Cory Group
Annual Report 2021

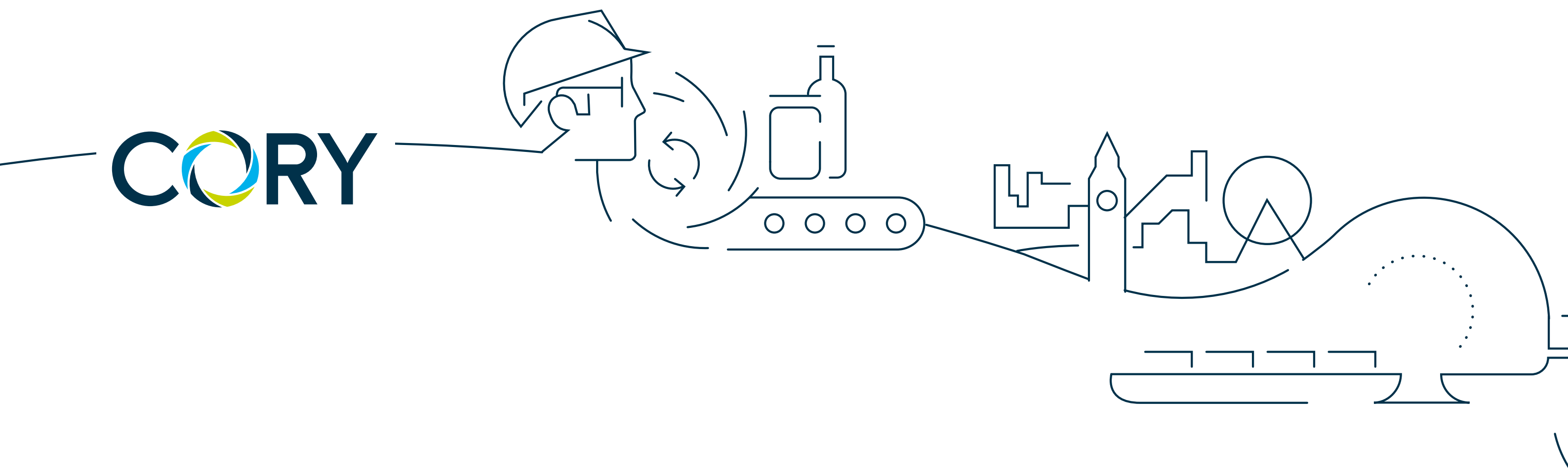
Cory Topco Limited
Company number: 11385842

The journey of waste

Cory serves a vital public function, helping to make London cleaner and safer. We sort and segregate recyclable materials for London and the South East.

What can't be recycled, we move by tug-drawn barges along the Thames to our energy from waste (EfW) facility. There it is incinerated, generating enough electricity to power a town the size of Croydon. We extract any metals before using all the remaining treated waste to make building materials.

Welcome to our 2021 Annual Report



The Directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

What we achieved this year

782,000
Tonnes of non-recyclable waste diverted from landfill

71,000
Tonnes of recyclable waste sorted

532 GWh
Electricity generated

160,000
Electricity generated to power equivalent number of homes

150,000
tonnes of carbon saved by diverting waste from landfill

£141.4m
Underlying revenue

£73.6m
EBITDA

94/100
GRESB score 5 stars

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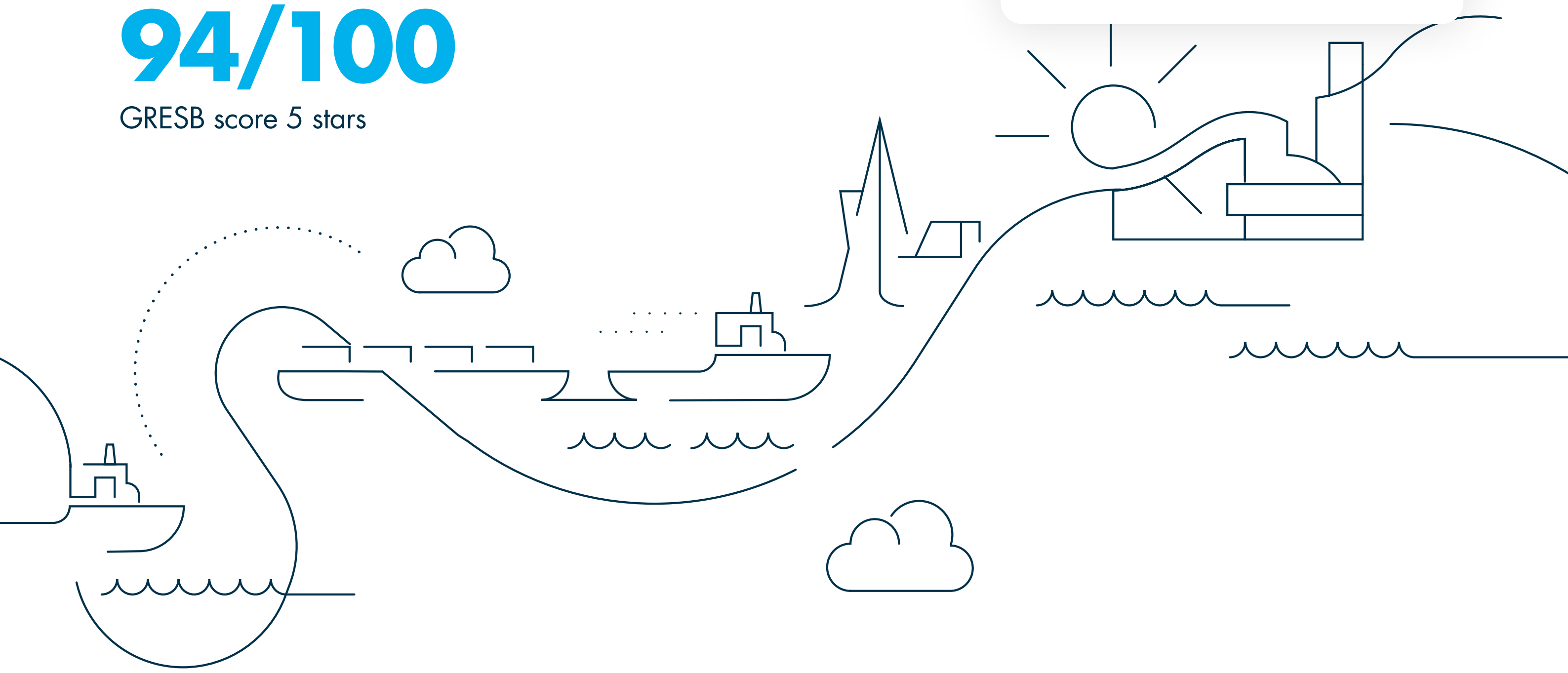
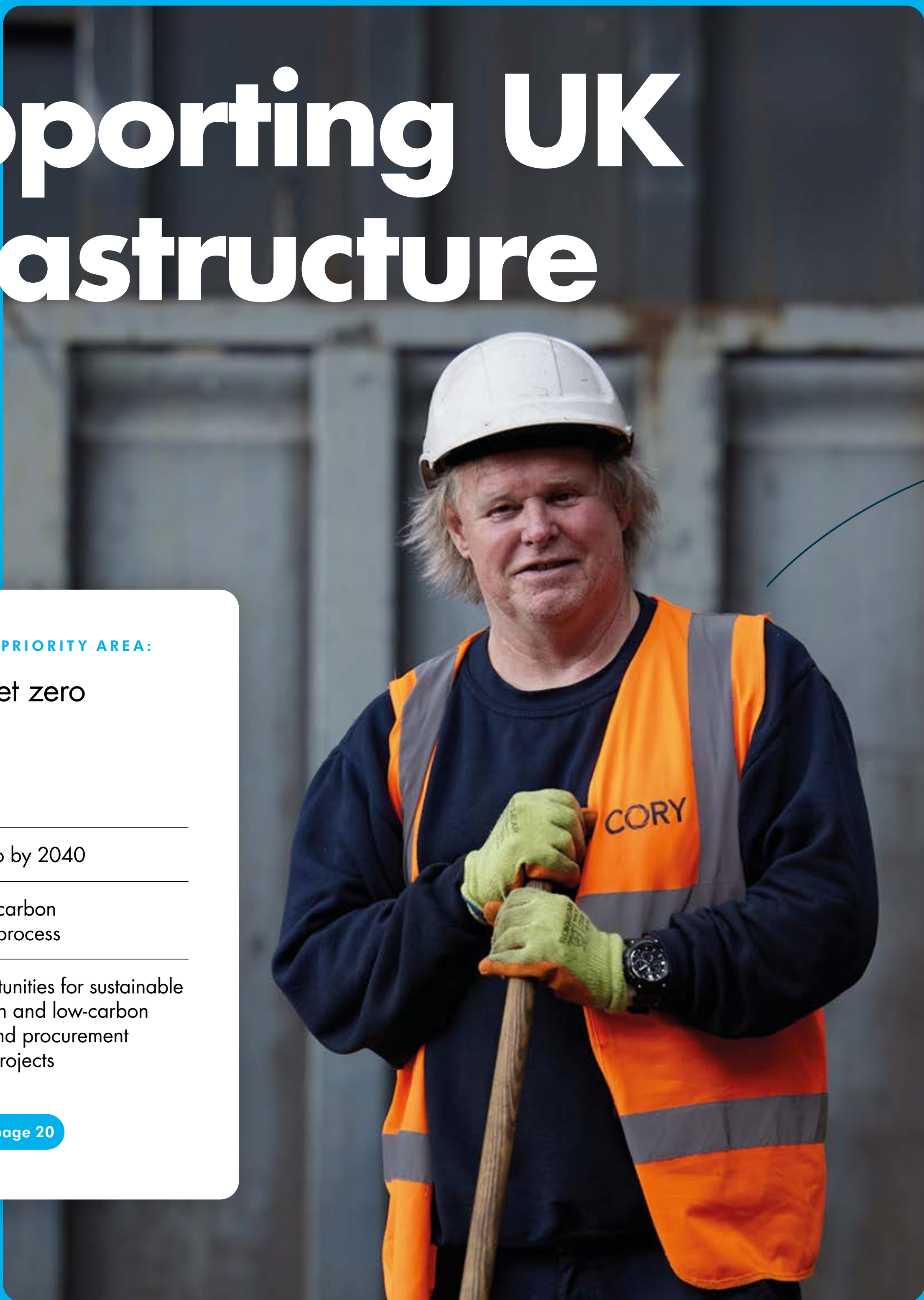


The performance and position of the Group for the year are set out in the consolidated income statement on page 73 and within the statement of financial position on page 75.

Our value chain

Cory plays a fundamental role in supporting the UK's vital waste management and recycling infrastructure.

