

**Registered number: 06032206**

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

**Annual report and financial statements**

**For the Year Ended 31 December 2021**



## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Company Information**

<b>Directors</b>	J Scanlon C Thorn
<b>Company secretary</b>	M H Thompson
<b>Registered number</b>	06032206
<b>Registered office</b>	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Contents**

	<b>Page</b>
<b>Strategic report</b>	<b>1 - 6</b>
<b>Directors' report</b>	<b>7 - 12</b>
<b>Independent auditor's report</b>	<b>13 - 16</b>
<b>Statement of comprehensive income</b>	<b>17</b>
<b>Statement of financial position</b>	<b>18</b>
<b>Statement of changes in equity</b>	<b>19</b>
<b>Notes to the financial statements</b>	<b>20 - 30</b>

# **SUEZ Recycling and Recovery UK Group Holdings Limited**

## **Strategic report**

**For the Year Ended 31 December 2021**

### **Business review**

The Company acts as a holding company within the SUEZ Recycling and Recovery UK Group ("The Group"). The Company has not traded during the current or prior year, and is not expected to do so for the foreseeable future.

### **Principal risks and uncertainties**

SUEZ Recycling and Recovery UK Group Holdings Limited is a holding company and, as such, is subject to the risks faced by its subsidiary trading companies. These risks are described in detail in the subsidiary company accounts.

### **COVID-19**

The Board continued to closely monitor developments of the COVID-19 pandemic, managed through a Gold and Silver cell structure, implementing and improving the Business Continuity Plans for all sites and offices to ensure that they were COVID-19 secure, including the distribution of required Personal Protective Equipment (PPE) to ensure business continuity and the health and safety of all employees. These groups worked within the advice from The Group and Public Health England, having daily calls to determine any actions needed.

#### *Operational update:*

The year has seen the business face a number of challenges from the evolving COVID-19 pandemic, including, HGV driver shortages and fuel supply issues, particularly the hospitality sector, with service requirements changing throughout the year. Despite this, the municipal crews successfully managed higher tonnages and navigated the access issues created by the shift to more residents working from home.

This in turn affected our team in the customer hub who saw a large increase in calls from customers in one week. The introduction of our new, Customer Relationship Management (CRM) system, and a new call centre system, is improving our customers' experience, with the hub team able to resolve more queries at first contact with the customer.

Against the pandemic backdrop, we started our retained contracts in Kensington and Chelsea, introduced new services and rolled out food waste collections in Bracknell and new contracts in Monmouthshire Household Waste Recycling Centre (HWRC) and South London Waste Partnership Street Sweepings. Our account managers and sales teams worked hard to retain 91.2% of our customers and win new contracts including Dry Mixed Recycling (DMR) contracts in Aberdeenshire, Highlands, Solihull and Blackburn and Darwen, amongst others.

One of our contract managers gave an interview on local BBC Radio to help highlight the impact of verbal and physical abuse on our crews and other frontline workers.

The Directors are proud of our teams who pulled together throughout the year to weather the various storms and maintaining essential services for our customers.

### **Ukraine Conflict**

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

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

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Strategic report (continued) For the Year Ended 31 December 2021**

#### **Section 172 statement**

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

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

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

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

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

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

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

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

The Directors of the Company delegated certain duties and responsibilities to various committees, further details can be found on pages 3 of the strategic report, and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

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

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

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Strategic report (continued) For the Year Ended 31 December 2021

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

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

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

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

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

- The Directors and senior management regularly engaged and consulted with the Company's customers, suppliers and partners in a variety of forums and through everyday operations to obtain feedback, build closer relationships and resolve day-to-day business matters. The Company employed various customer experience insight tools and obtained customer satisfaction and other related data through customer surveys. The insight tools enabled us to identify customer needs and build customer value propositions and services tailored to meet these. Understanding performance of our Customer Standards from customers' perspective, gives key insights to direct continuous improvement activities through transformation projects or/and small incremental changes. The insight supports our efforts to make it easy for our customers to deal with us – one of the fundamental customer needs and supports our continuous service improvement and relationships deepening efforts.;
- The Company participated in a number of customer and industry events at a local and group-wide level including presenting at the 26th United Nations Climate Change Conference of the Parties (COP26) live event in Glasgow focusing on the resources sector and its involvement in the decarbonisation objectives set out by COP and hosting a site visit and tour of our engineering facilities at Packington Landfill near Birmingham by the Worcestershire branch of the Institute of Mechanical Engineers (IMechE);
- Government and industry engagement is regularly undertaken including through membership of recognised organisations such as the Environmental Services Association (ESA), Chartered Institution of Wastes Management (CIWM), and local authority trade bodies such as the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Local Government Organisation (LGA), The Local Authority

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Strategic report (continued)

For the Year Ended 31 December 2021

- Recycling Advisory Committee (LARAC), Confederation of British Industry and Let's Recycle; and
- The Company's Compensation and Benefits functions regularly engaged with, and where appropriate consulted, the trustees of the Company's pension schemes, updating and consulting the Board, as appropriate on key matters and decisions.

