RESILIENT PERFORMANCE

RESOURCEFUL FUTURE

Biffa

WE ARE BIFFA
WE'RE CHANGING THE WAY PEOPLE THINK ABOUT WASTE

We've been leading the UK's waste management industry for over 100 years, and have a strong track record of growing our profits and returns to shareholders, whilst reinvesting to grow our business.

Today Biffa is an established enabler of the UK circular economy and our team of more than 9,000 colleagues carry out essential operations every day including surplus redistribution, recycling, treatment, energy generation, collection and disposal.

Our purpose is 'to change the way people think about waste' and sustainability has been at the heart of our business strategy for many years. Our areas of focus essentially reflect the waste hierarchy – to Reduce, Recycle, Recover and Collect. We have already made huge strides in our sustainability journey by investing in surplus redistribution, plastic recycling, energy from waste infrastructure and low carbon collections, leading to a 70% reduction in our carbon emissions since 2002. Our sustainability strategy, 'Resourceful, Responsible', will see us unlock £1.25bn of investment in vital green economy infrastructure by 2030[1], of which £1bn has already been unlocked, while further reducing our carbon emissions by 50% by 2030. We aim to have net zero emissions by no later than 2050.

We understand that we must lead by example and are committed to further improving health, safety and wellbeing in our sector. We are proud to have been awarded a 5 star grading by the British Safety Council. We have also made strong progress in making sure Biffa is an inclusive place to work where diversity is championed and our >9,000 strong workforce feel valued and understand the positive contribution they make to enabling the UK circular economy.

Our long-standing Biffa Award programme supports sustainable projects across the UK which deliver environmental benefits while making a valuable contribution to local communities. Our partnership with WasteAid helps countries in the developing world with managing their waste more sustainably.

Biffa is a Great British Company, listed on the London Stock Exchange (LSE:BIFF) and a member of the FTSE 250. That's just a bit about us. To find out more, visit: www.biffa.co.uk/investors

1. Unlocking £1.25bn of circular economy investment refers to Biffa's investment plans set out in our sustainability strategy, including low carbon collections, plastics recycling and energy from waste.

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Our new Investor Relations and Sustainability website pages launched in June 2021.

Visit www.biffa.co.uk/investors
Visit www.biffa.co.uk/sustainability

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Financial and Sustainability Highlights

FINANCIAL HIGHLIGHTS

The Covid-19 pandemic has had a material impact on our financial results; however we are well positioned for post-pandemic recovery in FY22, thanks to the measures we have taken and investments we have made.

+ Read more: see pages 42 – 45

Statutory Revenue

(£m)

£1,042.0m

Net Revenue[1]

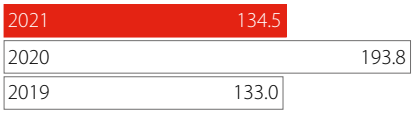
(£m)

£988.1m

Cash generated from operations[3]

(£m)

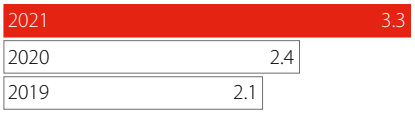
£134.5m



Leverage Ratio[2]

(x)

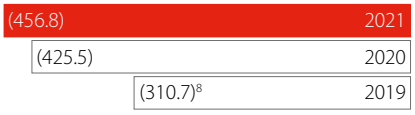
3.3x



Reported Net Debt

(£m)

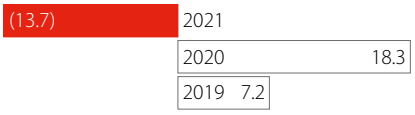
£(456.8)m



Statutory Earnings/(Loss) per Share

(pence)

(13.7)p

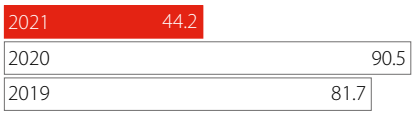


SUSTAINABILITY HIGHLIGHTS

Operating Profit excluding adjusting items[3]

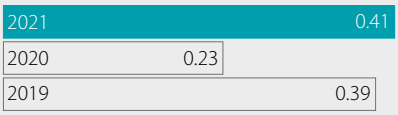
(£m)

£44.2m



Lost Time Injury Rate[4]

0.41



CO_2e Emissions (Scope 1&2)[5]

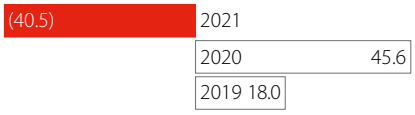
(kt)

533kt

Statutory Profit/(Loss) after Tax

(£m)

£(40.5)m



Employee Engagement[6]

(%)

59%

Total Plastics Recycling Capacity[7]

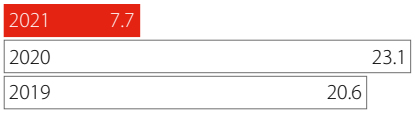
(kt)

120kt

Earnings per Share excluding adjusting items[3]

(pence)

7.7p



For technical terms and abbreviations please refer to the glossary on pages 191 – 192.

1. Net Revenue excludes Landfill Tax charges of £53.9m.
2. Leverage Ratio compares the Reported Net Debt of £456.8m against EBITDA excluding adjusting items of £138.2m.
3. Performance measures excluding adjusting items are Alternative Performance Measures (APMs) in addition to those reported under IFRS. These APMs are also used to enhance the comparability of information between reporting periods and the Group's divisions, to aid the user in understanding the performance of the business.
4. Lost Time Injury Rate refers to the number of lost time injuries relative to the number of employees calculated over a specified time period. Our LTI rate increased as a result of an increase in slips, trips and falls across the business. See page 64.
5. CO_2e emissions have reduced by 29% from our 2019 sustainability strategy benchmark. See pages 50 and 63.
6. Our employee engagement score improved by 1% to 59%, which is 3% above the UK average. See page 66.
7. Our plastics recycling capacity has doubled to 120kt from our 2019 sustainability strategy benchmark. See page 48.
8. Calculated on a pre-IFRS 16 basis.

WE'RE CHANGING THE WAY PEOPLE THINK ABOUT WASTE

Vision and strategy

Our vision is simple – to lead the way in UK sustainable waste management. We wish to lead in business performance and returns, innovation, reputation and in how we tackle broader societal issues relevant to our industry.

Sustainability is right at the heart of our strategy as we evolve our role as a key enabler of the UK circular economy.

Our strategy is structured around three pillars where our impact can create the most value:

- **Building a circular economy.**
- **Tackling climate change.**
- **Caring for our people, supporting our communities.**

With a focus on four investment areas in line with the waste hierarchy:

- **Reduce** – To pioneer and operate the UK's leading waste reduction and surplus produce redistribution services.
- **Recycle** – To develop recycling solutions which strengthen the UK circular economy.
- **Recover** – To invest in energy from waste infrastructure as a low carbon alternative to landfill for our customers' waste that can't be recycled.
- **Collect –** To build the UK's largest, most efficient, low carbon waste and recycling waste collection operation.

+ See pages 22 – 27 for more information.

Our divisions

Collections division

1. I&C	£495.5m
2. Municipal	£182.1m
3. Specialist Services[1]	£92.4m
Total Net Revenue	**£770.0m**
EBITDA excluding adjusting items	**£109.8m**

The Collections division comprises the Industrial & Commercial (I&C), Municipal and Specialist Services businesses. As previously reported, Biffa's legacy Specialist Services business will combine with the Company Shop Group business to form a new Specialist Services division which will be reported from FY22 onwards. You can read more about our new divisional structure on page 21.

Resources & Energy division

1. Recycling	£80.6m
2. Organics	£53.6m
3. Inerts	£44.5m
4. Landfill Gas	£39.4m
Total Net Revenue	**£218.1m**
EBITDA excluding adjusting items	**£40.7m**

The Resources & Energy (R&E) division, which includes the Recycling, Organics, Inerts and Landfill Gas businesses, focuses on the treatment, recycling, energy recovery and ultimate disposal of waste.

+ For more information on how our divisions performed this year, read our operating review on pages 36 – 41.

1 Includes Company Shop Group revenues post acquisition.

Biffa is an established enabler of the UK circular economy, with operations that span the entire breadth of the waste management process including surplus redistribution, recycling, treatment, energy generation, collection and disposal.

Our market

We have a deep and unrivalled understanding of the UK waste market, which comes with over a century of experience.

This, along with our scalable infrastructure, distinguishes us from our competitors and underpins our exciting growth journey ahead.

100+ years
Heritage

No.1
I&C collections

9,000+
Employees

Leader
In industry health and safety performance

c.2,900
Collection vehicles

>95%
UK postcode coverage

Our investment case

1. Leading enabler of the UK circular economy

We are the UK's leading sustainable waste company and have been at the forefront of the waste management industry for more than 100 years.

Today Biffa is an established enabler of the UK circular economy, with operations that span the entire breadth of the waste management process including, surplus redistribution, recycling, treatment, energy generation, collection and disposal.

In February 2021, Biffa acquired Company Shop Group, the UK's leading and largest redistributor of surplus food and household products, strengthening Biffa's leadership position by broadening its offering to customers and operating right at the top of the waste hierarchy.

2. Sustainability at our core

We have an ambitious approach to sustainability. Our sustainability strategy 'Resourceful, Responsible', which aligns to the UN's Sustainable Development Goals, includes big ambitions for unlocking £1.25bn of green economy infrastructure investment and further significant reduction in our carbon emissions.

The great progress we have made in delivering our business strategy, such as our entry into the redistribution and waste reduction space, expanding our plastic recycling operations, building a low carbon collections business through acquisitions, and investing in energy from waste infrastructure will ensure we deliver this plan and enable us to reduce our carbon emissions by a further 50% by 2030.

Our aim is to reach net zero emissions by no later than 2050, in line with Government targets.

3. A business model that unites purpose with profit

Our performance to date, especially through the pandemic, demonstrates the resilience of our model as a provider of essential services. The delivery of our strategic investment programme, including the earnings enhancing acquisition of Company Shop Group, enhances our unique position at the heart of the circular economy. We have exciting growth opportunities ahead, and will continue to invest to build a resilient, more sustainable business, well positioned for a strong post-pandemic future.

4. Strategy for growth

We have continued to deliver on our plan to consolidate the fragmented I&C collections market. Acquisitions are key to our role as the leading collector of business waste in the UK, enjoying sector-leading margins and returns on capital. We have invested £223m in I&C acquisitions since IPO in 2016.

In May 2021, we announced an agreement to acquire the Collections business and certain Recycling assets from Viridor Waste Management Limited for a cash consideration of c.£126m. This acquisition will expand Biffa's I&C collections business and recycling capabilities while solidifying our leading position in UK sustainable waste management.

We are also continuing to invest heavily in our customer experience, helping us to both attract new customers and give them the best experience once with us.

5. Attractive market dynamics

Our markets are underpinned by long-term growth drivers such as a national move to increase recycling, reduce waste going to landfill and prevent the export of waste. Biffa is well placed to benefit from the Resource and Waste Strategy (RWS) for England and similar strategies put in place by the UK Devolved Administrations, as well as the UK Environment Bill in the next few years.

6. Strong national brand and service delivery

We have a deep and unrivalled understanding of the UK waste market, which comes with over a century of experience. Our strong heritage, brand and reputation, along with our scale, route densities and lower operating costs gives us a competitive edge and makes it challenging for new and existing players to compete with us.

Chairman's Statement

"The pandemic has demonstrated the resilience of the Biffa model and the dedication and the commitment of everyone within the business."

Ken Lever
Chairman

What a year 2020/21 has proven to be. The sustained impact of the pandemic and continuing lockdown measures made it a particularly challenging year. No one would have imagined that by the end of the financial year we would still be responding to the challenges that the pandemic lockdowns have brought for the economy, our business, and our people.

As with most businesses across the globe, Covid-19 undoubtedly tested the resilience of our business model. Around half of our customers were forced to temporarily close at the start of the pandemic particularly in the leisure, hospitality, retail, and construction sectors. As a result, we saw volumes particularly affected in the I&C and Landfill businesses with volume lows; in Q1 of c. 50% compared to pre-pandemic levels, and had to make some material accounting provisions as a result of the impacts of the pandemic on the business.

The pandemic has demonstrated the resilience of the Biffa model and the dedication and the commitment of everyone within the business. The Board is extremely proud of the resourcefulness that the Biffa team has shown, the speed and agility with which they have acted, the inevitable personal sacrifices suffered and the focus on the health and wellbeing of our colleagues and the communities and the customers that we serve. The UK Government's designation of the waste management sector as an essential service and our colleagues as essential workers recognised the significance of the role played by our business for the communities in which we operate.

Business and markets

Given the circumstances, the markets in which we operate held up relatively well. As the year progressed, we became increasingly skilful at adapting our methods of operation and working practices to deal with the inevitable reductions in volume from ongoing lockdowns. Consequently, the negative impact on our business lessened in each successive lockdown such that by the end of the financial year we were able to deliver a very credible overall performance.

Stakeholder engagement and sustainability

The pandemic has provided the impetus for a period of self-reflection for business and for society. This self-reflection has given strength to the growing body of opinion amongst the investor community and society in general that businesses should profit through a meaningful purpose, give greater credence to all stakeholders, and ensure sustainability is embedded in the way that businesses operate.

At Biffa we have long held the view that sustainability is key and that we should take account of all our stakeholders, whilst delivering appropriate financial returns to our shareholders on the investments we make.

We launched our sustainability strategy, 'Resourceful, Responsible', in March 2020 which is built around our purpose of *changing the way people think about waste.* The Board considers sustainability to be of such importance, it established a separate Sustainability

Committee, led by me, to ensure that we give meaningful and consistent focus and support to our sustainability strategy and goals, understand the actions we undertake to achieve those goals and develop relevant and reliable reporting metrics in line with the growing body of standards in this area, to accurately measure our progress towards achieving them.

We are conscious of the need to consider all stakeholders. The health, safety and wellbeing of our colleagues, customers and communities has been of paramount importance during the year, and we have continued to actively support the communities in which we operate through various community projects as well as the continuing support of our charity partnership with WasteAid.

Our people

One of the challenges of the pandemic has been and remains the restrictions placed on the mobility around the business. This has limited the ability of the Non-Executive Directors to visit various locations, as would be the norm, and to meet our colleagues. Although much can be achieved through remote working, it is difficult to embrace the culture exhibited in the business from behind a computer screen. However, despite the challenges, it is clear that the culture and values of Biffa are well understood by our colleagues as evidenced by the annual engagement and pulse surveys that we undertook which saw positive increases in overall engagement during the year. I am delighted that despite the restrictions on movement, David Martin, our Non-Executive Director for Workforce Engagement, who has Board responsibility for active engagement with our workforce and has joined digital meetings with colleagues to stay in touch.

All our colleagues have made personal sacrifices during this period for which we are immensely grateful. Some have inevitably experienced health challenges and others have regrettably had to be furloughed. For those in work the conditions have often been restrictive at a time when workloads have increased. Our Board, Executive and Leadership teams all took temporary pay reductions as well as a temporary pay freeze for all employees and our bonus schemes for the FY21 period were suspended. The Board and I are very proud of the way in which all our colleagues have performed giving credence to their recognition as essential workers.

Growth strategy and capital investment

Despite the challenges of Covid-19 we continue to make good strategic progress through allocating capital for bolt-on acquisitions in our Collections business, investing further in plastics recycling in Resources & Energy and progressing the energy from waste projects with our joint venture partners.

We continue to seek ways of moving up the waste hierarchy, working with our customers to ensure more efficient waste management, endeavouring to encourage re-use and recycling as part of our role as an enabler of the circular economy and, where re-use and recycling is not practical, to recover energy from waste.

Customer Services team supporting the delivery of our essential services

In February 2021 we were therefore delighted to welcome Company Shop Group (CSG) into the Group. The acquisition is a demonstration of our commitment to economic re-use of surplus products whilst at the same time giving back to the community through the associated social enterprise Community Shop. We believe CSG is a great fit and have been delighted with how quickly the team has settled within Biffa; it will provide us with a real opportunity for growth through effective surplus product re-distribution.

The recent announcement of the agreement to acquire Viridor's Collections business and certain Recycling assets demonstrates how Biffa is expanding its I&C collections business and recycling capabilities and, once completed, when combined with the other investments made in the year, they will provide a strong platform for growth.

Shareholder returns

Inevitably, with the disruption to our markets arising from the Government's actions taken to control and curtail the pandemic, our financial performance was significantly impacted, particularly at the start of the financial year. However, the impact was less than we anticipated when the UK first went into lockdown in March 2020, and despite subsequent lockdowns throughout the year, the business has continued to recover.

We were extremely grateful for the support for the equity raise shown by our existing and new shareholders last June. The funds have enabled Biffa to continue to invest in its growth strategy, accelerating the time when Biffa can return to and exceed its previously established profit and free cash flow growth trajectory. We are conscious of the importance of returning to paying dividends and will continue to review the timing of a dividend reinstatement. We are confident our shareholders' patience and support will be rewarded.

Board

The strength of a Board is highlighted in times of crisis. The successive lockdowns by the government may have had greater impact on financial performance if it wasn't for the outstanding prompt and decisive actions taken by our CEO and CFO and the supporting Group Executive Team and management throughout the business. During this time, the Board provided a good sounding board and excellent support for the executive team when quick and difficult decisions had to be made.

In September 2020, we said goodbye to Gab Barbaro who, due to a change in his executive role, was prevented from remaining on the Board. We were very sorry to see Gab go as he had made an excellent contribution during his short time with us. Recently we announced the appointment to the Board with effect from 1 April 2021 of Claire Miles, currently the Chief Executive of Yell. Claire is a data scientist by background and will bring to the Board a wealth of strategic and operational experience gained from the roles she has held during her career.

Looking to the future

The business and market disruptions caused by the pandemic highlighted the operational, commercial, and financial resilience of the Biffa business. We were also able to re-examine the way we operate and conduct business and were able to reassess our systems and resource requirements. As a result, we have identified business efficiencies and new ways of working that will further enhance resilience and financial returns in the future.

As we reflect on the strategic progress of Biffa since the IPO in October 2016, we are confident that we have a robust business, with a strong purpose and are well placed for a strong post-pandemic future. We have established leadership positions across waste reduction, recycling, energy recovery and collections and are capable of meeting the needs of our stakeholders and broader society whilst delivering attractive financial returns for our shareholders into the future.

Ken Lever
Chairman
31 May 2021

OPEN, TRANSPARENT AND ENGAGING

Positive relationships with our stakeholders, who have an interest in our business and may be impacted by the decisions we make, are key to our long-term success.

We asked – what matters most?

This year, Biffa carried out a materiality assessment with the dual aims of identifying material sources of Environmental, Social and Governance (ESG) risk and opportunity and informing our sustainability reporting processes. We asked our key stakeholders to rate the 'ESG topics' that matter most to them. These topics were informed by internationally accepted reporting frameworks set out by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), sector trends, and investor perceptions.

A list of the most material issues for Biffa, identified via this process, is summarised below:

- Recycling (see pages 24 – 25).
- Health & Safety (see page 64).
- Plastics (see pages 24 – 25).
- Greenhouse Gas (GHG) emissions from operations (see page 63).
- Modern slavery (see page 67).
- Energy from Waste (see page 25).
- Fair employment and wellbeing (see page 65).
- Consumer behaviour (see our Sustainability Report, see pages 40 – 41).
- Food waste (see our Sustainability Report pages 38 – 39).

Outputs of the internal and external consultation process are displayed on the matrix below. The vertical axis values are made up of the importance to stakeholder scoring and the horizontal axis values of the importance to Biffa scoring.

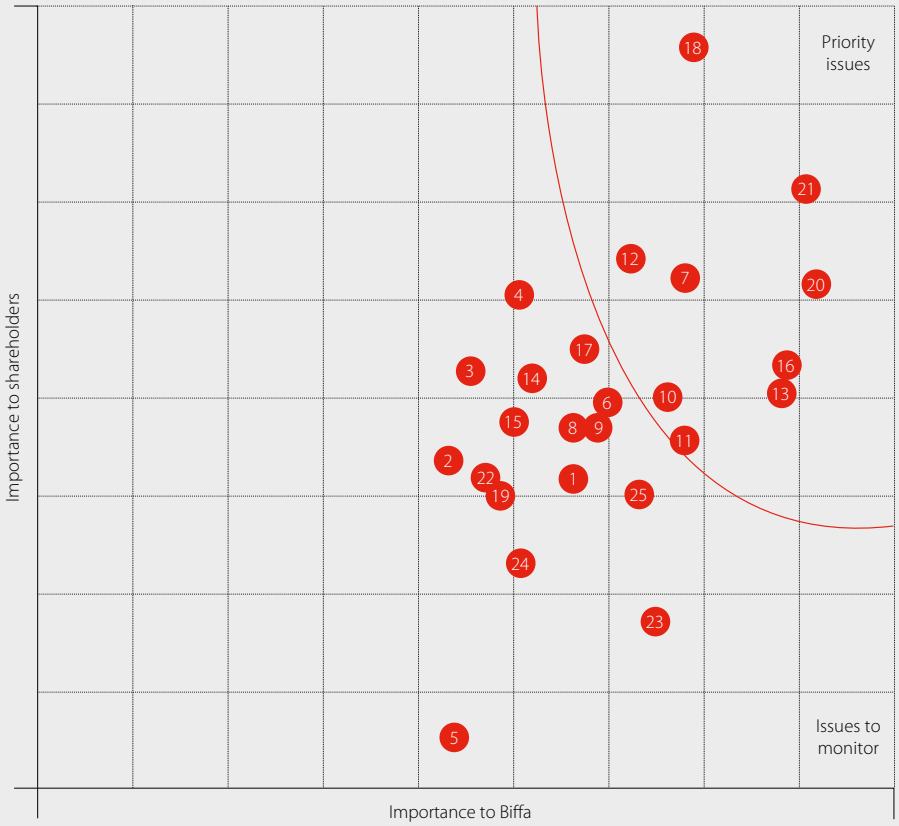
The topics of highest strategic importance to Biffa, in terms of meeting the expectations of our key stakeholders, are related to the circular economy and waste disposal. Investment in these areas is both core to Biffa's commercial offering and central to our sustainability strategy.

We've summarised what each of our core stakeholder groups (Employees, Customers, Investors, Suppliers, Government and Regulators and Environment and Communities) key interests were in the 'what matters to them' section in the following pages, along with some other key topics raised in the year.

Issues identified as most material will be prioritised within Biffa's sustainability activities and reporting, enabling us to address our ESG risks, capture opportunities, and increase our overall resilience as a business.

Engaging our stakeholders

We have set out on the following pages an overview of how our business and our Board directly and indirectly engage with our stakeholders to understand what matters to them and the outcomes of that engagement. You can also read more about how our Board take into account stakeholders and other factors in their decision making in the Section 172 (s172) Statement on pages 12 – 13.



1. Air pollution
2. Anti-corruption
3. Biodegradable packaging
4. Biodiversity
5. Carbon pricing
6. Community relations
7. Consumer behaviour
8. Data and cyber security
9. Diversity and inclusion
10. Energy from waste
11. Fair employment and wellbeing
12. Food waste
13. GHG emissions from operations
14. GHG from landfill
15. GHG from value chain
16. Health & Safety
17. Leadership and governance
18. Modern slavery
19. Partnerships
20. Plastics
21. Recycling
22. Renewable energy
23. Sustainable investment
24. Training and development
25. Transparency and sustainability reporting

Employees

Our employees are the strength of our organisation and the >9,000 team of talented, experienced and diverse individuals help us to lead the way in sustainable waste management. We pride ourselves on having an open and honest relationship with our workforce, empowering them to have their say, whilst ensuring they remain supported. We engage with each other respectfully, encourage each other and help make Biffa a fair, inclusive and fun place to work.

What matters to them?

- Support during the pandemic, including Covid-secure arrangements and additional financial support.
- The processes we have in place to ensure the Health & Safety of our people, customers and communities.
- Communications and engagement, ensuring two-way communication with employees.
- Financial performance and recovery and how this impacts employees.
- Tackling modern slavery, teaching our people how to spot the signs of modern slavery.
- Strategy and business performance, how we are investing for the future.
- Development opportunities, how our employees can grow and develop at Biffa.
- Diversity and Inclusion (D&I), how we are improving D&I across Biffa.
- Fair employment, benefits and wellbeing, ensuring that Biffa takes care of employees and provides fair employment.

How our Board engaged

- The Board received updates throughout the year on how Covid-19 was impacting our employees, including how the Group is supporting employees' mental health and wellbeing.
- David Martin, our Non-Executive Director for Workforce Engagement attended a number of employee forums during the year and received a presentation on the employee engagement results, reporting back to the Board on the outcomes (see page 66).
- In April 2020, the Board received an update on the 2020 employee engagement survey results.

How we engaged across the business

As face-to-face communication was difficult this year, we increased the frequency of our digital channels and launched new ones including:

- Our employee app Biffa Beat, company intranet, CEO vlogs.
- Printed and digital newsletters and employee letters.
- Employee video calls, with the opportunity to put questions to our Group Executive Team.
- Digital conferences and awards events, including a digital 'Diamond Awards' and Strategy Conference.

Outcomes of engagement

- Ensured our operational sites and offices were Covid-secure.
- Provided mental health training for all senior leaders in the business and launched E.N.E.R.G.Y programme to support employee wellbeing.
- £300 share award provided to all employees as a token of appreciation for their efforts throughout the pandemic.
- Modern slavery and D&I training for all managers across the business.
- Launched digital engagement survey 'Biffa Buzz' (see page 66).

Link to our principal risks (see pages 74 – 78)

1. Changes in Government policy and legal and regulatory compliance
2. Strategic/competitive threat to business model
3. Mergers and Acquisitions strategy
4. Strategic project implementation
5. Long-term contracts and tendering
6. Health & Safety
7. Covid-19
8. Business continuity, cyber security and IT resilience
9. Availability of labour

Customers

We care about our customers and their needs. Every day we provide essential services to thousands of household and business customers across the UK. We focus on delivering excellent service by doing what we say we will do and ensuring that we deliver as promised, every time. Our sustainable approach, responsiveness to customer needs and delivery make us the first choice for customers. Our customers range from corporate customers to SMEs and local authorities.

What matters to them?

- The processes we have in place to ensure the Health & Safety of our people, customers and communities.
- Support through the pandemic, maintaining service delivery, updates on Covid-secure arrangements.
- Tackling modern slavery, how Biffa is mitigating the risks.
- Financial performance and recovery to ensure continuity of services.
- Biffa's role in a circular economy (including plastics recycling, biodegradable packaging and consumer behaviour) and how we can support customers in this area.
- Carbon emissions from operations and supply chain (including roll out of electric vehicles) to help customers reduce their emissions and environmental impact.
- Food waste, Biffa's actions to dispose of food waste.
- Energy from waste, as a means of diverting waste from landfill.
- Digital capabilities, the ability to purchase waste services online.

How our Board engaged

- The Board received presentations from management on the acceleration of customer digitalisation to transform customer experience including the launch of the new e-commerce platform and the plans for a new electronic Customer Zone.
- The Board received updates from the CEO and management on the business which included feedback on engagement with our customers, new customer wins and customer contract extensions, and the work with customers to support them with their sustainability goals.

How we engaged across the business

- Virtual customer meetings held to update customers on business performance, progress against sustainability strategy goals and opportunities ahead.
- Website news articles, blogs and social media updates.
- E-newsletters.

Outcomes of engagement

- Supported customers throughout the pandemic ensuring continuity of essential services and helped them source additional Covid-secure supplies, such as face masks and cleaning equipment, when stocks were low.
- Launched UK's largest fleet of electric refuse collection vehicles in Manchester.
- Launched new e-commerce platform for SME customers enabling them to purchase waste services online.
- Online training product to support our customers in how to segregate their waste, to help improve recycling rates.
- Supported customers with their ambition to achieve net zero emissions (see page 27).

Link to our principal risks (see pages 74 – 78)

1. Changes in Government policy and legal and regulatory compliance
2. Strategic/competitive threat to business model
3. Mergers and Acquisitions strategy
4. Strategic project implementation
5. Long-term contracts and tendering
6. Health & Safety
7. Covid-19
8. Business continuity, cyber security and IT resilience
9. Availability of labour
10. Commodities market and pricing volatility
12. Economic environment

Engaging our Stakeholders continued

Investors

As a FTSE 250 listed Company we work with our investors, shareholders, analysts, banks and rating agencies to ensure they have a good understanding of our business and help them to recognise Biffa as a strong, sustainable investment opportunity.

What matters to them?

- Financial performance and recovery, the resilience we have demonstrated throughout the pandemic.
- Biffa's role in a circular economy (including plastics recycling, biodegradable packaging and consumer behaviour).
- Carbon emissions reduction, to prevent climate change impacts on the environment.
- Food waste, Biffa's actions to dispose of food waste.
- Energy from waste, as a means of diverting waste from landfill
- Tackling modern slavery, how we are mitigating potential risks in the supply chain.
- Strategy and business performance, including growth in green investments and acquisition pipeline.
- Leadership and governance, including greater transparency in sustainability reporting.
- Health & Safety, the processes we have in place to ensure the Health & Safety of our people, customers and communities.
- Biodiversity, Biffa's actions in maintaining diverse and functioning ecosystems and the services they provide to communities.

How our Board engaged

- The Chairman and Senior Independent Director consulted with key shareholders ahead of our AGM in June 2020.
- The CFO, Company Secretary and Director of Corporate Affairs held a series of calls with our major shareholders on corporate governance and sustainability issues.
- The CFO updated the Board on IR activities at each meeting, including feedback from 1:1 meetings.
- The Board received investor blast emails around key announcements.

How we engaged across the business

- Half and full year results virtual presentations and roadshows.
- Analyst webinars and trading updates.
- CEO and CFO have regular dialogue with investors, including virtual 1:1s with holders and non-holders.
- Attended virtual conferences throughout the year.

Outcomes of engagement

- Developed investor section of website in line with FTSE 250 best practice, with improved transparency of sustainability achievements.
- Invested in a new CRM database to track meeting notes and to send blast emails around key announcements to ensure investors remain up to date on our strategic activities.
- Site visit organised for investors and analysts to visit our plastics recycling facilities in the North East, so they can see our investments in green economy infrastructure first-hand.

Link to our principal risk (see pages 74 – 78)

1. Changes in Government policy and legal and regulatory compliance
2. Strategic/competitive threat to business model
3. Mergers and Acquisitions strategy
4. Strategic project implementation
6. Health & Safety
7. Covid-19
11. Finance availability/investment
12. Economic environment

Suppliers

Our suppliers play an important role in helping our business deliver for our customers. We form strong, sustainable and trusted partnerships and look to secure excellent value for money, whilst minimising risk in our supply chain.

What matters to them?

- Support through the pandemic, mitigating risks in the supply chain and providing Covid-secure supplies.
- Tackling modern slavery throughout the supply chain, the policies we have in place to help mitigate the risks.
- Biffa's role in a circular economy (including plastics recycling and consumer behaviour) and opportunities for suppliers to collaborate.
- Carbon emission reductions in the supply chain, to prevent climate change impacts on the environment.
- Anti-corruption activities, the anti-fraud and corruption standards expected throughout the supply chain.
- Partnerships, including support of Biffa's charity partner WasteAid.
- Leadership and governance, the governance structures and policies in place to ensure effective oversight and management.
- Brexit, how Biffa has mitigated the risk of disruption across our supply chain.

How our Board engaged

- The Board received a report on the work the Company has undertaken on modern slavery and approved the Company's Modern Slavery Statement, which is available on our website.
- The Board received information about our suppliers and our payment practices through the Board reports.
- The Board approved a number of material supply contracts during the year.

How we engaged across the business

- Modern slavery questionnaire to all new suppliers.
- Virtual supplier meetings.
- Website news articles, blogs and social media updates.
- All strategic suppliers approached with net zero carbon survey.