Supporting UK infrastructure



SUSTAINABILITY PRIORITY AREA:

Moving to net zero

- Get to net zero by 2040
- Maximise the carbon benefit of our process
- Explore opportunities for sustainable building design and low-carbon construction and procurement of new build projects

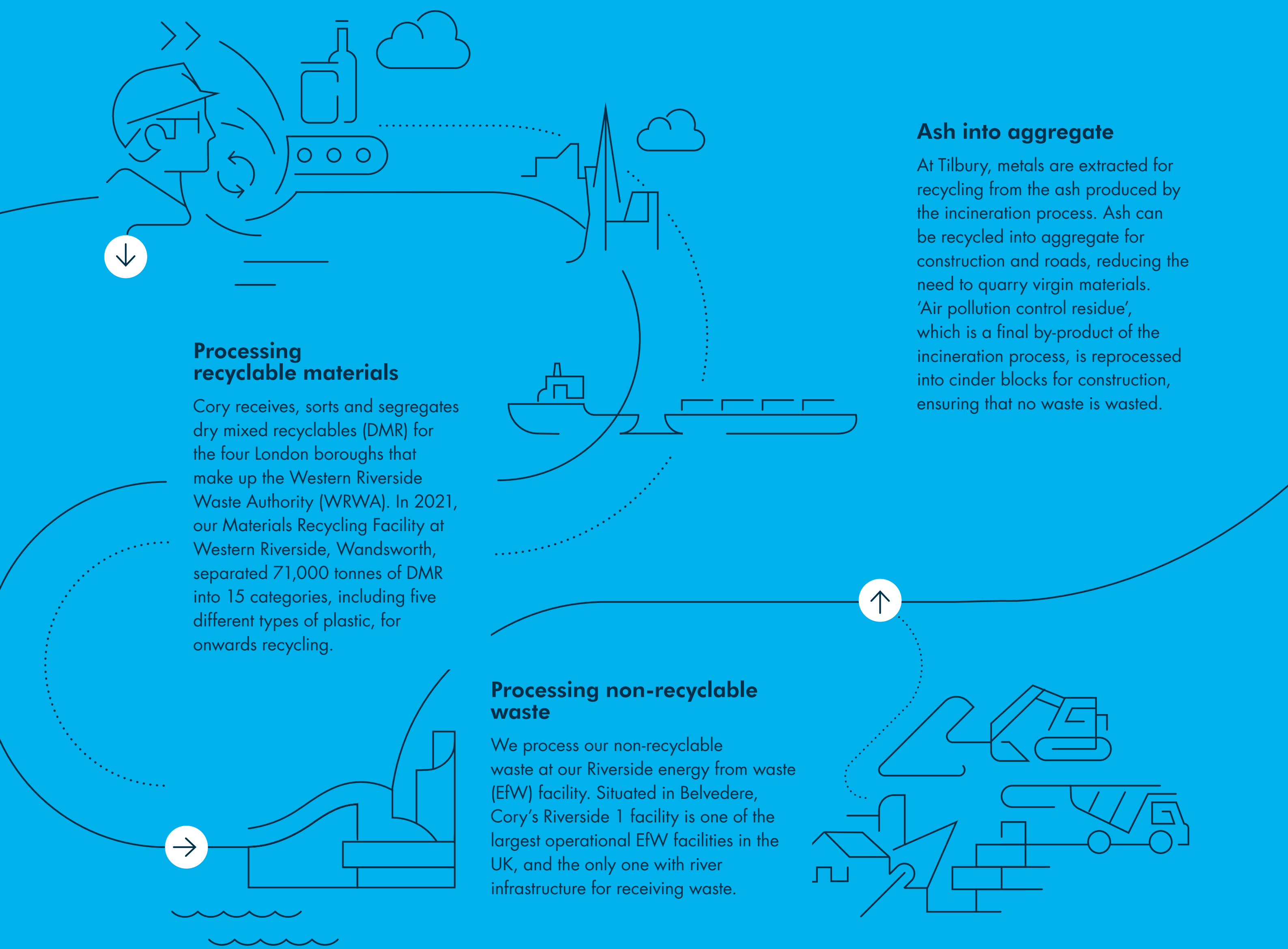
Find out more on **page 20**

We serve London and the South East with our river-based operations – a unique approach that keeps the UK's largest city cleaner, safer and less congested.

As home to almost ten million people and major aspects of the UK economy, it is crucial that London operates effectively. This has never been clearer than over the past two years, when the Covid-19 pandemic disrupted society on a previously unthinkable scale. When destabilising events occur, we rely, more than ever, on our basic infrastructure functioning effectively.

While Cory has provided this critical infrastructure throughout the pandemic, we have also sought to ensure that our operations are future-proofed and fit to support the country for many years to come. The UK waste sector is entering a period of change driven by the need for urgent decarbonisation of the economy, alongside changes to Government policy through the Resources and Waste Strategy and Carbon Capture, Usage and Storage business models. Cory is forward-looking and nimble, with a leadership team supported by long-term infrastructure investors who understand that now, more than ever, profitability is underpinned by purpose.

We pride ourselves on being on the front foot, pre-empting changes to our operating environment and acting swiftly to ensure that as we move into the future, we are equipped to deliver the sustainable waste management services the UK requires. As part of our commitment to proactive planning and taking decisive action, we are helping to guide the changes to Government policy towards long-term benefits for the environment, the economy and the communities we serve.



Processing recyclable materials

Cory receives, sorts and segregates dry mixed recyclables (DMR) for the four London boroughs that make up the Western Riverside Waste Authority (WRWA). In 2021, our Materials Recycling Facility at Western Riverside, Wandsworth, separated 71,000 tonnes of DMR into 15 categories, including five different types of plastic, for onwards recycling.

Ash into aggregate

At Tilbury, metals are extracted for recycling from the ash produced by the incineration process. Ash can be recycled into aggregate for construction and roads, reducing the need to quarry virgin materials. 'Air pollution control residue', which is a final by-product of the incineration process, is reprocessed into cinder blocks for construction, ensuring that no waste is wasted.

Processing non-recyclable waste

We process our non-recyclable waste at our Riverside energy from waste (EfW) facility. Situated in Belvedere, Cory's Riverside 1 facility is one of the largest operational EfW facilities in the UK, and the only one with river infrastructure for receiving waste.

Our value chain – continued

We are a key part of London's heritage. Cory was incorporated 125 years ago as Wm. Cory & Son and has evolved from a coal distribution company on the Thames into one of the UK's leading recycling and waste management companies.

Supporting London

The Thames Highway

Cory uses the River Thames as a green highway. Waste is transported via riverside transfer stations at Western Riverside (Wandsworth), Cringle Dock (Battersea), Walbrook Wharf (City of London), Northumberland Wharf (Tower Hamlets) and Barking (Barking & Dagenham).

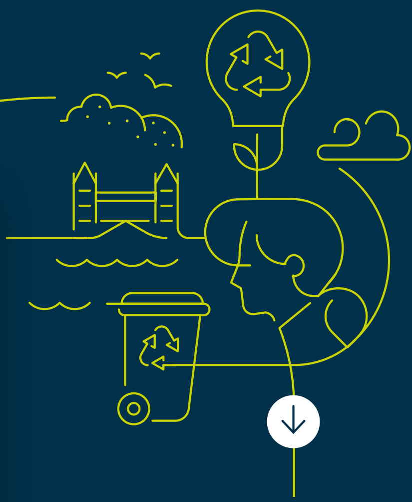
This saves around 100,000 truck movements a year – a vital way of getting traffic off the road and making London safer and less polluted.

SUSTAINABILITY PRIORITY AREA:

Caring for our local environment and River Thames

- Continuous improvement for environmental performance
- Improve air quality across all sites
- Maximise resource efficiency
- Improve local biodiversity and ecological management at our sites

Find out more on **page 30**



Helping London with waste

As London strives to meet the current 65% recycling target by 2035, two million tonnes of the capital's waste is, unfortunately, still sent to landfill or shipped overseas every year. Using the river, Cory plays a key role in London's environmental and recycling story, helping it to be self-sufficient with waste, displace landfill, and improve its recycling rates. Cory is taking steps to materially reduce the waste that is sent to landfill or exported by increasing throughput at the Riverside 1 EfW facility and the construction of the Riverside 2 EfW facility.

Generating energy

An important by-product of the incineration process is steam. It drives a turbine in the EfW facility that can produce baseload electricity, enough to power 160,000 homes, equivalent to all the homes in a borough the size of Croydon.

The Thames economy

As a river-based business, we are proud to support the growth of the Thames economy and the wider inland waterways sector.

Our value chain – continued

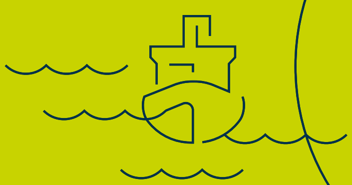
Cory strives to be a good neighbour and an asset to the community.

We are proud of our contribution to the community, whether that be through local initiatives (such as employee volunteering or fundraising activities) or through broader community, educational and STEM outreach programmes.

Supporting our communities

Schools and community groups

These programmes include the Industrial Cadets, the Engineering for a Cleaner World programme with Crossness Power Station and Bexley Eco-Fest with London Borough of Bexley.



Cory's Community Fund

Cory's Community Fund supports activities in our local communities that improve local people's lives, with eligible groups/projects able to receive a grant of up to £7,500. Cory will be distributing funding across multiple groups/projects during 2022.

District heat network

We are working with the London Borough of Bexley, Peabody and Vattenfall to develop a district heat network to harness the heat produced from our EfW facility.