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

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

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

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency.

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

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

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

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

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

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

- The team from our road sweeping facility in Walsall demonstrated The Group's commitment to sustainability and social value by helping a local infant school go green by donating upcycled planters, bird boxes, bug hotels and water bottles;
- Significantly reduced fly-tipping around the river water pumping station in Bolton where we supply power to

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Strategic report (continued)

For the Year Ended 31 December 2021

the Council's CCTV system;

- Flora and fauna around the various sites including Tees Valley and Maidenhead are developing nicely;
- Five beehives installed at Seghill in collaboration with a local beekeeping society have already started producing honey and the enhancement of our biodiversity programme.

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

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

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

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

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

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

The Group has group-wide policies as well as mandatory annual Ethics training which apply to the Company's entire workforce and govern business practices and provides guidance for ethical decision making. These group-wide policies govern conduct with the Company's customers, suppliers, partners as well as matters relating to anti-corruption, conflicts of interest, amenities, workplace harassment and supply chain responsibility amongst many other key matters.

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

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

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

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



## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Strategic report (continued) For the Year Ended 31 December 2021**

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

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

#### **Other key performance indicators**

Given the straightforward nature of the business the Company's directors are of the opinion that no added value would be achieved in detailing KPIs for a fuller understanding of the development, performance and position of the Company.

This report was approved by the board on 28 September 2022 and signed on its behalf.

  
Chris Thorn (Sep 28, 2022 16:52 GMT+1)

**C Thorn**  
Director

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Directors' report**

**For the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

### **Directors' responsibilities statement**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activity**

The Company's principal activity during the year was as a holding company investing in companies within the waste management industry.

### **Results and dividends**

The loss for the year, after taxation, amounted to £470,000 (2020 - profit £5,000).

A dividend of £nil was paid during the year. (2020 - £25,000,000).

### **Directors**

The directors who served during the year were:

J Scanlon  
C Thorn  
F Duval (resigned 31 October 2021)

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Directors' report (continued) For the Year Ended 31 December 2021**

#### **Going concern**

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

The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 13), The Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) (Veolia) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A subject to CMA approval. This is expected to be via the sale of SUEZ Recycling & Recovery UK Group Holdings Limited (the Company).

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

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

#### **Future developments**

The directors intend the Company to continue to be a holding company within The Group for the foreseeable future.

**Directors' report (continued)**  
**For the Year Ended 31 December 2021**

**Engagement with employees**

The Company, as part of The Group, communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, usually held at various local locations around the country, was delivered online this year due to COVID-19 with over 1200 employees attending, provides a briefing on The Group's performance, gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board engaged directly with employees throughout 2021 via emails, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

The Board considers the results of all employee engagement as a good barometer of the workforce's confidence in The Group's strategic direction, optimism in the future and career opportunities. An overview of the cultural survey results will be published in a future edition of the H&S/Wellbeing Newsletter and the objectives will form part of future improvement plans.

In May 2021 a new step in The Group's health and safety training program was introduced to focus further on 'Situational Awareness'. This training targets the reduction of injuries experienced within waste collections and other areas of our business. This is an important step as some of the potentially serious incidents that happen could have been avoided if people had a better appreciation for what had been going on around them at the time. Through continued focus on incident prevention we have seen a slight reduction in our accident frequency rate of 1% within 2021. This rate has seen a continual decrease year on year since 2014, with a 48% decrease achieved in the last five years alone.

The Chief Executive Officer (CEO), Chief Human Resources Officer and members of the senior management team had calls/met with the SUEZ UK Works Council (SWC) to discuss, amongst other things, all matters relating to COVID-19 and the agreement for the sale of the SUEZ S.A Group (see note 13), including The Group to Veolia S.A., to ensure the Board responds to all matters that are important to all its employees.

Under the Engaged and Empowered people CSF, The Group ran 30, Wellness for All, webinars covering various topic including in November 2021, a look at cognitive variations such as dyspraxia, dyscalculia, dysgraphia, autism, ADHD and dyslexia, all of which sit under the umbrella title of Neurodiversity. The webinars were attended by around 1,700 people. Employees also saw the launch of the new rewards and benefits portal, You@SUEZ.