Outcomes of engagement

- Increased support from suppliers throughout the pandemic, including expanding our supplier network to ensure continuity of supply.
- Over 500 respondents to our zero-carbon questionnaire and offers of joint initiatives to reduce carbon from supply chain, including sourcing new ranges of electric trucks, vans and cars.
- Increased collaboration on modern slavery prevention, including supporting our suppliers to develop their policies in this area.
- Suppliers offering more environmentally friendly products, including LED lighting and cleaning products in support of our sustainability goals.

Link to our principal risk (see pages 74 – 78)

1. Changes in Government policy and legal and regulatory compliance
2. Strategic/competitive threat to business model
4. Strategic project implementation
5. Long-term contracts and tendering
6. Health & Safety
7. Covid-19
8. Business continuity, cyber security and IT resilience
9. Availability of labour
12. Economic environment

Government and Regulators

The UK waste sector's policy framework is devised by the UK Governments (including England, Wales, Scotland and Northern Ireland). As leaders in the UK waste industry, we are working closely with the UK Governments as they develop their new Resources and Waste Strategies and climate change prevention plans. Our industry is regulated by Environment Agency (and equivalents in the UK devolved nations), local authorities and HMRC/Revenue Scotland. We work closely with our regulators to keep them up to date with our activities and strategic priorities.

What matters to them?

- Tackling modern slavery, how we are mitigating the risks to support our people.
- Health & Safety, the processes we have in place to ensure the Health & Safety of our people, customers and communities.
- Diversity and inclusion, improving gender balance and other areas of D&I across the waste industry.
- Fair employment and wellbeing, ensuring that Biffa takes care of employees and provides fair employment.
- Biodiversity, Biffa's actions in maintaining diverse and functioning ecosystems and the services they provide to communities.
- Community relations, how Biffa engages with local communities and investment in those communities.
- Sustainable investment, investing in UK recycling infrastructure and alternative fuels.
- Leadership and governance, including transparency in sustainability reporting.

How our Board engaged

- The Board received a report on the key reform elements of the UK Government's Waste Policy and how the Company, as part of its sustainability strategy, will pro-actively engage with regulators and key stakeholder groups.

How we engaged across the business

- Participation in expert working groups.
- Government consultations.
- Waste sector liaison groups and councillor training.
- Regular website articles, blogs and social media updates.

Outcomes of engagement

- Input to, and member of, industry working groups.
- Continued investment in UK circular economy infrastructure.
- Significant progress made in restoring landfill sites in respect to biodiversity targets.
- Joined Science Based Targets initiative and committed to achieving net zero emissions by no later than 2050.
- Publication of Biffa 'Reality Check' report series on website.
- Developed sustainability pages of Biffa website to increase transparency in sustainability reporting.

Link to our principal risk (see pages 74 – 78)

1. Changes in Government policy and legal and regulatory compliance
2. Strategic/competitive threat to business model
3. Mergers and Acquisitions strategy
6. Health & Safety
7. Covid-19
12. Economic environment

Environment and Communities

Sustainability is at the heart of our business. We're committed to changing the way people think about waste and doing the right things to protect our planet, which includes minimising our carbon footprint whilst delivering the most environmental, social and financial value from the resources we collect. We are also proud to give something back to the communities we serve and in doing so create value for all our stakeholders.

What matters to them?

- Tackling modern slavery, how we are mitigating the risks to support local communities.
- Health & Safety, the processes we have in place to ensure the Health & Safety of our people, customers and communities.
- Biffa's role in a circular economy (including plastics recycling and consumer behaviour).
- Biodiversity, restoring former landfill sites to enable new species to be introduced.
- Food waste, Biffa's actions to dispose of food waste.
- Energy from waste, as a means of diverting waste from landfill.
- Carbon emission reductions, to prevent climate change impacts on the environment.
- Community relations, how Biffa's engages with local communities and investment in those communities.
- Biodiversity, Biffa's actions in maintaining diverse and functioning ecosystems and the services they provide to communities.
- Leadership and governance, including transparency in sustainability reporting.

How our Board engaged

- The Company provides an essential service to over 95% of UK postcodes and, as such, plays an important role in the communities in which it operates. The Board is cognisant of the impact that certain decisions it makes can have on the community and receives relevant information in management reports.
- The Board, through the Sustainability Committee receives information and reports on the work undertaken on the environment and our communities.

How we engaged across the business

- Attend parish council and local liaison meetings
- invite community members to our sites (outside of Covid-19 restrictions)
- Participate in volunteering and fundraising activities
- Regular newsletters, website articles, blogs and social media updates

Outcomes of engagement

- Direct contributions through community, sponsorship and fundraising
- Continued investment in UK circular economy infrastructure.
- Local project funding through Biffa Award scheme.
- Significant progress made in restoring landfill sites in respect of biodiversity targets.
- Joined Science Based Targets initiative and committed to achieving net zero emissions by no later than 2050.
- Developed sustainability pages of Biffa website to increase transparency in sustainability reporting.

Link to our principal risk (see pages 74 – 78)

3. Mergers and Acquisitions strategy
4. Strategic project implementation
6. Health & Safety
7. Covid-19
12. Economic environment

SECTION 172 STATEMENT

Our Directors have a duty under s172 of the Companies Act 2006 (s172) to promote the success of the Company for the benefit of its members. In doing so, they must have regard to the interests of our employees, the business relationships with our suppliers and customers, the impact of our operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

To be able to fulfil their s172 duty when making decisions, it is essential that our Directors understand what matters to our stakeholders. Details of our key stakeholder groups and how the business and the Board have engaged with them during the year are set out on pages 09 – 11.

Much of the stakeholder engagement at Biffa is carried out at a business level. The Board receives details of stakeholder engagement and their interests through presentations from the Executive Directors and senior management and the Board papers. All Board papers for principal Board decisions contain a section on s172 and stakeholder interests.

A key responsibility for the newly formed Board Sustainability Committee will be overseeing stakeholder engagement on behalf of the Board. At its first meeting in January 2021, the Sustainability Committee considered the key stakeholder groups and the stakeholder engagement plan for the year. The Committee will receive updates on stakeholder engagement and report to the Board on stakeholder engagement activities and outcomes following each meeting.

In addition, the Directors also engage directly with our investors (see page 90 for more detail) and our employees. Employee engagement is primarily conducted through David Martin, our nominated Non-Executive Director for Workforce Engagement (see page 66). Site visits and Board dinners also provide an opportunity for direct engagement with employees. However, during the year this has been restricted due to Covid-19.

Further information on how s172 has been applied by the Directors can be found throughout the Annual Report:

s172 duties	Read more	Pages
Consequences of decisions in the long-term	Our Business Model	18
	Our Strategic Framework	20
	Principal Risks and Uncertainties	74
	Viability Statement and Going Concern	79
	Board Activities	91
Interests of employees	Non-Financial Information Statement	69
	Our People	64 – 68
	Employee Engagement	66
	Diversity and Inclusion	67
	Culture and Values	89
Fostering business relationships with suppliers, customers and others	A Year Like No Other (Covid-19)	42
	Operating Review	36
Impact of operations on the community and the environment	Sustainability Performance	46
	TCFD Disclosures	56
	Sustainability Committee Report	98
Maintaining high standards of business conduct	Non-Financial Information Statement	69
	Culture and Values	89
	Whistleblowing	68
	Anti-fraud, Bribery and Corruption	66
	Modern Slavery	67
Acting fairly between members	Shareholder engagement	90
	Voting Rights	122

How the Board fulfil their s172 duties

Board training

Each of the Directors is aware of their directors' duties and has received training on s172

↓

Board information

All Board papers for principal Board decisions contain a section on s172 and stakeholder interests

Our Board directly and indirectly engages with our stakeholders. Read more on pages 8 – 11

↓

Board strategic discussion

s.172 factors are considered in the Board's discussions on strategy, including how they underpin the Company's long-term success

The Company's open and honest culture helps ensure there is proper consideration of the impact of Board decisions on our stakeholders

The Board considers the quality of information it has received and seeks assurance where appropriate

↓

Board decision

Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate

As a result of the Board's engagement, the necessary actions are taken

Key
Examples of some of the principal decisions that the Board has taken during the year and how s172 considerations have been factored into the Board's decision making are set out below.

- Employees
- Customers
- Investors
- Suppliers
- Government and Regulators
- Environment and Communities

Covid-19 response

All our stakeholder groups were affected in some way by the Covid-19 pandemic. The Board spent considerable time during the year discussing the impact of the pandemic on our business and reputation. They received regular updates from management to ensure they were fully informed regarding the interests of all our stakeholder groups enabling them to consider the consequences of their decisions in the long-term on the business and stakeholders and the need to act fairly at all times.

Employees – Protecting the health, safety and wellbeing of our employees was a key priority during the year. The Board supported management to take a number of actions including: safe working practices being put in place for our frontline employees, the introduction of Covid-secure measures at our offices and operational facilities, enabling and supporting home working, the launch of a new wellbeing initiative and the introduction of financial support packages for self-isolating and shielding staff (see page 43 for more details).

The Board also approved a number of measures to protect the Group finances and ensure that remuneration at Biffa was aligned with the broader stakeholder experience (see page 45 for more details).

Customers and Suppliers – Ensuring that business operations continued with minimal disruption and that our customers continued to receive the essential services that we provide was also a priority for the business. Continuous customer service call centre availability was provided by switching to home working and our I&C customers supported in the changes they needed to make to services due to the Covid-19 lockdowns.

The business worked pro-actively with key suppliers to agree rebates, payment deferral and discounts where appropriate.

Investors – The decision by the Board to suspend dividends was taken with a balance in mind between the interests of our investors in receiving dividends and the longer term need to protect the financial strength of the Group by preserving cash and liquidity during the uncertain trading environment that the Covid-19 pandemic provided. Other cash preservation actions were also taken.

Environment and Communities – Our key workers provided an essential service to businesses and households within our communities.

Government and Regulators – We proactively engaged with the Government and Regulators and other industry operators to pull together as an industry, helping to develop industry guidelines and best practice in response to the crisis.

Protos Energy from Waste Facility

In September 2020, the Board approved investment in the new Protos EfW facility in Cheshire and entry into a long-term waste disposal agreement for the facility. When finished, Protos will produce 400,000 tonnes of annual treatment capacity for non-recyclable household and I&C waste and will also be capable of generating 49MW of low carbon electricity, enough to power around 90,000 homes. The project is one of our four newly defined investment areas – 'recover' – to invest in EfW infrastructure as a low carbon alternative to landfill for our customers' waste that cannot be recycled (see page 27 for more information).

Employees – Supporting our I&C business, the secure long-term disposal solution ensures service continuity and job security for the I&C division. The project will create over 300 jobs during the construction period with approximately 40 permanent employees once operational, providing future job opportunities.

Investors – The project will provide long-term returns in line with the Company's sustainability strategy. Biffa's financial commitment to the project will be c.£35m with a mid to high teens projected return on investment.

Government and Regulators – The new facility supports the Government's strategy to both reduce reliance on landfill and increase the UK's ability to treat more non-recyclable waste without export to overseas facilities. The project is also consistent with the local planning policy.

Suppliers – The project will create many opportunities for the local supply chain with a commitment from the project to purchase goods and services from local companies wherever possible.

Environment and Communities – The wider Protos estate will contribute to recreational spaces for the local communities' benefit and will include cycle ways and pedestrian access. In addition, the master development plan for the Protos site includes safeguarded areas for habitat creation and biodiversity. The facility will provide a low carbon energy source and divert waste from landfill.

Reputation – Our reputation is very important to us and the Board will be updated on the delivery of the Protos EfW as it progresses to ensure high standards of business conduct are maintained.

Acquisition of Company Shop Group

During the year, the Board considered and approved the significant opportunity to acquire CSG, the UK's leading and largest redistributor of surplus food, drink and household products. The acquisition supports Biffa's long-term sustainability strategy (see pages 24 – 25 for more information) and its commitment to maintain a reputation for high standards of business conduct.

Investors – The Board considered whether investors would have concerns about the allocation of capital to a business outside of Biffa's core services but considered the transaction to be in their interests because of CSG's strong ESG credentials, the long-term opportunities the combined businesses provide and good investment returns.

Employees – Biffa's employees have the opportunity to become members of CSG and therefore benefit from access to discounted food, drink and household products. There will also be opportunities for employees to provide volunteering services to Community Shop. Being part of a larger FTSE listed company will provide opportunities and new benefits for CSG employees.

Environment and Communities – The reduction in food waste has a positive impact on the environment. Community Shop has a network of community hubs supporting some of the most deprived areas of the UK. It provides its members with vital access to deeply discounted foods donated by supplier partners, as well as life changing learning and development programmes.

Customers and Suppliers – The combination of the businesses provides an opportunity to deliver a unique circular economy proposition to food manufacturing and fast-moving consumer goods (FMCG) customers and suppliers, helping them unlock sustainable value from food surplus. This will improve Biffa's capability to support its customers and suppliers' waste reduction and recycling targets in the long term. In addition, Community Shop provides an opportunity for CSG supplier partners to donate food surplus for social purpose.

Chief Executive Officer's Review

"This was a year in which strong relationships with all stakeholders were fundamental to ensuring business resiliency. My thanks go to all of our stakeholders, especially our employees for their commitment and support over the course of the year."

Michael Topham
Chief Executive Officer

A defining year

I'm extremely proud of the way the entire team responded to the Covid-19 pandemic in what has been a defining year for Biffa. We were able to protect our people and continue to provide the essential services on which society depends, while taking decisive action to strengthen the finances of the Group and continue to invest for the future. It has been a year none of us wants to repeat but certainly one which showed us at our best.

Having responded swiftly to the first wave of the pandemic, we secured the support of shareholders to raise £100m of new equity to enable us to swiftly recommence our strategic investment programme. Since then, we have delivered on that investment programme at pace, making a number of acquisitions and committing capital into vital UK green economy infrastructure development, notably including the recent announcement of our agreement to acquire Viridor's Collections business and certain Recycling assets. These investments will ensure we are well placed as the post-pandemic recovery takes hold.

The second wave of the pandemic and the subsequent lockdowns over the winter inevitably presented further challenges for the business, although their impact on our trading performance was less pronounced than the first. As a result, we were able to end the financial year with trading results ahead of the Group's Covid-19 base case expectations which we communicated at the start of the pandemic. It is however important to recognise the collective sacrifice that was made through the year and support that has been received to get us to the position we are now in. Measures included dividend suspension, staff furlough, pay reductions and cancellation of all pay increases and bonuses. We reinvested some of the savings we made into enhanced sickness benefits for staff and in funding an all-employee share award of £300 as a token of our appreciation for their commitment and sacrifice.

Despite the obvious distractions that the pandemic has brought, I am particularly pleased with the first year of delivery of our sustainability strategy, 'Resourceful, Responsible', which we launched a year ago. Its delivery and Biffa's future success are inextricably linked.

This was a year in which strong relationships with all stakeholders were fundamental to ensuring business resiliency. My thanks go to all of our stakeholders, especially our employees for their commitment and support over the course of the year.

Financial Performance

Our financial performance was materially impacted by the Covid-19 pandemic, with the business experiencing a revenue reduction of £121.1m. Despite this, EBITDA, excluding adjusting items margins held up well across FY21 at 13.3% (FY20: 15.0%). The measures contributing to this performance included taking c. 39% of the I&C frontline fleet off the road; furloughing up to 1,800 staff for various periods of the year for which we received £12.0m of government support; temporary pay cuts taken by the Board and senior leaders, pay freezes and the cancellation of all bonuses.

These measures gave the Group the ability to better shoulder the downturn and progress its strategic priorities over FY21.

In addition, the Group booked a number of adjusting items in the year. These charges totalled £81.8m before tax in the year (FY20: £16.4m) and the main contributing items related to asset impairment charges, an uplift of the onerous contract provisions, impacts of the decrease in the real discount rate on provisions; and an increase in the charge for amortisation of intangible assets. The overall consequence of all of these items was a loss before tax for the year of £52.8m (FY20 PBT £56.4m).

An evolving sector with attractive growth opportunities

The UK waste sector is entering an exciting period of change, which brings enormous opportunities for Biffa. In some ways it could be said that the UK waste sector is entering its 'third age'.

The 'first age', in simple terms, was the period during the second half of the 20th century, when waste management became a regulated, organised industry, but which was essentially organised around collections and landfill. Waste companies oversaw the safe collection and disposal of waste from households and businesses. For most people this was a very convenient, cost-effective, 'out of sight, out of mind' model. Biffa's business was originally built during this period. Whilst ultimately rightly confined to the history books, it was an essential step on our journey to where we find ourselves today.

The 'second age' began roughly around the turn of the century with the realisation of the potential for environmental harm of the existing system – and the opportunity that existed if we took a different approach. The concept of the 'waste hierarchy' was incorporated into Government policy and recycling and energy recovery were prioritised ahead of landfill. This period brought enormous investment and change, with a decrease in UK household waste to landfill of 80% between 1995 and 2018[1], and a 69% reduction in the overall CO_2e produced by the sector since 1990[2]. The UK waste sector has been a stand-out contributor to carbon reduction over this period as a result of this enormous transition.

To a large extent, however the UK waste sector was replacing a 'collect – landfill' business model with a 'collect – sort – export' one which was driven by economic forces to export huge quantities of materials so that the ultimate treatment, whether that be recycling or energy recovery, could happen elsewhere. Headline statistics on landfill avoidance and recycling rates created a false sense that the UK's waste problem had been dealt with.

1 Source DEFRA: UK Statistics on Waste (publishing.service.gov.uk), page 7.
2 Source DEFRA: Resources and Waste Strategy – Monitoring Progress (publishing.service.gov.uk), page 22.

In recent years there has been an increasing realisation by consumers, businesses, and policy makers that this system of 'collect – sort – export' isn't acceptable. We have all seen examples of how things can go wrong when we rely on countries that don't yet have the same high environmental standards or controls as the UK. It has made us realise that, to an extent, we had actually replaced one 'out of sight, out of mind' model with another.

As an advanced economy committed to a green, sustainable future, we have come to realise that shipping our waste to other countries to deal with is unacceptable. Moreover, it deprives the UK of the resources inherent within the waste – whether that be circular economy raw materials or vital low carbon energy – and doesn't just involve exporting waste – it exports jobs as well.

And so, we enter the 'third age' where governments, regulators, businesses, and consumers all see the benefit in managing resources efficiently and dealing with them here in the UK. Alignment exists because it helps businesses to win and retain customers, it protects brands, it creates job, and it wins votes.

It starts with supply chains being committed to – and delivering – waste reduction initiatives, supported by progressive waste management partners, like Biffa, that actually help them make it happen. For waste that can't be avoided, the most efficient, low-carbon collections systems, which have already begun their transition to zero emissions systems, ensure waste is properly segregated and the best possible outcomes are a possibility. Once properly collected, the most advanced treatment capabilities in the world are available – here in the UK – to ensure that materials are recycled in genuine 'closed loop' systems that put the same materials back into the same supply chains – again and again – or, if they are currently not capable of being recycled, they are safely used for low-carbon energy generation.

It is this third age that is now upon us, and at Biffa we understand the challenge and are excited about the opportunity it offers. It is what drives us and underpins our purpose to *change the way people think about waste*.

It is encouraging that the UK Government and devolved administrations are alive to these issues and the opportunities that exist if we get things right, and we welcome the ambition in planned regulatory changes for our sector. Inevitably their implementation has been delayed due to the challenges of Brexit and the pandemic. Now is the time to move ahead with purpose to make the changes happen.

Biffa's role as an enabler of the circular economy

Biffa is already playing a vital role in making this third age a reality. Our areas of focus essentially reflect the waste hierarchy – to Reduce, Recycle, and Recover in addition to the essential activity of Collect, which are fundamental to the waste supply chain and to our business success. Across these four areas we have made significant progress in the year:

- **Reduce:** Our acquisition of Company Shop Group in February 2021 for £86.0m excluding deferred and contingent consideration plus £10m of IFRS 16 leases assumed establishes us as the leading enabler in the UK circular economy, with genuine alignment to our customers' objectives to reduce waste. CSG is in the business of waste prevention, working with manufacturers of household produce to ensure surplus produce does not go to waste and instead is redistributed for sale through its unique network of membership-restricted outlets. It also includes Community Shop, a not-for-profit community interest company that supports some of the most deprived areas of the UK through a network of hubs which sell produce provided by donations from supplier partners at deeply discounted prices, alongside the provision of a number of community services. We look forward to delivering the growth plan for CSG, increasing waste redistribution across our customer base.
- **Recycle:** Biffa is a leader in closed-loop plastic recycling. We have continued the rapid expansion of our capabilities, with investments for the treatment of post-consumer PET in Seaham and PP in Washington nearing completion, and a further investment in HDPE recently announced. By the end of FY22, we will have invested c. £55m,

Chief Executive Officer's Review continued

increasing our capacity from 63,000 tonnes in FY19 to 155,000 tonnes.

- **Recover:** Whilst we are committed to waste reduction and recycling, we recognise that we are still many years away from realising the long-term vision for all waste to be recycled, and in the meantime, energy recovery will play a vital role in tackling this waste challenge. As the UK's largest waste collector, having access to domestic, low-carbon energy recovery is essential, and we have been working with our joint venture partners Covanta and Macquarie's Green Investment Group to develop two facilities to meet this need. The first facility at Newhurst in Leicestershire commenced construction during the year, and the second, Protos in North Cheshire, reached financial close during the year and has also started construction. These facilities will become operational in 2023 and 2024 respectively and will handle c. 0.5m tonnes of Biffa's non-recyclable waste. Our total investment in these two facilities will amount to £75m and will deliver a growing return once the sites become operational.
- **Collect:** We have continued to deliver on our plan to consolidate the fragmented I&C collections market. Acquisitions are highly synergistic, with the removal of duplicate routes and locations, and result in a more efficient, flexible service proposition for our customers with a lower-carbon intensity. Acquisitions are the key to us delivering our long-term plan to be the leading collector of business waste in the UK, enjoying sector-leading margins and returns on capital. In the year we also completed a further two I&C acquisitions, investing £35.3m which includes deferred and contingent consideration of £2.2m, plus £9.1m of IFRS16 leases. The vast majority of this related to Simply Waste, a leading operator in the south of England. We expect the consolidation of the I&C market to remain a feature of our strategy for some time to come. We have also continued to invest heavily in our customer experience, helping us to both attract new customers and give them the best experience once with us. Customers demand information and transparency more than ever, and we are uniquely well positioned to deliver this for them.

In addition to the above, after the year-end we announced that we had reached agreement to acquire Viridor's Collections business and certain Recycling assets for a cash consideration of c. £126m, plus c. £17m of IFRS 16 lease assumed, solidifying our leading position in UK sustainable waste management.

Our total committed investment since the Capital Markets Day in 2019, along with our announced Viridor acquisition, means we have committed £425m across these four areas. This represents a significant acceleration in the strategic development of the Group and is well in excess of the £250m ambition we laid out in our Capital Markets Day event in September 2019.

To reflect our positioning and priorities, going forward we will establish a new divisional reporting structure based on three divisions: Specialist Services (incorporating Biffa's established division of the same name and CSG), Collections (incorporating I&C and Municipal), and R&E. Our R&E division continues to be led by Mick Davis, and our Specialist Services and Collections divisions are led by David Bird, who recently joined the Group to replace Jeff Anderson, who retired at the end of the financial year.

A strategy with sustainability at its core

Our first sustainability strategy, 'Resourceful, Responsible' has already become well embedded within our business and underpins everything we do.

Our plan involves big ambitions in unlocking £1.25bn of green economy infrastructure investment and further significant reduction in our carbon emissions by 2030. The great progress we have made in delivering our business strategy, such as our entry into the redistribution and waste reduction space, expanding our plastic recycling operations, building a low-carbon collections business through acquisitions, and investing in energy from waste infrastructure will ensure we deliver this plan.

In addition, we have made a number of commitments that reflect the role we have as a leader in our sector, such as improving workplace safety and addressing the risks that the waste industry presents to rough sleepers, creating a more diverse and inclusive place of work, increasing pay for our lower paid workers, and tackling modern slavery, to which our sector, like many, is vulnerable. In our business operations we have committed to pioneering the introduction of electric collection vehicles and migration of our landfill logistics to being predominantly rail-based, reducing carbon and congestion simultaneously.

I am really pleased with the progress we have made in delivering across many of these objectives. Indeed, the recent acceleration of our investment strategy means that we have now unlocked £1bn of the target of £1.25bn investment and have managed this despite the obvious distraction of the pandemic. But there is a lot of work to do in the years ahead. For more information take a look at our Sustainability Report which will be published on 21 June 2021 and will be available on our website: www.biffa.co.uk/sustainability/sustainability-report-2021.

Technology, innovation, and disruption in waste

We are often asked about the extent to which our business is at risk of disruption from technology and innovation, especially as a result of the Covid-19 pandemic where many business models have needed to adapt.

Innovation is essential in the waste sector as society moves towards a de-carbonised, circular economy and the industry seeks more sustainable waste management processes. However, with a growing list of supposed game-changing solutions, Biffa's experience and position is critical for assessing the viability of novel technologies and identifying the most promising initiatives.

We maintain a pipeline of new innovations, partnering where appropriate to help new ideas progress, without putting capital at risk. Areas of innovation that will evolve our core proposition and have the potential to grow into and disrupt adjacent markets are prioritised. Therefore, we have active projects in areas such as sustainable packaging, legislative driven changes, digitalisation of collections, hard to recycle wastes and sustainable energy production.

Digitally enabled collections models and new waste treatment technologies have been two of the most hotly debated areas of disruption for the sector.

In Collections, we assessed the scope for a digital platform to disintermediate traditional 'hard asset' operators such as Biffa from its customers, harnessing

Members of our **Women in Waste** group.

See page 67 for more information.

Energy recovery

Our first energy recovery facility at Newhurst in Leicestershire (pictured) commenced construction during the year, and the second, Protos in North Cheshire, reached financial close during the year and has also started construction.

These facilities will become operational in 2023 and 2024 respectively and will handle c. 0.5m tonnes of Biffa's non-recyclable waste. Our total investment in these two facilities will amount to £75m

+ Read more: see page 25

the reach and capacity of smaller operators. We believe there is a potential advantage for this model for services that are reactive or unplanned in nature, such as skips for construction waste or unplanned jobs. Biffa is relatively under-invested in these areas, so we are developing a proposition to provide solutions by leveraging a broader digitally enabled supply chain. Nevertheless, we have firmly concluded that the end-to-end ownership of the assets and direct employment of service delivery personnel is the winning model for the majority of our Collections services. This is true from a cost, customer service, environmental and transparency perspective – provided there is sufficient scale to deliver the route density benefits key to driving profitability. Customers want the certainty of a self-delivered model and the confidence our brand brings with it.

In waste treatment technologies, there has been significant interest in energy recovery. We have thoroughly investigated solutions such as gasification and pyrolysis, and are open to advances, however, evidence shows that incineration is currently the only reliable solution for non-recyclable general waste. It is a key transitional technology away from landfill towards more sustainable methods. For hard-to-recycle plastics, chemical recycling has also received growing attention, but the technology and economics are presently unviable. We remain hopeful that more options for the treatment of plastics will become available and we are well placed to leverage them once they do.

Significant disruption to current waste management practices is required across supply chains to prevent negative environmental impacts, and Biffa is perfectly positioned to drive that change.

Outlook and priorities

Our immediate focus remains ensuring that we can maintain our essential services whilst keeping our people safe and well. As we look beyond the pandemic, we believe Biffa is very well placed for a strong recovery and are encouraged by our recent trading performance. We are focused on delivering our strategic growth plans which will enhance our leading position at the heart of the UK circular economy. We are already making positive headway in our core investment areas: Reduce, Recycle, Recover and Collect.

Following the Group's acquisition of CSG in February 2021, discussions with our corporate customer base about the newly combined offering have been very positive. The opportunities going forward for new store openings are actively being pursued with a clear plan to source sufficient additional surplus volumes and expand outlet numbers over the next 3-4 years to grow revenue and EBITDA by a further 50%, as previously reported.

We will continue to build out our plastic recycling capabilities at pace. With the final commissioning of the developments at Seaham, Washington and Aldridge approaching, we will move on to the previously announced additional investment at Washington, which will increase the Group's HDPE milk bottle recycling capacity by a further 50%. To further bolster our plastics recycling capacity, we recently agreed terms to acquire Scotland's only post-consumer plastics recycling facility ('PRF') from Green Circle Polymers Ltd for £10m. The PRF adds an additional 50,000 tonnes of treatment capability and is well positioned to play a role in the Scottish Government's Deposit Return Scheme which comes into effect in July 2023.

Our EfW portfolio has been progressing to plan, in line with construction milestones. The much-needed green infrastructure will reduce the UK's reliance on exporting non-recyclable waste. Both the Newhurst and Protos facilities will continue their large-scale construction programmes into FY22 and FY23.

The agreement to acquire the Collections business and certain Recycling assets from Viridor, will expand Biffa's I&C collections business and recycling capabilities, broaden our customer base, and solidify our leading position in UK sustainable waste management. The deal, which will be immediately earnings enhancing, builds on Biffa's strong track record as a leading market consolidator in the highly fragmented I&C collections market and underpins our commitment to our sustainability strategy, strengthening Biffa's position as one of the largest recyclers of post-consumer materials in the UK. Completion of the deal is expected no earlier than August, following clearance from the Competition and Markets Authority. We will then move swiftly to integrate the Viridor business into Biffa.

We have been pleased with the recovery of our performance in recent months and are confident that the year ahead will see a good recovery in our trading performance, as we benefit from the economic rebound that is emerging follow the easing of lockdown restrictions. We will also see the benefit of the investments and acquisitions that we have made over the course of the year. Accordingly, our expectations for the year (excluding the impact of the Viridor transaction) are unchanged.

As we hopefully move beyond the pandemic, it is vital that we support our customers as they seek to revitalise their businesses through providing an excellent customer experience. The ongoing work to make progress across the key initiatives within our sustainability strategy will continue. We have a lot to get on with to leverage our leading position as an enabler of the UK circular economy. All our stakeholders expect it of us, and we won't let them down.

Michael Topham
Chief Executive Officer
31 May 2021

A SUSTAINABLE BUSINESS MODEL THAT UNITES PURPOSE WITH PROFIT

The UK waste sector is entering an exciting period of change, driven by increasing customer demand for sustainable waste management alongside changes to Government policy through the Resources and Waste Strategy. Biffa's strong position as an enabler of the UK circular economy is helping to guide the changes to Government policy towards progressive long-term benefits for the environment, the economy and the communities we serve.

We understand the importance of our sector's role in helping tackle the defining issues of our time. We understand the huge possibilities, but equally the great potential for harm, if waste isn't dealt with responsibly. That is why we are here.

Biffa exists to change the way people think about waste. A year on from publishing our sustainability strategy, 'Resourceful, Responsible' we have already made a big difference. We have an ambitious plan, and we are getting on with delivering it.

Our sustainable business model
Our business model comprises four strategic areas of investment – to deliver efficient, sustainable management of waste aligned to the waste hierarchy and our three sustainability strategy pillars:

- Building a circular economy.
- Tackling climate change.
- Caring for our people, supporting our communities.

Investment areas
Our four strategic areas of investment reflect the outcomes and value creation delivered by our operational capabilities:

1. Reduce
To pioneer and operate the UK's leading waste reduction and redistribution services.

Revenue sources:
- Sale of surplus produce to store members.

2. Recycle
To develop and operate the UK's leading recycling solutions.

Revenue sources:
- Gate fees for processing and treating waste.
- Sale of commodity products.

3. Recover
To invest in energy from waste infrastructure as a lower carbon alternative to landfill for our customers' waste that can't be recycled.