SUSTAINABILITY PRIORITY AREA:

Our people and local communities

- Build a sustainable, safe and ethical supply chain
- Be a good neighbour to our local communities

Find out more on **page 24**

Our value chain – continued

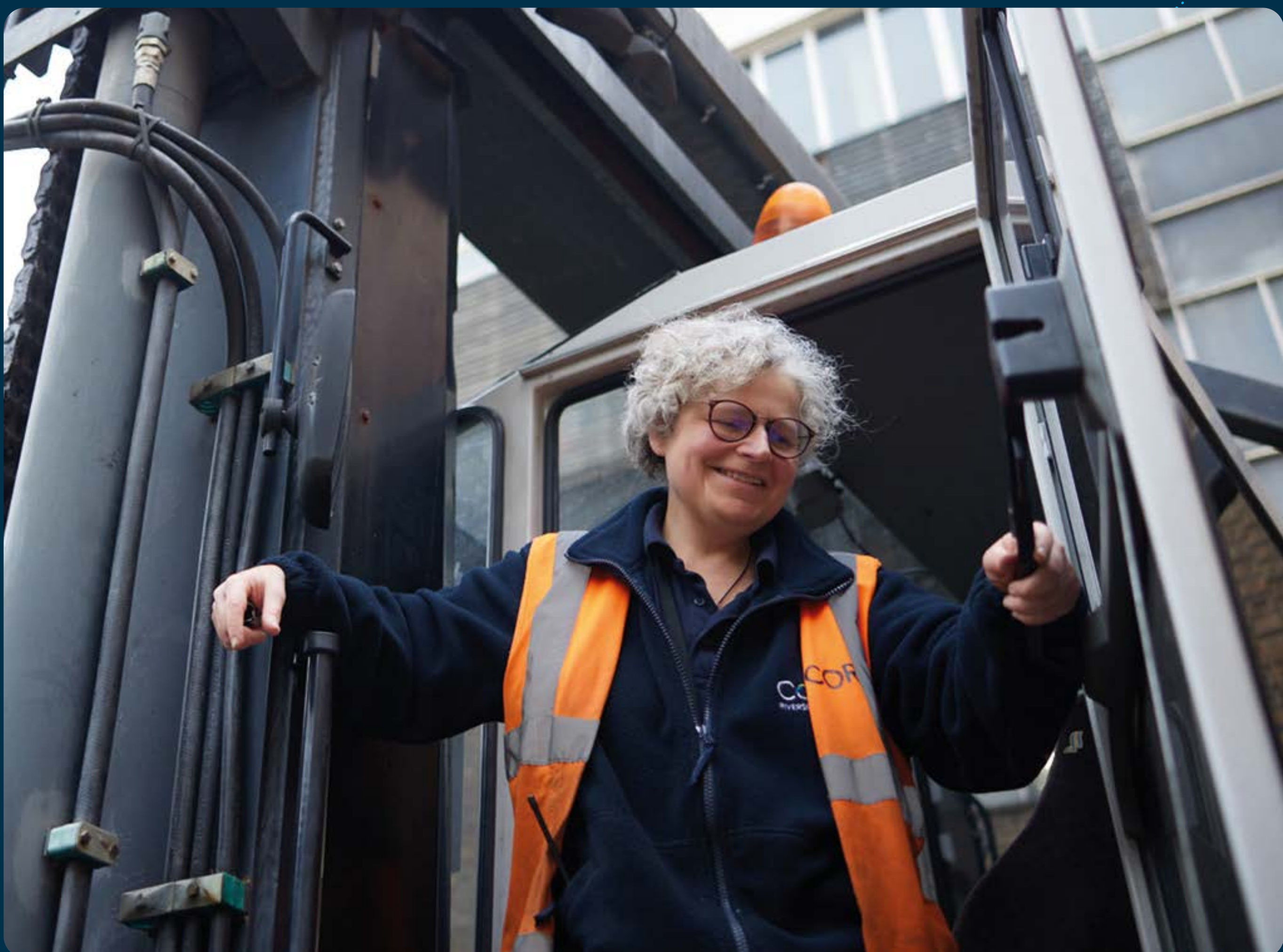
Cory provides rewarding and fulfilling careers for a diverse team of employees, whilst ensuring excellence in performance.

Employee wellbeing

We care about employees' wellbeing and work-life balance, and we see our people as our best ambassadors and business advocates.

In addition, we are committed to continuing to tackle modern slavery throughout the supply chain and to help lead our industry in addressing unethical practices.

Supporting our people



SUSTAINABILITY PRIORITY AREA:

Our people and local communities

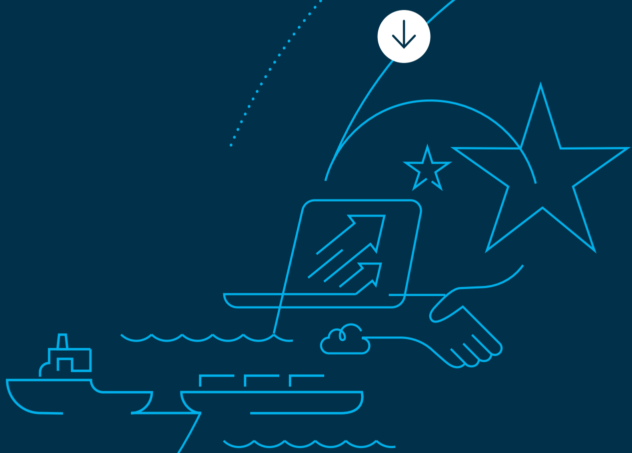
- Continually improve our health and safety performance
- Promote the wellbeing of our employees
- Provide rewarding and fulfilling careers for a diverse range of people

Find out more on **page 24**

We employ more than 300 people to operate, support and manage our services and the facilities that transform waste to power a greener future.

We are proud to employ skilled workers who are highly committed and passionate about what they do, delivering a vital service to customers and ensuring the business runs safely and efficiently.

We are committed to treating our people well, paying them fairly, keeping them safe and providing them with opportunities to develop.



Fulfilling careers

As we continue to grow our business, we aim to attract skilled people who are committed to delivering sustainable waste management. There has never been a better time to work in recycling and waste management. These sectors are among the fastest growing in the UK, backed by significant investment and technical innovation.

Cory Apprentice Academy

Making our employment proposition as attractive as possible is reflected at all levels of the business, including the Cory Apprentice Academy. Cory offers a range of apprenticeships across the different parts of the business. This includes three different degree level apprenticeships in mechanical engineering, electrical control and instrumentation, and operations engineering. We equip our apprentices to do work that really matters. Apprentices are an integral part of the company's future, so investing in them is a priority.

Chair's statement

Welcome to our Annual Report and financial statements for the year ended 31 December 2021. This was our 125th year of providing a vital public service to the people of London and the South East of England and I am pleased to report that Cory delivered another year of strong performance in the service of its stakeholders.

125 years of public service

Our business

2021 was overshadowed by the continuing pandemic with a further lockdown impacting on the first quarter and restrictions lasting throughout the year. Under the direction of our Executive Leadership Team, the business coped admirably with the ongoing disruption and continued to operate 24 hours a day, seven days a week. The impact of lockdown on the London commercial and industrial waste market was significant and was a concern to the Board early in the year; however, the team was able to secure new sources of waste for processing and more than made up for the impact of the lockdown. Combined with the investments made in our operations during 2020 and into 2021 to enhance resilience and efficiency, this allowed our Riverside 1 facility to process 782kt of waste – the highest we have ever achieved.

Strong operational performance has flowed through into Cory's financial performance. Underlying revenue, EBITDA and operating cash flow all increased from the previous year and allowed the business to make additional investments into capital expenditure and grow the dividends paid to our shareholders. Employee numbers grew year on year as we positioned the business for further growth and expansion.

As we look to the future, we have plans to extend capacity at our existing Riverside 1 facility through our Optimisation Project to allow us to process a further 65kt each year, saving 170kg/t of

As we enter 2021, our 125th year of serving our communities, I am confident that the business is well-positioned to deal with the continued disruption and ready to make the most of the opportunities that lie ahead".

John Barry — Chair

CO_2 and diverting this non-recyclable waste from unsustainable landfill and export. We continue to make progress with our Riverside 2 development which will address a further part of the large gap in the market between the amount of waste that needs to be treated and capacity available in the region.

Another area of attention and investment has been our approach to climate change, and we have committed to reaching net zero by 2040. We have already taken concrete steps towards this goal, with good progress on supplying heat to local residents through our heat network partnership with Vattenfall, as well as switching from diesel to sustainable biofuel on our river fleet. Work is underway to prepare our planning application to build carbon capture into our operations, allowing for full decarbonisation of the business and a material contribution to the country's net zero target.

Our people

Cory continued to invest in its people by:

- Developing the Cory Apprentice Academy to offer apprenticeships in a variety of areas including mechanical engineering, electrical control and instrumentation, operations engineering, marine operations, finance, and health and safety.
- Joining the Slave Free Alliance to support our anti-slavery strategy for our supply chain as well as our own employees.
- Signing the Armed Forces Covenant, demonstrating the company's commitment to supporting Armed Forces personnel, reservists, veterans and their families.
- Making meaningful diversity, equity and inclusion enhancements such as joining the Port of London Authority's Women on the Water programme and providing training and support for menopause awareness.

Alongside my colleagues on the Board, I have been able to spend time at many of our sites, providing me the opportunity to meet with a broad range of our employees, to see their hard work in action and to hear their thoughts and opinions. I value these visits highly and would like to thank everyone I have met for hosting me and all our employees for their hard work and dedication.

Stakeholder engagement

We considered the interests of all our stakeholders, including our employees, customers, suppliers, regulators and the wider communities we serve, in all our decision-making including those in respect of investments and dividends. A formal statement of how we complied with Section 172 of the Companies Act 2006 can be found on page 44 of this Review.

The Board and ESG

I would like to welcome Vicky Chan and Mark Draper to the Board. Vicky has taken the responsibility of chairing our Audit and Risk Committee and has joined the Remuneration and Developments Committees. Mark brings valuable industry perspective to the business and has joined and strengthened our Audit and Risk Committee. The Board continues to be active in overseeing the business and providing the necessary challenge and support to our executive team as well as providing the link to our shareholders. Our detailed corporate governance review and approach to governance are set out on pages 44-45.

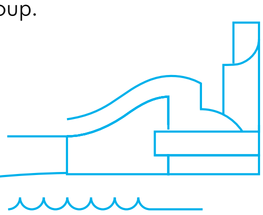
Turning to other ESG matters, I am pleased to highlight the following:

- We achieved another five-star rating in the 2021 GRESB Infrastructure Asset performance review. We scored 94 out of 100, up from 83 in 2020 and placing us first among our peers and 22nd out of 551 businesses that GRESB assess globally.
- We continue to support a range of local initiatives and community actions, including Groundwork London (repairing and supplying white goods to vulnerable households), supplying waste and recycling bins to the West Thamesmead Community Organisation, and sponsoring the Bexley Eco-Fest for the third year running.

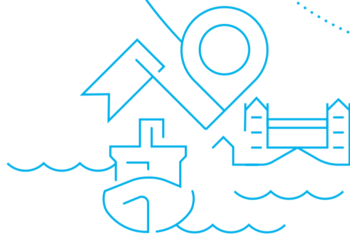
Looking ahead

We look forward to another busy year as we continue to provide a vital public service to our customers and as we progress our strategic and investment priorities. The continued support of our stakeholders will be integral to our success in 2022 and beyond. Finally, I would like to welcome the McGrath business to the Cory family following the acquisition in early 2022. I look forward to its future success as a core part of the Cory Group.

John Barry — Chair



Celebrating 125 years on the River Thames



In October at London's iconic Tower Bridge, Cory celebrated the 125th anniversary of the company's incorporation as Wm. Cory & Son in 1896. The venue was a fitting location for the celebration, with the River Thames providing a backdrop that has been ever-present in Cory's operations.

