes to the statement of cash flows

	2017 £m	2016 £m
(Loss) profit before tax	**(113.9)**	14.6
Fair value (gain) loss on financial instruments	**(2.1)**	3.1
Finance income	**(8.4)**	(8.0)
Finance charges	**14.8**	11.6
Operating (loss) profit from continuing operations	**(109.6)**	21.3
Amortisation and impairment of intangible assets	**0.1**	0.2
Exceptional provision against investment in subsidiary	**101.6**	–
Exceptional loss on disposal of subsidiaries	**29.4**	3.6
Net increase (decrease) in provisions	**0.1**	(0.3)
Payments to fund defined benefit pension scheme deficit	**(3.1)**	(3.1)
Share-based compensation	**0.5**	0.5
Exchange gain	**1.9**	4.7
Operating cash flows before movement in working capital	**20.9**	26.9
(Increase) decrease in receivables	**(1.5)**	38.0
Decrease in payables	**(18.2)**	(104.2)
Cash flows from operating activities	**1.2**	(39.3)

20. Contingent liabilities

In addition to the contingent liabilities in Note 33 of the Group financial statements the Company has given guarantees in respect of the Group's subsidiary and joint venture undertakings' borrowing facilities totalling £323.1m (2016: £34.4m). The Company also has contingent liabilities in respect of both VAT and HM Revenue & Customs group payment arrangements of £1.4m (2016: £2.5m).

21. Related party transactions

A list of the Company's subsidiaries is set out in note 35 of the Group financial statements. Transactions with subsidiaries relate to interest on intercompany loans and management charges. Net interest income was £7.9m (2016: £6.7m) and management charges were £7.3m (2016: £7.7m). Total outstanding balances are listed in notes 9 and 14.

EXPLANATION OF NON-IFRS MEASURES

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Trading profit	Operating profit from continuing operations excluding amortisation of intangible assets arising on acquisition, non-trading and exceptional items	Provides insight into ongoing profit generation and trends
Trading margin	Trading profit as a percentage of revenue	Provides insight into ongoing margin development and trends
EBITDA	Trading profit before depreciation, amortisation and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance
Underlying profit before tax	Profit before tax from continuing operations before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Return on operating assets	Last 12 months trading profit divided by a 13 month average of total net assets excluding core net debt, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding historic goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months trading profit as adjusted by the Group effective tax rate divided by a 13 month average of total net assets excluding core net debt and derivatives	Provides a measure of the Group return on assets taking into account the historic goodwill and acquisition intangible balances
Pre-tax return on investment programme	Last 12 months trading profit generated by the investment divided by the original invested capital spend presented for the total programme spend and also for fully operational assets only	Provides a measure of the efficiency of recent significant capital investment
Underlying free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of underlying free cash flow to trading profit	Provides an understanding of how our profits convert into cash
Core net debt	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts.	The borrowings relating to the UK PFI/PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group
Net debt to EBITDA	Core net debt divided by an annualised EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition
Pro forma information	Last 12 months for VGG to align to the Renewi plc financial year	Provides a comparable measure with the legacy Shanks activity
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS AS AT 31 MARCH 2017

	Holders	%	Shares held	%
Private shareholders	1,870	74.7	15,293,221	1.9
Corporate shareholders	632	25.3	784,519,002	98.1
Total	**2,502**	**100.0**	**799,812,223**	**100.0**

Size of shareholding	Holders	%	Shares held	%
1-5,000	1,595	63.8	2,948,507	0.4
5,001 - 25,000	561	22.4	5,952,450	0.8
25,001 - 50,000	101	4.0	3,449,311	0.4
50,001 - 100,000	47	1.9	3,353,870	0.4
100,001 - 250,000	54	2.2	8,300,143	1.0
250,001 - 500,000	31	1.2	10,544,782	1.3
over 500,000	113	4.5	765,263,160	95.7
Total	**2,502**	**100.0**	**799,812,223**	**100.0**

Change of Company name
On 28 February 2017, following the completion of the merger of Shanks Group plc and Van Gansewinkel Groep BV, the combined company was renamed Renewi plc. Replacement share certificates were not issued and existing certificates in the name of Shanks Group plc will remain valid.

Registrar services
Administrative enquiries concerning shareholdings in the Company should be made to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Computershare can also be contacted by telephone on 0370 707 1290. Shareholders can also manage their holding online by registering at www.investorcentre.co.uk.

Dividends
Shareholders are strongly encouraged to receive their cash dividends by direct transfer as this ensures dividends are credited promptly and efficiently. Shareholders who do not currently have their dividends paid directly to a bank or building society account, and who wish to do so, should complete a mandate form obtainable from Computershare. Overseas shareholders wishing to receive their dividend payment in local currency can now do so using Computershare's Global Payments Service.