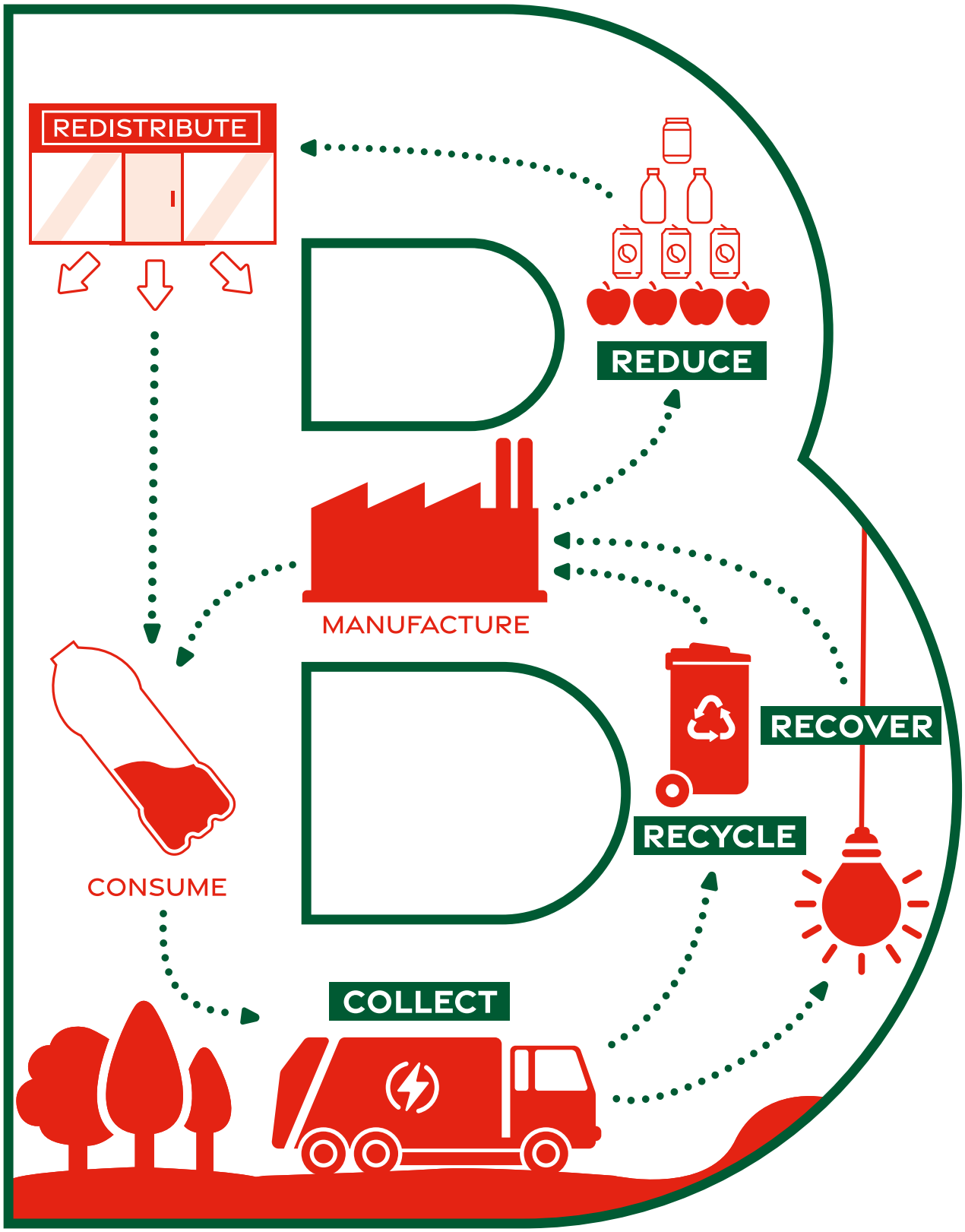
Revenue sources:
- Gate fees for processing and treating waste.
- Sale of renewable energy.

4. Collect
To build the UK's largest, most efficient, low carbon waste and recycling collections operation.

Revenue sources:
- Service fees for collection and disposal of commercial waste.
- Fees for outsourced provision of household collection services.

The following pages demonstrate how we unite purpose with profit through our sustainable business model. They also demonstrate how capital is allocated between our four investment areas and how these align to our strategic pillars, divisions and risks.

There has been no impact on our business model as a result of the Covid-19 pandemic.


REDISTRIBUTE
REDUCE
MANUFACTURE
CONSUME
RECOVER
RECYCLE
COLLECT

ENABLING THE UK CIRCULAR ECONOMY

OUR PURPOSE
CHANGING THE WAY PEOPLE THINK ABOUT WASTE

+ Read more: see page 65

OUR VISION
TO LEAD THE WAY IN UK SUSTAINABLE WASTE MANAGEMENT

+ Read more: see page 4

Our sustainability strategy is structured around the three pillars where our impact can create the most positive value:

Building a circular economy

We are contributing to a sustainable future built around a circular economy; educating our customers, Government and the wider public to use materials responsibly and re-use as much as possible.

We are making significant investments in our recycling capabilities as well as collaborating in partnership with established, expert operators, to build the low carbon energy from waste (EfW) infrastructure that the UK needs to manage waste sustainably. We've also invested in surplus produce redistribution through the acquisition of CSG enabling us to deliver a unique circular economy proposition for the UK.

Alignment with UN Sustainable Development Goals:

Tackling climate change

Climate change is a global emergency that requires action now. Our services deliver carbon reductions for waste producers.

Decarbonisation means growing our services, whilst reducing our carbon footprint and maximising carbon savings wherever we can, for ourselves and our customers.

Over the past two decades, we have made huge strides in our sustainability journey by investing in green economy infrastructure and low carbon collections that have reduced our carbon emissions by 70%. Our aim is to cut our emissions by a further 50% by 2030 and to reach net zero emissions by no later than 2050, in line with Government targets.

Alignment with UN Sustainable Development Goals:

Caring for our people, supporting our communities

Our people deliver an essential service to our customers and make sure our business runs safely and efficiently.

We are committed to keeping our people and the public safe by ensuring that safety is firmly embedded within our culture and championed at all levels. We care about employee wellbeing and work-life balance and see our people as our best ambassadors. We also remain committed to tackling modern slavery throughout our supply chain and encouraging a more diverse workforce and inclusive culture.

We are proud to 'give something back' to the community, through our biodiversity programmes, Biffa Award and charity partnership with WasteAid.

Alignment with UN Sustainable Development Goals:

SUSTAINABLE DEVELOPMENT GOALS

A new divisional reporting structure to reflect our focus and priorities[1]

COLLECTIONS

Our mission:

To provide the most efficient, low carbon waste and recycling collections and related services to I&C, Municipal and household customers.

SPECIALIST SERVICES

Our mission:

To help customers fulfil their sustainability ambitions by providing bespoke solutions including surplus redistribution, integrated resource management and hazardous waste services.

RESOURCES & ENERGY

Our mission:

To maximise the recovery of resources and energy through our leading waste treatment and processing capabilities.

Underpinned by our values[2]

Be safe, Be innovative, Be customer focused, Be a team player and Be accountable.

+ Read more: see page 65

With a focus on four strategic investment areas in line with the waste hierarchy, where we have committed £425m[3] since our Capital Markets Day (CMD) in 2019:

REDUCE

Our Aim:

To pioneer and operate the UK's leading waste reduction and redistribution services.

£96m

investment committed since CMD

RECYCLE

Our Aim:

To develop and operate the UK's leading recycling solutions.

£65m

investment committed since CMD

RECOVER

Our Aim:

To invest in energy from waste infrastructure as a lower carbon alternative to landfill for our customer's waste that can't be recycled.

£75m

investment committed since CMD

COLLECT

Our Aim:

To build the UK's largest, most efficient, low carbon waste and recycling collections operation.

£189m

investment committed since CMD

1. Going forward, the legacy Specialist Services business will be separated from the Collections division to create a new division of the Group for external reporting purposes and will include IRM, Hazardous Waste, Biffpack and CSG.
2. Biffa is working with its people to co-create a new set of values during FY22.
3. Committed investment since Capital Markets Day in September 2019. Includes Viridor transaction (£143m) and acquisition of Green Circle PRF (£10m) agreed in May 2021.

REDUCE

Our Aim:

To pioneer and operate the UK's leading waste reduction and redistribution services.

Biffa actively promotes waste reduction and reuse. Through our work with commercial customers, we help them to reduce waste, identify opportunities for reuse and ensure that recycling opportunities are maximised.

Our acquisition of Company Shop Group establishes us as a lead enabler of the UK circular economy, with genuine alignment to our customers' objectives to reduce waste.

The journey so far:

Acquisition of Company Shop Group
We acquired CSG in February 2021 for £86.0m excluding deferred consideration. CSG delivers a unique circular economy proposition to the food manufacturing and FMCG sectors, helping some of the UK's biggest operators unlock sustainable value from the 141,000 tonnes of quality surplus food, beverage and household products that are produced in the UK each year.

CSG prevents waste by identifying surplus products and then collecting, processing and redistributing it for sale through its unique network of membership-based outlets, whilst ensuring compliance with stringent food safety standards.

£96m

investment committed since CMD

Surplus products include:
- Production overruns.
- Trial products.
- Produce that has been incorrectly labelled or packaged.

All of which without intervention would be destined to become waste.

Biffa is committed to CSG's long-term expansion and growth. Since the acquisition, CSG has successfully opened a new store in Dudley with more sites planned for FY22.

+ See more information about the strategic rationale for the acquisition in our CSG case study.

Priorities for the year ahead:

- Integrate commercial offering across waste, recycling and redistribution.
- Continue engagement with Biffa customer portfolio.
- Deliver on roll-out plan for new Company Shop and Community Shop stores.
- Targeting 50% growth in next three to four years
- Further development of our offering as the UK's leading waste redistributor.

+ Risks: See pages 72 – 78

SURPLUS SOLVED

Redistribution services complement Biffa's established waste and recycling services, and supply of closed loop recycled raw materials.

Company Shop Group – the UK's leading and largest redistributor of surplus food and household products

The strategic rationale for acquiring CSG:

- Redistribution services complement Biffa's established waste and recycling services, and supply of closed loop recycled raw materials.
- As the only commercial redistributor of scale in the UK, CSG is the market leader in a growing sector, with a strong, credible growth plan which we will deliver together.
- Unlocking circular economy innovation, through Biffa's expertise in waste management and recycling coupled with CSG's redistribution capabilities.
- Strong customer and supplier base alignment.
- Significant opportunity to cross-sell and up-sell complementary services.
- Expands on existing capability to support customers' waste reduction and recycling targets.

Members include:

- Employees working in the FMCG supply chain.
- 'Key workers' such as those in healthcare and the emergency services.

Award-winning social enterprise

CSG also operates an award-winning social enterprise, Community Shop, a not-for-profit community interest company with a network of six community hubs supporting some of the most deprived areas of the UK. In early FY22, a new Community Shop store will be opening in Beechwood, the Wirral. See page 68 for more information on how it provides societal value.

Community Shop is a winner of the prestigious Queen's Award for Enterprise, in the Promoting Opportunity category.

Investment Areas continued

RECYCLE

Our Aim:

To develop and operate the UK's leading recycling solutions.

The journey so far:

Developing plastics recycling facilities in the UK

Biffa is a true pioneer in closed loop plastic recycling, turning waste plastic into food grade material that can be used as a substitute for virgin plastic, thereby playing an important role in reducing plastic pollution in the UK.

Biffa recycles:

- Polyethylene terephthalate (PET), which is commonly used in plastic drinks bottles, homecare products like washing up bottles and cleaning sprays and in clothing.
- Polypropylene (PP), which is commonly used for margarine tubs and microwaveable meal trays.
- High-density polyethylene (HDPE), which is commonly used in milk bottles and for high quality food grade packaging.

Pioneering plastics recycling

Plastics are at the centre of the sustainable waste management debate due to the growth and prevalence of plastic packaging resulting from growth in global trade, online retail and 'on-the-go' consumption of food and drink. Public awareness and interest in issues such as ocean plastics and single-use plastics is high, fuelled by a global desire to tackle climate change.

The UK Government is beginning to reflect public concerns and the Environment Plan, published in January 2018, England's Resources and Waste Strategy (RWS), published in December 2018, along with similar strategies put in place by the UK Devolved Administrations, reflect rising interest in the circular economy and the green agenda. Key to the RWS is the ambition to process more waste at home – something that Biffa is highly supportive of.

£65m

investment committed since CMD

Enabling the UK circular economy

Our £27.5m state-of-the-art PET plastic bottle recycling facility in Seaham opened in January 2020.

Key facts:

- 57,000 tonnes of PET plastic recycled every year, equivalent to 1.3bn plastic bottles.
- 70 new jobs created, bringing 11 individuals out of long term unemployment.

At the end of the financial year, we had sold the majority of our output from the Seaham facility on de-risked terms to long-standing partners, including Alpla and Nestlé Waters.

We are aiming to quadruple our plastics recycling capacity by 2030 and have committed a further £65 million into plastics recycling development:

- £12.5m in phase two of Seaham – on track to come online in the early part of FY22.
- A new £7m facility in nearby Washington to process plastic pots, tubs and trays.
- Additional investment in the Washington facility of £13m to increase post-consumer HDPE recycling.
- A £7m investment in our existing recycling facility in Aldridge, to provide an increased supply of feedstock into our Polymers business.
- £10m to acquire Scotland's only post-consumer plastics recycling facility from Green Circle Polymers Ltd, providing an additional 50,000 tonnes of treatment capability.

Priorities for the year ahead:

- Continue to consolidate Biffa's leadership position in food grade, closed loop plastic recycling.
- Complete commissioning of Seaham and Washington recycling facilities.
- Complete additional investment into Washington facility for HDPE post-consumer milk bottles, which will increase recycling capacity by a further 50% to 39,000 tonnes of input per annum (equivalent to 1.6 billion bottles a year), and will grow Biffa Polymers' business to an annual capacity of 155,000 tonnes and revenue of c.£85m.
- Continue to work with customers to help improve recyclability of their plastic packaging.
- Continue successful stabilisation improvements of our Materials Recycling Facilities.

+ Risks: See pages 72 – 78

PLASTIC

57,000 tonnes of PET plastic recycled every year, equivalent to 1.3bn plastic bottles

RECOVER

Our Aim:

To invest in energy from waste infrastructure as a lower carbon alternative to landfill for our customers' waste that can't be recycled.

As the UK's largest waste collector, we are fully committed to waste reduction and recycling, however, we recognise that the technology which will enable a zero-waste future is still many years away. In the meantime having access to domestic, low-carbon energy recovery is essential and EfW helps to tackle this waste gap as a low carbon alternative to landfill.

Currently methane emissions from our landfill sites contribute 75% of our carbon footprint and is a potent greenhouse gas, some 25 times more potent than carbon dioxide. In order to reduce the waste inputs to landfill, we need a suitable alternative and energy from waste technology is what currently meets the UK's needs.

The journey so far:

Investing in UK Energy from waste infrastructure
In the last 18 months, Biffa has invested in two EfW facilities – Newhurst in Leicestershire and Protos in Cheshire.

The two facilities, which have a combined capacity of 750,000 tonnes per year, support the Government's drive to both reduce reliance on landfill and treat more non-recyclable waste at home, decreasing the UK's dependence on export.

The new facilities will contribute 90 MW of renewable and low carbon energy to the UK's electricity grid, enough to power approximately 170,000 homes.

£75m

investment committed since CMD

Newhurst

- We started construction at Newhurst in June 2020 following financial close in February 2020.
- Biffa has a 50% equity stake in the project and is investing c.£40m over a three-year period.
- We will supply 70% of the feedstock into the facility, which will be operated by our joint venture partner Covanta.

Protos

- Our second EfW project, Protos, in which Biffa has a 25% equity stake, reached financial close in December 2021.
- Biffa is investing c.£35m over a three-year period into the project, and will supply 60% of the feedstock, further underpinning offtake for our I&C business. This facility will also be operated by Covanta.

Construction is underway for both projects and the state-of-the-art facilities are expected to be completed during 2023 for Newhurst and 2024 for Protos.

Priorities for the year ahead:

- Continue construction of Newhurst EfW to meet commissioning milestones.
- Continue construction of Protos EfW to meet commissioning milestones.

+ Risks: See pages 72 – 78

ENERGY

The new facilities will contribute 90 MW of renewable and low carbon energy to the UK's electricity grid, enough to power approximately 170,000 homes.

Investment Areas continued

COLLECT

Our Aim:

To build the UK's largest, most efficient, low carbon waste and recycling collections operation.

Our business waste collection platform is the UK's largest and most efficient service. We offer our customers flexible solutions which helps them to maximise their recycling. Our industry-leading 'route density' also means we have the lowest emissions. Our goal is to continue to grow our business, both organically and through acquisition whilst continuing to focus on delivering an efficient, high-quality service, keeping costs firmly under control and delivering efficiencies through the increased use of technology.

The journey so far:

Acquisitions
We are delivering on our strategic plan to consolidate the fragmented I&C collections market.

- Acquisitions are highly synergetic.
- Duplicate routes and locations are removed resulting in a more efficient, flexible service proposition for our customers with a lower-carbon intensity.
- Acquisitions, alongside organic growth, are the key to us delivering our long-term plan to be the leading collector of business waste in the UK, with sector-leading margins and returns on capital.

Biffa made two acquisitions in the I&C business during the year – Simply Waste and Ward Recycling for a combined investment of £35.3m including deferred and contingent consideration, plus £9.1m of IFRS 16 lease liabilities assumed. In addition we assumed £4.4m of other debt and cash acquired on acquisition was also £6.9m.

FY21 I&C acquisitions:
- September 2020: Ward Recycling.
- October 2020: Simply Waste.

The acquisitions of ***Simply Waste*** and ***Ward Recycling*** enhance our customer proposition and support our aim to 'tackle climate change', as the consolidation means a more efficient low carbon service with fewer vehicles on the road. You can read more about how these acquisitions are progressing in our operating review on pages 36 – 37.

The recent announcement of the agreement to acquire Viridor's Collections business demonstrates how Biffa is expanding our I&C collections business and recycling capabilities, broadening our customer base and solidifying our leading position in UK sustainable waste management.

Organic growth
We also continue to grow organically, with strong levels of new business wins and retentions and low levels of churn (<5% annualised), including corporate clients such as: TFL, SSE, Parkdean Resorts, Wincanton Logistics and Barratt Developments plc.

Customer experience
We have continued to invest substantially in constantly improving our customer experience, helping us to attract and retain customers. Customer demands for information and transparency are rightly increasing and we are uniquely positioned to deliver this for them.

Over the last year we have accelerated the development of our e-commerce capabilities, by creating a new online platform to target SME customers. The platform, which launched in November 2020, provides new customers with the opportunity to complete the contracting process online, from receiving a quote through to e-signing their new contract.

This supplementary service stream has generated annualised sales revenue of over £770,000 in the first five months of trading.

Roll out of UK's largest fleet of electric refuse collection vehicles (eRCVs)
See the case study 'UK's largest fleet of electric refuse collection vehicles get the green light' on page 27.

Manchester City Council's electric refuse collection vehicle

Priorities for the year ahead:

- Post pandemic recovery – normalise margins in I&C.
- Continue strong track record of Municipal tendering and mobilisation.
- Acquisitions: integrate Viridor and Simply Waste
- Identify further opportunities to roll out eRCVs.
- Investment focus remains on improving efficiency of Collections, processing and back office function operations.

+ Risks: See pages 72 – 78

£189m[1]

investment committed since CMD

1. Includes Viridor transaction (£143m).

Supporting customers to achieve net zero emissions

Biffa has been working with our customer, Yorkshire Water, to come up with a sustainable solution for grit, the by-product of sewage treatment works, which has historically been sent to landfill.

The grit is now collected by Biffa and processed into a blended material, which is suitable for the construction sector to use in concrete building blocks. The water used to wash the grit is also re-used and is provided to tree planting projects across Yorkshire.

This new sustainable waste management process has enabled Yorkshire Water to reduce their operational carbon emissions by 80%, helping them to make significant headway in their ambition of achieving net zero emissions by 2030.

UK's largest fleet of electric refuse collection vehicles get the green light

In March 2021, Biffa launched the UK's largest fleet of electric refuse collection vehicles (eRCVs) designed to reduce air pollution levels in the city of Manchester.

27 brand-new zero emissions eRCVs were rolled out, in partnership with Manchester City Council, which has invested £10 million.

Manchester City Council is one of the first local authorities in the UK to transform its fleet with electric refuse vehicles following two years of successful trials with Biffa. Using Biffa's electric fleet will allow the Council to make significant progress against its zero carbon action plan and will provide long term environmental benefits.

Phasing out the existing diesel-powered collection vehicles at the end of their current useful economic life and replacing them with new electric powered vehicles will help towards the UK reaching its 2050 net zero emissions target.

FINANCIAL KEY PERFORMANCE INDICATORS

		Performance
Organic Net Revenue[1] Growth (%)	2021 (11.6) 2020 2.5 2019 (0.4)	As a result of Covid-19, the Collections division experienced an organic revenue decline of 20.1%. Despite these challenges, the I&C Collections division achieved strong levels of new business wins and retentions. New customer contracts and extensions include TFL, SSE, Parkdean Resorts, Wincanton Logistics and Barratt Developments plc.
Acquisition Net Revenue[1] Growth (%)	2021 1.2 2020 4.5 2019 2.9	We completed three acquisitions in the second half of the year for a combined cash consideration of £119.1m. The full benefits of these acquisitions are yet to be reflected in the Group's performance. We have subsequently announced that we have reached agreement to acquire Viridor's Collections business and certain Recycling assets for a cash consideration of c. £126m. We have also reached agreement to buy Scotland's only Plastics Recycling Facility from Green Circle Polymers Limited.
Operating Profit Margin excluding adjusting items (%)	2021 4.2 2020 7.8 2019 7.5	Operating Profit Margin excluding adjusting items has reduced as a direct result of the impact of Covid-19. Despite the impact of pandemic lockdowns the Group has delivered a resilient financial performance.
Return on Operating Assets (%)	2021 9.2 2020 19.4 2019 25.5	Return on Operating Assets decreased due to the fall in Operating Profit excluding adjusting items.
Return on Capital Employed (%)	2021 1.9 2020 8.9 2019 9.4	Return on Capital Employed decreased due to the impact of Covid-19 on Operating Profit excluding adjusting items. Capital Employed also increased as a direct result of the proceeds of the equity raise having been invested in full in the Group's in-year acquisitions and ongoing development of plastics and EfW infrastructure for which the Operating Profit gain is yet to be fully realised.
Earnings per Share excluding adjusting items (pence)	2021 7.7 2020 23.1 2019 20.6	Earnings per share excluding adjusting items has declined as a result of the impact of both Covid-19 on Profit after Tax excluding adjusting items and the increased number of shares as a result of the share issues in the year.
Leverage Ratio (x)	2021 3.3 2020 2.4 2019 2.1	Leverage has increased due to the reduction in EBITDA excluding adjusting items as a direct result of the impact of Covid-19 plus an increase in lease liabilities as a result of the acquisitions completed in the year. The targeted covenanted leverage ratio is based on EBITDA excluding adjusting items as a multiple of net debt excluding IFRS 16 lease liabilities. The calculation on this pre-IFRS 16 basis leads to a leverage ratio for FY21 of 2.2x (FY20: 1.8x).

For technical terms and abbreviations please refer to the glossary on pages 191 – 192.

Target	Remuneration Linkage	Link to Strategic Pillars	Definition
CPI +1%.	Associated with annual bonus financial or personal metrics.	B Building a circular economy	The increase/(decrease) in Net Revenue in the period excluding Net Revenue from acquisitions completed in the period and Net Revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such Net Revenue falls in the current period. Where comparative periods differ in duration, the KPI is adjusted on a pro-rata basis.
> 2.5%.	Associated with annual bonus financial or personal metrics.	B Building a circular economy	Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) any acquisitions completed in the 12 months prior to the relevant period up to the 12-month anniversary of the relevant acquisition date (to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenue in place of Net Revenue.
Continuous improvement.	Associated with annual bonus financial or personal metrics.	B Building a circular economy	Profit before adjusting items, finance costs and taxation expressed as a percentage of revenue.
Grow to over 20% and maintain above this level.	Associated with annual bonus financial or personal metrics.	B Building a circular economy	Operating Profit excluding adjusting items divided by the average of opening and closing Tangible Fixed Assets plus net working capital.
Grow to over 10% and maintain above this level.	Associated with annual bonus financial or personal metrics.	B Building a circular economy	Operating Profit excluding adjusting items less amortisation of acquisition intangibles divided by the average of opening and closing shareholders' equity, Net Debt (including lease liabilities), pensions and environmental provisions.
Consistent growth.	LTIP – Earnings Per Share 50%.	B Building a circular economy	Profit After Tax excluding adjusting items divided by the number of shares in issue.
<2.5x and to return to ≤2x over medium term (pre-IFRS 16).	Associated with annual bonus financial or personal metrics.	B Building a circular economy	Net Debt: EBITDA excluding adjusting items.

SUSTAINABILITY KEY PERFORMANCE INDICATORS

		Performance
Lost Time Injury Rate	2021 0.41 2020 0.23 2019 0.39	The LTI rate at year-end FY21 was 0.41. There has been a rise in LTIs most notably caused by slips, trips and falls. Whilst this increase in LTIs is disappointing, meeting the challenges associated with providing a Covid-secure work environment has been our priority to ensure we keep our staff and customers Covid safe whilst continuing to deliver an essential service during the pandemic.
CO_2e Emissions (kt)	2021 533 2020 647 2019 747	Our emissions were 533kt CO_2e, in FY21. This 17% reduction on FY20 is due to a combination of continued carbon capture efficiency improvements of landfill gas, a decrease in active waste to landfill and reduced fuel usage during the year as a result of Covid-19.
Employee Engagement (%)	2021 59 2020 58 2019 58	We have improved our Employee Engagement score to 59%, which is 3% above the UK average score and 8% below the top quartile.
Plastics Recycling Capacity (kt)	2021 120 2020 120 2019 63	Our total plastics recycling capacity is 120,000 tonnes. We are in the process of building additional capacity at our Washington facility, which will be commissioned in early FY22 and will provide an additional 22,000 tonnes of capacity.

Target	Remuneration Linkage	Link to Strategic Pillars	Definition
50% reduction in LTIs by 2030.	Associated with annual bonus financial or personal metrics.	(C) Caring for our people, supporting our communities	The number of LTIs across the workforce.
Reduce emissions by 50% by 2030 and to have net zero emissions no later than 2050.	Associated with annual bonus financial or personal metrics.	(T) Tackling climate change	The amount of Scope 1 and 2 greenhouse gas emissions emitted across the organisation.
To be a top quartile business for Employee Engagement. To be externally recognised as an exemplary employer.	Associated with annual bonus financial or personal metrics.	(C) Caring for our people, supporting our communities	% of employees engaged, as determined by our all-employee survey.
Quadruple plastics recycling capacity by 2030.	Associated with annual bonus financial or personal metrics.	(B) Building a circular economy	The availability of UK plastics recycling infrastructure which Biffa owns and operates.

Chief Financial Officer's Review

"One of our key priorities from the outset of the pandemic was to protect the Group's financial strength."

Richard Pike
Chief Financial Officer

Group Performance

In the year we experienced a revenue reduction of £121.1m. Despite this, EBITDA excluding adjusting items margins held up well across FY21 at 13.3% (FY20: 15.0%).

One of our key priorities from the outset of the pandemic was to protect the Group's financial strength. Several measures were implemented to support this:

- M&A activity was put into abeyance.
- All non-essential and uncommitted capital expenditure were deferred until the equity raise.
- All areas of the operating cost base were reviewed to ensure our operating model was fit for purpose.
- Due to the impacts of Covid-19, no final dividend was paid in respect of FY20 nor have any dividends been declared in respect of FY21.
- £12.0m of government support received for up to 1,800 staff furloughed under the Government's Coronavirus Job Retention Scheme (CJRS) at various periods during the year. By the end of March 2021, we had ceased receiving furlough support.
- The Board and Group Executive Team took a voluntary 20% reduction in salary from 1 April – 30 September 2020.
- Biffa's Leadership group, representing a further 85 people, took a 10% reduction in salary for the same period.
- All pay increases were suspended for the most senior participants through FY21.
- Bonus entitlements for Leadership group earned for FY20 were satisfied in shares and our annual bonus scheme for FY21 was cancelled.
- Rightsizing I&C operations by re-routing trucks, taking c. 39% of the frontline fleet off the road.
- Covenant amendments and additional liquidity headroom agreed to cater for all modelled scenarios.
- £100m equity raise in June 2020 to help us pursue our strategic growth plans.
- Short term assistance from HMRC payment deferrals, all of which were settled by the end of March 2021.

These measures gave us the ability to better shoulder the downturn and progress our strategic priorities over FY21.

Taking account of all of the above, EBITDA margins excluding adjusting items held up well across FY21 at 13.3% (FY20: 15.0%) and the key factors impacting on performance are demonstrated most clearly by being split down by quarter:

- In the **first quarter**, we saw nearly 50% of our I&C and Landfill customers close their doors to business and as such, require no waste management services. This resulted in a loss of around £70m of revenue versus FY20. Despite this, we still managed to remain positive at the level of EBITDA excluding adjusting items throughout the quarter, albeit obviously benefiting from furlough support.
- In the **second quarter**, as the economy opened back up, the demand for our services rapidly improved and we saw I&C volumes recover to around 95% of prior year levels by the end of the quarter. The main negative factor in the quarter was depressed performance in the Seaham recycling facility, where depressed flake prices and PRN values impacted on performance. However, overall due to ongoing efficiency measures, the Group generated a similar EBITDA margin excluding adjusting items to that achieved in the first half of FY20.
- In the **third quarter**, we had further strong performance in October, followed by a month of lockdown in November and then recovery again in December. The negative performance issues in Seaham remained and yet the Group still managed to deliver overall EBITDA excluding adjusting items slightly ahead of FY20.
- In the **final quarter**, which was impacted by lockdown measures for all three months, I&C volumes remained around 82% of prior year levels and we generated £27.2m of EBITDA excluding adjusting items compared to £28.7m in FY20.

As a result, despite lockdown impacts over four of the six months of the second half, we delivered H2 EBITDA excluding adjusting items of £79.8m, compared to just over £87.2m in FY20; and FY21 EBIT excluding adjusting items of £44.2m (FY20 £90.5m), slightly ahead of the range guided in the pre-close trading update in March.

Our year-end reported net leverage position of £456.8m resulted in a net debt: EBITDA ratio of 3.3x. When looked at on a pre IFRS16 bank covenanted basis this is 2.2x.

Following the £100m equity raise in June 2020, we made the following investments in the business:

- The acquisition of the Simply Waste and Ward Recycling I&C businesses for a total consideration of £35.3m plus £9.1m of IFRS 16 leases assumed. This includes potential deferred and contingent consideration of £2.2m.
- Investment in plastics recycling including Seaham, Washington, and Aldridge upgrades, with a total of £13.1m spent in year.
- Further equity and shareholder loans to facilitate the ongoing build of our Protos and Newhurst energy from waste facilities of £12m.
- The acquisition of Company Shop Group in February 2021 for a total commitment of £86.0m excluding deferred and contingent consideration plus £10.0m of IFRS 16 leases assumed.

When we combine the impact of these investments with the recovering revenue and profit trends within the business; we are well placed going into FY22 to take advantage of the exciting growth opportunities ahead of us. Which then brings us onto the agreement to acquire Viridor's Collections business and certain Recycling assets for a cash consideration of c.£126m, plus the assumption of c. £17m of IFRS 16 lease liabilities. The acquisition expands Biffa's collections business and recycling capabilities, broadening customer base and solidifying our leading position in UK sustainable waste management.

Statutory Performance

To enable a better understanding of business performance, certain items are excluded when calculating the Group's business performance. These Alternative Performance Measures (APMs) are also used to enhance the comparability of information between reporting periods and the Group's divisions.