Cory, now one of the UK's leading recycling and waste management companies, began life as a coal-transportation business on the Thames and played a significant role in both world wars. In WWI Cory mobilised as D Company, 6th Battalion of The Buffs (commonly known as Cory's Unit) and many lost their lives fighting in France. It mobilised its boats in support of the war effort in both world wars, losing 15 boats in WWI and 13 in WWII.

"While Cory often operates in the background, keeping our communities clean and safe, we are also very visibly in the foreground – our river fleet has been a familiar sight on the Thames for 125 years since the company's incorporation in 1896. This long history on the river has seen us evolve with the times, moving coal, then oil, then aggregate, and finally waste – and fighting in two world wars during that period. We are continuing to evolve at this important juncture as the UK addresses different challenges, including the need to rapidly decarbonise the economy. We have contributed and adapted to world-changing events. Our history gives me confidence that we will contribute and adapt to today and tomorrow's challenges – and in 2046, Cory will celebrate 150 years."

Dougie Sutherland — CEO

125 years

Following WWII

Cory began mining the stones needed for aggregates to rebuild parts of London and putting them on empty barges. The holes left in the ground became landfills in Erith and East Tilbury. This was the start of Cory's transition from moving fuel to transporting waste and building materials. In that period Cory began transporting fuel oil as well as coal following the introduction of the Clean Air Act in 1956.

1970s

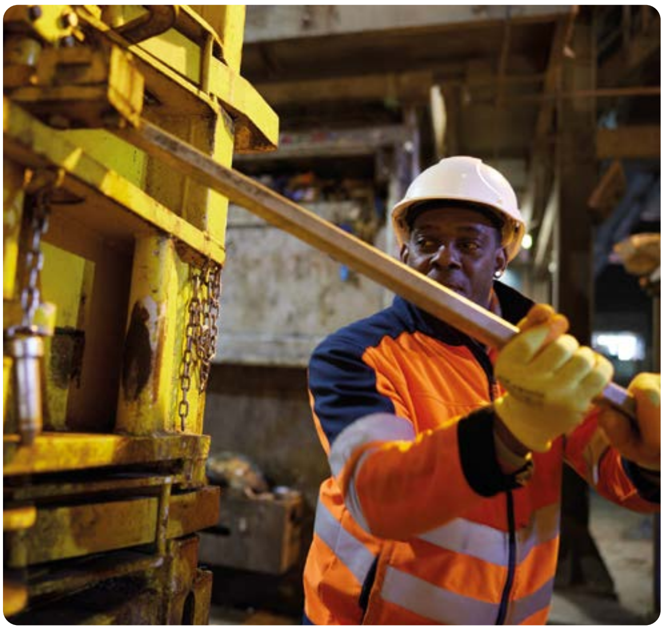
The company was bought by Ocean Group in the 1970s, before acquiring Surridge, which owned Mucking – then the second-largest landfill site in the UK – and Thames and General Lighterage, which made it the largest carrier of waste on the River Thames.

In the 1980s

Cory sold its coal and oil distribution business and created Cory Waste Management. It won a tender to transport and dispose of half a million tonnes of waste a year for the GLC. This saw the launch of the containerised waste transportation business which thrives today.

In 1990

Cory rebranded as Cory Environmental. At this stage, London was producing 29 million tonnes of waste per year and disposing only 400,000 tonnes of it within its own boundaries. By the late 1990s, Mucking landfill site was receiving 1.5 million tonnes of London's waste.



In 2010

Mucking stopped receiving London's waste and was later reclaimed for community and environmental use to create the Thurrock Thameside Nature Discovery Park.

Over the past 20 years

Cory's operations have focused on sustainable waste management. It signed a long-term contract with the Western Riverside Waste Authority in 2002, which included the development of an 84,000 tonnes-per-annum Materials Recycling Facility in Wandsworth, and opened the Riverside energy from waste facility, one of the UK's largest and most efficient energy from waste facilities, in 2012. In 2017, Cory – then named Cory Riverside Energy – completed its major restructure and refinance, having sold its collections, waste brokerage and landfill businesses. In 2020, Cory secured planning permission to develop Riverside 2, ensuring more waste is diverted from landfill and export, and in 2021, the company was renamed Cory, 125 years after William Cory & Son was incorporated.

Our markets

Economic impact of Covid-19

The UK economy surpassed its pre-pandemic level for the first time in November 2021. While the economy should rebound once all restrictions are lifted, surging inflation and persistent supply chain disruption may mean that the UK's economic growth prospects remain under pressure for much of 2022.

What this means for Cory

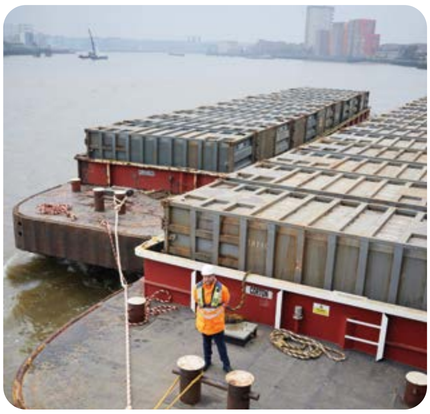
- The main impact on the waste market was on the volume of commercial and industrial (C&I) waste, which was suppressed in the first half of the year, but recovered to pre-Covid levels by the end of the year. There is a significant shortage of residual waste treatment infrastructure in London and the South East, so the business was able to find short-term replacement waste from other customers, which would otherwise have been sent to landfill.
- The outlook for 2022 is uncertain, but economic growth should translate into a further upturn in waste and recycling volumes. Specifically, the recovery of waste volumes in London is dependent on the economic recovery of the city as well as societal factors such as working patterns and population trends. London has a vibrant and resilient economy and will remain one of the pre-eminent international cities, and, as such, we are very optimistic about London's prospects – we look forward to continuing to play our part in the economic growth of the city that we have served for 125 years.

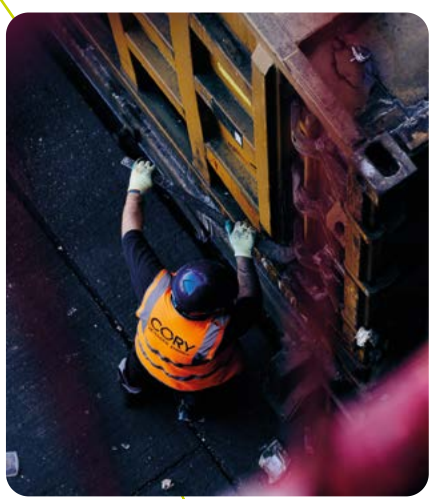
Net zero

As the UK progresses towards net zero by 2050, all sectors of the economy face the challenge of decarbonisation. This will require innovation to adapt processes and develop new products and services to reduce carbon emissions. Businesses will also need to respond to new policy and regulations.

What this means for Cory

- Net zero presents a significant opportunity for the waste management sector. However, to take advantage of this opportunity companies will need to carefully examine their processes, adapt and innovate. This will require the EfW sector to maximise the efficiency of currently operating sites, ensure all new sites are connected for heat export as well as electricity, to work with upstream producers of waste to reduce the fossil carbon content of waste, and install CCUS technology.
- Following the publication of its Sixth Carbon Budget report, the Climate Change Committee identified the decarbonisation of EfW as a gap that needs to be addressed with urgency, supporting the retrofitting of existing EfW facilities with CCUS from the late 2020s and supporting the introduction of policy to ensure that any new EfW facilities are built with CCUS or are 'CCUS ready'. Cory also recognises that to meet net zero the company will need to develop and operate a major CCUS project at our EfW campus in Belvedere.
- More broadly the waste management sector must continue to develop products and services that help upstream waste producers and consumers increase recycling and to remove as much plastic from the residual waste stream as possible. Policy tools can also be helpful in driving change, for example the Resources and Waste Strategy, with its policy reforms for Extended Producer Responsibility and increasing recycled content, should reduce the plastic content in residual waste, thus reducing the carbon footprint of residual waste.





Recycling markets

The UK's recycling market is characterised by volatile commodity markets and incentive regimes, which results in short-term contracts choking strategic capital investment because of the high investment risk.

This high-risk investment environment drives down capital expenditure, such that technological advances as robotics and AI are an exception rather than the rule.

What this means for Cory

- For many materials enough offtake capacity exists within the UK and Europe, but for other materials there is insufficient domestic demand and limited end markets abroad. There is a critical need to continue to develop resilient, sustainable, domestic markets for recycled materials.
- Cory will work with current policy reforms and Government to create an infrastructure investment environment in recycling and reprocessing to deliver increased UK based recycling rates and quality. The Government's resources and waste strategy are a critical set of reforms which bring together new funding, ambitious targets, and supply chain-wide obligations to drive up recycling rates. Ensuring that these reforms work to unlock infrastructure investment to ensure the targets are met and the reforms create UK based jobs is key.

21,000
provide affordable and low-carbon heating to more than 21,000 homes.

Electricity markets

There is a renewable energy production gap in the UK. In 2021, against a backdrop of tight margins, intermittent renewable generation and related price volatility, low-carbon baseload power became increasingly important. Baseload distribution-connected generation presents an opportunity to complement traditional baseload generation.

What this means for Cory

- Current electricity demand in the UK is around 320TWh per year, which is expected to increase to c450TWh by 2050. Renewable production stands at 140TWh, with a further 310TWh needed – the majority of which is currently unidentified.
- There is a clear need for more baseload zero- and low-carbon energy to be supplied to the electricity grid. Cory provides 66MW of low-carbon partly renewable baseload electricity and plans to add a further 64MW through the Riverside 2 EfW facility development.
- District heat networks can make better use of energy generated from residual waste. Working with Vattenfall, local authorities and developers, Cory is looking to develop a district heat network to harness the heat produced by the existing Riverside 1 EfW facility and the future Riverside 2 EfW facility to heat 21,000 homes.

Landfill capacity and waste export

The UK's landfill capacity is diminishing, especially in London and South East England. Sites are closing and the UK will be less able to export waste to Europe in the future.

What this means for Cory

- The latest statistics from the Environment Agency show that the amount of waste sent to landfill in England dropped by 14% – a year after it rose to its highest figure in 12 years – while landfill capacity across the UK rose by 30 million cubic metres, the first increase in seven years. While these annual figures are positive, the longer-term trend shows that we are burying more waste in less space. If this trend continues, we will reach a dangerous inflection point where we do not have the capacity to deal with the waste we produce.
- Exports of refuse derived fuel (RDF) from England fell by 15% in 2021. This continues a steady decline of exports from England, which has been attributed to factors including the pandemic and import taxes.
- Landfill capacity in London and the South East will be substantially depleted by 2025. Most of the remaining void will be positioned north west of London, where sites in Buckingham and Milton Keynes account for 45% of the currently consented capacity.
- London and the South East lack the EfW infrastructure to make up for these shortfalls. Demand for our services will remain strong and there is a clear rationale to build more EfW infrastructure in London and the South East, such as the Riverside 2 EfW facility development.