Dividend tax allowance
The announcement made by the Chancellor in the 2017 Spring Budget that the annual dividend tax allowance will be reduced from £5,000 to £2,000 per annum does not come into force until April 2018. For the Financial Year 2017/18 dividends received amounting to less than £5,000 are tax free. Dividends in excess of this allowance will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Renewi plc will continue to provide registered shareholders with a confirmation of the dividends paid by the Company. Any dividends received from Renewi plc should be added to all other dividend income received by shareholders for the respective year when calculating and reporting their total dividend income for tax purposes. It is the responsibility of the shareholder to include all dividend income from all shares held in all companies, when calculating any tax liability.

ShareGift
If shareholders have only a small number of shares, the value of which makes it uneconomic to sell, they may wish to consider donating them to the charity ShareGift (registered charity no. 1052686). Further information may be obtained from their website at www.sharegift.org or by calling 020 7930 3737.

Electronic shareholder communication
Shareholders may elect to receive future shareholder documents and information by email or via the Company's website. This is intended to help the environment by reducing paper and transport as well as enabling the Company to save on administration, printing and postage costs. Please contact the Company Registrar for details.

Share fraud warning
Fraudsters use persuasive and high pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid fraud
Firms authorised by the Financial Conduct Authority (FCA) will rarely contact you out of the blue with an offer to buy or sell your shares. If you feel that the person contacting you is not legitimate, note their name and the firm they work for; you can check the Financial Services Register at www.fca.org.uk to see if the person and firm is authorised by the FCA. Call the FCA on 0800 111 6768 if the firm does not have contact details on the register or they are out of date. You can search the list of unauthorised firms to avoid at www.fca.org.uk/scams. If you buy or sell shares from an unauthorised firm, you will not have access to the Financial Ombudsman or Financial Services Compensation Scheme. You should always consider getting independent financial advice before any transaction.

Report a scam
If you are approached by a fraudster please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

FINANCIAL CALENDAR

29 June 2017
Ex-dividend date for final 2017 dividend

30 June 2017
Record date for final 2017 dividend

13 July 2017
Annual General Meeting

28 July 2017
Payment of final 2017 dividend

November 2017
Announcement of interim results and dividend

31 March 2018
2018 financial year end

May 2018
Announcement of 2018 preliminary results and dividend recommendation

For updates to the calendar during the year, please visit the Company website: www.renewi.com

COMPANY INFORMATION

PRINCIPAL OFFICES

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Fax: 00 31 (0) 332 050 211
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Email: info@shanks.nl

Former Van Gansewinkel Head Office:
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Netherlands
Tel: 00 31 (0) 40 751 40 00
Website: www.vangansewinkelgroep.com
www.vangansewinkel.nl
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Fax: 00 33 (0) 456 25 81
Website: www.shankshazardouswaste.com
Email: info@shankshazardouswaste.com

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Fax: 00 32 (0) 272 124 54
Website: www.shanks.be
Email: info@shanks.be

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Website: www.vangansewinkelgroep.com
www.vangansewinkel.be
Email: info@vangansewinkel.com

Municipal Division
Shanks Waste Management Limited
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Email: info@shanks.co.uk

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16 Charlotte Square
Edinburgh
EH2 4DF
Registered in Scotland
No. SC077438

Group Company Secretary
Philip Griffin-Smith, FCIS

CORPORATE ADVISERS

Independent Auditors
PricewaterhouseCoopers LLP

Principal Bankers
ING Bank N.V.
Coöperatieve Rabobank U.A.
ABN Amro Bank N.V.
KBC Bank N.V.
BNP Paribas Fortis S.A./N.V.
HSBC Bank plc

Financial Advisers
Greenhill & Co International LLP

Solicitors
Ashurst LLP
Dickson Minto W.S.

PR Advisers
Brunswick

Corporate Brokers
Investec
Peel Hunt

GLOSSARY

AD	Anaerobic Digestion
AGM	Annual General Meeting
AVR	Afvalverwerking B.V.
BDR	Barnsley, Doncaster and Rotherham
BENELUX	The economic union of Belgium, the Netherlands and Luxembourg
BRZO	Major accident regulations
C&D	Construction and Demolition
CAGR	Compound Annual Growth Rate
CE	Commercial Effectiveness
CER	Constant Exchange Rate
CFS	A brand in the Van Gansewinkel portfolio
CGU	Cash Generating Unit
CI	Continuous Improvement
CONNECTUS	Group-wide collaboration tool
CORE NET DEBT	Borrowings less cash from core facilities excluding PFI/PPP non-recourse debt
CSR	Corporate Social Responsibility
DAB	Deferred Annual Bonus
EBITDA	Trading profit before Interest, Tax, Depreciation and Amortisation
ELWA	East London Waste Authority
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
EU	European Union
EXCOM	Executive Committee
FCA	Financial Conduct Authority
HWRC	Household Waste Recycling Centre
I&C	Industrial and Commercial
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IMO	Integration Management Office
IVC	In-Vessel Composting
LTIP	Long Term Incentive Plan
M&A	Mergers and Acquisitions
MBT	Mechanical Biological Treatment
MRF	Material Recycling Facility
NORM	Naturally Occuring Radioactive Materials
OEM	Original Equipment Manufacturer
PDR	Performance Development Review
PFI	Private Finance Initiative
PPP	Public Private Partnership
RDF	Refuse Derived Fuel
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
ROCE	Return on Capital Employed
SPV	Special Purpose Vehicle
SRF	Solid Recovered Fuel
SSC	Shared Service Centre
TAG	Tar and Asphalt Granulate
TOM	Target Operating Model
TRADING PROFIT	Operating profit before the amortisation of acquisition intangibles, exceptional items and discontinued operations
TRI	Thermische Reinigings Installatie (Thermal Cleaning Installation)
TSR	Total Shareholder Return
UK GAAP	UK Generally Accepted Accounting Practice
UFCF (UNDERLYING FREE CASH FLOW)	Cash flow before dividends, growth capex, Municipal/PFI funding, acquisitions, disposals and exceptional items
VGG	Van Gansewinkel Groep B.V.
VGIS	Van Gansewinkel Industrial Services