Adjusting Items

Adjusting items are fully explained in Note 3 to the Financial Statements. The main items contributing to this total were asset impairment charges relating to the Poplars AD plant (£8.2m) and the IT replacement project (£13.7m); an uplift of the onerous contract provisions of £10.3m; the decrease in the real discount rate on provisions of (£20.6m); and an increased level for amortisation of acquisition intangible assets (£27.4m). Tax relating to adjusting items was a credit of £18.7m.

The onerous contract provision relates to three specific legacy contracts that became onerous in prior years due to exceptional circumstances, we would not expect any other contracts to be separately reported in the absence of any future external regulatory change. Following the initial pause to the project from Covid-19, management have reviewed the scope and requirements of the IT replacement programme and identified an incompatibility of the current HR module and made a strategic decision to cease the full project and replan it post the integration of the Viridor acquisition.

The Poplars AD plant impairment was driven by a value in use assessment following the decline in food waste volumes seen over the last year as a result of Covid.

The total cash impact of adjusting items in FY21 was £11.0m (FY20: £14.0m).

A reconciliation from Operating Profit excluding adjusting items to Statutory (Loss)/Profit after tax is set out below:

Group £m (unless stated)	**FY21**	FY20	Change £m	Change (%)
Operating Profit/(Loss) excluding adjusting items[1]	**44.2**	90.5	(46.3)	(51.2)
Finance income	**3.2**	2.3	0.9	39.1
Finance charges	**(17.6)**	(21.0)	3.4	(16.2)
Share of joint venture	**(0.8)**	(0.1)	(0.7)	n/a[2]
Profit/(Loss) before Tax excluding adjusting items	**29.0**	71.7	(42.7)	(59.6)
Adjusting items:				
Onerous contracts	**(10.3)**	1.5	(11.8)	(786.7)
Strategy-related and restructuring costs	**0.4**	(1.0)	1.4	(140.0)
Acquisition related costs	**(2.0)**	(1.1)	(0.9)	81.8
Asset Impairment	**(21.9)**	(3.8)	(18.1)	476.3
Amortisation of acquisition intangibles	**(27.4)**	(16.9)	(10.5)	62.1
Impact of changes in real discount rate on provisions	**(20.6)**	4.9	(25.5)	(520.4)
Interest (net)	**–**	1.1	(1.1)	(100.0)
Tax credit/(charge)	**12.3**	(10.8)	23.1	(213.9)
Profit/(Loss) after Tax	**(40.5)**	45.6	(86.1)	n/a[2]

1. Operating Profit/(Loss) excluding adjusting items includes central costs of £16.7m (FY20 £19.5m).
2. Calculation is not applicable as does not provide meaningful analysis to the figures.

Chief Financial Officer's Review continued

Finance Income and Charges

Financing costs excluding adjusting items fell again versus the prior year due to the equity raise and strong cash management during the period. The cost of bank funding fell as a result of the equity raise, leading to lower overall average borrowings and resulting lower margins. Finance lease costs also fell due to the natural decline of the number of older, more expensive lease liabilities. A breakdown in net finance charges is below:

	FY21 £m	FY20 £m	Variance £m	Variance %
Interest on net borrowings	**6.7**	10.7	(4.0)	(37.4)
Interest on lease liabilities	**8.5**	8.4	0.1	1.2
Unwinding of discount provision	**1.8**	1.6	0.2	12.5
Interest on forward contracts	**0.6**	–	0.6	n/a[1]
Pensions and other interest	**(3.2)**	(2.0)	(1.2)	60.0
Net finance charges excluding adjusting items	**14.4**	18.7	(4.3)	(23.0)
Discounts unwind on EVP preference instrument and IPO costs	**–**	(1.1)	1.1	n/a[1]
Net finance charges	**14.4**	17.6	(3.2)	(18.2)

1. Calculation is not applicable as does not provide meaningful analysis to the figures.

Taxation

The Group remains committed to fully discharging its responsibilities in respect of all relevant tax legislation in a clear and transparent manner based on a collaborative relationship with all tax agencies. Our tax strategy is approved annually by the Board and is available on the Group's website.

The statutory effective tax rate was 23%, slightly higher than the prevailing rate due to certain charges being disallowed for UK corporation tax and adjustments relating to prior periods. Payments in respect of corporation tax in the year were £0.6m (FY20 £0.2m). The Group's deferred tax balance of £11.1m includes balances totalling £40.8m in respect of Accelerated Capital Allowances, previously written off goodwill and losses which will continue to moderate tax payments in future years.

Earnings per Share

Earnings per Share excluding adjusting items fell by 67% to 7.7 pence from 23.1 pence in the prior year. In addition, Total Earnings per Share resulted in a loss of 13.7 pence, compared to the prior year 18.3 pence, as a result of Covid-19 impacted trading performance and one-off adjusting items also resulting mainly from Covid-19.

Retirement Benefits

The Group operates defined pension schemes for certain employees. These are closed to new members and to future accrual (except for a small number of members who have protected entitlements under local Government contracts). At the year end, the net retirement surplus was £112.1m (prior year £124.7m). The Biffa Pension Scheme had an actuarial deficit of £29.2m at the time of the last valuation in March 2018 (compared with £66.7m in March 2015), and an inflation-linked annual payment of £4.3m has been agreed with the Trustee of the scheme.

Capital Allocation

The Group seeks to balance the allocation of its discretionary capital between shareholder returns, organic growth opportunities and the Group's four key investment areas: Reduce, Recycle, Recover and Collect. The main areas of capital allocation are I&C M&A, Plastics recycling capacity, EfW and the recently acquired CSG, which broadens our capabilities and enable the prevention of waste through redistribution of surplus produce.

As mentioned above, we acquired the Ward Recycling and Simply Waste I&C businesses for a combined consideration of £35.3m plus £9.1m of IFRS 16 lease liabilities assumed (including deferred and contingent consideration of £2.2m). We made £13.1m of investment into plastics recycling facilities at Seaham, Washington, and Aldridge and £12m of shareholder contributions to our EfW JVs. CSG was acquired for £86.0m excluding deferred and contingent consideration plus £10m of IFRS 16 lease liabilities assumed.

Post year end, we agreed to acquire Viridor's Collections business and certain Recycling assets for a cash consideration of c. £126m, plus c. £17m of IFRS 16 lease liabilities assumed.

The Group has a target leverage ratio of range (on a bank covenant basis, pre-IFRS 16) of 2.0-2.5x. Following the completion of the acquisition of Viridor's Collections business and certain Recycling assets, leverage levels are expected to briefly exceed that range before returning to the lower end of the range within 12-18 months of completion of the acquisition.

Due to the impacts of Covid-19, the Board is not recommending a final dividend for the FY21 year. As no interim dividend was paid, this resulted in no overall dividend for the year, compared to the 2.47p interim dividend paid last year. We are conscious of the importance of returning to paying dividends and will continue to review the timing of a dividend reinstatement.

Cash Flow

Another year of focus on strong cash flow delivery in the year enabled the Group to exit the year with a strong balance sheet even after the impacts of Covid-19 and our ongoing investments through the period.

A summary of the Group's cash flows is shown below:

	FY21 £m	FY20 £m	Variance £m
EBITDA excluding adjusting items	**138.2**	174.0	(35.8)
Working capital movement	**5.0**	12.0	(7.0)
Net capital expenditure	**(47.9)**	(55.8)	7.9
Net interest paid	**(14.5)**	(16.9)	2.4
Lease principal payments	**(43.4)**	(50.2)	6.8
Pension deficit payments	**(4.0)**	(0.9)	(3.1)
Employee share scheme purchase	**(4.5)**	(6.0)	1.5
Exercise of share options	**4.9**	–	4.9
Tax paid	**(0.6)**	(0.2)	(0.4)
Free Cash Flow excluding adjusting items	**33.2**	56.0	(22.8)
Adjusting items	**(11.0)**	(14.2)	3.2
Sale of rights to shares in joint venture	**2.8**	–	2.8
Acquisitions (net of cash acquired)	**(103.1)**	(5.1)	(98.0)
Changes in borrowings	**(59.1)**	0.5	(59.6)
Equity raise	**97.7**	–	97.7
Investment in joint ventures	**(8.4)**	(5.0)	(3.4)
Loan to joint ventures	**(3.6)**	(2.4)	(1.2)
Movement in financial assets	**(5.5)**	10.1	(15.6)
Dividends	**–**	(18.3)	18.3
Net increase/(decrease) in cash and cash equivalents	**(57.0)**	21.6	(78.6)

Free Cash Flow excluding adjusting items has remained strong despite the £35.8m reduction in EBITDA excluding adjusting items. This is due to another year of strong management of the accounts receivable book, taking overdue balances to their lowest level the IPO in 2016, coupled with Covid-19 related reduction in non-essential capital expenditure and finance lease payment deferrals.

The net cash outflow of £57.0m is a combination of the ongoing investments in acquisitions, plastics recycling facilities and the funding of the JV EfW construction activities; the equity raise that facilitate this investment and the termination settlement payment to exit the North Somerset Municipal contract in March 2021.

Systems Replacement Programme

The Group-wide IT system replacement programme, Project Fusion, was impaired during the period. Following the initial pause to the project from Covid-19, management have reviewed the scope and requirements of the IT replacement programme and identified an incompatibility of the current HR module and made a strategic decision to cease the full project and replan it post the integration of the Viridor acquisition. As a result, obsolete capitalised work of £13.7m has been written off in the year.

Net Debt and Financing Facilities

Reported Net Debt at year-end breaks down as:

Reported Net Debt (£m)	FY21 £m	FY20 £m	Variance £m	Variance %
Cash	**30.8**	87.8	(57.0)	(64.9)
Loans	**(197.6)**	(249.0)	51.4	(20.6)
Lease liabilities	**(283.7)**	(258.0)	(25.7)	10.0
EVP preference instrument	**(6.3)**	(6.3)	–	–
Total	**(456.8)**	(425.5)	(31.3)	7.4

Reported Net Debt excludes £41.3m (FY20 £41.3m) of EVP preference instrument liability in respect of the EVP dispute. £6.3m of these costs is included in Reported Net Debt as it will be payable irrespective of the outcome of the dispute and is therefore considered core debt.

Legal cases

The Group is currently engaged in various legal disputes, including but not limited to the following:

- **EVP:** We are engaged in a dispute with HMRC concerning historical landfill tax. Biffa was unsuccessful in the Court of Appeal hearing held in March 2021 and is seeking leave to appeal to the Supreme Court.
- **Hazardous Waste:** As previously disclosed, HMRC assessed Biffa for £8.5m of landfill tax relating to the period 2012 to 2016. Biffa paid these monies to HMRC in December 2019 and is appealing the assessment. The cash payment is held on the balance sheet within prepayments as we expect to successfully defend this case.

The Group consider that it is still more likely than not that both these cases will be won.

Financial Reporting Council (FRC) Information Request

In November 2020, we received a request for information on the reporting treatment of certain areas from the FRC, following a review of the Group's 2020 Annual Report and Accounts. The request focused on revenue recognition. We responded fully and on a timely basis to the FRC, enabling it to close its enquiry in January 2021. As a result of the enquiry, we made a number of small disclosure changes in this year's Financial Statements.

Richard Pike
Chief Financial Officer
31 May 2021

COLLECTIONS DIVISION

David Bird

Chief Operating Officer,
Collections division

The Collections division comprises the Industrial and Commercial, Municipal and Specialist Services businesses. As previously reported, Specialist Services will be separated from the Collections division and joined with the Company Shop Group business to create a new Specialist Services division from FY22. Both the Collections and Specialist Services divisions will be led by David Bird, who has been appointed Chief Operating Officer of the Collections and Specialist Services divisions and replaces Jeff Anderson, who retired at the end of the financial year.

The Collections division provides sustainable waste collections, recycling and related services to industrial, commercial, public sector and local authority customers.

	FY21 £m	FY20 £m	Change %
I&C	**495.5**	603.7	(17.9)
Municipal	**182.1**	177.3	2.7
Specialist Services	**92.4**	89.8	2.9
Statutory Revenue	**770.0**	870.8	(11.6)
EBITDA excluding adjusting items	**109.8**	126.4	(13.1)
Operating Profit/(Loss) excluding adjusting items	**49.1**	72.2	(32.0)
Operating Profit/(Loss) Margin excluding adjusting items	**6.4%**	8.3%	n/a[1]
Statutory Operating Profit/(Loss)	**36.0**	66.1	(45.5%)

1. Calculation is not applicable as does not provide meaningful analysis to the figures.

In the Collections division, the impact of the pandemic was particularly challenging in the I&C business with many customers forced to temporarily close and volumes dropping to around 50% of prior year in Q1. Swift action was taken to mitigate the impact of the pandemic and the business recovered well across the year despite the various lockdowns across the UK. Against this testing economic backdrop, Statutory Revenue in the Collections division recovered ahead of our base case expectations, albeit still decreasing by 11.6% to £770.0m (FY20: £870.8m). As a result, EBITDA excluding adjusting items fell 13.1% to £109.8m (FY20: £126.4m).

Adjusting items in the period totalled £13.1m. These include £1.8m of acquisition costs and £6.2m of movement on onerous contract provisions, £4.6m of amortisation of acquisition intangibles and £0.5m impact of movement in real discount rates on provisions.

The division continues to make acquisitions, in line with its growth strategy and, during the year acquired Ward Recycling, Simply Waste and CSG. Following the year end, Biffa announced its agreement to acquire the Collections business and certain Recycling assets from Viridor, expanding our collections business and recycling capabilities, broadening our customer base, and solidifying our leading position in UK sustainable waste management.

I&C

The I&C business provides waste collection and materials handling services for commercial customers, covering 95% of UK postcodes. Biffa is the largest manager of business waste in the fragmented UK I&C collections market benefitting from scale, route densities and lower operating costs.

Market conditions

The pandemic had a clear and material impact on the I&C business during the first quarter as nearly 50% of customers were forced to temporarily close their operations. Despite the subsequent lockdowns, the business recovered over the course of the year as more customers were able to continue operating even with restrictions. As we look into FY22, the ongoing reopening of the economy, gives us cautious optimism that the business will continue to recover.

Performance summary

Despite being severely impacted by the Covid-19 pandemic, the I&C business recovered ahead of our base case expectations. Volumes decreased by c. 50% compared to pre-pandemic levels during the first lockdown, but as the economy opened back up these recovered back up to 95% of prior year levels across the second quarter of the year. Volumes and revenues held up well during H2 despite four of those six months being lockdown impacted, and overall revenues ultimately averaged out at 82% of prior year levels (£495.5m).

The strong recovery was thanks to the hard work of the I&C team who took the opportunity to re-route the business as we remobilised after the first lockdown and this has enabled us to become more efficient. As a result, the business also achieved lower ongoing unit operating costs, as a result of the enduring benefits of double shifting vehicles, improving lifts per day and reducing the number of operating vehicles required to service our customers.

As a result of the lockdown and resultant volume decline, organic revenue declined by 20.1%. Despite this, I&C achieved strong levels of new business wins and retentions, particularly as some smaller operators have struggled to ensure continuity of service. There were low levels of churn (<5% annualised) and new corporate customers and contract extensions included: TFL, SSE, Parkdean Resorts, Wincanton Logistics and Barratt Developments plc.

In the Small to Medium Enterprise (SME) market, the I&C business performed strongly, despite the pandemic impacting field sales. Successful targeting of SME volumes through our telesales service and new e-commerce platform has helped to produce strong sales volumes and new customer wins. The supplementary service generated sales with an annualised order value of £770,000 in the first five months of trading and generated a significant number of leads into the sales centre. We have recruited additional roles into our marketing function to support our digital growth.

There are increasing requirements from customers for us to contribute towards their sustainability agendas, specifically in support of building a circular economy and tackling climate change – areas which are aligned with Biffa's sustainability strategy, 'Resourceful, Responsible'.

We are currently trialling a new self-designed carbon mapping tool which will enable customers to map the carbon footprint of their waste. By giving them access to quality data, we are providing customers with better transparency of their emissions which will enable working together to reduce carbon impacts. We are also working with our customers to help make their packaging more recyclable, by offering expertise at the product design stage. Ultimately, investing further up the waste hierarchy or supply chain will enable Biffa to improve the circularity of the economy.

Despite the difficulties faced in the year, we were pleased to make two acquisitions, Ward Recycling in September 2020 and Simply Waste in October 2020. Integration of Ward Recycling was completed within three months and the business is performing well, with normal volumes resumed. Simply Waste was not integrated during the pandemic, partly due to the earn out period on the deal and partly to minimise disruption and to best serve its core markets. Integration is progressing to plan and will be completed during FY22.

Strategy and outlook

We have continued to deliver on our plan to consolidate the fragmented I&C collections market. Acquisitions are highly synergistic, with the removal of duplicate routes and locations, and result in a more efficient, flexible service proposition for our customers with a lower-carbon intensity. Acquisitions are the key to us delivering our long-term plan to be the leading collector of business waste in the UK, enjoying sector-leading margins and returns on capital.

We are looking to expand the services we offer our established corporate customer base and capitalise on the synergies we have available through the acquisition of CSG, as well as expanding our SME customer base.

The development of non-scheduled services such as skip hire and van collections continues to be a focus for growth. We have created a new digital materials management platform which enables a seamless approach to booking skips, and we were delighted to be awarded a number of contracts in this area, including for Barratt Developments PLC. Strong interest has been demonstrated from other housebuilders with trials planned for FY22.

There is an opportunity to leverage our digital capabilities to support customers with their sustainability agendas, as well as investing in our e-commerce platforms, providing additional customer features on our self-serve web portals, and introducing further digital products to market. This strategy is being developed and will see a new Customer Zone launched in FY22 providing improvements to an already leading-edge customer self-service portal as well as developments in allowing customers to get quotes and book services directly which we believe will see increase revenues and improve customer service.

ACQUISITION: SIMPLY WASTE

Simply Waste, who we acquired in October 2020, is a prominent, well-regarded operator in the south of England. Its operational locations in West London, Oxfordshire and Bristol service over 3,000 customers and align well with Biffa's existing portfolio.

The business is well structured with a strong management team. Integration is progressing to plan and of some of the sub-contracts held by Simply Waste are on track to be delivered onto Biffa wheels by end of FY22.

Operating Review – Collections Division continued

We are refining our customer offering with the introduction of our Customer First Programme will help us to continue to improve service levels and support our customers in preparing for the UK's Environment Bill, RWS for England and similar strategies put in place by the UK Devolved Administrations, which will come into effect in the next few years.

As part of our agreement to acquire Viridor's Collections business and certain Recycling assets, upon completion of the deal the Group will acquire Viridor's nationwide I&C fleet of 270 vehicles along with 15 depots across the UK, servicing 21,000 customers, generating £85m of revenue in FY20 (March year-end) and completing over three million lifts each year. The business will be integrated into Biffa's existing I&C platform across the UK.

Municipal

The Municipal business provides household waste and recycling collections, street cleaning and other services for households, on behalf of local authorities.

Market conditions

Our Municipal business is number two in the UK domestic market, serving 33 local authorities and is highly regarded as a key partner, delivering a high-quality service.

With people spending more time at home over the last year, the Municipal business naturally experienced a strong demand for services and higher volumes. As the business operates a fixed fee model, revenue remained stable. The business balanced these high volumes with increased staff-absenteeism levels which peaked at approximately 20% during the initial few months of the pandemic. Employees from the I&C team were seconded to support with these increased volumes and higher absence levels.

The market is stabilising, with fewer players entering and a more equitable risk balance between the public and the private sector. As a result of the pandemic this year, we have seen fewer contracts come to market for re-tendering as councils have focused their efforts elsewhere. Biffa has seen the benefit of this in the high number of extensions we have secured.

The business is well placed to benefit from the UK's Environment Bill, RWS for England and similar strategies put in place by the UK Devolved Administrations in the next few years, as demand for recycling services from local authorities increases. We are yet to see how this will be funded but expect to see budgets for local authorities increase as a result.

Performance summary

New contract wins in the period include Anglesey, which adds to Tandridge, Winchester and Cornwall, which we successfully mobilised in the year. We also negotiated profitable extensions on the Crawley, Thurrock, East Lothian, Portsmouth, Lincoln, and Rutland contracts and successfully negotiated the exit from the loss-making contract in North Somerset, which came into effect at the end of FY21. The combined performance delivered revenues up 2.7% at £182.1m.

Another success area this year has been the investment in our control room, which monitors the safety, customer service and efficiency of around 575 Municipal vehicles. This remote monitoring has had a positive impact on our CO_2 emissions, by reducing the number of vehicles out in service to do physical inspections. We're also making better use of the telematics on the vehicles to monitor driver performance and behaviours to ensure we deliver a good service in a safe environment.

We've seen a significant increase in our Green Waste Club membership this year by around 15%. This growth has been driven by more people working from home and the reduction in Household Waste Recycling Centre availability during the pandemic. The Green Waste Club is a subscription-based club providing the customer with a wheeled bin that is collected fortnightly from the edge of their property. Working in partnership with the local authority, Biffa transports the garden waste to a local facility where it is composted.

One of the growing areas where Biffa's Municipal business can add real value is sustainability. Councils are looking to decarbonise their fleets by switching to electric vehicles and alternative fuels, which also forms a key area of Biffa's sustainability strategy. In the year we successfully launched the UK's largest fully electric refuse collection fleet in Manchester.

We have a stated ambition to progress towards Living Wage Foundation rates for our lower paid workers and are making steps towards that with the introduction of a threshold across the business to ensure that all our employees are paid above the National Minimum Wage.

Following the acquisition of CSG, we have established strong links with the Community Shop social enterprise. We see great potential as a significant local employer to support Community Shop's work, including through providing a pathway to employment for long-term unemployed people. We also now have dedicated investment in education and training, specifically around teaching the younger generation to recycle more.

Strategy and outlook

This year has particularly highlighted the resilience of the business, both operationally and financially following a period of stabilising the business last year. We have a secure foundation to grow, taking advantage of the opportunities that the UK's Environment Plan, England's RWS, and similar strategies put in place by the UK Devolved Administrations, will present in alternative fuels and the deployment of electric vehicles.

Going forward, the business will continue to focus on delivering an efficient, high-quality service, keeping costs firmly under control and delivering efficiencies through the increased use of technology.

We will continue to build our complementary and adjacent Non-Local Government revenue streams whilst delivering high quality, commercially robust and risk appropriate tenders for new business in our core market.

As part of our agreement to acquire Viridor's Collections business and certain Recycling assets, two waste management contracts, which include household recycling, will be added to the Municipal business upon completion of the deal. These contracts generated £11m of revenue in FY20.

Specialist Services

The Specialist Services business provides bespoke solutions to customers who have more complex waste requirements such as manufacturing and distribution businesses. Services include on site services and equipment rental (Integrated Resource Management or IRM), hazardous waste collection and treatment and packaging producer responsibility compliance services (Biffpack).

During the year, the Group acquired CSG, adding surplus redistribution capabilities to the suite of services Biffa is able to provide to these customers.

Market conditions

The market for Specialist Services is growing and Biffa's unique position in having a fully integrated waste management platform means we can take advantage of cross-selling services from our I&C customer base in addition to our strength in supporting e-commerce customers who have tended to have a stronger year due to the levels of online shopping associated with the pandemic.

Market conditions remained stable this year, as the majority of customers maintained their services throughout the pandemic and food manufacturers in particular became extremely busy. We saw a reduction in volumes for some of the larger industrial groups, including car manufacturers, who provide some of the materials into our treatment plants. However, as market confidence has gradually returned, we have seen a recovery of our volumes in all core parts of the business.

We are continuing to engage with the UK Government, to ensure our opinions on packaging compliance reforms are considered during the development of new waste policy and regulatory measures, including the RWS for England and similar strategies put in place by the UK Devolved Administrations.

Performance summary

Specialist Services performed very strongly over the year, with profits excluding adjusting items up on the prior period. The resilient nature of the customer base, who are predominantly in food manufacturing and retail distribution services, has helped Specialist Services to maintain this solid performance.

IRM continued to grow its waste segregation revenues with both existing and new customers. We further improved business performance excluding adjusting items in Hazardous Waste by leveraging Biffa's I&C customer base to provide additional collection and treatment services to customers. Biffpack maintained a consistent level of service, helping customers to meet their legal compliance with packaging regulations.

Company Shop Group

A key highlight of the year was the acquisition of Company Shop Group, the UK's leading and largest redistributor of surplus food and household products, strengthening Biffa's leadership position in the UK circular economy.

Biffa's leading expertise in waste management and recycling, coupled with CSG's unrivalled capabilities in redistributing surplus produce, will deliver a unique circular economy proposition for the food manufacturing, retail and FMCG e-commerce sectors.

Both businesses share strong customer and supplier base alignment and there is a significant opportunity to cross-sell and up-sell Biffa and CSG's complementary services, especially within the Specialist Services business. Biffa has an enviable list of long-standing customers across CSG's target supply sectors, many of whom do not yet engage meaningfully in surplus redistribution. We are uniquely well placed to facilitate the link with these customers, alongside the provision of its existing waste and recycling services.

Discussions with our corporate customer base are currently underway regarding this new combined offering and the feedback has been very positive. The performance of CSG since its acquisition in February has been in line with our expectations, with footfall in stores being lower than normal due to lockdown restrictions. As restrictions ease, we are now seeing a recovery in footfall and spend levels. We were delighted to open the Dudley store, on time and on budget, in March 2021.

Strategy and outlook

Going forward, the Specialist Services business will be separated from the Collections division to create a new division of the Group for external reporting purposes and will include IRM, Hazardous Waste, Biffpack and CSG.

The business has a great opportunity for growth, particularly in the Hazardous Waste and redistribution sectors. In Hazardous Waste we continue to build out our market share and enhance our digital capabilities. As communicated at the time of acquisition, there is also significant scope to expand CSG to secure more surplus volume and roll out the CSG store footprint across the UK.

As part of our agreement to acquire Viridor's Collections business and certain Recycling assets, an additional 3 depots and 1 wastewater treatment plant with a revenue of £7m (FY20) will be incorporated into the legacy Specialist Services business upon completion of the deal, expanding the division's liquid waste collection and treatment coverage and capabilities.

RESOURCES & ENERGY DIVISION

Mick Davis
Chief Operating Officer,
Resources & Energy division

The Resources & Energy division comprises the Recycling, Organics, Inerts and Landfill Gas businesses. The division focuses on the treatment, recycling, energy recovery and ultimate disposal of waste.

	FY21 £m	FY20 £m	Change %
Recycling	**80.6**	79.5	1.4
Organics	**53.6**	56.9	(5.8)
Inerts	**98.4**	112.6	(12.6)
Landfill Gas	**39.4**	43.3	(9.0)
Statutory Revenue	**272.0**	292.3	(6.9)
Recycling	**80.6**	79.5	1.4
Organics	**53.6**	56.9	(5.8)
Inerts	**44.5**	52.4	(15.1)
Landfill Gas	**39.4**	43.3	(9.0)
Net Revenue	**218.1**	232.1	(6.0)
EBITDA excluding adjusting items	**40.7**	63.4	(35.8)
Operating Profit/(Loss) excluding adjusting items	**11.8**	37.7	(68.7)
Operating Profit/(Loss) Margin excluding adjusting items	**4.3%**	12.9%	n/a[1]
Statutory Operating Profit/(Loss)	**(43.9)**	32.5	(235.0)

1. Calculation is not applicable as does not provide meaningful analysis to the figures.

Against the challenging economic backdrop, overall Statutory Revenue for the division decreased by 6.9% to £272.0m (FY20: 292.3m) due to the impact of the pandemic. This had a significant impact on profitability with EBITDA excluding adjusted items reducing by 35.8% to £40.7m (FY20: £63.4m).

Adjusting items in the period totalled £55.7m. These include the movement of the onerous contract provision of £4.1m with Leicester City Council, £8.2m impairment of the Poplars AD plant, £22.8m of amortisation of acquisition intangibles, £0.6m of strategy and restructuring costs, and £20.0m impact of movement on real discount rate for provisions.

Market conditions

The pandemic had a significant impact on our markets in the year, reducing volumes of waste in our Inerts business (which predominantly is construction related) and Organics business (through reduced food waste volumes from the hospitality sector), and adversely impacting recycled plastic prices in our Recycling business. The main impact on the Landfill Gas business was reduced ROC prices.

There is continuing strong demand for recycled plastics due to ongoing consumer and brand preference, coupled with emerging Government policy. Recycled commodity prices however remain volatile, and we continue to reduce our exposure to commodity pricing in our contracts. Our strategy of a cost-plus model in our Polymers business, coupled with variable gate fees in our MRFs, will ensure earnings become more de-risked.

Our materials recycling facilities are experiencing a significant rise in cardboard recycling as a result of increased home shopping during the pandemic. Our plants have successfully adapted to this change in material mix.

The landfill market continues to see the closure of sites as void space is filled with no near-term replacement sites, resulting in fewer landfill sites within the UK and waste being transported further. Biffa has responded by expanding its rail hub programme, which can transport inert waste cost effectively to alternative sites with capacity.

Performance summary

The majority of R&E sites remained operational throughout the pandemic, ensuring continuity of our essential services for our customers.

As previously reported, volumes in the Inerts business were severely impacted by the pandemic. Volumes dropped in Q1 to c. 50% of prior year, recovering in a similar fashion to I&C across the balance of the year.

In Polymers, our established HDPE operations were largely unaffected by the price weaknesses due to the cost-plus model referred to above being in place. There were short-term challenges with virgin plastic and PRN prices resulting in weaker results from the Seaham plant, particularly in Q2-Q4. The facility has now started to produce food grade recycled materials and performance is expected to rebound strongly during FY22.

In line with the closure of the leisure and hospitality sector for much of the year, commercial food waste volumes into our anaerobic digestion facilities were adversely impacted. We expect volumes to improve in line with the gradual reopening of this sector in the coming months.

The Group has a clear strategy to invest in green economy infrastructure and has continued its investment programme throughout the year in spite of the pandemic. We are on track to deliver all of our strategic projects in line with key milestones, including our plastics recycling facilities in the North East and energy from waste facilities in Cheshire and Leicestershire. This progress is the result of a fantastic effort from the Biffa team, who overcame many challenges to keep us on track and put the R&E division in a strong position for the future.

Recycling

Our recycling business comprises our leading Polymers plastics business and our MRFs.

Our HDPE operations at Redcar were largely unaffected by the price weaknesses and continued to perform strongly during the year, reflecting its resilient nature and de-risked contracting model.

As previously reported, short-term challenges with virgin plastic and PRN prices resulted in weaker results from the Seaham PET plant. However, there is strong demand for food grade pelleted material, with new partnerships secured with Nestlé Waters UK and Alpla, with two other major contracts close to being finalised. At the end of the financial year, we had sold the majority of our output from the Seaham facility on de-risked terms to long-standing partners, which gives us confidence that performance will rebound strongly in FY22.

The Poseidon Project, a UK Research and Innovation funded initiative in which Biffa is a partner alongside Poseidon Plastics, Dupont, Teijin Films, Alpek, GRN and O'Neills and which aims to create a process to chemically recycle harder grades of PET material, has been suspended.

The MRFs delivered year-on-year progress. The MRFs business is generating positive EBITDA excluding adjusting items and remains on track to deliver positive EBIT excluding adjusting items once all legacy contracts roll off over the next few years. In the year we kickstarted a project to use artificial intelligence (AI) in our MRFs, partnering with specialist external organisations to review the use of AI to improve efficiency.

Organics

There has been significant volume reduction in food waste due to the pandemic and its impact on the leisure and hospitality sectors. This has resulted in both volume and price erosion at the Poplars AD plant. The gas generation process at the AD plant was adversely affected which coincided with an increase in hand sanitiser found within our feedstocks.

Our composting operations have had a solid year. We achieved the compost quality standard, PAS:100 for our composting sites, which means that the compost has achieved product status and is suitable for sale as a product rather than as a waste product. Composting volumes have remained resilient and operations in the West Sussex and Leicester contracts performed steadily during the period.