CEO's statement

Although 2021 was affected by Covid-19, supply chain constraints, and inflationary pressures, it was also a year that showcased the quality of our people and the resilience of our business and markets. We pulled together and continued to deliver a quality and reliable service for our clients and communities.

Delivering a quality and reliable service

The year was also dominated by environmental commitments and targets, particularly in the lead up to the COP26 global climate summit. We significantly advanced our decarbonisation plan, and we now have a clear path to reduce and capture carbon at our facilities by 2030 in line with our 2040 net zero commitment.

2021 was our 125th anniversary of operating on the River Thames. We found time to celebrate our rich history, reflecting on the success of the business and its contribution to society. Cory supported the world wars, with many losing their lives in the Cory 'Pals' Unit in WWI and on the 28 Cory boats that were destroyed by enemy action over both wars. We are proud of our history, which binds us, particularly in difficult times, and gives us confidence that we can cope with anything if we stand together, adapt and maximise the value of the River Thames.

It was a very good year – it was our best year.

Thank you to everyone at Cory.

Performance review

Growth

We have made significant progress in plans for a new energy from waste (EfW) facility and expect to start construction in H2 2022. This will increase the capacity of the business to process a further 655,000 tonnes of waste.

In 2022 we also acquired McGrath, a Barking-based recycling and waste management business with a working wharf. This significantly enhances our capacity to transport waste and recycling on the River Thames, taking lorries off the road and reducing emissions to make our communities safer and cleaner.

Outlook remains very positive for the long term

London and the South East lacks the infrastructure to process the waste it produces, forcing many local authorities and businesses to landfill and export to other parts of the UK or Europe. The pressure and cost on local authorities will increase as landfills close and taxes increase on UK waste exports into Europe. Our new EfW facility addresses part of this infrastructure gap.

Our investment into river infrastructure, the UK's largest heat network, and carbon capture makes Cory uniquely positioned against our competitors who continue to use the road network and don't have access to infrastructure to transport CO_2 to storage.

The River Thames has been the heart of the business for 125 years. It will continue to differentiate Cory for a very long time, providing the natural infrastructure to transport London's and the South East's waste, recycling and carbon.

Dougie Sutherland
— Chief Executive Officer

Key highlights of 2021

Health and safety. 62% reduction in lost time days. There were no serious injuries. Reduction in lost time was driven by increased site engagement which included a 390% increase in safety observations.

Investing in people. We protected everyone's jobs, with no redundancies due to Covid. We signed the Armed Forces Covenant and continue to support serving and former members of the Armed services. We joined the Slave Free Alliance to help ensure we protect the most vulnerable in the business and supply chain. We expanded our apprenticeship scheme and invested in training for most of our senior and junior management.

7% tonnage increase. We processed 782,000 tonnes of residual waste compared with 731,000 in 2020. Even though waste tonnage was disrupted by Covid, this proved to be a record year, reflecting the resilience of the business but also the lack of waste infrastructure in London and South East.

9% revenue increase and 17% EBITDA increase, 18% underlying EBITDA increase. This was driven by increased volumes and higher gate fees and power prices.

Environment

GRESB score of 94 out of 100. This compares with an average peer score of 71, placing Cory first out of its nine peer businesses and 22nd out of 551 businesses that GRESB assesses globally.

Recognised by Port of London Authority. We were given a silver award in the Thames Green Scheme for outstanding environmental performance.

Reduced reliance on diesel. We moved our river fleet from marine gas oil to biofuel and waste transfer stations from using diesel to biofuel in their site vehicles.

Funding from Innovate UK. We conducted a feasibility study with BAE Systems and Wight Shipyards to develop zero emission marine vessels to operate on the River Thames.

Riverside Heat Network. We have received planning permission and expect to start construction during 2022 of the UK's largest heat network in partnership with Vattenfall.

Carbon capture. We have developed a plan to capture up to 1.5 million tonnes of CO_2 each year, which will decarbonise the waste of three million people in London and the South East by 2030.

Find out more on **pages 20-23** and **30-31**

Our sustainability strategy

What matters most

In 2021 we launched a new sustainability strategy, which focuses on the environmental, social and governance issues that matter most to our internal and external stakeholders, and those they believe will drive our long-term success.

In the global climate emergency, Cory is committed to playing its part in delivering a net zero carbon future.

Moving to net zero

Get to net zero by 2040

- Capture carbon from our EfW process
- Explore plastics removal from residual waste
- Maximise energy efficiency
- Undertake research and development (R&D) into zero emissions marine vessels
- Continue to purchase 100% renewable energy

Maximise the carbon benefit of our process

- Expand our business to further divert waste from landfill
- Develop a heat network
- Maximise reuse of by-products

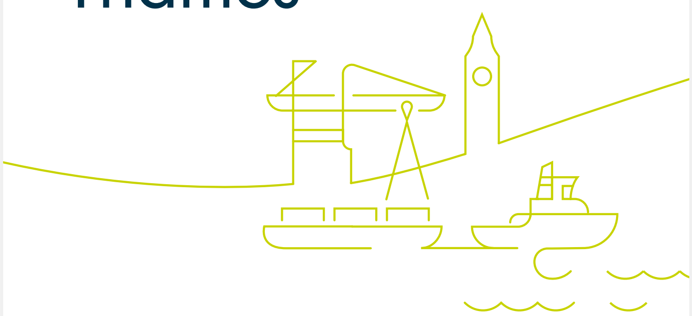
Explore opportunities for sustainable building design, and low-carbon construction and procurement for new build projects

- Work with contractors and partners to reduce embodied carbon in new build projects where possible

By expanding our business and working to deliver net zero carbon emissions across our operations by 2040 we are supporting delivery of SDGs 7 and 13.

We are a London-based business, and we care deeply about our local environment and support a thriving and healthy River Thames.

Caring for our local environment and the River Thames



Continuous improvement of environmental performance

- Continuous improvement of our International Organization for Standardization (ISO) 14001 Environmental Management System

Improve local biodiversity and ecological management at our sites

- Develop and implement a Biodiversity Action Plan for our site in Belvedere

Maximise resource efficiency

- Implement an efficiency programme for water use

Improve air quality across all sites

- Continually explore opportunities to reduce emissions to air from our EfW process
- Improve air quality measurement across sites
- Facilitate the move to cleaner vehicles for employees

By continually improving our environmental performance, and helping to support safe, resilient and sustainable communities in London and the South East, we are supporting delivery of SDG 11.

Our success as a business is dependent upon skilled and committed people. We strive to be a good neighbour to our local communities.

Our people and local communities

Continually improve our health and safety performance

- Promote a positive safety culture

Promote the wellbeing of our employees

- Support employees who experience mental health issues
- Free personal finance training and support

Provide rewarding and fulfilling careers for a diverse range of people

- Deliver a broad range of training and development opportunities
- Empower managers to be effective leaders
- Foster an inclusive and welcoming environment

Build a sustainable, safe and ethical supply chain

- Provide expectations on supplier sustainability performance
- Prevent modern slavery and human trafficking in our business and supply chain

Be a good neighbour to our local communities

- Provide opportunities for our local communities to learn about waste management
- Support engagement in science, technology, engineering and mathematics (STEM) subjects

By being an employer of choice and a good neighbour, we are supporting delivery of SDGs 8 and 12.

Our sustainability strategy continued

The recycling and waste management sector performs an essential public service and is part of the UK's critical infrastructure.

Moving to net zero

Together the sector manages the 221 million tonnes of waste produced in the United Kingdom annually, keeping our streets clean and preventing pollution, while also extracting value from waste materials that could otherwise be sent to landfill.

Since the 1990s, the sector has undertaken a dramatic transformation powered by legislation and investment in new skills and technology. This transformation has helped the UK dramatically increase the amount of waste materials that are recycled, and transition away from landfill, by instead using residual waste to generate energy that powers and heats homes and businesses.

By phasing out landfill and increasing recycling, our sector has reduced the GHG emissions associated with its activities over the past 30 years. Cory has played its part by divesting its landfills and investing in recycling and energy from waste infrastructure that provides an alternative to landfill, ensuring that London's waste is treated in the lowest carbon way. That is why we are seeking to grow our business with the development of Riverside 2. This will prevent even more material being unnecessarily buried in landfill or exported abroad for others to deal with.

The carbon benefits of EfW

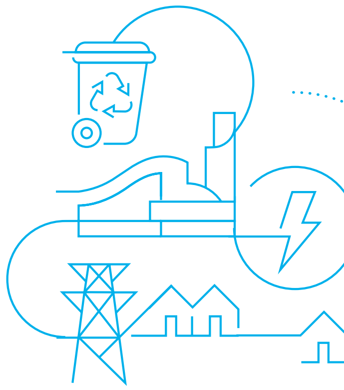
The primary purpose of EfW is to provide the most efficient process to treat residual waste.

At Riverside 1 the energy embedded in residual waste is converted into electricity for the national grid.

Metals are extracted and recycled and the by-products – Incinerator Bottom Ash (IBA) and air pollution control residue (APCr) – are reprocessed for use as road and building materials. This ensures there is no waste from waste and helps to build a circular economy in the UK.

EfW provides a carbon benefit to society due to the emissions it offsets or avoids in other sectors. For example:

- Reducing methane emissions from landfill.
- Displacing emissions from energy that would be generated by fossil fuel power stations.
- Avoiding the need to quarry virgin materials for aggregate that can be produced from the IBA and APCr.
- Avoiding mining for new metals by recovering metals from the IBA.



We have used the Entreprises pour l'Environnement (EpE) 'Protocol for the quantification of GHG emissions from waste management activities' (2013) to calculate our carbon benefit to UK society. This tool was updated by Ricardo Energy & Environment in 2020 as part of its work to calculate the recycling and waste management sector's pathway to net zero for the Environmental Services Association (ESA). The analysis found that our overall benefit plus landfill offset was 439,000 tonnes of carbon dioxide equivalent (CO_2e) in 2021.

However, as part of its work for the ESA in 2020, Ricardo calculated that 170kg CO_2e was saved per tonne of waste sent to EfW over landfill. When combined with the results of the EpE protocol, this gives Cory an overall carbon benefit to UK society of 150,000 tonnes of CO_2e in 2021.

By-products: IBA

In 2021, 170,000 tonnes of IBA were transported from Riverside 1 by river to a processing facility at the Port of Tilbury Processing Site in Essex. Here it was processed to remove metals, which are then sent for recycling, and the remaining materials are graded.