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Directors' report (continued) For the Year Ended 31 December 2021**

#### **Engagement with employees (continued)**

The Board has continued to maintain its emphasis on keeping employees engaged and in touch with each other. The various ways in which employees could keep up to date with key news relating to the business and give feedback includes:

- Communications from the CEO by email messages, webinars and video that were also made available on YouTube;
- Line managers – who provide employee feedback via members of the six regional silver command teams for each of our four regions, Weston and Maidenhead comprising the Gold Command members, Regional Directors and local health and safety, communications and HR representatives;
- Members of the silver and gold command, comprising the OpCom, Head of Health and Safety, Head of HR Operations, Legal & Environmental Director and Communications Director – via phone, email and the dedicated email address;
- SWC – the SWC representatives continued to make themselves available to take employee feedback and pass this back to the Board in its quarterly report and at monthly meetings with the Board during the year;
- Yammer – the social networking tool, also available on a smartphone, enabled employees to keep in touch, network and share ideas. This tool has been taken up by 1510 employees from all parts of the business, an increase from 139 in 2020. These employees are active as we have seen over 150 different new posts in a single month and 766 reactions to messages supporting each other during these unusual times;
- Microsoft Teams – the Office 365 app that has a range of tools designed for remote working via a chat function enabling video calls with multiple people and used for team catch ups and training;
- Intranet, SUEZ Life the employee magazine published quarterly, regional newsletters, the staff benefit and discount program you@suez; and
- Text messaging.

As well as COVID-19 updates, health and safety updates, wellbeing communications and communications on Company matters not relating to the virus, the Company is very keen to share examples and stories from around the business, and in particular from the frontline with daily Yammer updates.

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Directors' report (continued)**

**For the Year Ended 31 December 2021**

#### **Engagement with suppliers, customers and others**

##### *Customers*

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

During 2021, as well as the results of the Customer Effort Scores, the metric by which we measure customer satisfaction, which showed very strong performance in all areas, the Company received thanks and praise coming in from our customers and residents via its social media channels and staff from our collection contract.

##### *Suppliers*

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

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

To contribute to Digitalisation and Data Accuracy, during the year The Group started working on a new Customer Relationship Management (CRM) system, launched the sub-contractor portal and successfully rolled out CORE in-cab technology in 140 new municipal vehicles in Somerset. The in-cab system replaces paper route sheets and forms with electronic checks and automated accurate and up-to-date service information. It enables staff to be better informed, helps to reduce the number of data entry errors and missed bins as well as allowing quicker reaction and effective resolution to complaints and service calls. The reporting and analytics studies of the data collected enables the Company to reallocate resources and optimise performance.

##### *Other stakeholders*

Other key stakeholders include the Government, Regulators and Local Authorities and due to COVID-19, face-to-face meetings and site visits were replaced by video-conferencing and calls.

The CEO, some Directors and senior managers had calls with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

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

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

##### *The Environment*

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

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

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

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Directors' report (continued) For the Year Ended 31 December 2021**

#### **Directors' indemnity**

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

#### **Disclosure of information to auditor**


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

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

#### **Auditor**

The auditor, Mazars LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 28 September 2022 and signed on its behalf.

  
Chris Thorn (Sep 28, 2022 16:52 GMT+1)

C Thorn  
Director

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery UK Group Holdings Limited**

#### **Opinion**

We have audited the financial statements of SUEZ Recycling and Recovery UK Group Holdings Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statements of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' consideration of the going concern basis of preparation in note 2.3 which details the impact of the change of control post year-end as well as the outcome of the Competition and Markets Authority's investigation in to the Veolia / SUEZ merger. Based on the information available at this point in time, the directors have assessed that adopting the going concern basis for preparation of the financial statements is appropriate.



## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery UK Group Holdings Limited (continued)**

#### **Other information**

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery UK Group Holdings Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to impairment of investments and significant one-off or unusual transactions.

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

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

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

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

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Independent auditor's report to the member of SUEZ Recycling and Recovery UK Group Holdings Limited (continued)**

#### **Use of the audit report**

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



Jon Barnard (Sep 28, 2022 19:28 GMT+1)

Jonathan Barnard (Senior statutory auditor)  
for and on behalf of  
**Mazars LLP**  
Chartered Accountants and Statutory Auditor  
90 Victoria Street  
Bristol  
BS1 6DP  
Date: Sep 28, 2022

# SUEZ Recycling and Recovery UK Group Holdings Limited

## Statement of comprehensive income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Write-back of impairment		-	71,836
<b>Operating profit</b>	4	-	71,836
Amounts written off investments		-	(70,407)
Interest payable and similar expenses	5	(580)	(1,758)
<b>Loss before tax</b>		(580)	(329)
Tax credit on loss	6	110	334
<b>(Loss)/profit for the financial year</b>		(470)	5
<b>Total comprehensive (loss)/income for the year</b>		(470)	5

The notes on pages 20 to 30 form part of these financial statements.