Inerts

As previously reported, the Inerts business has been significantly impacted by Covid-19, with volumes into landfills initially down by c.50% compared to prior year levels during the first lockdown in Q1 FY21. There has subsequently been a steady recovery in Net Revenues throughout the year as the construction sector has reopened, resulting in an overall decrease of 15.1% in Net Revenue for the full year at £44.5m.

We opened our third rail hub in Barking in May 2021 which sits alongside our hubs in Manchester and Leeds. With the closure of our landfill site in the South East, the Barking hub will maintain some of this capacity within the Biffa portfolio. Rail hubs form an important part of our sustainability strategy by helping to reduce our reliance on road haulage and lower our CO_2 emissions.

We also carried out additional engineering works at our landfill sites this year, which has seen a significant improvement in our environmental performance and resulted in fewer complaints received from the public.

Landfill gas

Landfill Gas has remained a resilient part of the Biffa portfolio during the year, due to electricity price hedging in place. We experienced a 5.1% year on year volume decline, which is in line with expectations. The Renewables Obligations Certificates recycling benefit is however lower than the prior year by £3.5m due to lower demand for the ROCs.

Export power prices are 99% hedged through FY22 @ £46.30 per MwH.

Strategy and outlook

The Resources & Energy division is well placed for a strong growth trajectory in the year ahead, with market leading businesses in growing sectors and the prospect of a post-pandemic recovery.

We will continue to focus on expanding our capacity for closed-loop plastics recycling, which is the highest-grade of recycling and therefore has the highest value. Our investments in plastics recycling infrastructure will ramp-up over the year ahead with the commissioning of the Seaham phase two PET facility, building of the new rHDPE facility in Washington and increasing capacity at our Aldridge facility to provide a further supply of feedstock into our Polymers business. We are also investigating opportunities for the recycling of flexible plastic and the potential to invest in partnerships internationally.

On 20 May 2021, Biffa reached agreement to acquire a post-consumer plastics recycling facility (PRF) from Green Circle Polymers Ltd (GCP) in Grangemouth, Scotland. The acquisition of GCP will strengthen Biffa's Polymers business with increased capacity to recycle more plastic within the UK. The timing of the GCP acquisition is favourable with Scotland's Deposit Return Scheme being introduced in July 2022. GCP is Scotland's only PRF and will be extremely well placed to process these materials.

Over the last 18 months, Biffa has reached financial close and started construction on two energy from waste facilities – Newhurst in Leicestershire and Protos in Cheshire. Both facilities are currently in build and on track with their construction milestones. The Newhurst EfW is due to commence operations in 2023 and Protos will follow in 2024.

As part of our innovation funnel, we are continuing to investigate the viability of solar energy generation on closed or restored landfill sites and are currently in planning consultation on a number of viable sites. Biffa's low-cost access to the grid and large land holdings make this a worthwhile investment opportunity.

As part of our agreement to acquire Viridor's Collections business and certain Recycling assets, upon completion of the deal the Group will acquire a portfolio of recycling and treatment facilities with revenues of £39m (FY20). These are underpinned by long term local authority supply contracts which contain appropriate risk-sharing mechanisms. The facilities include materials recycling, composting and anaerobic digestion – all of which are core capabilities for Biffa. 80% of Viridor's revenue in this area is from contracts with remaining terms of eight years or more.

Together these assets processed a total of 272,000 tonnes of material during FY20 and will increase Biffa's control of plastics feedstock into its closed-loop plastic recycling operations with c.22,000 tonnes of annual long-term supply, underpinning the Group's commitment to quadruple its plastics recycling capacity by 2030.

IMPACT OF COVID-19

In many ways this has been a defining year for Biffa. The sustained impact of the Covid-19 pandemic and continuing lockdown measures have made it a particularly challenging year; however, we were able to protect our people and continue to provide the essential services on which society depends, while taking decisive action to strengthen the finances of the Group and continue to invest for the future.

Our response to the Covid-19 pandemic focused on three key priorities:

1. Protecting the health, safety and wellbeing of our employees and the communities we serve.
2. Ensuring that our business operations continued with minimal disruption and that customers continued to receive the essential services that we provide.
3. Protecting the financial strength of the Group.

More information on our response to Covid-19 can be found on the following pages:

+ Chairman's Statement pages 6 – 7
+ Stakeholder Engagement pages 8 – 11
+ Chief Executive Officer's Review pages 14 – 17
+ Principal Risks and Uncertainties pages 72 – 78
+ Corporate Governance Report pages 80 – 123
+ Remuneration Committee Report pages 105 – 107

We received hundreds of 'thank you' messages throughout the year from customers and local residents, who were extremely grateful for the essential services our teams provided throughout the pandemic.

Business Aims

Protecting the health, safety and wellbeing of our employees and the communities we serve.

Link to stakeholder groups
- Employees
- Suppliers
- Government and Regulators
- Environment and Communities

Our Hi-Vis Heroes campaign was incredibly successful at shining a light on the important role our employees provide as key workers.

HERO ES

Our top priority at the outset of the pandemic was to protect the health, safety and wellbeing of our employees and the communities we serve. Key actions included:

- **Covid-secure measures were put in place at all offices and operational facilities** including one-way systems, additional hand sanitiser stations and perspex screens between desks and in reception areas.
- **The business enabled and supported home working,** which ensured continuity of customer service, involving a significant effort with the issue of over 274 new laptops and supporting an increase in remote connections to the Biffa network of 1,200%.
- **We introduced Smarter Working+** which supports flexible working and improved work-life balance.
- **Financial support packages** were put in place for employees to encourage self-isolating or shielding.
- **Issued all employee share award of £300** as a token of our appreciation for their commitment and sacrifice.
- **Although we unfortunately needed to furlough up to 1,800 staff** at various periods and points in the year, we did not apply the CJRS cap and rotated colleagues on furlough where possible. By the end of March 2021, we had ceased receiving furlough support.
- **We increased two-way engagement with employees**, through communication channels including: regular all employee and leadership video calls with our Group Executive Team, communications through our employee app Biffa Beat (which reached over 70% uptake), CEO vlogs, podcasts, Q&A, virtual conferences and events including a virtual Diamond employee awards ceremony.

- **Our Hi-Vis Heroes campaign was incredibly successful** at shining a light on the important role our employees provide as key workers and represents a real step change in how the waste industry is perceived and valued by society.
- **We launched a new wellbeing initiative called the E.N.E.R.G.Y programme** (see case study on page 65) to support employee wellbeing, with a focus on mental health.
- **Our confidential Employee Assistance Programme,** which has a 24-hour helpline, received a record number of calls in the year supporting our people with a range of situations from mental health struggles to financial advice.
- **We held virtual learning and development sessions,** including 'managing in a virtual world', mental health awareness sessions for line mangers and regular 'relaxation' sessions to support employees with their mental health.
- **Introduced 'long-Covid' rehabilitation programme** to support those who continue to suffer the effects of contracting the virus.
- **Our people in and around bins campaign** was featured in the Big Issue reporting that rough sleeping in bins had fallen for the first time in seven years due to the pandemic (see more on page 64).

A Year Like No Other (Covid-19) continued

Business Aims

Ensuring that our business operations continued with minimal disruption and that customers continued to receive the essential services that we provide.

Link to stakeholder groups
- Customers
- Suppliers
- Environment and Communities

Re-deployed I&C drivers to support Municipal business.

Despite the obstacles presented by the pandemic, we maintained service levels throughout for those who needed it, whilst protecting the health, safety and wellbeing of our people. Key actions included:

- **Rightsizing I&C operations by re-routing trucks,** taking c.39% of the frontline fleet off the road.
- **Providing uninterrupted customer service** call centre availability by swiftly switching to home working.
- **I&C teams were re-deployed to the Municipal business** to support with increased demand for household services.
- **Agreeing short-term changes to services** within our Municipal business to ensure that vital services were prioritised.
- **Working collaboratively with the wider industry** through the Environmental Services Association (ESA) and the Waste Industry Safety and Health Forum (WISH) to share best practice, including Covid-secure measures.
- **Ensuring our office and operational sites were Covid-secure**, by putting in place one-way systems, additional hand sanitiser and cleaning stations and perspex screens between desks and in reception areas.
- **Working constructively with our Unions** to agree safe practices for Collections crews.
- **Adapting our material recycling facilities** to the significant rise in cardboard recycling as a result of increased home shopping.

Service levels were maintained throughout and revenues recovered in the second half of the year.

Business Aims

Protecting the financial strength of the Group.

Link to stakeholder groups
- Customers
- Investors

£100m equity raise in June 2020 to help us pursue our strategic growth plans.

One of our key priorities from the outset of the pandemic was to protect the Group's financial strength. Actions taken include:

- **M&A activity** was put into abeyance.
- **All non-essential and uncommitted capital expenditure** were deferred until the equity raise.
- **All areas of the operating cost base reviewed** to ensure our operating model was fit for purpose.
- **Due to the impacts of Covid-19**, **no final dividend was paid** in respect of FY20 nor have any dividends been declared in respect of FY21.
- **£12.0m of Government support received for up to 1,800 staff furloughed** under the Government's Coronavirus Job Retention Scheme (CJRS) at various periods and points in the year. By the end of March 2021, we had ceased receiving furlough support.
- **The Board and Group Executive Team took a voluntary 20% reduction in salary** from 1 April – 30 September 2020.
- **Biffa's Leadership group**, representing a further 85 people, took a 10% reduction in salary for the same period.
- **All pay increases were suspended** for the most senior participants through FY21.
- **Bonus entitlements for Leadership group earned for FY20** were satisfied in shares and our annual bonus scheme for FY21 was cancelled.
- **Rightsizing I&C operations by re-routing trucks,** taking c.39% of the frontline fleet off the road.
- **Covenant amendments and additional liquidity headroom** agreed to cater for all modelled scenarios.

- **£100m equity raise in June 2020** to help us pursue our strategic growth plans.
- **Short-term assistance from HMRC payment deferrals,** all of which were settled by the end of March 2021.

RESOURCEFUL, RESPONSIBLE – BIFFA'S SUSTAINABILITY STRATEGY

FY21 HIGHLIGHTS

- CO_2 Emissions: 533,000t reduced by 29% from 2019 benchmark.
- Plastics Recycling Capacity: 120, 000t capacity has doubled from 2019 benchmark.
- Employee Engagement: 59% increased by 1% from 2019 benchmark.
- Lost Time Injury Rate: 0.41 increased by 5% from 2019 benchmark.

Did you know?

- We recycle 500,000t of materials each year.
- Since 2019, Biffa has saved over 12,000t of CO_2 emissions by utilising rail networks to transport inert waste as an alternative to road haulage.
- We have reprocessed over three billion HDPE milk bottles over the last decade and around 85% of milk bottles in the UK contain Biffa material.
- We generate enough low carbon energy to power around 117,000 homes.

Reporting achievements:

Sustainable waste management is a key driver for improving environmental, health, social and financial outcomes. We play a vital role in helping the UK to address the climate change emergency and deliver sustainable economic growth. This is woven through our sustainable growth strategy and is demonstrated through our actions over the past two decades.

Our business has become more sustainable by:

- Improving the efficiency and emissions per tonne of waste in the Collections division.
- Broadening and enhancing our recycling and treatment capabilities.
- Reducing the scale of the landfill business.
- Utilising rail links to transport inert waste.
- Pioneering the transition to electric vehicles and alternative fuels.
- Caring for our people by tackling modern slavery and by promoting diversity and inclusion.
- Supporting our communities by funding biodiversity projects.
- Working with partners and customers to reduce waste.

Our actions have enabled us to reduce the carbon intensity of our revenues by 85% over this period[1]. We are breaking the link between the management of waste and carbon. But there is still more to do.

In March 2020, we published our sustainability strategy, 'Resourceful, Responsible', setting out our goals for 2030.[2]

CDP DISCLOSURE INSIGHT ACTION

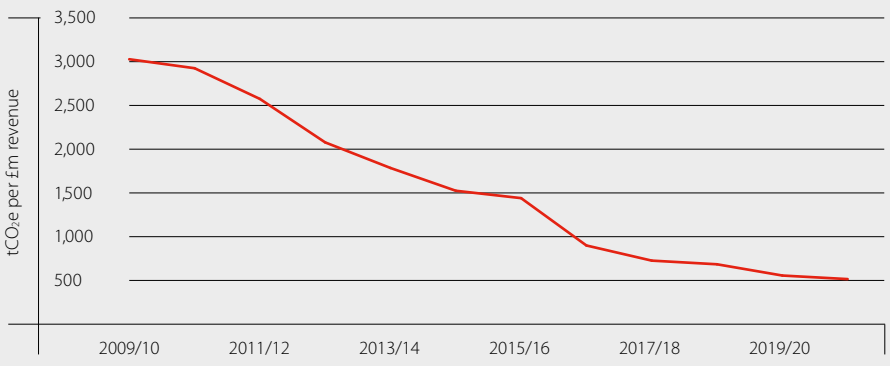
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GRI SASB

Net Zero

Intensity metric: tCO_2e per £m revenue



1. How we measure carbon intensity.
2. The full strategy document is available on our website at www.biffa.co.uk/sustainability

The strategy is focused on three core pillars, each aligned to the United Nations Sustainable Development Goals (UN SDGs) where we believe we can make the most meaningful contributions:

Our sustainability strategy is based on three strategic pillars:

Strategic pillars	Strategic ambitions	Targets to 2030	Alignment to UN SDGs
1. Building a circular economy	Unlock £1.25bn of investment in green economy by 2030	■ Leading in surplus redistribution ■ Quadrupling our plastics recycling ■ Investing in low carbon energy from waste	
2. Tackling climate change	Having reduced emissions by 70% since 2002, we will deliver a further 50% reduction in emissions by 2030	■ 50% reduction in carbon emissions ■ Cease buying fossil-fuelled trucks ■ Increase collection route efficiency by 20%	
3. Caring for our people, supporting our communities	Be recognised as a top ranked employer and continue to be a good corporate citizen, supporting good causes to make a real difference	■ Support of national Hope for Justice campaign to end modern slavery ■ 50% reduction in our LTI rate ■ Manage 30% of estate for biodiversity	

We've unlocked c.£1bn of the £1.25bn of investment in UK green economy infrastructure set out in our sustainability strategy. We've also committed to reducing our emissions by a further 50% by 2030 and to reach net zero emissions no later than 2050, in line with UK Government targets.

In support of this, Biffa has initiated climate change scenario modelling, analysis of supplier (Scope 3) emissions and committed to the Science Based Targets initiative.

You can see our path to net zero emissions on page 54.

Investment highlights include:

Reduce

Surplus redistribution – In February 2021, we further enhanced our circular economy capabilities by acquiring CSG for £85.9m.

Recycle

Plastics recycling – We have made great strides in our ambition to grow our closed loop plastic recycling business, completing three development projects and recently exchanging agreements to acquire a plastics recycling facility in Scotland and committing to another new facility in the year ahead – a total commitment of £65m. We have proven we can stop waste plastic from being burned, buried or exported. It can be used to make food-grade plastic raw material, making plastic packaging more sustainable, while creating jobs in the circular economy here in the UK.

Recover

Energy from waste – We reached financial close on two low carbon EfW plants, which are now in build. Our total investment in these two facilities will be around £75m, see case study on page 25.

Collect

Acquisitions – We are already the most efficient, low carbon commercial waste collections platform, with the widest geographic reach in the UK. In FY21, £189m has been expended on the acquisition of further I&C collections businesses.

Environmental Performance

We're committed to changing the way people think about waste and doing the right things to protect our planet, which includes minimising our carbon footprint whilst delivering the most environmental, social and financial value from the resources we collect.

Biffa has a team of environmental regulation and policy specialists, who engage with the UK Government, regulators and policy makers to help shape the national regulatory and policy framework in relation to environmental matters.

We also provide our expertise in our Reality Check papers, published in the press and on our website, which provide Biffa's expert opinion on important topics such as recycling, plastics and waste treatment.

+ To read these papers visit: www.biffa.co.uk/media-centre/publications

Biffa's Sustainability Report provides our annual sustainability performance data, including environmental performance and aligns to the most widely recognised sustainability reporting frameworks. Our first Sustainability Report was published in 2021, following the launch of our sustainability strategy, 'Resourceful, Responsible', in 2020.

- Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.
- Sustainability Report performance data: www.biffa.co.uk/sustainability/sustainability-report-2021.
- TCFD: see page 56.
- Our route to Net Zero Emissions: see page 54.
- Global Reporting Initiative – download the content index: www.biffa.co.uk/sustainability/sustainability-report-2021.
- Sustainability Accounting Standards Board – download the content index: www.biffa.co.uk/sustainability/sustainability-report-2021.
- Sustainability strategy: www.biffa.co.uk/sustainability.

OUR PROGRESS AGAINST OUR SUSTAINABILITY STRATEGY TARGETS AND OBJECTIVES

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Building a circular economy	**Leading on waste plastics recycling**	63kt plastic recycling capacity	Our total plastics recycling capacity is 120,000 tonnes. We are in the process of building additional capacity at our Washington site which will be commissioned in FY22 and will add an additional 22,000 tonnes capacity. We are also doubling the amount of materials we can recycle at our plastic recycling facility at Aldridge to 80,000 tonnes per year. Increasing our plastics recycling capacity means more recycling can happen on our own shores and creates sustainable materials that can be used in manufacturing.		**2025 Target** Triple plastic recycling capability. **2030 Target** Quadruple recycling capability.
	Investing in energy from waste	Financial completion of both low carbon EfWs	Construction is underway for both projects and the state-of-the-art facilities are expected to be completed during 2023 for Newhurst and 2024 for Protos.		**2025 Target** Completion of build and commissioning of two new low carbon EfWs. **2030 Target** Both EfW plants optimised and complying with all environmental permits.
	Growing business waste recycling collections	0.5million tonnes business waste collected for recycling	The business waste collected for recycling was 0.3 tonnes. The I&C collections business suffered an immediate downturn in volumes due to the onset of lockdown as a result of Covid-19. As part of our response we replanned our collection routes and in some cases temporarily suspended our recycling collections. As we came to the end of FY21 recycling routes were fully mobilised and a communications campaign to business customers started to ensure appropriate use of recycling containers.		**2025 Target** Expand our low carbon collection business to collect 25% more business waste for recycling. **2030 Target** Aim to collect 50% more business waste for recycling.

Risk level

On track to meet target

Target not on track as a result of Covid-19

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Building a circular economy continued	**Diverting general waste from landfill**	Around 70% of our inputs to landfill are now inactive* waste	During the year 60% of inputs to landfill were inactive waste. This is a result of Covid-19 affecting the type of waste streams inputted to landfill sites with many construction sites shutting down during the first national lockdown. As we have come out of lockdown we have seen an increase in activity in the construction sector which has led to a steady increase in the amount of inactive, unrecyclable waste received at our landfill sites.		**2025 Target** Inactive* waste increases to 80% of inputs to landfill. **2030 Target** Inactive* waste increases to 90% of inputs to landfill.
	Recyclable commodities trading	Presently around 90% by weight of the waste plastics Biffa trades from our sorting and transfer facilities is sent to companies within the UK, with the remainder kept within Organisation for Economic Co-operation and Development countries	91.4% by weight of the plastics traded by Biffa was sent to companies within the UK with the remainder sent to reprocessors within the Intergovernmental Economic Organisation (OECD). Whilst our 2025 target is challenging we are committed to delivery.		**2025 Target** All waste plastics which Biffa trades from our sorting and transfer facilities to be recycled within the UK. **2030 Target** All waste plastics which Biffa trades from our sorting and transfer facilities continue being recycled within UK with other commodities also recycled in UK subject to commercially viable UK end markets and infrastructure availability.
	Supporting customers on sustainable waste management	Sustainable waste management advice currently offered where requested. Additional special adviser on packaging in place for I&C. Current service offerings dependent on customer requirements	Over the year our Waste Strategy and Packaging Manager has provided packaging advice, site audits and recommendations, supply chain audits and procurement strategies to 17 I&C Corporate customers. Plans are in place to expand the team in FY22.		**2025 Target** Provide all waste service customers with sustainable waste management advisory services including waste reduction and re-use. **2030 Target** Retain sustainable waste management advisory services to all waste service customers including waste reduction and re-use.

* Based on low-rate landfill tax definition.

Sustainability Performance continued

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Tackling climate change	**Reducing our carbon footprint****	746,925 tonnes CO_2e	Our emissions were 533kt CO_2e, in FY21. This 17% reduction on FY20 is due to a combination of continued capture efficiency improvements of landfill gas and a decrease in active waste to landfill but also reflecting reduced fuel usage during Covid-19. When compared to our 2019 baseline our emissions have reduced by 28.5% to date showing we are on track to meet our 2025 and 2030 targets.		**2025 Target** 30% reduction in carbon emissions. (Scope 1 and 2 emissions) **2030 Target** 50% reduction in carbon emissions. (Scope 1 and 2 emissions)
	Greening the collection fleet	Beginning trialling electric collection vehicles in Manchester	There have been positive steps taken towards greening the fleet, with the introduction of the UK's largest fleet of eRCVs in Manchester. We continue to work with our supply chain to explore opportunities for alternative fuelled vehicles and continue to expand our fleet of electric vans during FY22, as well as introducing eRCVs into both our I&C and Municipal businesses. In March 2021 we launched 'EcoDrive', a scheme that allows employees, including those who are not company car drivers, to lease fully electric or hybrid-electric cars under a salary sacrifice scheme. We have also introduced a new company car list for FY22 that includes hybrids. Our aim is to encourage employees to drive more environmental friendly cars, helping to reduce CO_2 emissions.		**2025 Target** Introduce 10% non-fossil-fuelled collection vehicles, subject to market availability and capability. **2030 Target** Cease buying fossil-fuelled RCVs by 2030 and have no fossil-fuelled vehicles by 2040.
	Improving collection route efficiencies**	0.45 lifts per km*	During FY21 the collection route efficiency was 0.40 lifts per km. Covid-19 has required the re-routing of vehicles and the opportunity was taken to increase the number of container lifts per vehicle shift and increase the number of backshifts; however it was also impacted by suspension of recycling collections.		**2025 Target** Increase collection route efficiency by 10%. **2030 Target** Increase collection route efficiency by 20%.
	Transporting waste by rail	27% of our inputs to landfill by rail	During the year 21% of our inputs to landfill were by rail. This has been heavily impacted by Covid-19 and the shut down of the construction sector during early FY21; however, as we move into the recovery phase we anticipate the volumes of inert waste being moved by rail to increase. A new rail hub in Barking opened in May 2021 and this will enable 30% of inputs to landfill to be transported by rail.		**2025 Target** 50% of our inputs to landfill by rail. **2030 Target** Dependent of availability of rail served landfill.
	Renewable energy purchasing**	Investigating renewable purchasing options	60% of our electricity purchased during FY21 was renewable. During 2020 we moved our whole portfolio where we are responsible for the energy supplier onto a renewable tariff.		**2025 Target** Buy 100% renewable electricity. **2030 Target** Maintain 100% renewable electricity.

* The methodology for calculating lifts per km has been redefined due to an improvement in data availability and analysis. The baseline has been recalculated as 0.45 lifts per km using this methodology.

** Limited assurance is provided by Bureau Veritas. The Independent Assurance Statement is published in our Sustainability Report FY21.

Risk level

On track to meet target

Target not on track as a result of Covid-19

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Tackling climate change continued	**Investing in solar power development on our landfill estate**	Conducting feasibility assessment	We have engaged with specialist consultants and eight sites have been identified for pre-application planning discussions. Feasibility, designs and construction cost assessments for four sites have been received from consultants. Financial modelling for these is currently underway.		**2025 Target** Develop 50MW of renewable energy capacity through installation of solar farms on our landfill estate subject to feasibility assessments and approvals. **2030 Target** Develop 100MW of renewable energy capacity through installation of solar farms on our landfill estate subject to feasibility assessments and approvals.
Caring for our people, supporting our communities	**Tackling modern slavery**	Slave-Free Alliance threat assessment completed and policies and processes in place	In July 2020 we became a founding member of the Waste and Recycling Modern Slavery Working Group whose aim is to reduce the risk of modern day slavery (MDS) within the waste sector by working in partnership on challenges, best practice and raising awareness of MDS. In October 2020 we participated in the National Anti-Slavery campaign where we teamed up with Hope for Justice. To raise awareness of MDS in the communities we serve, we branded 10 trucks that operate in cities with our zero-tolerance to MDS message. Our MDS Toolbox Talk for our frontline colleagues was made more accessible with frontline operatives being able to access it via our employee app and rolled out as part of our October Anti-Slavery Campaign. MDS collateral was also developed for managers including a managers briefing, visuals for sites, updated spotting signs and raising concerns posters. We continue to strengthen our response to MDS by ensuring our M&A due diligence processes include initial checks for potential MDS issues, a MDS risk assessment is undertaken and our company standard e-learning material is rolled out following M&A completion. We have reviewed and updated our MDS standard operating procedure, carried out by our employee services team, incorporated a section on MDS into our Driver Certificate of Professional Competence training and updated our induction materials with more information on MDS.		**2025 Target** Maintain zero tolerance on modern slavery and be an acknowledged market leader in anti-slavery practices within the UK waste sector. **2030 Target** Maintain zero tolerance on modern slavery and be an acknowledged market leader in anti-slavery practices within the UK waste sector.

Sustainability Performance continued

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Caring for our people, supporting our communities continued	**Engaging our employees**	Employee Engagement score 58%	The Employee Engagement score moved up 1 percentage point to 59%. This is 3% above the UK average and is Biffa's highest engagement score since surveying began in 2011. Action plans were completed for FY21 at both Group and local level, focusing on the identified priorities. These included an added emphasis on communications – particularly important as a key part of the Company's response to the Covid-19 pandemic, and a significant uptake in the use of the employee app. Further improvements were measured against our Diversity and Inclusion and Health & Safety indexes.		**2025 Target** To be a top quartile business for employee engagement. To be externally recognised as an exemplary employer. **2030 Target** Maintain status as consistent top quartile business for Employee Engagement.
	Supporting the living wage	72% of employees currently paid on or above Living Wage Foundation rates	77% of our employees are currently paid at or above the real Living Wage Foundation rates.* As part of our journey to be a Living Wage Foundation employer we have taken a number of steps to progress towards this goal. This includes forward steps with contract rebids where two major contracts have agreed to pay Living Wage from April 2021. As part of our pay negotiations for 2021 we have committed to introducing a Biffa minimum wage of £9.05ph (except for Apprentices). This will mean all our employees are paid above the National Living Wage (£8.91ph).		**2025 Target** Employees to be paid according to Living Foundation rates, where possible*. All new local authority tenders to encourage and propose Living Wage. **2030 Target** Create a Living Wage workplace and be a member of the Living Wage Foundation.
	Maintaining high Health & Safety standards**	0.27 Lost Time Injury Rate in FY18	The LTI rate at year end FY21 was 0.41. There has been a rise in LTIs most notably caused by slips, trips and falls. Whilst this increase in LTI's is disappointing, meeting the challenges associated with providing a Covid- secure work environment has been our priority to ensure we keep our staff and customers Covid safe whilst continuing to deliver an essential service during the pandemic. In response to the rise in LTIs, the business has developed a suite of safety videos which target the common cause of our LTIs. Alongside this initiative, a bespoke Safer Together training course has been developed and is being rolled out across our Supervisor community.		**2025 Target** 25% reduction to Lost Time Injury Rate. **2030 Target** 50% reduction to Lost Time Injury Rate.

* 71.6% of employees across the total Group (including Company Shop Group and Simply Waste Services) are paid at or above the real Living Wage Foundation rate.
** Limited assurance is provided by Bureau Veritas. The Independent Assurance Statement is published in our Sustainability Report FY21.

Risk level

On track to meet target

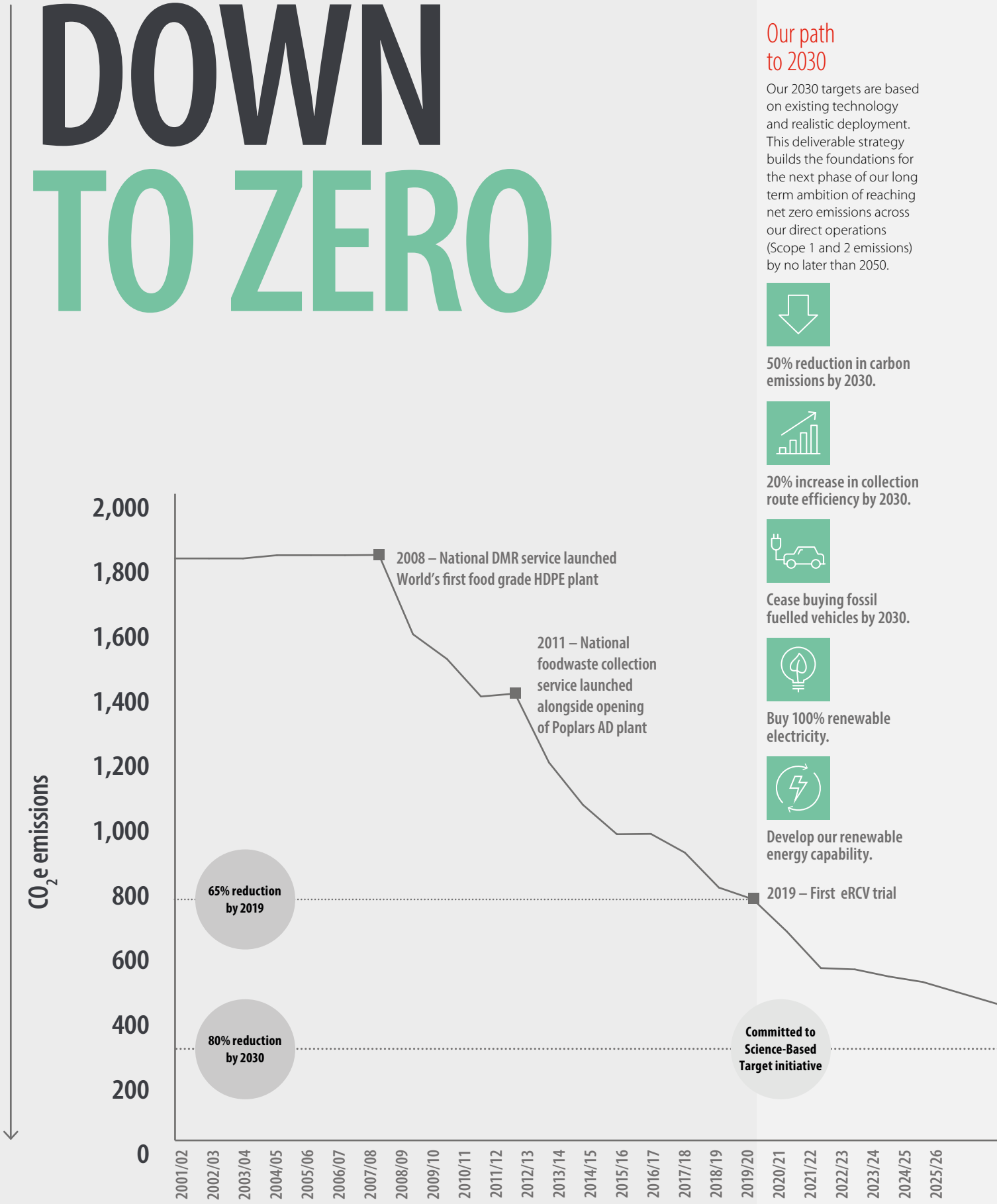
Target not on track as a result of Covid-19

Pillar	Topic	FY19 – Baseline	FY21	Risk level	Targets
Caring for our people, supporting our communities continued	**Promoting diversity and inclusion****	Diversity Respect and Inclusion Strategy created and communicated. Diversity and Inclusion Training for senior leaders and managers delivered	We aspire to achieve greater gender and ethnic diversity, especially at senior levels, therefore we've established employee resource groups, such as Women in Waste, to understand the barriers women face in the workplace and to look at how we can better attract, support and develop women at Biffa. We're setting inclusion objectives to drive accountability and instil inclusive mindsets and plan to deliver D&I training to frontline employees during 2021. This was originally planned for 2020 but was delayed due to Covid-19. We have focused on inclusive leadership, understanding unconscious bias and micro behaviours and the impact they can have as well as learning more about the diverse nature of our workforce and celebrating this.		**2025 Target** Increase the diversity of the workforce including a higher percentage of women in senior management roles. **2030 Target** Create an inclusive culture by promoting inclusive leadership behaviours with the ambition of creating a representative workforce.
	Training staff	Employees received 1 day of training on average in FY19*	As a result of Covid-19, there has been a focus on delivering training virtually and through e-learning. This has allowed us to increase the instances of training delivered to our employees. As a result, our training metric has been amended to the 'number of training interventions per employee'. During FY21 the number of training interventions per employee was 2.02. In FY21 training has been focused on health and wellbeing, particularly coping with the pandemic, managing people remotely and recognising and supporting mental health issues.		**2025 Target** Increase the number of training interventions per employee by 30%.* **2030 Target** Double the number of training interventions per employee.*
	Investing in communities**	£4.9 million delivered to local community and UK partnership scheme projects through Biffa Award in FY19	Since 2019, £13.9m has been delivered to local community and UK partnership scheme projects through Biffa Award. During FY21 over £4.1m has been delivered across 63 projects. Projects supported during the year include community centre improvements and playground renovations, supporting the Winchester Science Centre and Planetarium, which aims to inspire science for all, as well as wildlife focused projects such as riverbank restoration and meadow protection.		**2025 Target** £15 million delivered to local community and UK partnership scheme projects through Biffa Award. **2030 Target** £25 million delivered to local community and UK partnership scheme projects through Biffa Award.
	Supporting biodiversity	Review current biodiversity-based landfill restoration	Across our portfolio, 31% of our land is managed for biodiversity. Whilst this exceeds our 2030 target, we aim to continue to enhance biodiversity across our portfolio and will be exploring further options available to us in FY22.		**2025 Target** Manage 20% of estate for biodiversity. **2030 Target** Manage 30% of estate for biodiversity.