These materials are then used to produce aggregate products, known as Incinerator Bottom Ash Aggregates (IBAA), such as road paving and low-grade concrete. Our recycled aggregate has been used in some notable projects, including the M25 widening scheme, the A119 Anchor Road Improvement Scheme in Hertfordshire and the London Gateway infrastructure upgrade project.

In recycling the IBA into sustainable aggregate, the carbon impact of construction projects is lowered in two ways: the need to quarry virgin aggregate is reduced and fewer vehicle movements are required due to the low density of the materials over primary materials.

By-products: APCr

In 2021, our EfW facility produced just under 20,000 tonnes of APCr. Half of this was converted into carbon negative secondary aggregates used by the building trade. The other half was placed in long-term storage in the worked-out areas of a rock salt mine, which is considered an alternative to landfill.

Development of our second energy from waste facility

We are planning to make a significant investment in our operations and river infrastructure over the coming years. This includes Riverside 2, which will be constructed alongside our existing facility in Belvedere. The Riverside 2 facility will process 655,000 tonnes of non-recyclable waste into enough electricity to power 140,000 homes each year.

The development of Riverside 2 represents a huge step forward when it comes to meeting London and the South East's waste needs, as currently nearly three million tonnes of waste in the region is either landfilled or sent overseas for treatment. By employing a range of proven technologies, we will be able to expand our ability to put waste to work and generate baseload energy for UK homes and businesses.

In doing this, we will allow more non-recyclable waste to be treated within London for the benefit of London. This will complement recycling, minimise landfill, take lorries off the roads and create new jobs.

Increasing our carbon benefit

The waste hierarchy

Everything our sector does is driven by the waste hierarchy, which ranks waste management options according to what is best for the environment. Of course, waste is best avoided in the first place, and society must repair and reuse what it can, before recycling and then recovering energy from anything that cannot be recycled – with landfill disposal the option of last resort.

By driving waste up the hierarchy and away from landfill we play a key role in conserving resources and reducing the GHG emissions associated with society's waste. In 2018 alone, our sector's activities resulted in nearly 50 million tonnes of avoided CO_2e emissions across the economy, equivalent to taking ten million cars off British roads.

Our sustainability strategy – continued

Our process emissions

In 2021 the emissions from our EfW process were 360,803 tonnes of fossil carbon CO_2e and 405,233 tonnes of biogenic CO_2e. This figure comprises 98.4 per cent of Cory's Scope 1 GHG emissions.

There are two ways in which the fossil carbon emissions from our EfW process can be reduced:

- Decarbonising the waste input by removing fossil carbon (plastics) from the waste stream before they enter our facility.
- Capturing the carbon produced by the process before it is emitted into the atmosphere and either storing it in geological storage sites or using it.

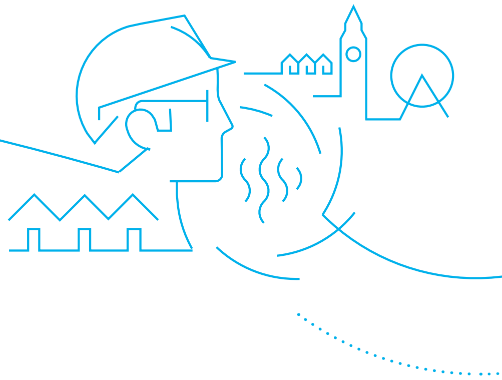
Getting plastics out of waste

Plastics are a significant part of our fossil emissions: they represent 15% of the waste we process by weight, but 67% of the fossil emissions. The best way to reduce the plastic content in waste is to reduce the amount of plastic produced and consumed, and to ensure plastic waste does not enter the residual waste stream in the first place. We are eager to see the outcomes of the UK Government's Resources and Waste Strategy for England on the composition of the waste we receive. We hope that the plastics packaging tax and Extended Producer Responsibility system will lead to less plastics being produced, more plastics being recycled and, ultimately, less plastic ending up in residual waste. We are currently hearing many announcements from consumer brands and other businesses committing to using more recycled plastics. Creating end markets for recycled plastics will make recycling economically viable, and will help to build public confidence in recycling, ensuring that these materials get put in the recycling bin rather than end up in residual waste.

We are also closely tracking progress made by our industry peers on technology to pre-sort waste before it is processed in an EfW facility. Previous industry experience has shown that such solutions are rarely optimal. Most at-scale, end-of-pipe, treatment-type operations in the UK over the past decade have not proven to be deliverable, due to the poor quality of materials separated for potential recycling. However, we will monitor any emerging or improved technologies to see if pre-sorting residual waste before it enters our EfW facility could play a role in our pathway to decarbonisation.

Carbon capture, utilisation and storage (CCUS)

CCUS is a process that captures carbon dioxide emissions from sources such as power plants and either reuses or stores it so that it will not enter the atmosphere. CCUS currently appears to be the only technological way that EfW plants can reach zero emissions.



The technology also provides a significant opportunity for the industry to become carbon negative. If EfW plants capture more emissions than the share of the fossil carbon (plastics) in the waste stream then the industry could become carbon negative (i.e. not add new carbon emissions to the atmosphere, and remove historical emissions at the same time).

The recycling and waste management sector believes that with the right regulatory and policy framework in place, our sector can start fitting CCUS to its EfW facilities as early as 2025. Cory wants to play its role, and that is why we have initiated a major project to install carbon capture technology at both our existing EfW facility and future facility.

Negative emissions

In 2021, the biogenic (i.e. paper, cardboard) component of the waste entering our EfW facility was 52.09 per cent, with the fossil carbon component comprising 47.91 per cent. Capturing biogenic emissions, i.e. those emissions that already exist in the natural carbon cycle, would mean negative emissions resulting from our EfW process.

Keeping global warming to well below 2°C (and ideally 1.5°C) above pre-industrial temperatures, as defined by the Paris Agreement, will require both carbon capture and negative emissions.

Cory carbon capture project

During 2021, we worked with specialist engineering and technical consultants to assess the feasibility of CCUS deployment at Riverside 1, and in future, Riverside 2 in Belvedere. The first stage of the pre-front end engineering and design (Pre-FEED) programme concluded that a full chain (CO_2 capture, marine transport, and offshore storage) scheme for a two-phase EfW CCUS project is feasible.

Cory has consulted widely with prospective transport and storage (T&S) stakeholders, technology providers, central and local government, and marine regulator stakeholders. In doing so, we have received extremely strong interest in our project. Critically, as a marine transhipment solution, Cory would be capable of accessing the planned CO_2 storage facilities at both preferred Track-1 cluster locations (HyNet and East Coast Clusters) and the reserve cluster (Scottish Cluster/Acorn), as well as other UK locations and those further afield, including Norway's Northern Lights project.

We expect to be ready and capable of deploying the first phase of our CCUS project by 2028, delivering and operating the second phase by 2030.

Current projects to reduce our operational emissions

Our operational emissions in 2021 were 5,854 tonnes/CO_2e (i.e. the emissions from all our activities, excluding those that are emitted from the stack of our EfW facility). This comprises 1.6 per cent of our total fossil carbon emissions. Regardless of the overall share, we know we must strive for zero emissions across all areas of our business. We have already started this work, recognising that when Riverside 2 commences operation, the size of our business will double.

We have made the following long-term commitments to reduce our operational emissions:

- Maximise energy efficiency across all sites and activities.
- Invest in no new diesel heavy plant from 2030 and achieve total phase-out of all diesel-fuelled plant and site vehicles by 2040.
- Have zero emissions dock tractors operating at our EfW site in Belvedere by 2030.
- Phase out natural gas from all sites by 2030.
- Use low-carbon fuels in our river fleet while undertaking R&D into zero emissions marine vessels.

Riverside Heat Network

Working with Vattenfall, local authorities and developers, we are developing a district heat network to provide affordable and low-carbon heating to more than 21,000 homes. Riverside 1 will provide enough heat for more than 10,500 homes in the London Borough of Bexley and the Royal Borough of Greenwich. Our future facility will supply low-carbon heat to more than 10,500 additional homes.

For London and the UK, the project will deliver over 75,000 tonnes of carbon savings against existing gas boiler usage over 15 years in Phase 1, transforming the way London consumes heat.

Riverside Heat Network will revolutionise how a large part of the city is supplied with heating, displacing natural gas to reduce new fossil carbon emissions, while bringing air quality improvements for residents.

It will accelerate London's journey to net zero and will be the largest district heat project in the UK.

Our people and local communities

Our people

We employ over **300 people** and support many more.

Covid-19 – Employee wellbeing

During 2021, we continued to ensure that all Cory sites were made Covid-19 secure. We established an audit programme to provide assurance to our workers, customers and suppliers that they would be able to work safely and make use of our services throughout the pandemic. Wherever possible, remote working was encouraged to minimise the number of people at site and to reduce exposure via public transport. For those unable to work remotely, specific measures that were implemented in the workplace included:

- Increased provision of hand sanitiser and disinfectant wipes.
- Increased communication in the form of regular updates from the Chief Executive to all employees.
- Enhanced cleaning regimes.
- The provision of face coverings to all workers.

Due to the nature of our business and the necessity for strict hygiene protocols many of the measures necessitated were already in place across Cory sites prior to the emergence of Covid-19. Handling and processing municipal waste is inherently hazardous and Cory operatives were well-trained and equipped to deal with the measures required to meet the Government's Covid-19 secure standard.

Health and safety

Enabling our employees to work safely is a fundamental value of our business, which we believe is a foundation of our success. We measure our performance and share this information through weekly and monthly dashboards on key safety performance indicators, and we follow up with weekly calls between the leaders of the business and frequent site visits by the Executive Leadership Team to review incidents and monitor the culture and morale of our workforce. This safety leadership is supported by robust systems, processes and equipment that have been designed to create safe, healthy and secure environments and work practices.

During 2021 we implemented additional modules of the Health, Safety, Environment and Quality Assurance (HSEQ) software that we first introduced to the business in 2020. This platform digitises the data collection and approval workflows for many HSEQ processes, thereby enabling faster and more accurate data aggregation, consolidation, and analysis. 2021 was our first full year of using this system for incident reporting and investigation, hazard reporting, and safety observations. We also developed and deployed digitised safety inspection checklists and an integrated audit module during the year, which will see its first full year of use in 2022.

The pyramid to the right shows a comparison between our performance in 2020 (left) and 2021 (right).