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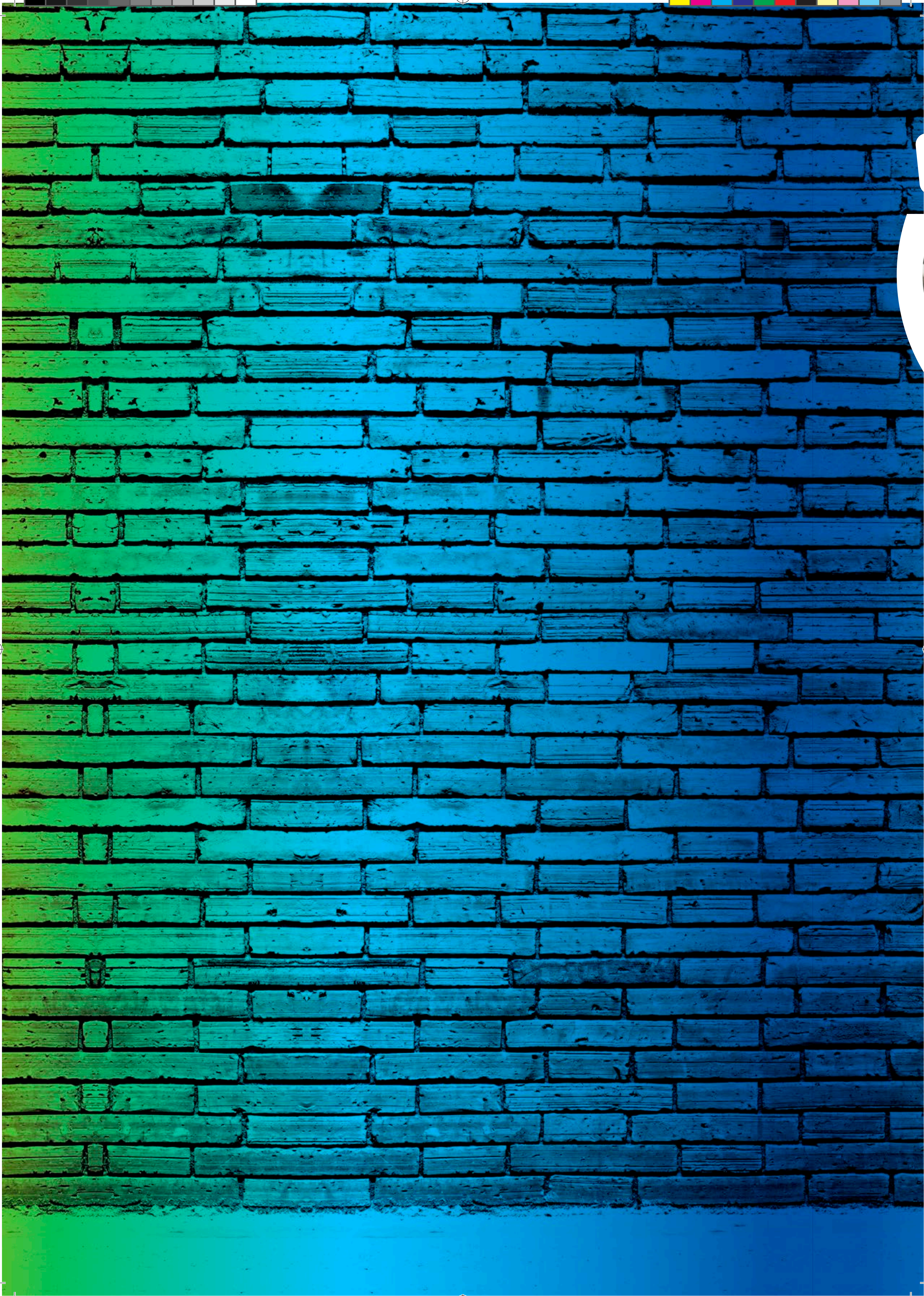

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