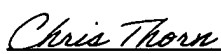
All amounts relate to discontinuing operations.

**SUEZ Recycling and Recovery UK Group Holdings Limited**  
**Registered number: 06032206**

**Statement of financial position**  
**As at 31 December 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	7	501,429	501,429
		<u>501,429</u>	<u>501,429</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	110	334
		<u>110</u>	<u>334</u>
Creditors: amounts falling due within one year	9	(232,064)	(231,818)
		<u>(231,954)</u>	<u>(231,484)</u>
<b>Net current liabilities</b>		<u>(231,954)</u>	<u>(231,484)</u>
<b>Total assets less current liabilities</b>		<u>269,475</u>	<u>269,945</u>
<b>Net assets</b>		<u>269,475</u>	<u>269,945</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	268,475	268,945
		<u>269,475</u>	<u>269,945</u>
<b>Shareholder's funds - equity</b>		<u>269,475</u>	<u>269,945</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022.

  
Chris Thorn (Sep 28, 2022 16:52 GMT+1)

**C Thorn**  
Director

The notes on pages 20 to 30 form part of these financial statements.

**SUEZ Recycling and Recovery UK Group Holdings Limited**

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

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2021	1,000	268,945	269,945
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(470)	(470)
<b>Other comprehensive income for the year</b>			
	-	-	-
<b>Total comprehensive loss for the year</b>	-	(470)	(470)
<b>At 31 December 2021</b>	<b>1,000</b>	<b>268,475</b>	<b>269,475</b>

The notes on pages 20 to 30 form part of these financial statements.

**Statement of changes in equity  
For the Year Ended 31 December 2020**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2020	1,000	293,940	294,940
<b>Comprehensive income for the year</b>			
Profit for the year	-	5	5
<b>Other comprehensive income for the year</b>			
	-	-	-
<b>Total comprehensive income for the year</b>	-	5	5
Dividends: Equity capital	-	(25,000)	(25,000)
<b>At 31 December 2020</b>	<b>1,000</b>	<b>268,945</b>	<b>269,945</b>

The notes on pages 20 to 30 form part of these financial statements.

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2021**

#### **1. General information**

SUEZ Recycling and Recovery UK Group Holdings UK Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES.

The principal activity of the Company is that of a holding company.

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

At the year end, the Company's intermediate parent company is SUEZ UK Group Holdings Limited, a limited company incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), a company incorporated and registered in France.

At the year end, the smallest and largest group in which the Company is incorporated into is SUEZ SA. The consolidated financial statements of SUEZ SA may be obtained from 21 Rue La Boetie, 75008 Paris, France.

Ownership of SUEZ UK Group Holdings Limited has changed since the balance sheet date, see note 13 for details.

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

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

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

**Notes to the financial statements  
For the Year Ended 31 December 2021**

**2. Accounting policies (continued)**

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The Company has NOT taken advantage of the following disclosure exemptions under FRS 101:

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



**Notes to the financial statements  
For the Year Ended 31 December 2021**

**2. Accounting policies (continued)**

**Financial Reporting Standard 101 - reduced disclosure exemptions (continued)**

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

Effective from 1 January 2022:

- Annual Improvements Cycle 2018 – 2020.
- IAS 37 Amendment: Onerous Contracts: Cost of Fulfilling a Contract.
- IAS 16 Amendment: Property, Plant and Equipment: Proceeds before Intended Use.
- IFRS 3 Amendment: Reference to the Conceptual Framework.

Effective from 1 January 2023:

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

## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

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

The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 13), The Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) (Veolia) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A subject to CMA approval. This is expected to be via the sale of SUEZ Recycling & Recovery UK Group Holdings Limited (the Company).

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

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

**Notes to the financial statements  
For the Year Ended 31 December 2021**

**2. Accounting policies (continued)**

**2.4 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.5 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 Debtors**

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

**2.8 Creditors**

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

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

**2.9 Financial instruments**

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

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2021

#### 2. Accounting policies (continued)

##### 2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

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

- the measurement of the recoverable amount of investments, which had the value of £501,429,000 at 31 December 2021 (note 7). In order to determine whether impairments, or reversal of previous impairments, are required for non-financial assets, there is an assessment of whether there are any indicators for further impairment or reversal during the year. The assessment includes a review of changes in markets and discount rates over the year, together with a review of business performance against expectations.