* The targets have been altered to the number of training interventions per employee due to a change in focus to virtual training and e-learning as a result of Covid-19.
** Limited assurance is provided by Bureau Veritas. The Independent Assurance Statement is published in our Sustainability Report FY21.

Sustainability Performance continued

DOWN TO ZERO



Our path to 2030

Our 2030 targets are based on existing technology and realistic deployment. This deliverable strategy builds the foundations for the next phase of our long term ambition of reaching net zero emissions across our direct operations (Scope 1 and 2 emissions) by no later than 2050.

50% reduction in carbon emissions by 2030.

20% increase in collection route efficiency by 2030.

Cease buying fossil fuelled vehicles by 2030.

Buy 100% renewable electricity.

Develop our renewable energy capability.

Scaling up to deliver net zero by no later than 2050

Emerging technology and process innovation will bring opportunities to further accelerate the reduction of our emissions and allow us to achieve net zero emissions by no later than 2050.

We have an ambitious plan, and we are getting on with delivering it.

Net zero by no later than 2050

No fossil fuelled vehicles by 2040.

Heavy plant (e.g. compactors, shovels, excavators) to reach net zero emissions by 2040.

All site fuels to be replaced by net zero emissions electricity by 2040.

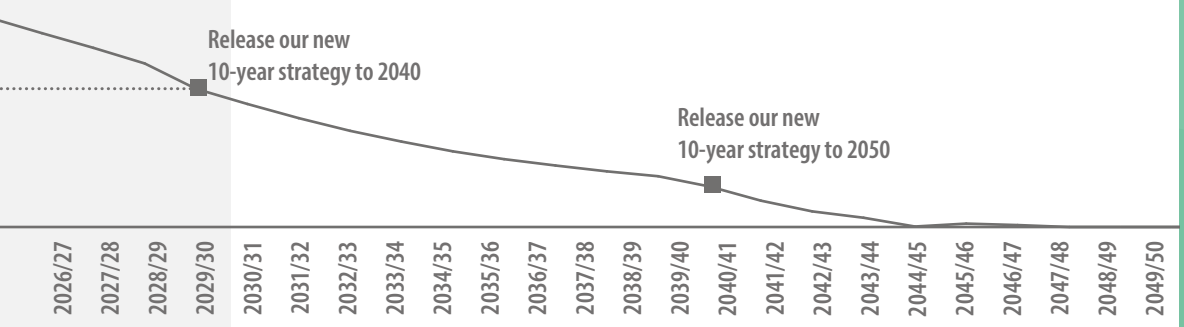
Increase use of renewable energy on site.

Societal shift away from non-recyclable material.

Exploit carbon capture and storage to accelerate emissions reduction.

Pre-treatment of landfill material to further decrease active waste to landfill below 10%.

Deploy environmentally beneficial offsetting for residual emissions at 2050.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

"The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector."[1]

The disclosures will become mandatory for Biffa in our FY22 Annual Report.

Aligning our reporting to the TCFD recommendations informs our investors and other key stakeholders of the climate-related issues that may impact Biffa. Using this format enables us to explain our process for responding to these challenges in a purposeful and comparable context.

Biffa's climate change response	
Governance How climate-related risks and opportunities are managed	The Board has overall accountability for the management of all risks and opportunities, including climate change. We have processes in place to ensure our employees and other stakeholders are aware of our focus in this area.
Strategy Climate related risks and opportunities	Climate change is a global emergency and we recognise that the waste sector is a key player in enabling the UK's transition to a zero emissions future. As a leading business in our sector, we are well placed to support our customers with their own sustainability journeys which in turn support our own journey to net zero. We will also further accelerate the reduction of our emissions by anticipating and taking advantage of opportunities presented by emerging technology and process innovations.
Risk management Biffa's process for assessing and managing climate-related risks	We continue to incorporate climate change issues into our robust risk management and planning processes. When assessing climate-related risks we consider both our existing business model and long-term strategy.
Metrics and targets Metrics used to assess our efforts	Our aim is to cut our Scope 1 and Scope 2 emissions by a further 50% by 2030 and to reach net zero emissions across our direct operations (Scope 1 and 2 emissions) by no later than 2050, in line with UK Government targets.

Governance: How climate-related risks and opportunities are managed

The Board provides oversight of our strategic commitments, which dovetail with our sustainability strategy and ensures climate-related risk management and opportunities are integral to our business strategy including capital expenditure, acquisitions and performance objectives. This is demonstrated through our four areas of capital allocation (pages 20 – 27) and our recent acquisition of CSG which has a focus on allowing us to unlock circular economy innovation and expand our capability to support customers waste reduction and recycling targets.

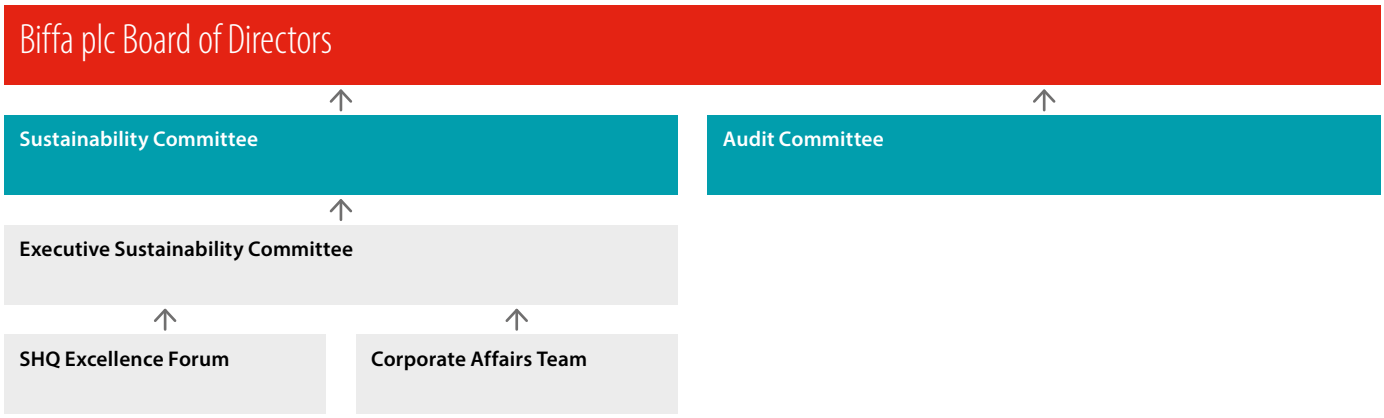
During the past year, the Board, its Committees and the Group Executive Team oversaw senior management who are responsible for the day-to-day implementation, monitoring and management of our performance relating to the environment, including climate-related risks and opportunities.

The Board Sustainability Committee which met for the first time in January 2021, oversees, on behalf of the Board, the Company's sustainability strategy and includes a core focus on tackling climate change. Below Board level, Executive Sustainability Committee also met for the first time in January 2021, and is responsible for overseeing the Company's sustainability strategy at a business level.

The Board Sustainability Committee and Executive Sustainability Committee plan to meet three times a year (page 98).

As part of the overall risk management process, we have a dedicated sustainability team, reporting into the Corporate Affairs Director, which updates the CEO, Group Executive Team and Sustainability Committees on issues relating to climate change on a quarterly basis, with a detailed update on progress against sustainability strategy targets on a six monthly basis.

1. About | Task Force on Climate-related Financial Disclosures (www.fsb-tcfd.org).



In May 2021, we set up our sustainability dashboard to track performance against the targets set out in our sustainability strategy. The dashboard allows the Group Executive Team to monitor progress between quarterly updates and allows greater transparency and visibility of performance data amongst management teams.

Our Corporate Affairs team, which includes the sustainability team, works closely with management teams and employees across the business, to ensure that any new sustainability risks and opportunities are identified and reported to the Corporate Affairs Director and Group Executive Team. The Corporate Affairs Team drives awareness of our targets and commitments across the business and where relevant, sustainability targets are incorporated into our divisional Balanced Business Plans. The Corporate Affairs Team, along with other subject matter experts, participate in industry working groups and monitor best practice. The sustainability team also ensures that performance monitoring and reporting is completed and rigorously audited, through both internal audit and external verification to ensure that accurate information is communicated across the business.

In addition, our Audit Committee reviews financial and non-financial risks outlined in the Group Risk Register, which includes climate change.

Strategy: Climate-related risks and opportunities

Biffa's strong position as an enabler of the UK circular economy is helping to guide changes to Government policy towards progressive long-term benefits for the environment, the economy and the communities we serve.

The four areas of our sustainable business model reflect the outcomes and value creation delivered by our operational capabilities and our capital allocation:

- **Reduce**: redistribution of surplus produce.
- **Recycle**: food grade closed loop plastic recycling.
- **Recover**: energy recovery from waste which cannot be recycled.
- **Collect**: efficient and low carbon waste and recycling operation.

2020 was a challenging year for society and many businesses, but we have delivered a resilient performance and continued to grow. The Group is increasingly well placed for a strong post pandemic future with established leadership across waste reduction, surplus produce redistribution, recycling, collections and energy recovery. Significant growth opportunities lie ahead, and we will continue to invest to build a resilient, sustainable business.

As the UK's leading sustainable waste management company our business strategy is to make sure we contribute fully to enabling the UK circular economy while taking actions to address climate-related risks and identify opportunities to deliver improved environmental and social benefits. This guides the services we offer, our operations, our supply chain management and our investment in research and development.

To further align our funding strategy with our sustainability strategy and the climate-related risks and opportunities identified, we have established a Sustainability-Linked Finance Framework which will be published in early FY22.

Our sustainability strategy, Resourceful, Responsible, was published in March 2020 and identifies 20 clearly defined targets which mitigate against climate-related risks and capitalise on climate-related opportunities. The strategy, including climate-related risks and opportunities, will be reviewed annually and will take on board changes in regulations, societal demand, technology availability and the development of climate science. Where required the strategy will be adapted.

Our ambition is to reach net zero across our direct operations (Scope 1 and 2 emissions) by 2050 and this year we have released our net zero roadmap to 2050 (see pages 54 – 55). As part of this journey, we signed up to the Science Based Target initiative in March 2021 and our Scope 1 and 2 targets will be submitted for validation over the next 18 months. We will also be setting Scope 3 (value chain) emissions targets within the same timeframe. Our full emissions data is included in our Sustainability Report FY21, page 79.

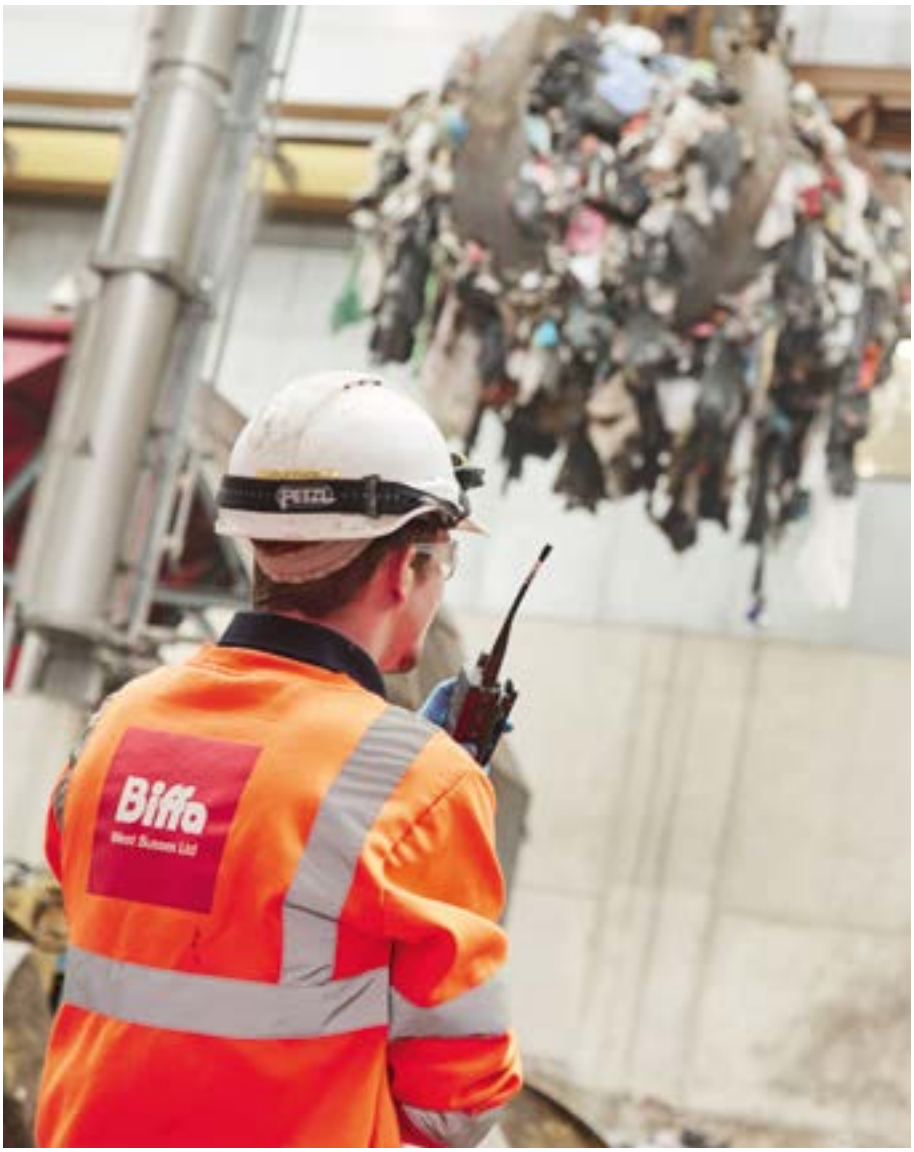
Scenario analysis

Undertaking scenario analysis and stress testing is critical to ensure our long-term business strategy remains resilient to a range of potential future outcomes in 2030 and beyond. To determine the resiliency of our existing business model and sustainability strategy to 2030, we have evaluated it against two extreme scenarios:

- **The 'sustainable' scenario –** enables us to assess the risks and opportunities arising from a successful transition to a low carbon world, aligned with the Paris Agreement. To prevent the worst effects of climate change, the average global temperature increase must be limited to no more than 2°C above pre-industrial levels by the year 2100.
- **The 'business as usual' scenario –** enables us to assess the risks where the Paris Agreement is not met and we must face the acute risk of severe weather events and chronic impacts of temperature and precipitation changes. This scenario allows for global average temperatures rising to above 4°C by the end of the century.

Both scenarios considered were informed by the International Panel on Climate Change (IPCC) and the Representative Concentration Pathways. Data from the UK Met Office was used in the 'business as usual' scenario to allow us to consider the UK physical impacts of climate change, as these are most applicable to our business which is based solely in the UK.

Sustainability Performance continued



Climate scenarios:

	Sustainable scenario	Business as usual scenario
Global average temperature change by 2100	No more than 2°C.	4°C.
IPCC data set	IPCC RCP 2.6.	IPCC RCP 8.5.
Level of GHG mitigation	Strong mitigation through coordinated policy and regulation towards decarbonisation goals.	Current and proposed regulation only.
Physical climate change data set	Not assessed due to focus on transition risks and opportunities under this scenario.	UKCP18 Probabilistic models for climate change provided by UK Met Office based on IPCC RCP 8.5
Assumptions	▪ Consumption orientated towards low carbon products. ▪ Rapid technology development.	▪ Exploitation of fossil fuel resources at a similar level to today.

This assessment reviewed the climate-related risks and opportunities for our organisation with a focus on the UK waste industry. The assessment was completed through climate-related workshops across the business divisions and central functions. Our materiality assessment (see page 8) which covered our priority stakeholder groups, including external stakeholders, was used to ensure that no material risks or opportunities were overlooked.

We assessed the financial impacts of the climate-related risks and opportunities identified using the criteria in our risk management system. We considered both the inherent risk, before any mitigating actions, and the residual risk, after considering the mitigating actions and controls.

The risks and opportunities identified

The key transition risks to our business under the 'sustainable' scenario are due to policy and legislation changes, technology requirements and market and societal shifts. Our existing business model and sustainability strategy to 2030 addresses the risks identified. Whilst there are waste and resource specific elements to these risks, those that relate to transport and emissions impact all sectors that use transport and its associated emissions.

Our current business strategy and sustainability strategy to 2030 allow us to realise a significant number of opportunities that arise from a shift to a low carbon economy. These opportunities include changes in resource efficiency, societal shifts resulting in increased demand for recycling services and low carbon materials. These opportunities are enhanced by England's Resources and Waste Strategy, which supports the circular economy and green consumerism (see Sustainability Report FY21 page 42 for further information).

We have considered the physical risks we face under a 'business as usual' scenario and consider there to be low to medium residual risk to our workforce, operations and facilities should this scenario eventuate. We recognise that due to the amount of carbon already in the atmosphere, that some increase in extreme weather events and long-term changes in temperature and rainfall patterns will impact our business even if the 'sustainable' scenario occurs. It is anticipated that these impacts will be of a lesser magnitude compared to the 'business as usual' scenario and would have a low impact on our workforce, operations and facilities.

To ensure that we remain resilient to any extreme weather our business continuity planning covers business disruption from extreme weather events and is informed by both past and simulated events. Business critical operations that are at a higher risk can be assessed for adaptation if required.

Scenario analysis detail: Transition risk under a sustainable scenario (2°C)

Timeframe	**Short**	1 to 3 years	**Financial impact of risks**	**Low** Managed as part of existing processes
	Medium	3 to 10 years		**Medium** Additional mitigation or investment required
	Long	10+ years		**High** Significant investment required and considered material risk to the business

		Financial impacts			
		Description	Residual financial impact of risk	Timescale	Biffa's mitigating actions
Policy and legal	Emissions legislation	Increased pricing of greenhouse gas emissions	Low	Short/ Medium/ Long	We have committed to science-based carbon reductions of 50% by 2030 and have outlined our road map to net zero by no later than 2050. Our sustainability strategy, Resourceful, Responsible, outlines our actions to ensure this carbon reduction is achieved, including: ■ the introduction of a fully electric fleet by 2040 and the cessation of buying fossil-fuelled collection vehicles by 2030. ■ increasing collection route efficiency by 20%. ■ purchasing renewable electricity. Our target on alternative-fuelled vehicles takes into account the life expectancy of our existing fleet and allows vehicles to be replaced with non fossil-fuelled alternatives when they have come to the end of their life expectancy. The collection route efficiency focuses on using our assets more efficiently and utilising existing routing software further.
	Renewable energy legislation	Impact on revenue due to change in initiatives available	Low	Medium	The reduction in revenue from the renewable obligation schemes for landfill gas is known and has been built into our five year business plans. We are mitigating this through new strategic projects including our investment into two EfW facilities which will partially replace the existing landfill gas net income. We are exploring the use of biogas in areas other than power generation, which could have a higher financial and sustainability value to the Group than current operations. We are also exploring other sources of renewable energy, including solar and hydrogen that will allow us to utilise our large land holding and grid infrastructure.
	Waste legislation	Impact on revenue and operating costs due to change in service demand and materials.	Low	Short/ Medium	We continue to engage productively and transparently with regulators and policy makers to ensure that we have foresight of legislation. This insight ensures that we can develop solutions to changing waste inputs, output type and quality demands. Short term impacts come from the EPR and DRS schemes with the impacts of these having been modelled on the current business model. This material still requires to be processed and recycled into new product. A shift in market trends to a greater demand for recycled material as a result of these legislation changes presents an opportunity for Biffa and aligns with our current business model and the targets outlined in our sustainability strategy.
	Planning legislation	Increase in capital costs to meet new requirements.	Low	Short	We continue to engage productively and transparently with regulators including planning authorities and incorporate flooding and climate change actions into project budgets.
Technology	Lower emission technology	Cost to transition to low carbon technology	Low	Short/ Medium	As part of our sustainability strategy we have targeted to introduce 10% non-fossil fuelled collection vehicles by 2025, subject to market availability and capability and will cease buying fossil-fuel collection vehicles by 2030. We procure renewable energy for our operations and therefore this cost to sourcing low-carbon energy is already budgeted and planned for. We collaborate with suppliers to seek technology advances enabling efficiency gains in the use of resources and operational processes. We have committed to the Science Based Target initiative (SBTi) and as part of this will be setting a Scope 3, value chain, emissions target. Our desire to reduce our value chain emissions will encourage our suppliers to also set ambitious carbon reduction targets.
Market	Change in demand for services	Change in customer behaviour	Low	Short/ Medium/ Long	We offer sustainable waste solutions and the shift in market trends reflects increasing customer awareness of sustainability issues which offers further opportunity for Biffa. We already offer a range of innovative solutions, including two of the most technically advanced plastic recycling facilities in the world, aggregate recycling, food waste recycling at our anaerobic digestion facilities and soil treatment. While we invest in innovative solutions we also continue to maintain our current assets so they can continue to be utilised and reach their life expectancy. As the leader in UK sustainable waste management, we continue to drive growth in our recycling services and to unlock circular economy innovation. Our recent acquisition of Company Shop Group, which aims to prevent waste by identifying surplus produce and then collecting, processing, and redistributing it for sale through its unique network of membership-based outlets, demonstrate our commitment to maintain our position in the market and the ability to match changes in demand for services.

Sustainability Performance continued

Scenario analysis detail: Opportunities under a sustainable scenario (2°C)

Timeframe	**Short**	1 to 3 years	**Financial impact of opportunities**	**Low**	Uplift to current business performance
	Medium	3 to 10 years		**Medium**	Material market position or efficiency impact
	Long	10+ years		**High**	Transformational market growth or cost avoidance opportunity

		Financial impacts			
		Description	Financial impact of opportunity	Timescale	Biffa's mitigating actions
Resource efficiency	More efficient technology	Reduced exposure to carbon emission pricing and low emission zones. Reduced and avoided operating costs for facilities and collections fleet.	Medium	Short/ Medium	Our ambitious carbon reduction target and commitment to the SBTi requires a focus on energy efficiency at our locations and across our collections fleet. We have outlined several targets within our sustainability strategy, 'Resourceful, Responsible', that will allow us to achieve greater resource efficiency, such as our target to improve collection route efficiency 20% by 2030 and to introduce electric collection vehicles into our fleet. Our fleet transition takes into account the life expectancy of the existing fleet and our target to improve collection routes utilises efficiencies gained from M&A and routing software.
Products/ services	Lower CO_2 services	Increased revenue due to the continued development of reduced carbon services.	Low	Short/ Medium/ Long	Our sustainable ambitions will be delivered by optimising our processes and continuing to reduce the carbon footprint of the services and solutions that we provide. Our commitment to science-based carbon reductions of 50% by 2030 and outlining our road map to net zero by 2050 underlines our commitment to providing low carbon services.
	Additional technology	Increased revenue from continued development of services through R&D and innovation.	High	Short/ Medium	We have an ambition to unlock £1.25bn of investment in green economy infrastructure by 2030, which includes investments in plastics recycling and EfW infrastructure.
Markets	Change in demand for low carbon services and low carbon materials	Increased revenue through access to growing markets.	Medium	Short/ Medium/ Long	We continue to support our customers to move waste further up the waste hierarchy in support of a circular economy. Key investments in recycling and developing collaborative relationships are crucial to this and will ensure we are able to capitalise on the demand for low carbon materials. We are already delivering on this commitment and since 2019 we have doubled our plastics recycling capability. Our investment into EfW facilities and the recent acquisition of Company Shop Group bolsters our capabilities and the services we offer our customers, helping them to further reduce their own carbon emissions. Our commitment to improving collection route efficiency and a move to non fossil-fuelled vehicles, as detailed in our sustainability strategy, will allow further progress on delivering low carbon services as well as reducing our own emissions footprint.
	Change in season for service requirements	Increased revenue through access to shifting market demand.	Medium	Short/ Medium	Our strategy focuses on growing our market share and developing services and infrastructure either through organic growth or M&A. We continue to monitor the changing markets, including those which may be influenced by physical climate change.
Resilience	Collaborative relationships	Increased market value and revenue due to reputational benefits.	Low	Short/ Medium	We have a strategic focus on developing services and infrastructure, and this helps to meet the sustainability ambitions of our customers. Within our sustainability strategy we outline our target to provide all waste service customers with sustainable waste management advisory services, including waste reduction and re-use options by 2030, showing our commitment to share our knowledge and experiences with customers in a collaborative way.
	Mergers and acquisitions	Reduced operating costs due to increased efficiency of operations and increase in revenue due to expanding capabilities and providing new solutions.	Medium	Short/ Medium	Our programme of M&A has already helped improve collection route efficiencies and route densities. Our recent acquisition of Company Shop Group has enabled us to expand our capabilities into managing surplus products in a sustainable way for our customers. Continuing to develop our capabilities through M&A will enable us to continue to gain operating efficiencies and new capabilities, helping us to achieve our ambitious sustainability targets.

Scenario analysis detail: Physical risk under a business as usual scenario (4°C)

Timeframe	**Short**	1 to 3 years	**Financial impact of risks**	**Low**	Managed as part of existing processes
	Medium	3 to 10 years		**Medium**	Additional mitigation or investment required
	Long	10+ years		**High**	Significant investment required and considered material risk to the business

		Financial impacts			
		Description	Residual financial impact of risk	Timescale	Biffa's mitigating actions
Acute physical impacts (increase in severity of extreme weather) and chronic physical impacts (long-term climate shifts)	Impact on workforce	Increased indirect costs due to impacts on health and wellbeing. Increase in operational costs for heating and cooling due to shifting temperatures.	Low	Short/ Medium/ Long	A high emissions scenario could result in the requirement of additional personal protective equipment and a change in work patterns during periods of extreme weather to reduce any impact on employee health and wellbeing. Increased training to ensure that employees are trained for appropriate conditions would also be implemented. Whilst the frequency and extent of extreme weather is hard to predict, we continue to monitor changing weather patterns on a short-term basis and take action to mitigate any negative effects. We continue to reduce our energy consumption at our locations and purchase renewable electricity, providing a greater resiliency for the future should energy demand increase through the need for increased heating and cooling at our locations.
	Impact on environmental compliance	Increased capital to costs for resiliency measures.	Low	Medium/ Long	More frequent and extreme weather events and long-term climatic shifts have the potential to alter the management requirements to continue to meet environmental compliance. Extreme weather events and long-term climate change are considered through our risk management portal and aftercare funds are already built into financial planning.
	Operational disruption	Reduced revenue from business disruption.	Low	Medium/ Long	A high emissions scenario is expected to increase the frequency and severity of extreme weather events. Our business continuity planning covers business disruption, including from extreme weather events and is informed by both past and simulated events. Business critical operations that are at a higher risk of severe weather events are assessed for adaptation if required.
	Damage to property/site infrastructure	Increased costs due to physical damage. Increased insurance premiums and reduced insurance availability for 'high risk' areas.	Medium	Medium/ Long	Understanding the exposure of our locations to the risk from extreme weather events, including flooding, allows us to identify business critical locations which can then be assessed for adaption investment. New facilities have climate change and flooding incorporated into their planning phases.

Sustainability Performance continued

Risk management: Biffa's process for assessing and managing climate-related risks

At Biffa we review climate-related risks using our well-established risk management framework.

Risk governance

The Board recognises its responsibility to ensure that the Group's internal control systems and risk management framework are effective. The Audit Committee has specific delegated authority to review the effectiveness of the risk management and internal control processes during the year.

Day-to-day risk management and control is the responsibility of the Group Executive Team and is designed to ensure that management provides leadership and direction to employees so that our overall risk-taking activity is kept within our risk appetite.

Biffa operates the 'Three Lines of Defence' model (page 72) to manage the ongoing effectiveness of risk and control, to define the relationship between the various management and oversight functions, and to demonstrate how responsibilities are allocated. The Internal Audit function assesses our risks and controls independently and objectively.

Risk appetite

The Board sets our overarching risk culture and appetite and ensures that we manage risk appropriately across the Group. Health & Safety, legal, regulatory and environmental risks (including climate-related risks) are our top priority. Biffa dedicates significant resources and focus to managing and monitoring these risks, with other key risks considered and reviewed alongside. In each case, controls and mitigating actions aligned to the risk appetite are put in place.

Risk assessment

A risk assessment matrix is used to ensure that risks are assessed consistently. This matrix considers the likelihood of the risk materialising and its potential impact. We assess both the inherent risk, before any mitigating actions, and the residual risk, after considering mitigating actions and controls. We also identify any additional activities that could be undertaken to further mitigate the risk.

Emerging risks

In addition to known risks, we identify and analyse emerging risks and the need for mitigation as part of our existing risk management processes. These risks are reviewed by both the Group Executive Team and the Audit Committee, and include risks relating to climate change, such as flood risk arising from high rainfall, and pandemic and infectious diseases.

Risk management processes

The Group's risk management processes are centrally coordinated, utilising a risk management tool and consider the existing business model and future strategy. Within this tool, climate-related risks each have a separate section, but these risks are also included within the operational risk profile for each area of the business where relevant. An established network of 'Risk Champions' is in place to facilitate updates to risks during the year. The Risk Champions are members of the senior management team and take a lead role in engaging local management to identify, agree and update risk information on a regular basis.

The Group Executive Team receives regular reports on the principal and emerging risks and ownership of each of these risks is assigned to individual members of the Team.

The Audit Committee undertakes regular reviews of the principal and emerging risks, as identified and assessed by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit function, which operates a risk-based annual plan of assurance reviews.

Our risk management systems are intended to mitigate and reduce risk to the lowest extent possible; however, we cannot eliminate all risks to the Group. The risk management processes can only provide reasonable and not absolute assurance against material misstatement or loss.