Several trends emerge. First, because of the increased ease of mobile app-based reporting as well as the management emphasis on this new tool and the instant feedback from the dashboards it generates, the total number of records has increased markedly. This is most apparent in the number of safety observations and hazard reports which saw a four-fold increase from 475 to 1,863, but us also apparent in the number of non-injury incident reports, which also increased by 50%. Whether an incident is classified as being of 'High Potential Severity (HiPo)' is hugely subjective, but in the context of a significant increase in overall reporting, it was to be expected that the number of Near Misses reported would also increase. We believe this to be a good indicator of both the willingness of our workforce to report concerns, and the transparency with which those issues are managed by the business.

Performance in 2020 and 2021

The pyramid below shows a comparison between our performance in 2020 (left) and 2021 (right).

2020		2021
0	Fatal	0
3	RIDDOR/MAIB	5
12	Lost Time	5
14	High Potential Severity	23
114	Incidents	171
475	Safety Observations & Hazard reports	1,863

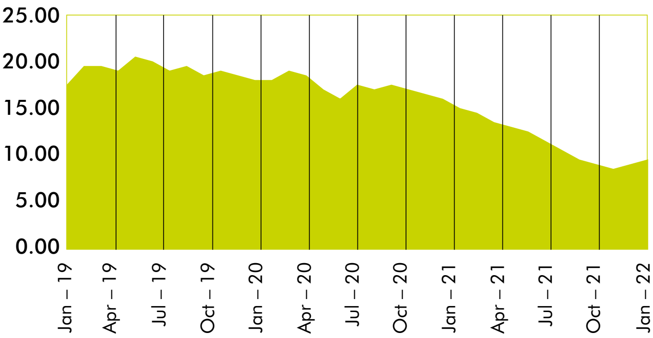
Lost Time Injuries

Reduction in the number of Lost Time Injuries, and in the number of Days Lost.

	Cory Employees	Rate	Contractors	Rate
Number of workers	319		75	
Hours worked	677,626		135,400	
Minor accidents	31	4.58	10	7.39
RIDDORs	3	0.44	0	0
Fatalities	0	0	0	0

Cory rolling 12 months injury frequency rate per 100,000 man-hours worked

(Jan 2019 – Dec 2021)



The second key trend is in the reduction in the number of Lost Time Injuries, and in the number of Days Lost. This has reduced from 12 to five and is a strong indicator that the correlation between greater visibility and engagement on low-level safety occurrences and reduced incidence of more serious injury incidents remains valid.

There were three RIDDOR reportable incidents, all triggered by >7 days Lost Time, the same as in 2020, however there were two incidents that were reportable under the Marine Accident Investigation Branch reporting criteria which were below the threshold for RIDDOR reporting.

The chart at the bottom of the page shows that the downward trend in injury incidents that has continued during 2021 is part of a long-term sustained downward trajectory.

We believe this is due to a combination of factors, including better equipment and training, but that it is most strongly correlated with the greater awareness and emphasis on safety at all levels throughout the company, which is strongly encouraged and supported by the leadership team. This is something that is being championed across the entire waste industry, through the efforts of cross-industry organisations such as ESA and WISH, to which Cory has been a key contributor.

Other key highlights during 2021 include:

- Continuously reassessing risks and specifying the appropriate standards for controls to mitigate those risks.
- Regular training and toolbox talks – based on 12 'themes of the month'.
- Six board meetings that commenced with a safety moment, led by a Board Member.
- Ten site engagement visits led by members of the Executive Leadership Team.
- 11 internal audits resulting in 83 findings, 45 minor non-conformances, 23 opportunities for improvement and 15 positive observations of good practice.
- Zero incidents reported via our whistleblowing hotline.
- Recertification of our Integrated Management System (IMS) to ISO 9001, 14001 and 45001.
- Occupational health medicals delivered to 206 employees.
- 45 site safety meetings.

Our people and local communities – continued

As an ex-serviceman, I am well aware that ex-service personnel have a range of skills that would be valuable to Cory, and we're committed to providing the additional support and flexibility needed to ensure they are happy in their roles and able to undertake ongoing Armed Forces duties."

Dougie Sutherland — Chief Executive

ILM Level 7 Certificate in Leadership & Management, 2020–2021

It was great to have the opportunity to explore the latest academic thinking on leadership and reflect on how those new ideas could improve my own thinking and approach to leadership and management. The course has encouraged me to develop myself as a T Shaped Manager/ Leader (specialist background topic but working and contributing collaboratively) with greater potential to deliver projects more effectively and champion cultural change."

Richard Wilkinson — Project Director

Signing the Armed Forces Covenant

Cory signed the Armed Forces Covenant, demonstrating the company's commitment to supporting Armed Forces personnel, reservists, veterans and their families, and aligning its values with those of the Covenant.

Agreeing to the terms of the Covenant means that Cory will actively encourage job applications from veterans and reservists to provide job opportunities to this community and to enhance the company's employment pool.

Cory is keen to employ ex-service personnel and support them in the transition from the Armed Forces to civilian life. To do this, Cory will supply additional assistance when needed, including support with wellbeing, and providing training as required.

This support will extend to veterans' families as well as active reservists. Anyone securing a role at Cory who is part of the reserve forces will be allowed time off to undertake any related duties, and flexibility at other times to ensure the two roles work well together.

Professional development

Employee development at all levels is fundamental to Cory's success. We have created training for every part of our business, from ensuring people have the required functional literacy and numerical skills to perform their roles, to the sponsoring of senior employees on MBAs and leadership training courses. Maximising everyone's potential and ability is embedded in the way the company is run. It is the shared responsibility of employees, managers and our Learning and Development team, and is central to several of the company's fundamental systems and essential operating processes, not least our succession plan.

It is also fundamental to our Competency Management System (CMS), which provides a framework for identifying the skills and competencies required for key employees, then measures the effectiveness of their deployment. This system continued to be externally audited by Lloyd's Register during 2021 to ensure it is suitable, robust and meets the needs of not only our people but our external regulators.

The range of learning and development options offered are wide and flexible, to meet a range of employee needs. We have an individual training plan and budget for every employee. In 2021 employees undertook an average of 18 hours of training each. Eleven employees completed the ILM Level 7 Certificate in Leadership & Management and many others completed First Line Management and NEBOSH training.

Cory offers the training that will help me to learn and progress in my role. There are plenty of progression opportunities and by doing the apprenticeship, I can gain the knowledge and skills to become a mechanical fitter/technician."

Jordan Peacock — Mechanical Apprentice

Cory Apprentice Academy

Cory has a long track record of supporting apprentices. We are harnessing the UK's Apprentice Levy to provide opportunities for school leavers, new joiners seeking a career change and existing employees within the business looking to upskill and learn new skills. Our apprentices are hugely important to us, ensuring that the company is equipped with skilled people to help it meet future needs and challenges.

At the start of October 2021, three new apprentices began their four-year programmes at our Riverside EfW facility as part of the Cory Apprentice Academy.

The Cory Apprentice Academy offers apprenticeships in a variety of areas including mechanical engineering, electrical control and instrumentation, operations engineering, marine operations, finance, and health and safety.

All our apprenticeships guarantee a good salary, academic and vocational qualifications, hands-on training, and the opportunities to do work where you can make a real contribution that's of vital importance to the business.

Our in-house Apprentice Programme Manager helps to ensure the quality and reach of our apprenticeships, working with colleges in the local community to make Cory an employer of choice.

A life on the river

Aaron Davis
Tug Mate

Aaron has been at Cory for the past 11 years. As well as a key team member on our tugs, he's also a familiar face on the Thames, having started his career in 1999 at the age of 17.

I work as Mate on the tug, which is second in command to Captain. This means that I assist in managing the day-to-day running of the tugs and acting as a relief captain, covering absence through sickness and holidays. The role includes controlling the deck and helping to look after the wellbeing of the crew. There's also a secretarial element – paperwork is a big part of my job – including log keeping.

In addition to the day job, I also act as a steward, helping to represent workers' interests and acting as a two-way channel for information between employees and management.

I always wanted to work here. There are lots of families on the river and my dad was with the company for many years before he retired. I have no issues with saying that I love working for Cory."

Our people and local communities – continued

We strive to be an asset to the community. Through our community engagement programme, we provide opportunities for local communities to learn about recycling and waste management and support engagement in STEM subjects.

Our communities

Cory Community Fund

Our Community Fund supports activities that improve people's lives in the communities where we operate, with successful applicants receiving grants of up to £7,500.

These organisations' activities are all run in a way that's consistent with Cory's values. That includes making a positive impact on the local people in the community, protecting the local environment, supporting the circular economy, promoting social and community cohesion, together with diversity and inclusion, and improving science, technology, engineering, and mathematical skills.

In 2021, Cory's Community Fund supported a range of initiatives, including:

- Teaching young people to sail at the Ahoy Centre.
- Repairing and supplying white goods for vulnerable households – Groundwork London.
- Refurbishing a kitchen at the Thurrock Play Network scrapstore.
- Supporting a home reading programme for young people – Doorstep Library Network.
- Financing bicycle maintenance workshops for young people – upCYCLE.
- Installing an outdoor classroom at Shadwell Basin Outdoor Activity Centre.
- Buying waste and recycling bins – West Thamesmead Community Organisation.

Bexley Eco-Fest

In October 2021, we sponsored Bexley Eco-Fest for the third year running, organising the event with the London Borough of Bexley, London South East Colleges.

The free virtual event gave residents tips and resources for living more sustainably, reducing their environmental impacts, and getting more involved in their local community.

The week featured expert talks on eco positive actions, advice on health and wellbeing, information from local community groups, live entertainment, and family fun activities.

"Caring for the environment and the people in the communities where we operate are core to Cory's values, and we want to use the Community Fund as a way of giving back to our neighbours. At a time when a spirit of collaboration and inclusion has been vital to communities across the UK, I hope that these grants will help to keep this ethos alive."

Toby Warren — Director of HR

The Children’s University Passport Scheme

Cory is an approved centre for the Children’s University Passport Scheme. The scheme is aimed at five- to fourteen-year-olds, and works in partnership with schools and organisations, such as Cory, to promote a love of learning amongst children and reward them with ‘passport stamps’ for participating in extracurricular activities.

Engineering for a Cleaner World programme

Cory and Crossness Pumping Station unveiled a new programme to demonstrate innovation in the waste management sector and inspire local school children to consider careers in engineering. The programme builds on the existing relationship between Cory and Crossness, following Cory’s donation of £130,000 to secure the future of the pumping station as a local community asset in 2018.

The Engineering for a Cleaner World programme will give year-eight pupils the opportunity to visit Crossness and Cory sites and compare, contrast and assess the effectiveness of their engineering solutions to waste management.

Following an introduction to the programme, pupils will visit Crossness Pumping Station in Abbeywood, a Grade 1 listed industrial heritage site designed as part of the first sewage system for London, and Cory’s state-of-the-art Riverside EfW facility. The programme concludes with pupil presentations of their own mechanical devices to earn a certificate from the Engineering Development Trust.