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

#### 4. Operating profit

During the year, no director received any emoluments (2020: £Nil).

For the year ended 31 December 2021 and the prior year, auditors' remuneration was borne by a fellow group company.

The Company has no employees other than the directors and thus incurred no staff costs during the year (2020 - £Nil).

#### 5. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	580	1,758
	<u>580</u>	<u>1,758</u>

# SUEZ Recycling and Recovery UK Group Holdings Limited

## Notes to the financial statements For the Year Ended 31 December 2021

### 6. Taxation

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax credit on loss for the year	(110)	(334)
	<u>(110)</u>	<u>(334)</u>
<b>Total current tax</b>	<u>(110)</u>	<u>(334)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>(110)</u>	<u>(334)</u>

### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is the same as (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	<u>(580)</u>	<u>(329)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(110)	(63)
<b>Effects of:</b>		
Excess of impairment write-back over impairment	-	(271)
<b>Total tax credit for the year</b>	<u>(110)</u>	<u>(334)</u>

### Factors that may affect future tax credits

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

**SUEZ Recycling and Recovery UK Group Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2021**

**7. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 1 January 2021	<b>651,270</b>
At 31 December 2021	<b>651,270</b>
<b>Impairment</b>	
At 1 January 2021	<b>149,841</b>
At 31 December 2021	<b>149,841</b>
<b>Net book value</b>	
At 31 December 2021	<b>501,429</b>
At 31 December 2020	<b>501,429</b>

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2021

#### 7. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
SUEZ Recycling and Recovery Holdings UK Limited	Resource Management	Ordinary	100%
SHUKCO 345 Limited	Resource Management	Ordinary	100%
Suez Recycling and Recovery Scotland Limited	Holding Company	Ordinary	100%
Suez Recycling Isle of Man Limited	Resource Management	Ordinary	100%
Suez RR IWS Remediation Ltd	Resource Management	Ordinary	100%

SUEZ Recycling and Recovery Holdings UK Limited, SHUKCO 345 Ltd and SUEZ Recycling and Recovery IWS Remediation Ltd are registered in England and Wales at Suez House, Grenfell Road, Maidenhead, Berkshire SL6 1ES. SUEZ Recycling and Recovery Scotland Limited is registered in Scotland at C/O Brodies LLP Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP. SUEZ Recycling Isle of Man Limited is registered in Isle of Man at First Floor, Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW.

#### 8. Debtors

	2021 £000	2020 £000
Corporation tax recoverable	110	334
	<u>110</u>	<u>334</u>

#### 9. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	232,062	231,816
Accruals	2	2
	<u>232,064</u>	<u>231,818</u>

## SUEZ Recycling and Recovery UK Group Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2021

#### 10. Financial instruments

	2021 £000	2020 £000
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(232,064)</u>	<u>(231,818)</u>

Financial Liabilities measured at amortised cost comprise intercompany payables and accruals.

#### 11. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
1,000,001 (2020 - 1,000,001) ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

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

#### 12. Reserves

##### Profit & loss account

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

#### 13. Post balance sheet events

##### Veolia takeover

On the 18 January 2022 the global agreement between the SUEZ and Veolia Groups was finalised, with Veolia acquiring ownership of the SUEZ businesses worldwide and in the UK, including SUEZ Recycling and Recovery Kirklees Limited. However, the SUEZ Group within the UK continued to operate independently from Veolia because of a hold separate order put in place by the UK Competitions and Markets Authority (CMA), whilst the CMA conducted a review into the impacts of the transaction on competition within the UK market.

On the 25th August 2022, the CMA concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. On 21st September 2022, Veolia announced its intention to sell SUEZ Recycling and Recovery activities in the UK to SUEZ S.A (new SUEZ), subject to CMA approval. This transaction is expected to complete in late 2022 and is expected to involve the sale of SUEZ Recycling & Recovery UK Group Holdings Limited (the Company) and its subsidiaries by its immediate parent company, SUEZ UK Group Holdings Limited. The impact of this change in control on the going concern assessment has been disclosed in note 2.3.



## **SUEZ Recycling and Recovery UK Group Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2021**

#### **14. Controlling party**

At the year end the ultimate parent undertaking was SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), a company incorporated in France.

The smallest and largest group of which SUEZ Recycling and Recovery UK Group Holdings Limited is a member and for which group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from 21 Rue La Boetie, 75008 Paris, France.

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

Ownership of SUEZ UK Group Holdings Limited has changed since the balance sheet date, see note 13 for details.