Metrics and targets: Metrics used to assess our efforts

We have developed a series of climate change indicators that are relevant to our business and allow us to assess the effectiveness of how we are integrating climate-related risks and opportunities into our business across multiple time horizons. Our chosen targets include an emissions reduction target to reduce our Scope 1 and 2 emissions 50% by 2030 from a 2019 baseline with numerous underlying metrics supporting this goal, including investing in non-fossil fuelled vehicles and an increase in collection route efficiency. We have further risk adaption targets which include increasing our plastics recycling capability, investing in energy from waste facilities and increasing the volume of business waste collected for recycling as part of our overarching ambition to unlock £1.25bn of investment in green economy infrastructure by 2030.

These targets are detailed within our sustainability strategy, Resourceful, Responsible, with performance against these indicators shown on pages 48 – 53.

Reducing carbon emissions is a material area for our business, as is our ability to offer low carbon services to our customers. Our emissions reduction target is built into the Group Balanced Business Plan (BBP). This influences our divisional BBPs which in turn determines senior leaders remuneration policy. Where relevant, other targets outlined in our sustainability strategy are incorporated into our divisional BBPs.

Our Scope 1, 2 and 3 emissions are calculated following the GHG Protocol. Bureau Veritas has provided limited assurance of our Scope 1 and 2 emissions. The assurance statement is published in our Sustainability Report FY21 available at www.biffa.co.uk/sustainability/sustainability-report-2021.

All progress against our targets has been through an internal audit process prior to disclosure.

UK GHG Emissions and Energy Use Data for period 1 April 2020 to 31 March 2021

Emissions within the UK

	Current reporting year 2020/21	Comparison reporting year 2019/20
Emissions from activities which the Company own or control including combustion of fuel and operation of facilities (Scope 1)/tCO_2e (kt).	**506**	618
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based approach)/tCO_2e (kt).	**27**	29
Total gross Scope 1 & 2 emissions/tCO_2e (kt).	**533**	647
Intensity ratio: tCO_2e (gross Scope 1 & 2 emissions per employee).	**65.2**	80.3

Comments on the data:
1. Scope 1 emissions for 2019/20 have been restated due to an error in calculation. Following this, additional procedures have been put in place including external verification.
2. Biffa collects and reports environmental data in accordance with the guidelines of the Greenhouse Gas Protocol. The CO_2e emissions were calculated using the DEFRA 2020 emission factors.
3. Unqualified audit opinion and limited assurance provided by Bureau Veritas for Scope 1 and 2 emissions.
4. The data reported is emissions within the UK only. No direct operations are carried out offshore.

Overall, we reduced carbon emissions by 17% in the year due to a combination of continued capture efficiency improvements of landfill gas and a decrease in active waste to landfill, but also reflecting reduced fuel usage during Covid-19. Whilst collection vehicle fuel use can be expected to rebound post Covid-19 as businesses reopen, we will continue to explore collection efficiency opportunities as well as our non-fossil-fuel vehicle roll-out. We are still well on course to achieve our longer term carbon emissions reduction targets at 2025 and 2030.

Energy consumption within the UK

Climate change/GHG emissions table (Total kWh):	Current reporting year 2020/21	Comparison reporting year 2019/20
Methane emissions (utilised)	**422,215**	434,148
Diesel fuel used	**342,316,629**	449,367,933
Red diesel used	**71,590,025**	80,800,198
Unleaded petrol used	**196,097**	846,055
Kerosene used	**87,542**	106,848
LPG	**12,162**	8,164
Natural gas	**9,229,118**	7,700,877
Purchased electricity	**81,480,688**	76,585,813
Self-supplied electricity	**34,155,151**	37,460,319
Total kWh	**539,489,626**	653,310,355

Comments on the data:
1. To calculate the above consumption figures, we used methodology based on the Streamlined Energy Carbon Reporting (SECR) compliance scheme.
2. The data reported is energy used within the UK only. No energy is used offshore.
3. SECR data is audited by Carbon Decoded.
4. ESOS phase 3 audit due by December 2023.
5. All Biffa's operations are UK-based.

Energy generation within the UK

	2021	2020
Generation (GWh)	**396**	423
Carbon benefit (kt CO_2e)	**92**	108

Sustainability Performance continued
Caring for our people, supporting our communities

Keeping our people safe and well is our absolute priority. Throughout the Covid-19 pandemic this has been more important than ever and we've implemented a number of initiatives, programmes, guidance and standards to protect our employees, contractors, customers and members of the public. The Board has overall responsibility for Health & Safety, including setting policy and reviewing performance.

Evolving our H&S policy

Our H&S policy outlines our approach to health, safety and wellbeing across the Group. Last year we reviewed and consolidated our management standards into 20 Group standards which cover key areas of H&S, such as waste handling, processing and traffic management. These apply to all of Biffa's operations. Despite the management of the Covid-19 pandemic ultimately taking priority this year, these standards were successfully embedded and training was provided to employees, including contractors, to ensure compliance. In the year we also successfully transitioned to ISO 45001, the international standard for health and safety at work, first introduced in March 2018 to replace the previous standard BS OHSAS 18001[1].

Performance

Our top priority this year has been to keep our people safe and well in the face of the Covid-19 pandemic. We responded swiftly to the Government's Covid-secure guidelines, ensuring that our frontline teams could continue to deliver our essential services as safely as possible, whilst ensuring that our employees working at our offices or at home were setup to do so safely and supported to adjust to this new way of working.

A key highlight during this difficult year was our Resources & Energy division achieving 5 stars (the highest standard) in an Occupational Health & Safety Audit conducted by the British Safety Council, which commended our strong focus on ensuring safe, compliant and efficient operations.

Despite our strong focus on safety this year, we did unfortunately see an increase in the number of Lost Time Injuries. This was due to a rise in slips, trips and falls across our operations, particularly within our Municipal business, which was managing greatly increased domestic waste due to the 'stay at home' messaging and unusually high sickness absence as a result of the pandemic. Additionally, our focus on ensuring our sites remained Covid-secure has meant we were unable to continue the momentum achieved last year in further face-to-face training for our frontline colleagues and our supervisory staff on incident prevention. Our priority over the year ahead will be to continue to reinforce safe systems of work.

Lost Time Injury and RIDDOR rates

	LTI Rate	RIDDOR Rate
2020/21	0.41	0.26
2019/20	0.23	0.20
2018/19	0.39	0.32

Our long-term commitment is to create a zero harm environment, with no injuries or work-related ill health across our team. We have been making steady progress in our safety performance over the last few years, despite the increase in LTIs this year. Our aim is to achieve a further 50% reduction in our LTI rate by 2030.

To support us on this journey, we continued the following initiatives in the year:

Safer Together

Our 'Safer Together' programme, which launched in February 2020, is centred on collective responsibility by working together to ensure the safety of our people and those we work with, including contractors, customers and members of the public.

We've continued to progress Safer Together, by linking it to our Covid-secure guidance to ensure it remained at the forefront of our employees' minds. We also provided online training to our supervisors within our Municipal business on all aspects of Safer Together, including leadership, communications skills and how to promote our Safer Together Pact (see visual below). We will complete training supervisors from the rest of the business in FY22.

Driving Recklessly on Pavements (DRoPs)

Our Collections crews continue to face the threat of reckless and aggressive drivers who do not have the courtesy or patience to allow them to perform their duties safely. Biffa is committed to raising awareness of the social unacceptability of DRoPs to help protect the safety of our crews and the public and in FY22 we are planning to create a new campaign to raise awareness of this important topic.

People in and around bins

People taking shelter or sleeping in and around waste containers is a serious nationwide issue that Biffa wants to raise awareness of, both with our customers and with members of the public. We can all play our part in making sure others stay safe, which is why we started our people in and around bins initiative.

Biffa has recorded over 740 incidents relating to people being found in and around bins in the last seven years. A report completed by The Open University and sponsored by Biffa, alongside the Chartered Institute of Waste Management, St Mungo's and StreetLink, has shown a 14% rise in reported incidents of people sleeping in and around bins between 2014 and 2019. This is coupled with a 70% increase in the number of people reported to be sleeping rough in the same timeframe.

In the last year, however, we saw a notable decrease in encounters of people in or around bins, with approximately 35 recorded in FY21 compared to over 100 in FY20. A key reason being that most of the major cities have provided hotel accommodation for rough sleepers during the Covid-19 pandemic to prevent the spread of the virus.

Despite the recent decline in reports, we remain committed to continuing to raise awareness of this important issue.

Key stats

- 35% of waste companies now find people sleeping in bins at least once a year.
- This is a year-round issue. 70% of encounters are between January and June.
- It's not just the homeless. At least 11% of people found are revellers.

1. Source ISO 45001 Health and safety management standard (hse.gov.uk).

Our essential services are delivered by a team of more than 9,000 colleagues across Biffa. We work hard to create a culture and an environment that allows everyone to thrive, working together effectively and safely to contribute to the growth of the organisation. Our People Strategy guides our priorities with a focus on: attraction, leadership, engagement, development and performance. Our policies underpin this to ensure that our positions on key topics are clearly defined and communicated to our employees and that we take consistent and appropriate action.

Our top priority this year has been to ensure that our employees remain safe and well, whilst continuing to provide the essential services on which society depends. Difficult economic conditions brought about by the Covid-19 pandemic have meant we had to make some tough decisions and sacrifices during the year, including furloughing a proportion of our employees, temporary pay reductions for our Board, Executive and Leadership teams, the suspension of our bonus schemes, as well as a pay freeze for all of our colleagues.

We were determined to support employees throughout the pandemic and put in place financial support packages for all those that required to take time off as a result of Covid-19, including those that contracted the virus and needed to self-isolate or shield. We also encouraged all vulnerable colleagues to remain at home with appropriate financial support in place. Although we unfortunately needed to furlough colleagues in our I&C business and a number of staff roles, we did not apply the CJRS cap and rotated colleagues on furlough as much as possible. As a thank you to all of our colleagues for the sacrifices they made and the support they continue to provide the Company, we issued a free share award of £300 to all eligible colleagues in November 2020.

Our other priorities in the year have been to continue to promote diversity and inclusion, with the launch of the Women in Waste Group being one of the key highlights (see page 67) and continuing to tackle modern slavery within our industry (see page 67). We have also introduced a Biffa minimum wage which takes us a step towards our longer term goal of paying real Living Wage to all employees by 2025 (see page 68) and launched EcoDrive, a salary-sacrifice scheme enabling eligible employees to buy electric cars, all to ensure Biffa remains an employer of choice.

We've achieved a lot this year, despite the challenges we faced. None of this would have been possible without the dedication and hard graft of our people who are the backbone of Biffa.

Our purpose and values

The pandemic has shone a light on the important role our workforce provides in delivering essential services to thousands of households and businesses every day. The thanks and recognition shown this year to our essential workers has been phenomenal and represents a real step change in how waste services are perceived and valued by society. We believe that despite the difficulties this year, we are one step closer to achieving our purpose: to change the way people think about waste.

Our values (Be safe, Be innovative, Be customer focused, Be a team player and Be accountable) help guide our people in their daily activities and support our behavioural framework. They show that how we do things is just as important as what we do and describe the behaviours we encourage all employees to adopt to best serve the interests of our broader Biffa team and business, customers, investors and other key stakeholders. We are reviewing our current values with a view to co-creating a new set of values for Biffa, to reflect the development of our business and to align to our culture.

In the year, we launched a new employee forum, the Biffa Involvement Group (BIG), as a way to encourage two-way direct and positive communications with our colleagues, particularly those in operational roles. Our 'BIG Crew' have been contributing to the new values to ensure that the messaging will land and resonate with our employees, prior to them being embedded across the business in FY22. You can read more about BIG in our Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.

Health and wellbeing

The health, safety and wellbeing of our employees has been our key priority this year. We quickly adapted to the new ways of working brought about by the pandemic and put in place new policies and programmes to support our people. This included the launch of our new E.N.E.R.G.Y initiative (see case study) to support employee wellbeing, including a real focus on mental health. We recognised the impact of the pandemic on our people and were keen to support them in managing this, whether they were working in an operational role, adjusting to working from home, or spending a period of time on furlough. We also introduced our Smarter Working+ programme which supports flexible working and work-life balance. Our confidential Employee Assistance Programme, which has a 24-hour helpline, received a record number of calls in the year supporting our people with a range of situations from mental health struggles to financial advice. You can read more about Smarter Working+ in our Sustainability Report www.biffa.co.uk/sustainability/sustainability-report-2021.

We believe that these new programmes represent the Biffa of the future as we enter a new post-pandemic digital era.

Giving employees more E.N.E.R.G.Y.

For many Biffa colleagues the pandemic presented numerous challenges, but as it stretched into the winter months, it became increasingly important that we encouraged colleagues to take a real focus on looking after their health, safety and wellbeing.

That's why we introduced the Biffa E.N.E.R.G.Y Programme which consists of:

EMOTIONS
NUTRITION
EXERCISE
REST
GOALS
YOU

It includes core 'Feel-good Foundations', such as being active, connecting, learning, taking notice, giving and caring as well as raising awareness of the importance of good wellbeing practices both in and out of work. It also focuses on mental health issues, including loneliness, relationships, sleep, relaxation and stress to help our employees through tough times.

Since the beginning of the pandemic, c.1,400 employees have joined our online sessions focused on health and wellbeing.

Our E.N.E.R.G.Y Programme will run throughout FY22 so that we can help our employees establish behaviours and practices that can make a long and lasting difference.

Sustainability Performance continued
Caring for our people, supporting our communities continued

Board engagement activities
David Martin, our Senior Independent Director, has Board responsibility for workforce engagement and attended several employee-related activities over the course of the year. Due to the pandemic, all events have been held virtually and as such have not offered the same opportunity to more personally interact with individuals and groups.

David attended our Senior Leader Strategy event, our Manager Conference, BIG, Diamond Awards Ceremony and the Group Executive Team meeting to consider the annual employee engagement survey results. David reported back to the Board on the feedback he received from these meetings in April 2020 and January 2021.

Further details on the feedback provided to the Board are set out below.

Engaging our employees
Employee engagement is critical to us at Biffa, arguably more so during the past year when doing the right thing for our people has been more important than ever. Our goal is to ensure that Biffa is an employer of choice for current and future talent and a company that we are all proud to be a part of.

Throughout the pandemic we have significantly increased two-way engagement with our employees, ensuring that they were kept informed of our latest Covid-secure protocols, the support we were offering, as well as how our business was performing. Our channels include regular all employee and leadership video calls with our Executive Team, CEO vlogs, podcasts, Q&A opportunities in real time, virtual conferences and events including our first virtual Diamond employee awards ceremony and importantly news updates via our intranet and employee app, Biffa Beat.

Biffa Beat really came into its own this year, providing an easy way for employees, particularly our colleagues on the front line, to openly ask questions and voice their opinions at the touch of a button.

Engagement via the Biffa Beat app has been at its highest ever with over 70% uptake across the business.

Making Biffa Buzz
Over the summer of 2020, there was a cross-business review of our employee engagement, including a reflection on our current practices and the consideration of new approaches that might help improve employee engagement.

The outcome of this review focused not only on making our employee survey more accessible by following a digital approach, but also on how we strengthen our engagement brand to create an identity that is easily distinctive to employees.

This result was Biffa Buzz – a unique identity which doesn't just represent a new image for Biffa, but a change in our approach to our annual engagement survey.

Biffa Buzz:
- Is 100% online.
- Focuses on the issues that employees raised as being most important to them.
- Provides managers with more actionable insights.

We were delighted to get a 76% response rate to the survey and our engagement score increased in 2021 to 59%, which is 3% above the UK average. Encouragingly we now have 33% of teams already in the top quartile for employee engagement.

Our ambition is to be in the top quartile of all companies in the UK, which we are now only 8 percentage points away from achieving.

Learning and development
We continue to invest in the personal development of our colleagues and this year we had to adapt to find alternative ways of offering our programmes online, via our e-learning platform 'Know How' as well as virtual training sessions.

The focus of our training this year was employee wellbeing, whilst also supporting line managers to 'manage in a virtual world' offering a suite of training and support across the business. We continue to provide regular live 'relaxation' sessions to support employees with their mental health and training for line managers to help spot the signs of anxiety, so they are better equipped to support their teams. Online training was also provided to our drivers and we continued to broaden our comprehensive portfolio of e-learning modules, allowing all our employees access to relevant and timely learning content.

We also continued our Advanced Leadership Programme to help accelerate the development of some of our brightest talent across the organisation and our apprenticeship programmes, which range from engineering apprenticeships through to masters in business administration. In the year we offered 35 placement opportunities to young people seeking employment in areas such as HR, Finance and Business Operations as part of the Government's Kickstart scheme[1].

The pandemic has influenced how we will continue to provide training and development in the future. With less time required for online training as opposed to face-to-face, we plan to increase the number of training interventions per employee. We will continue to develop and broaden our online training content going forward.

1. The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment: www.gov.uk/government/collections/kickstart-scheme

Anti-fraud, bribery and corruption
Our anti-fraud, bribery and corruption policy and procedure sets out the standards that are expected of employees and the systems and procedures which Biffa employs to minimise the opportunity for fraudulent or corrupt behaviour and how it will deal with any instances of such behaviour. It applies to all our employees and appropriate parts of the policy are also applied to representatives, joint venture partners and outsourcing partners. It includes guidance to employees on the giving, receiving and recording of business gifts and hospitality. There is an e-learning module on this topic for all Biffa leaders and managers to ensure they understand and adhere to this. Any breaches of policy are investigated by the Head of Risk and Internal Audit and are reported to the Audit Committee (see details on whistleblowing on page 68).

Board feedback
David Martin, our Non-Executive Director for Workforce Engagement, has provided feedback to the Board on engagement activities and provided a full report at the January 2021 meeting.

"Once again, at all meetings I attended I noted a high level of positive interaction and energy which given the stresses and strains the last year has had on everyone, was all the more commendable.

I found listening to individual accounts of activities undertaken during the Covid-19 pandemic quite inspiring and the 'can-do' attitude across the range of our operations shone through brightly. The enhanced recognition of frontline key workers by both the Company and the communities that we serve was thoroughly deserved and very pleasing to observe.

Of particular note, in the last 12 months there has been superb work by the Biffa team on D&I, and growing awareness and prevention of modern slavery, both issues which are of particular concern to the UK waste management sector and I believe to have been executed in a very effective manner".

David Martin
Non-Executive Director for Workforce Engagement

Details of how the Board has considered employee interests during the year in its decision making are set out on page 9.

During the year we completed a bribery risk assessment. The results of this will be used to frame any changes to our anti-bribery policy and procedures in FY22.

Building a diverse and inclusive Biffa

Biffa is committed to being an inclusive employer, ensuring fair and equal opportunities for all employees. The waste management sector is traditionally a male-dominated industry, with the vast majority of operational teams being male. Across the Group, the workforce comprises 18.2% female and 81.8% male employees. We've taken great steps this year to improve the gender balance, with our second female Board member, Claire Miles, appointed in April 2021 and more female appointments in senior roles, including our Group Executive Team with Cory Reynolds, Corporate Affairs Director, and Sarah Parsons, General Counsel and Company Secretary appointed in the year. We also launched our Women in Waste group in September 2020, to understand the barriers women face in the workplace and to look at how we can better attract, support and develop women at Biffa.

Empowering women in waste

The Women in Waste (WiW) group has over 100 members, who meet each quarter to discuss important topics such as the perceptions of women working in the waste industry, the barriers to inclusion for women at Biffa and what improvements need to be made to enable women to succeed at Biffa in the future.

The improvements discussed to date include building confidence, talent management, mentoring, upgrades to facilities and Personal Protection Equipment (PPE), development and flexibility.

In 2021, these changes were put into action:

- 15 female colleagues trialled PPE designed specifically for women, including maternity specific PPE, which will result in an all site roll out in FY22.
- All site surveys were distributed to understand the availability of female washroom and changing facilities, with the intention to change or add facilities where necessary.
- A mentoring programme was shaped to support women at Biffa.

We remain committed to our WiW group and believe it is an important step in tackling gender balance at Biffa and in the wider waste industry.

As a member of the FTSE 250, we submit gender data on our Board and Group Executive Team and their direct reports to the Hampton-Alexander Review annually. The table above shows our employment by gender in each of the relevant categories as at March 2021. As previously mentioned Claire Miles was appointed to the Board on 1 April 2021, which takes our Board female representation to 29%.

Our gender statistics

	Male		Female		Total	
	No's	%	No's	%	No's	%
Board	5	83.3%	1	16.7%	6	100%
Executive	6	66.7%	3	33.3%	9	100%
Direct Reports to Group Executive Team	31	72.1%	12	27.9%	43	100%
All Employees	7,487	81.8%	1,670	18.2%	9,157	100%

We have a negative gender pay gap at Biffa which is due to our large blue collar workforce which is 98% male. Women are better represented in staff and management roles (41.6%).[1] More information can be found in our Gender Pay Gap Report: www.biffa.co.uk/sustainability/corporate-social-responsibility

We believe inclusion is key to creating an environment where employees can thrive.

Creating an inclusive environment

We understand that gender is just one area of diversity and that there is much more to do to create a consistently inclusive environment where differences are valued and all colleagues can thrive.

We expanded our calendar of D&I events this year, to recognise and share educational stories on a wide variety of topics including: National Inclusion Week, Black History Month, Diwali, International Women's Day, Ramadan, Eid and Black Inclusion Week. In early FY22, we will also be celebrating Pride month, which is all about embracing diversity and moving forward with equality.

We delivered D&I training remotely to employees during the year which centred on the key themes of our diversity policy, including unconscious bias, race and gender discrimination. We also delivered a toolkit to managers to deliver D&I briefings to frontline employees.

Our diversity policy also covers specific arrangements for people with disabilities including:

- Giving full and fair consideration to applications from disabled persons, having regards for their skills and abilities.
- Continuing the employment of and arranging appropriate training for those who have become disabled while at Biffa.
- Career development and promotion of disabled employees.

More information (including targets for the next 10 years) can be found in our Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.

1. As per the regulations for gender pay gap reporting, this figure was calculated from data as at 5 April 2020, meaning Biffa's recent acquisitions of Company Shop Group and Simply Waste are not included this year.

Tackling modern slavery

Modern slavery is a hidden crime and a growing world-wide issue exacerbated by the rapid rise in global migration. At Biffa, we have a robust and effective approach towards modern slavery and human trafficking in order to protect our people and supply chain. We procure goods and services under the Code of Ethics of the Chartered Institute of Procurement & Supply and complete due diligence checks on new and existing suppliers.

Partnering with Hope for Justice

In October 2020, we launched a campaign in partnership with the charity Hope for Justice, whom we have a long-standing relationship with and have been supporting for many years. The campaign raised awareness of modern slavery in the waste sector in the run up to National Anti-Slavery Day in October 2020.

Trucks rebranded with anti-slavery message

Ten waste collection trucks were re-branded with the 'anti-slavery' message in locations where the risk of modern slavery is particularly prevalent, namely London, Birmingham, Newcastle, Manchester and Peterborough.

Ride for Freedom

Biffa has also partnered with Ride for Freedom, the social enterprise that aims to increase awareness of modern slavery, raise funds to support survivors and deliver the Freewheel pilot programme which empowers survivors of exploitation to cycle, in partnership with Unseen.

Employee training

We continue to make strides to protect ourselves from modern slavery penetration and have a target to become an acknowledged leader in anti-slavery practices within the UK waste sector by 2025.

All relevant employees in the business receive training on modern slavery prevention.

To support this there is a guidebook to help staff spot the different types of modern slavery, including how to follow up and report concerns.

There is more information on the policy section of the Biffa website along with the Group's modern slavery statements from 2017 through to 2020 and a case study with the Slave-Free Alliance that we published last year.

These can be found at www.biffa.co.uk/about-us/policies

Sustainability Performance continued
Caring for our people, supporting our communities continued

Ethics and human Rights

We conduct our business with honesty, integrity, fairness and respect and encourage all our employees to embrace these principles. Our employee welcome booklet sets out our expectations and we also have specific policies including whistleblowing, anti-fraud, bribery and corruption, disciplinary and grievance matters, diversity and inclusion, and preventing modern slavery.

We have a stated ambition to progress towards Living Wage Foundation rates for our lower paid workers and are making steps towards that with the introduction of a threshold across the business to ensure that all our employees are paid above the National Living Wage.

Whistleblowing

The Group has a long established whistleblowing policy and procedure by which all employees (or other stakeholders) may, in confidence, report any concerns where the interests of the Company or others are at risk. A copy of our policy is available at www.biffa.co.uk/about-us/policies. Employees are encouraged in the first instance to talk to their manager, a higher level of management or a member of the HR team. However, in circumstances where this is not possible, or is inappropriate, the Group has provided an independent, external whistleblowing hotline, via Safecall, for the reporting of such matters on a named or anonymous basis.

There were 60 whistleblowing reports in the year ended 26 March 2021, nearly 62% (37 cases) of them being in the categories of inappropriate behaviour or dishonesty.

Of these, in 16 instances the case was upheld (6 resulting in disciplinary action; 2 resulting in system or process change and 8 resulting in other action being taken, for example training for staff). In 20 instances the investigation concluded that the case was not upheld, and the remaining case is currently under investigation.

All reports are entered in the Group Whistleblowing Register and are treated in the strictest confidence. The output of an investigation is typically reviewed by a review body, which confirms the outcome and any action to be taken, comprising the Group HR Director, General Counsel & Company Secretary and other senior leaders as appropriate, dependent on the nature of the complaint.

Giving back to our communities

In the year we continued to support local communities through fundraising activities, such as contributing to food banks and biodiversity initiatives. We also remain a proud partner to the charity WasteAid, who share practical and low-cost waste management knowledge with communities in developing countries.

£75,000

In the last three years we have raised over £75,000 for WasteAid and sent Biffa employees out to support projects in developing nations, including The Gambia and Kenya.

We support our employees in their volunteering activities within their local communities. We believe that, in addition to giving something back to society, volunteering results in better teamwork, motivation, engagement and personal fulfilment for employees. Due to the Covid-19 pandemic, most Company-organised volunteering activities were put on hold this year, however it is our objective to restart activities in FY22.

We also have the Biffa Award, a multi-million-pound environment fund managed by Royal Society of Wildlife Trusts, which utilises landfill tax credits donated by Biffa. The aim of Biffa Award is to support projects that will be of a lasting environmental benefit, improve quality of life and foster "vibrant communities".

£179 million

Since 1997, Biffa Award has awarded grants totalling more than £179 million to thousands of worthwhile community and environmental projects across the UK.

Almost 500,000 hectares of land has been improved for biodiversity and an estimated 265,000 people have directly benefited from project improvements. We are committed to providing an additional £25m to local communities by 2030.

You can read more about our people and communities in our Sustainability Report here: www.biffa.co.uk/sustainability/sustainability-report-2021.

Transforming lives with Community Shop

Company Shop Group has an award-winning social enterprise called Community Shop.

Community Shop is a not-for-profit community interest hub that supports some of the most deprived areas of the UK. Each of the Community Shops sells produce provided by donations from supplier partners at deeply discounted prices, alongside the provision of a number of community services, including community hub and community kitchen.

97%

of members said they had developed a new skill or ability to reach their life goals through accessing community hub.

The pandemic has meant the team at Community Shop have had to adapt the way they communicate and provide services to its communities.

They have transformed Community Kitchen to offer takeaway hot food at low prices, which has been a vital service during this extremely tough year. They've also been there to provide a friendly face and a socially distanced chat to members, which has provided some much-needed comfort.

NON-FINANCIAL INFORMATION STATEMENT

The Non-Financial Reporting Requirements set out in the Companies Act 2006 are addressed in the statement below, which cross references other areas of the Annual Report and Accounts, Sustainability Report and the Biffa website where further information can be found.

The statement reflects Biffa's approach to environmental, social and employee related matters. The majority of policies can be found on our website: www.biffa.co.uk/about-us/policies.

Main policies and standards which govern our approach	How we monitor the effectiveness of the policies	Where material information can be found
The Company's employees		
Anti-Fraud, Bribery and Corruption Policy and Procedure The policy sets out the standards that are expected of employees and the systems and procedures which Biffa employs to minimise the opportunity for fraudulent or corrupt behaviour and how it will deal with any instances of such behaviour.	■ Biffa enforces a strict prohibition against the giving, receiving, offer, acceptance, payment or authorisation of any bribes, and also against any other form of corruption. ■ We also demand transparency and integrity in all of our business dealings, to avoid any improper advantage, or the appearance of questionable conduct by our employees or third parties with whom we do business.	For further information see page 66 of the Annual Report and page 70 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.
Whistleblowing Policy and Procedure The Group has a long- established whistleblowing policy and procedure by which all employees may, in confidence, report any concerns where the interests of the Company or others are at risk.	■ All reports are entered in the Group Whistleblowing Register and are treated in the strictest confidence. ■ The output of an investigation is typically reviewed by a review body, which confirms the outcome and any action to be taken, comprising the Group HR Director, General Counsel & Company Secretary and other senior leaders as appropriate, dependent on the nature of the complaint. ■ There were 60 whistleblowing reports in the year ended 26 March 2021, nearly 62% (37 cases) of them being in the categories of inappropriate behaviour or dishonesty.	For further information see page 68 of the Annual Report and page 71 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.
Diversity and Inclusion Policy Our diversity policy is designed to provide equal opportunities in employment and to avoid unlawful discrimination. Biffa will not discriminate directly or indirectly in our recruitment, employment and post-employment practices because of age, disability, sex, gender reassignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origins), sexual orientation, religion or belief, or because someone is married or in a civil partnership.	■ Every employee is required to assist us to meet our commitment to provide equal opportunities in employment and avoid unlawful discrimination. ■ We have manager guidelines for diversity, helping them to consider diversity/equal opportunity obligations. Managers are also advised to make reasonable adjustments to our standard working practices to overcome barriers caused by disability and we have a Flexible Working Policy in place to support requests for variations to standard working practices.	For further information see page 67 of the Annual Report and page 68 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021. You can also read our annual Gender Pay Gap Report here: www.biffa.co.uk/about-us/policies
Health, Safety and Wellbeing Policy Health & Safety and wellbeing are our highest priorities within the business and Biffa is committed to monitoring and reviewing performance on a regular and ongoing basis as set out in our policy. Our goal is to keep our people, our customers and the public safe through effective leadership and risk management, promoting high standards of health, safety and wellbeing in the workplace and in all our activities.	■ Last year we updated our policy statement to combine a set of management standards that all operations at Biffa are required to follow. ■ Despite the management of the Covid-19 pandemic ultimately taking priority this year, these standards were successfully embedded, and training was provided to employees, including contractors, to ensure compliance.	For further information see page 64 of the Annual Report and page 63 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021. www.biffa.co.uk/about-us/policies

Non-Financial Information Statement continued

Main policies and standards which govern our approach	How we monitor the effectiveness of the policies	Where material information can be found
Environmental Information		
Environment, Sustainability and Carbon Policy Protection of the environment and the climate is a cornerstone of Biffa's business, both operationally and at corporate level. It is underpinned by our vision and purpose to be the leader in UK sustainable waste management and to change the way people think about waste and it is delivered by initiatives like our sustainability strategy, Resourceful, Responsible, and our operational Environmental Compliance Strategy. Biffa is committed to its compliance obligations as well as promoting high standards of environmental, sustainability, carbon and energy management at all our workplaces, and in all our activities.	■ Our Environment & External Affairs and SHQ teams work together across the business ensuring we meet our compliance obligations by monitoring, evaluation, auditing, coaching and training. ■ Our Board Sustainability Committee oversee environmental compliance, sustainability strategies and performance. ■ We report on our progress against our sustainability strategy targets annually in our sustainability report.	For further information see pages 46 – 63 of the Annual Report from page 45 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021. www.biffa.co.uk/about-us/policies
Human rights		
Modern Slavery and Human Trafficking Policy The policy sets out the measures, systems and procedures which Biffa employs to minimise the opportunity for modern slavery and human trafficking taking place within the Group and within our supply chain and to commit Biffa to making an annual Modern Slavery and Human Trafficking Statement in accordance with the prevailing legislative requirements.	■ Biffa conducts risk assessments across its activities and supply chain in order to identify any area of its operations that might represent higher potential opportunities for slavery and human trafficking to occur. ■ Biffa works with specific recruitment agencies and resourcing partners who are equally committed to ensuring the work environment is free of slavery and human trafficking. ■ All Biffa colleagues and managed service providers have regular meetings with on-site Account Managers where we discuss their actions regarding the prevention of modern-day slavery. It is a standing item on monthly business meeting agendas and quarterly business reviews. Labour providers also give bi-weekly updates on any activity of concern.	For further information see page 67 of the Annual Report and page 67 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021. And you can read our modern slavery statements and case studies here: www.biffa.co.uk/about-us/policies
Reward Framework A Biffa grading system and job evaluation framework has been developed with Korn Ferry, who are the market leaders in job evaluation, grading and remuneration matters. It helps to benchmark pay and benefits externally using job size based comparisons.	■ Our reward framework is designed to ensure we remain competitive and aligned to the market in regards to pay and benefits. ■ We have a stated ambition to progress towards Living Wage Foundation rates for our lower paid workers and are making steps towards that with the introduction of a threshold across the business to ensure that all our employees are paid above the National Living Wage.	For further information see page 68 of the Annual Report and page 64 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.

Main policies and standards which govern our approach	How we monitor the effectiveness of the policies	Where material information can be found
Social matters		
Supplier Compliance Requirements Suppliers of goods and services must comply with all relevant legislation and international standards including trading policy, child and forced labour, health and safety of workers, non-discrimination, employment law, human rights, bribery and corruption. We procure under the Code of Ethics of the Chartered Institute of Purchasing and Supply.	■ We have a social responsibility to our suppliers and customers. When problems arise with a supplier's performance, we work with the company concerned to help them to meet requirements. ■ We will be fair and lawful in our dealings but avoid any conduct which could be counteractive to our corporate social responsibility and ethical standards. We reserve the right to discontinue business with suppliers who do not comply with our requirements in this area.	For further information visit https://www.biffa.co.uk/about-us/suppliers/social-and-ethical-standards
Sustainable Procurement Policy In the delivery of cost-effective and high-quality services to our customers, Biffa is a significant purchaser of goods and services. We recognise that the impact of this spend requires us to ensure our procurement practices are not only responsible, but also environmentally, economically, and ethically sound.	■ Biffa will work with key stakeholders both within the business and externally in order to share best practice, identify new opportunities and deliver programmes that promote our aims for sustainable procurement. ■ Performance is monitored and recorded, and key performance measures such as carbon emissions reductions are regularly reported.	For further information see page 75 of the sustainability report: www.biffa.co.uk/sustainability/sustainability-report-2021.
Corporate Responsibility Policy Our corporate responsibility policy encompasses our people, health, safety & wellbeing, communities, the environment, our marketplace and relationships with our customers, suppliers and other parties as well as our commitment to business ethics and conduct.	■ Our sustainability strategy outlines our targets in caring for our people, supporting our communities.	For further information see page 68 of the Annual Report and page 73-74 of the Sustainability Report: www.biffa.co.uk/sustainability/sustainability-report-2021.
Tax Strategy This policy details the Biffa Group of companies approach to conducting its UK tax affairs and identifying and mitigating taxation risk.	■ Our Tax Strategy outlines our strategy for tax planning, our attitude to tax risk and its relationship with both our external tax advisers and tax authorities (HMRC & Welsh Revenue Authority) ■ Annual meetings with relevant stakeholders are held to review our tax accounting processes.	For more information visit: www.biffa.co.uk/-/media/files/investors/corporate-governance/biffa-group-of-companies-uk-tax-strategy.ashx

Other non-financial information

Non-financial information	Section	Pages
Business model	Our Business Model	14 – 15
Sustainability KPIs	Key Performance Indicators	32 – 33
Principal risks	Managing our Risks	52 – 58

EFFECTIVE RISK MANAGEMENT UNDERPINS THE SUCCESS OF OUR GROWTH STRATEGY

The Board has overall responsibility for risk management at Biffa. In support of this, risk management is firmly embedded within our everyday business activities and our culture.

Governance

The Board recognises its responsibility to ensure that the Group's risk management and internal control systems are effective. The Audit Committee supports the Board in the management of risk and has been delegated with authority to review the effectiveness of the risk management and internal control processes during the year.

Day-to-day risk management and control is the responsibility of the Group Executive Team who ensure that management provides leadership and direction to employees so that our overall risk-taking activity is kept within our risk appetite.

Biffa operates the 'Three Lines of Defence' model to manage the ongoing effectiveness of risk and control, to define the relationship between the various management and oversight functions, and to demonstrate how responsibilities are allocated. The Internal Audit function assesses our risks and controls independently and objectively. On a quarterly basis, management self-certify that the key controls within their area of responsibility have been operating effectively. Internal Audit independently validate these results through sample testing.

Risk appetite

The Board sets our overarching risk culture and appetite and ensures that we manage risk appropriately across the Group. Health & Safety, legal, regulatory and environmental risks are our top priority. Biffa dedicates significant resources and focus to managing and monitoring these risks, with other key risks considered and reviewed alongside this. In each case, controls and mitigating actions aligned to the risk appetite are put in place.

Risk management processes

The Group's risk management processes are centrally coordinated with an established network of 'Risk Champions' in place to facilitate updates to risks during the year. The Risk Champions are members of the senior management team and take a lead role in engaging local management to identify, agree and update risk information on a regular basis.

We use a risk assessment matrix to ensure that risks are assessed consistently. This matrix considers the likelihood of the risk materialising and its potential impact. We assess both the inherent risk, before any mitigating actions, and the residual risk, after considering mitigating actions and controls. We also identify any additional activities that could be undertaken to further mitigate the risk.

The Group Executive Team receives regular reports on the principal and emerging risks and ownership of each of these risks is assigned to individual members of the Team. They are responsible for ensuring the effectiveness of the internal control systems and for implementing risk mitigation plans.

Risk Management Framework

1st line of defence
Owns and manages risks and implements/ operates business controls

Who is responsible:
- Operational management/employees

Activity/controls:
- Policies and procedures
- Internal controls
- Planning, budgeting, forecasting processes
- Delegated authorities
- Business workflows/IT system controls
- Personal objectives and incentives

2nd line of defence
Oversight of risks and control compliance

Who is responsible:
- Compliance/oversight functions

Activity/controls:
- SHQ Team with audit programme in place
- Environmental/legal/regulatory compliance
- Risk management
- Controls compliance monitoring
- Management/Board reporting and review of KPIs and financial performance
- Corporate policies and central function oversight

3rd line of defence
Independent assurance

Who is responsible:
- Internal Audit

Activity/controls:
- Approved Internal Audit plan
- Internal Audit reporting line to Audit Committee
- Regular Internal Audit updates to Audit Committee

OVERVIEW OF OUR PRINCIPAL RISKS AND UNCERTAINTIES

The Audit Committee undertakes regular reviews of the principal and emerging risks, as identified and evaluated by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit function, which operates a risk-based annual plan of assurance reviews.

Our risk management systems are intended to mitigate and reduce risk to the lowest extent possible, however we cannot eliminate all risks to the Group. The risk management processes can only provide reasonable and not absolute assurance against material misstatement or loss.

Covid-19

Throughout the Covid-19 pandemic our risk management and internal control processes have operated as normal. Whilst there was a significant impact on the day to day activities of the Group, particularly in the I&C and Landfill businesses, we have continued to operate successfully throughout the pandemic. Given the ongoing uncertainty we will actively monitor and respond to further changes where needed. We continue to disclose Covid-19 as a principal risk.

Emerging risks

In addition to known risks, we identify and analyse emerging risks and the need for mitigation as part of our existing risk management processes. We consider both the inherent risk and the opportunity. These risks are reviewed by both the Group Executive Team and the Audit Committee, and include risks relating to climate change, such as flood risk arising from high rainfall, pandemic and infectious diseases, changes to the workforce demographic and the use of alternative fuels. You can read more about our emerging risks relating to climate change in our TCFD report on pages 56 – 62.

Principal risk	Link to Strategic pillars	Risk movement	Current risk level
Strategic			
1. Changes in Government policy and legal and regulatory compliance	B T	→	High
2. Strategic/competitive threat to business model	B	↓	Medium
3. Mergers and acquisitions strategy and delivery	B	↓	Medium
4. Strategic project implementation	B T C	↓	Medium
Operational			
5. Long-term contracts and tendering	B C	→	Medium
6. Health & Safety	C	→	Medium
7. Covid-19	B C	→	High
8. Business continuity, cyber security and IT resilience	B	→	Medium
9. Availability of labour	C	↑	Medium
10. Commodities market and pricing volatility	B T	→	Medium
Financial			
11. Finance availability/investment	B	↓	Low
12. Economic environment	B C	↓	High

Link to Strategic Pillars

- B — Building a circular economy
- T — Tackling climate change
- C — Caring for our people, supporting our communities

Risk movement

- ↑ Increasing
- → Stable
- ↓ Decreasing

Risk level

- Low
- Medium
- High

Principal Risks and Uncertainties

1. Changes in Government policy and legal and regulatory compliance

The Group operates in a highly regulated industry and any changes to Government policy, standards or legal and regulatory compliance requirements could have an adverse impact on the Group's operations and results.

Link to stakeholder groups
- Employees
- Customers
- Investors
- Suppliers
- Government and Regulators

Strategic pillar

Risk movement

Risk impact
- Reputational
- Regulatory

Mitigating actions

Experienced and qualified teams, supported by legal and environmental expertise, that monitor changes and plan appropriate mitigations.

Representation on the Environmental Services Association and other external bodies; liaison with policy makers and Regulators at national and local levels; responses to Government/ regulatory consultations and sustainability reporting.

Environmental compliance strategy in place including annually reviewed targets and actions at local, divisional and Group levels.

Established compliance processes in place to manage other regulatory compliance risks, such as anti-bribery and corruption, GDPR, modern slavery, competition and vehicle operating licences.

Founding member of the Slave Free Alliance and has implemented several initiatives, including a manager's guide to modern slavery, to raise awareness across the business.

Training for senior leaders and management on:

- modern slavery;
- anti-bribery and corruption;
- GDPR; and
- competition.

Changes in year

Further engagement with UK Government on development of new national waste policies and regulations as part of the National Resources & Waste Strategy and new internal working groups established

Direct engagement with Scottish Government and regulators in relation to the Scotland Deposit Return Scheme roll-out planned for 1 July 2022.

Further work following publication of sustainability strategy, 'Resourceful, Responsible', in March 2020, in relation to climate change risk and net zero carbon by 2050 ambition and publication of new annual Sustainability Report.

Analysis of "Scope 3" (suppliers) carbon emissions to inform future Scope 3 target development and registration of Biffa with the "Science Based Targets initiative".

Continued application of the environmental compliance strategy and associated training and best practice in relation to our operational waste management sites.

Amalgamation of Environment team into new Corporate Affairs department, under a newly appointed Corporate Affairs Director.

Became a founding member of the Waste and Recycling Modern Slavery Working Group.

Teamed up with Hope for Justice for a week-long campaign using Biffa trucks to raise awareness of Modern Slavery in the communities we serve.

Partnered with Ride for Freedom, a social enterprise that undertakes cycling challenges to raise awareness of Modern Slavery.

Comprehensive review and refresh of our GDPR policy and procedures.

2. Strategic/competitive threat to business model

Market disruption from the application of new technology and the advent of new business models could change the waste supply chain and adversely impact Biffa's established operating asset base of a traditional collection network and processing facilities.

Link to stakeholder groups
- Employees
- Customers
- Investors
- Suppliers

Strategic pillar

Risk movement

Risk impact
- Financial

Mitigating actions

Internal business innovation group focuses on market developments and acts as an incubator for ideas and new business models.

Continual competitor analysis to consider threats and changes to the landscape.

Annual strategy review to ensure that Biffa business model remains current and competitive.

Customer surveys to ensure that the Biffa offering remains relevant and compelling.

Ongoing investment in and improvement of the customer experience through digitisation, improved processes and management information.

Changes in year

Innovative concepts have been developed as potential projects and evaluated by the Group Executive Team.

Permanent Innovation Researcher post created to assist in ongoing horizon scanning.

Link to Strategic Pillars

B Building a circular economy

T Tackling climate change

C Caring for our people, supporting our communities

Risk movement

Increasing | Stable | Decreasing

Risk level

Low | Medium | High

3. Mergers and acquisitions strategy and delivery

Biffa faces risks arising from its acquisition strategy, such as increased competition for acquisition targets or a lack of suitable targets. Additionally, acquisition integration risks and issues could arise, impacting the delivery of expected benefits, either within expected timeframes or to the extent anticipated.

Link to stakeholder groups

- Employees
- Customers
- Investors
- Government and Regulators
- Environment and Communities

Strategic pillar: B

Risk movement: Decreasing

Risk impact:
- Financial

Mitigating actions

Group delegated authorities for the review/approval of all transactions by senior management, Investment Committee and the Board.

Dedicated corporate finance expertise in place together with experienced Biffa subject matter experts as senior stakeholders for the acquisition process.

Board and executive level review and update included in monthly Board report summarising pipeline of identified potential targets.

Due diligence undertaken for all M&A transactions, including use of external advisers depending on target value and complexity. A standardised approach using an established valuation model is in place with all transactions reviewed/approved by the Investment Committee and (where appropriate) the Board.

Project team kept in place until integration phase completed. Post-acquisition reviews to track benefit delivery with financial benefits embedded within financial planning processes (e.g. forecasts and budgets).

Changes in year

Despite the impact of Covid-19, we have continued our M&A strategy to support growth and completed three acquisitions during the year, including Simply Waste and Company Shop Group.

4. Strategic project implementation

Failure to deliver strategic projects, such as energy from waste and business transformation. EfW increases Biffa's residual waste treatment capabilities providing a secure and cost-effective disposal solution for the I&C business. Business transformation is focused on our products and services, how they are sold and delivered, the technology used and the online services offered to customers. As with any such projects, there are risks that the project fails to deliver the anticipated improvements and/or benefits for the budgeted investment, adversely impacting reputation and operating results.

Link to stakeholder groups

- Employees
- Customers
- Investors
- Suppliers
- Government and Regulators
- Environment and Communities

Strategic pillar: B T C

Risk movement: Decreasing

Risk impact:
- Financial

Mitigating actions

Board and Group Executive Team engagement and leadership.

Selected software is a proven 'off the shelf' product. Independent programme assurance.

Change network in place to ensure line management ownership of business transformation.

Robust due diligence completed prior to financial close of EfW projects.

Proven EfW technology, substantial UK and worldwide reference plants with >30 operational in the UK treating more than 10m tonnes per annum.

EfW joint venture providing complementary skill sets and experience to minimise risk.

Limited recourse project structure.

Changes in year

Due to the delays created by Covid-19 it was agreed to impair the incomplete work paused due to the likely need for rework of elements of the solution once the business transformation programme resumes.

New e-commerce capability launched in October 2020 to facilitate digital sales of core services.

Protos and Newhurst EfW projects successfully reached financial close and construction has commenced. Both projects benefit from fixed time and cost contracts.

5. Long-term contracts and tendering

The Group is exposed to risks inherent in long-term fixed- price contracts, in particular in its Municipal division and related operations. Risks include inaccurate long-term cost estimates due to changes in the external operating environment and market dynamics that lead to material deviations from initial underlying assumptions.

Link to stakeholder groups

- Employees
- Customers
- Suppliers

Strategic pillar: B C

Risk movement: Stable

Risk impact:
- Financial
- Reputational
- Operational

Mitigating actions

Group Delegated Authorities for the review/approval of bids by senior management, Investment Committee and the Board (depending on bid size and compliance with risk frameworks).

Material bids are compiled by dedicated development teams with significant expertise and experience. They are supported by subject matter experts as appropriate.

Protection from change of law or force majeure for unforeseen circumstances is agreed in contracts, where possible.

A contract risk framework is in place to identify key commercial/legal risks and confirm through the governance process that these have been considered and mitigated.

Changes in year

The risk framework has been embedded firmly in the bidding process, with four successful tenders during the year been mobilised successfully and operating at expected profit levels.

Improved capacity and capability across our project management and mobilisation facilitating a culture of continuous improvement

Increased resourcing levels in the commercial department to build on last year's investment.

Principal Risks and Uncertainties continued

6. Health & Safety

Biffa's operations present inherent H&S risks to our employees, our customers and the wider public.

Violations of H&S laws/ regulations could have a material adverse effect on Biffa's business and reputation.

Link to stakeholder groups
- Employees
- Customers
- Investors
- Suppliers
- Government and Regulators
- Environment and Communities

Strategic pillar: C

Risk movement: ⟷

Risk impact:
- Reputational
- Regulatory

Mitigating actions

Group H&S Director reports to the CEO.

Active and regular engagement by senior management including weekly reporting and calls with the Group Executive Team.

Inclusion of H&S targets and objectives within Group Balanced Business Plans with one of the five pillars being 'Safer Together'.

Embedded policies, standards and procedures in place across Biffa for the systematic control of significant H&S risks.

Primary authority relationship with Hampshire & Isle of Wight Fire and Rescue Service enables access to advice and counsel on fire risk issues.

Management system transitioned to ISO 45001:2018.

Changes in year

Continued roll out of the Safer Together programme.

Existing H&S standards updated and incorporated into a new Group Integrated Management System.

Covid-Secure protocols and processes implemented in accordance with UK Government guidelines.

Implementation of the new driver training programme – Streetwise developed which focuses on defensive driving behaviours.

E.N.E.R.G.Y. wellbeing programme delivered supporting key topics such as mental health.

7. Covid-19

The ongoing uncertainty of the timing of a return to growth following the Covid-19 pandemic. A significant reduction in demand for I&C collection services, as many customers are forced to cease or drastically reduce trading, as well as reductions in volumes into some processing facilities in the R&E division, may have an adverse impact on Biffa's operating performance, revenues and results of operations.

Link to stakeholder groups
- Employees
- Customers
- Investors
- Suppliers
- Government and Regulators
- Environment and Communities

Strategic pillar: B C

Risk movement: ⟷

Risk impact:
- Operational
- Financial
- Reputational

Mitigating actions

The Group introduced measures to reduce costs, including furloughing over 1,800 employees; temporary pay reductions taken by the Board, the Group Executive Team and the broader Leadership group; and suspension of bonuses and pay increases.

In addition, payment deferrals were negotiated where appropriate and meaningful in areas such as indirect taxes, pensions, lease liabilities and material supplies.

Covenant amendments and additional liquidity headroom were agreed with the Group's banks.

£100m equity raise in June 2020 to help the Group continue to pursue its strategic growth plan.

An internal response team was set up to ensure we supported the health and wellbeing of our colleagues, managed business continuity, provided clear and timely communications and minimise service disruption.

All staff who could were advised to work from home and ensured the appropriate Covid-secure measures were applied across our workplaces.

Internal communications and engagement with CEO vlogs, all employee calls with the Group Executive Team, internal appreciation campaigns and our employee app, Biffa Beat all contributing.

Changes in year

We will continue to monitor the situation and respond to further changes where needed.

8. Business continuity, cyber security and IT resilience

A significant disruption to Biffa's infrastructure, including IT systems, could potentially have an impact on the activity of the Group's customers, such as increased billing times, interruptions to collection operations and processing logistics, and additional costs.

Additionally, the theft, loss, destruction, misappropriation, or release of sensitive and/or confidential information could result in business disruption, breach of GDPR, negative publicity or brand damage.

Link to stakeholder groups
- Employees
- Customers
- Suppliers

Strategic pillar: B

Risk movement: ⟷

Risk impact:
- Financial
- Reputational
- Operational

Mitigating actions

Crisis management and emergency response plans in place for key sites and operations.

Server infrastructure supporting key IT services hosted in Microsoft Azure Cloud providing resilience, failover and backup services.

ISO 27001 certification (Information Security) in place.

Cyber Essential Plus certification in place.

Intrusion detection in place and a cloud- based 'always on' security service provided by Microsoft protecting against key cyber threats.

Cyber security education initiatives taken place.

Established GDPR policy and procedures to ensure compliance.

Changes in year

Cyber Essentials plus certification achieved.

Continuity Plan updated to remove dependency on office space. Plan audited and assured as part of ISO 27001.

Security and continuity mechanisms continue to function successfully under Covid conditions.

Link to Strategic Pillars

B Building a circular economy

T Tackling climate change

C Caring for our people, supporting our communities

Risk movement

Increasing | Stable | Decreasing

Risk level

Low | Medium | High

9. Availability of labour

The inability to source and retain appropriately priced and skilled labour to maintain competitive advantage, could have a material adverse effect on Biffa's business results, operations, financial condition and prospects.

Link to stakeholder groups

- Employees
- Customers
- Suppliers

Strategic pillar: C

Risk movement: ↑

Risk impact:
- Operational

Mitigating actions

Reward framework for employees and managers aligned to the market, including Performance Share Plan for senior personnel and Sharesave scheme available to all employees.

Talent and management development programmes deployed at senior levels and progressively to other levels going forward.

Ongoing review of the recruitment and retention of key workers such as drivers.

Established apprenticeship programme.

Changes in year

Launched Advanced Leadership Programme for 16 high potential leaders.

Launched new additions to the suite of existing employee benefits.

Issued 'Free Shares' under the Shares Incentive Plan to the value of £300 to all eligible employees in December 2020, in recognition of employee contributions during the pandemic.

We have a stated ambition to progress towards Living Wage Foundation rates for our lower paid workers and are making steps towards that with the introduction of a threshold across the business to ensure that all our employees are paid above the National Minimum/Living Wage.

10. Commodities market and pricing volatility

Biffa produces significant volumes of recycled commodities for re-sale. Commodities produced include various paper grades, card, plastics, and ferrous and non-ferrous metals.

In addition, Biffa generates power from renewable sources and changes to electricity export prices impact revenues and profits achieved.

Markets for these recyclate products have individual supply and demand dynamics impacting both price and availability of off-take.

Link to stakeholder groups

- Customers

Strategic pillar: B T

Risk movement: ↔

Risk impact:
- Financial
- Operational

Mitigating actions

Ongoing monitoring and improvements to product quality within recycling processes.

Off-taker strategy review to limit dependency, where able, on non-OECD markets.

Commodity price risk sharing within long-term commercial contracts.

Working with key customers (e.g. Local Government) to agree gate fees to reflect any increased costs and dual collection methods.

A draft of a quality standard for recovered paper has been prepared by a number of the UK's waste management industry companies and will be presented shortly to the Environmental Services Association (ESA – the industry trade body) for approval.

Power price hedging policy in place, which is regularly reviewed.

Route to market Power Purchase Agreement with top tier off-taker gives off-take certainty and credit worthiness.

Changes in year

Investment in sorting technology and process improvements to ensure we can continue to supply markets with a high quality product and that we maximise the product captured and recycled. Supply agreements now in place with domestic processors to enable a proportion of the material to remain in the UK.

Continued investment in plastic recycling has significantly reduced reliance on exports, with most of recovered plastics being processed to end destination internally.

Continued focus on minimising exposure to recycle commodity price fluctuations by risk sharing with our local authority customers. At the end of FY21, we mitigated 64% of commodity price risk through this approach.

Mid-year mixed paper imports to China ceased. Despite this, demand for fibre increased in the second half of the year, reflecting new European capacity, alongside mills strengthening stock levels should collections volumes fall significantly due to widespread lockdowns as seen earlier in the year.

The EU banned the export of contaminated and highly mixed plastic waste to non-OECD countries from 1 January 2021 and while the UK has not introduced an outright ban, these exports are now subject to prior written notification and consent. This change in legislation could positively impact our business if more recyclable mixed plastic waste is sold within the UK rather than overseas.

Principal Risks and Uncertainties continued

11. Finance availability/ investment

If the Group were to fail to comply with any of the financial or non-financial covenants in its credit facilities (due, for example, to deterioration in financial performance), it could result in an event of default and the acceleration of the Group's obligations to repay those borrowings, increased borrowing costs or cancellation of certain credit facilities.

Link to stakeholder groups
- Investors

Strategic pillar B

Risk movement ↓

Risk impact
- Financial

Mitigating actions
Significant and flexible bank funding facility with substantial headroom to enable the Group to progress strategic priorities and accommodate any downside performance risk.

£350m unsecured revolving credit facility, expiring in March 2025, with an extension of one year on 84% of the facility. As at the end of the year, £150m of the facility was undrawn.

In addition to the bank funding facility, the Group has over £140m of lease liabilities, with undrawn funding of over £30m at the end of the year.

Ongoing monitoring of financial and non-financial covenants with summary updates to the Board.

Changes in year
Covenant amendments and additional liquidity headroom have been agreed with the Group's banks in response to the Covid-19 crisis. The supplementary agreement was ended in February 2021 and the Group has returned to the original covenants.

In order to maintain adequate liquidity headroom post acquisition of Viridor, the Group has arranged a private placement facility with two investors for £150m covering a term of 7 and 10 years with an average borrowing cost of 2.73%.

12. Economic environment

Economic conditions in the UK may have an adverse impact on Biffa's operating performance, revenues and results of operations. The Group is exposed to political, social and macroeconomic risks relating to the UK's exit from the EU.

Any economic weakness that leads to reduced volumes of waste and recyclate will adversely impact the Group's business.

Furthermore, a deterioration in macroeconomic conditions may also result in increased competitive pricing pressure and increased customer turnover.

Link to stakeholder groups
- Customers
- Investors
- Suppliers
- Government and Regulators
- Environment and Communities

Strategic pillar B C

Risk movement ↓

Risk impact
- Financial

Mitigating actions
Biffa has revenues and costs that are either directly or indirectly impacted by the value of Sterling relative to key currencies such as the US Dollar or the Euro. This provides some degree of offset and natural hedge.

We enter into forward contracts for the sale of electricity and to mitigate short-term currency exposures, improving earnings visibility in the short term.

Biffa provides services across the breadth of the UK economy and to customers in the public and private sectors. The breadth of customers offers a degree of protection against economic pressures that may affect specific areas of the economy.

Changes in year
We continue to monitor this risk but are confident that our existing mitigations enable the Group to minimise the impact of any weakening in economic conditions.

Link to Strategic objectives

B Building a circular economy

T Tackling climate change

C Caring for our people, supporting our communities

Risk movement

↑ Increasing

↔ Stable

↓ Decreasing

Risk level

Low

Medium

High

Viability Statement and Going Concern

During FY21, Biffa's financial performance was materially impacted by the Covid-19 pandemic and the associated lockdown measures. The Group demonstrated its agility and responsiveness in addressing the volume fluctuations, but an impact was still seen in profitability for the year.

At the beginning of the pandemic, the Group was producing weekly forecasts, which involved re-forecasting under different scenarios. As things began to stabilise the Group moved to bi-weekly forecasting moving to quarterly forecasting from the second quarter.

The greatest impact of the pandemic was felt in the first quarter of the financial year, where volumes in both the I&C and Landfill businesses dropped to around 50% of prior year levels. As lockdown measures eased, we saw volumes rapidly improve to around 95% of FY20 levels, before again being impacted during the second and third lockdown periods and overall Group revenue averaging at 90% of prior year outturn.

One of the Group's immediate responses, to protect its financial strength during the Covid-19 effected period, was to agree short-term revised covenants on the revolving credit and surety facilities. This increased the leverage covenant from 3.5x to 5.5x for the first half of the financial year, which was reduced to 4.3x for the second half. The Group also undertook an equity placing of 50m Biffa plc shares in June 2020, raising net proceeds of £97.7m.

Consequently, even after significant ongoing investment in the period, the actual outturn at September 2020 was 1.3x and at the year-end was 2.2x. As a result, despite going back into lockdown in January 2021, it was apparent from underlying performance that the Group didn't need to rely on these protections and as a result the waivers were removed in February 2021 at Biffa's request, which in turn removed the associated restrictions on finance lease, capital expenditure and M&A activity.

The Group had unutilised committed bank facilities available of £150m as at the FY21 year end and cash and cash equivalents of £30.8m. Latest forecasts suggest that the Group will return back to FY20 EBITDA excluding adjusting items levels during FY22, providing we don't encounter further lockdowns. These forecasts, when overlaid with sensitivity analysis taking into account different scenarios for fluctuations in trading performance, show that the Group is expected to be able to comfortably operate within the current levels of the revolving credit facility over the next 12 months.

On 21 May 2021, the Group reached agreement to buy Viridor's Collection business and certain recycling assets. While a deal has been agreed, completion is subject to the necessary separation steps and Competition and Markets Authority clearance, which is expected no earlier than August 2021. Expected cash consideration is c.£126.0m plus c.£17m of IFRS 16 leases assumed. The assets acquired delivered revenue of £142m and EBITDA excluding adjusting items of £18m in the year ending March 2020.

In order to maintain adequate liquidity headroom, following the completion of the Viridor acquisition, the Group has arranged a private placement facility with two investors for £150m covering a term of 7 and 10 years with an average cost of 2.73%.

Whilst the Group is subject to a number of principal risks, as disclosed in the Strategic Report, these are considered to be well managed by the Board and the Group is fairly defensive in nature. However, the economic downturn impacts of Covid-19 have proved to be an entirely different proposition and the impacts of this are the main factors taken into consideration for the viability assessment.

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Group over a longer period than twelve months and has adopted a period of three years for the assessment. In determining the appropriate period over which to assess viability, the Board has considered budgeting, forecasting and strategic planning cycles, the timeframe within which the Group assess risks and the maturation of the Group's credit facilities.

Three years is considered an appropriate time period given the short-term impact of the Covid-19 lockdown measures to the waste industry and is a reasonable period for a shareholder to expect a waste business to be assessed over. Beyond the three-year period, the Group has considered and is satisfied the longer term pre-Covid-19 strategy is still relevant and appropriate, this includes further recycling capacity, acquisition growth and investment in energy from waste.

For the purposes of assessing the viability of the Group, a detailed 36-month forecast has been produced. This is built up from a sub-divisional level and assumes a base case and a low case scenario.

The base case assumes a full recovery to pre-Covid volumes by FY23. It assumes the Group will continue to progress with the plastic processing plants and will continue M&A activity. The base case is formed of a detailed budget for FY21, which has been modelled on a site by site basis using a bottom-up approach – this budget has been approved by the Board. The forecast for years 2 to 3 is from the 5-year plan for the Group, built up on a sub-divisional basis and has been approved by the Board.

The low case assumes depressed volumes for a longer period of time, it assumes no M&A activity and uncommitted plastics projects would be paused along with other discretionary capex. The volumes in the low case scenario are similar to those we experienced during the lockdown measures during the second lockdown.

A further analysis including the Viridor acquisition was undertaken taking into account the additional £150m funding that has been arranged for the transaction.

The Group's profitability, liquidity and financial headroom have all been assessed and incorporated within the above-mentioned scenario analysis.

Within these forecasts the Board carried out a robust assessment of the principal risks facing the Group, including the impact of Covid-19 on the various sectors the business operates in and the waste streams arising in all the Group's operating areas. To assess viability, multiple, material risks are selected by the Board and are assumed to crystallise in parallel during the assessment period, putting financial and operational performance of the business under plausible, but unlikely, stresses.

Based on the results of this analysis and after careful consideration of the uncertainty and dynamic nature of Covid-19, including reviewing the fast changing external factors and their cumulative impact in the short, medium and long term, and other considerations including the Group's business model and ability to model a range of severe, but plausible, reasonable worst-case scenarios, the Directors confirm that they have a reasonable expectation that the Group will be able to withstand the impact of each of these scenarios, in isolation and in a number of plausible combinations, should they occur in the course of the three-year assessment period.

In each event the Group would continue in operation and meet its liabilities as they fall due. Therefore, the Board concluded that it remains appropriate to consider a three-year time frame over which we should assess the long-term viability of the Group over the period to 31 March 2024.

The Strategic Report was approved by the Board and signed on its behalf by:

Michael Topham
Chief Executive Officer
31 May 2021