The programme was developed and evaluated with staff and pupils from Harris Garrard Academy in Thamesmead.

Industrial Cadets

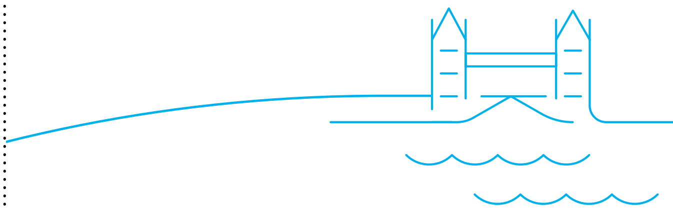
Cory is a supporter of the Industrial Cadets scheme, which offers young people active learning experiences where they can gain insight and exposure to STEM-related careers and the world of work, and gain external accreditation at bronze, silver, gold and platinum level.

In between navigating the lockdowns during 2020 and 2021, we were able to take one group of students through accreditation, working with Crossness Pumping Station. We have also been keeping in touch with our past participants, identifying participants for the future and acting as independent judges for cohorts making their final presentations to gain their awards.

Work experience started again in October 2021 and will be aligned to the Silver Level Industrial Cadet Programme.

“It’s exciting to be involved in the development of the UK’s largest heat network. This could be major step towards net zero, with the potential to provide low-carbon heat for thousands of homes and businesses in Bexley and its surrounding boroughs.”

Mai Nguyen — Senior Legal Counsel



Riverside Heat Network

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Caring for our local environment and the River Thames

We're dedicated to protecting and improving our local environment and the River Thames.

Cory is 125 years old and river operations have been at the heart of the business since the very beginning. These additions to our fleet will help us to secure our future on the Thames for many years to come."

Fran Comerford-Cole — Director of Logistics

Environment

Our Integrated Management System

As a recycling and waste management company, our operations contribute towards environmental protection by ensuring waste is disposed of in a way that reduces the risk of pollution and negative environmental impacts. We identify and manage our potential environmental impacts through ongoing and robust risk assessment. We set clear environmental objectives and targets on a site-by-site basis to manage, minimise and, where reasonably practicable, eliminate these risks.

We work to enhance our environmental performance using the ISO 14001 standard for environmental management systems as part of our Integrated Management System. ISO 14001 allows us to manage our environmental responsibilities in a systematic manner, meaning we can fulfil compliance requirements at the same time as achieving our environmental objectives.

Riverside 2 EfW facility

Cory is developing a second EfW facility that will process 655,000 tonnes of non-recyclable waste per year, producing enough electricity to power 140,000 homes, and diverting this waste from landfill, saving over 110,500 tonnes of CO_2 per year. We are aiming for the facility to be operational by the end of 2026.

Cory tops peer group and achieves 5-star sustainability rating

For the second year running, Cory has achieved the highest rating in its GRESB Infrastructure Asset performance summary. Cory was awarded a 5-star rating and scored 94 out of 100. This compares to an average peer score of 71, placing Cory first out of its nine peer businesses and 22nd out of 551 businesses that GRESB assesses globally.

Cory was ranked favourably amongst peers for nearly all categories, including the health and safety, leadership, stakeholder engagement, and risk management performance indicators.

GRESB is the leading Environmental, Social and Governance (ESG) benchmark for real estate and infrastructure investments across the world. It covers $5.3 trillion in real estate and infrastructure value and the scores are used by more than 120 institutional investors to make decisions that are leading to a more sustainable real asset industry.

Biofuels in our river operations and waste transfer stations

In January 2021, Cory moved our river fleet from marine gas oil to biofuel and in June 2021, we moved our four waste transfer stations (WTS) from using diesel to biofuel in their site vehicles. The biofuel, hydrotreated vegetable oil (HVO), is produced from waste materials such as used cooking oil and waste fats, which do not release any new carbon dioxide into the atmosphere, resulting in a reduction of net carbon dioxide emissions by over 90 per cent. Switching to biofuels in our tugs and WTS will reduce our Scope 1 operational emissions by 90 per cent in 2022, compared to 2020. However, we recognise that using biofuels is only a temporary step on the road to net zero, and that is why we are investing in research and development into zero carbon site vehicles and marine vessels.

Feasibility studies on zero emissions marine vessels

Cory is working in partnership with BAE Systems and Wight Shipyards on a feasibility study as part of the Innovate UK Clean Maritime Demonstration Competition. The study is exploring the potential for zero emissions marine vessels to operate on the Thames.

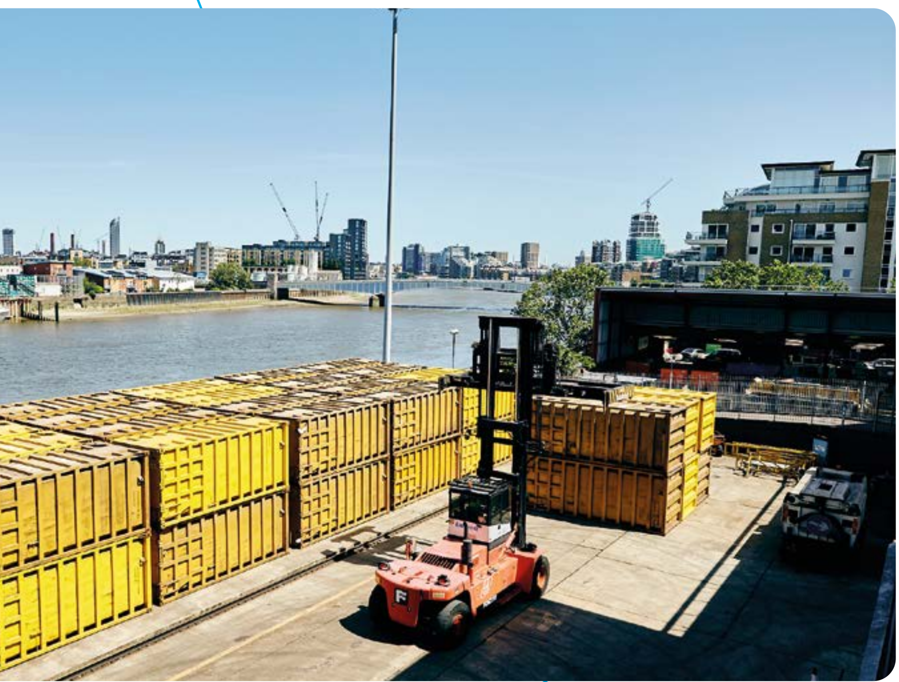
Port of London Authority Thames Green Scheme

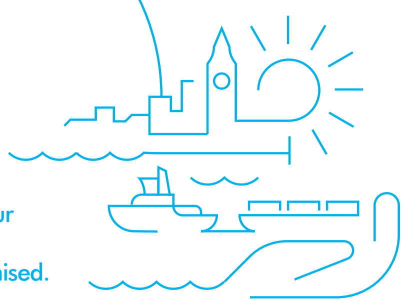
The Thames Green Scheme is an independent environmental performance indicator, facilitated by the Port of London Authority. The scheme is for inland waterways' commercial and services operators to

demonstrate their environmental performance for elements including air quality, carbon, energy, water quality, litter, waste and nuisance management. Cory has been given a silver award for outstanding environmental performance.

Trial of electric dock tractors

At our Riverside 1 EfW facility, we operate dock tractors which use c.100,000 litres of diesel a year. In 2021 we ran a telemetry study with Terberg, the manufacturer of the vehicles, to understand the power and charging requirements for an electric fleet, and in January 2022 we trialled an electric dock tractor at the site to assess its performance when moving a container. The information gathered will be used by Terberg to further develop their vehicles to ensure they are fit for purpose for Cory's operations and others.





We are delighted that once again our efforts to be a leader in sustainable business practices have been recognised.

At this critical juncture for the environment, setting an industry-leading performance in environmental, social and governance performance is hugely significant, and while the result is hugely welcome, we look forward to building on it further."

Helen Murphy — Head of Sustainability

Delivery of five new barges

Cory took delivery of five new barges from Newcastle-based shipyard A&P Tyne and Belgian shipyard Meuse and Sambre, following the signing of two multi-million-pound contracts over the past two years.

Cory has now taken delivery of six of 35 new barges which form part of the ongoing modernisation of its fleet. The new barges will replace the existing four types of barges with just two types (20 and 30 box), adding a greater level of flexibility into operations. The barges that are being replaced will either be repurposed or recycled.

The latest additions to the fleet can carry 20 waste containers containing a total of 270 tonnes of non-recyclable waste – thereby removing the equivalent of 11 articulated lorry journeys from the roads, making London's streets safer and cleaner. The new 20 box barges will ultimately replace the fleet currently operating from Cringle Dock in Battersea and Walbrook Wharf in the City of London.

Naming rights for the first two barges were given to current and former Cory employees with over 40 years' service with the company – John Daly and Amanda West.

The delivery of the barges represents the latest stage of Cory's investment in its river-based infrastructure. In total, Cory operates a fleet of five tugs, more than 50 barges and in excess of 1,500 containers. This fleet is used to transport non-recyclable waste from waste transfer stations along the River Thames to Cory's energy from waste facility in Belvedere. These same barges and tugs also transport the ash resulting from the energy recovery process further down the Thames to Tilbury where it is processed into aggregate for the construction industry. This use of the river removes around 100,000 vehicle journeys from London's roads each year.

Air quality

Our Riverside 1 EfW facility in Belvedere has been operating within all daily air pollution limits since it opened in 2012.

The Environmental Research Group of Imperial College London independently monitors air quality around our Riverside facility at eight different monitoring locations in the surrounding boroughs of Bexley, Barking and Dagenham and Havering. The results from their 2019 study confirmed that the UK Air Quality Strategy objectives were met at all monitoring sites around our facility.

For the second year of reporting, in accordance with the Streamlined Energy and Carbon Reporting Requirements, the CO_2 emissions from our Riverside EfW facility have been calculated using emissions factors provided by the UK Government. Next year we look forward to reporting measured emissions on our 2022 performance.

The state-of-the-art Riverside 2 EfW facility that we are building in Belvedere will be designed to ensure the lowest possible operational emissions that impact air quality.

Our stakeholders

It begins with understanding

By understanding our stakeholders, we can consider their needs and concerns as part of our boardroom decision-making processes.

Our long-term strategy relies on positive, proactive relationships with our stakeholders.

Our approach

Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. This ensures we continue to provide sustainable waste management services for London. It means we'll continue to offer meaningful working lives for our people, make a positive contribution to our communities and the environment, and achieve long-term sustainable returns for our investors.

Shareholders

We owe fiduciary duties to our shareholders, who have invested significant capital with the intention of owning Cory for the long term. Shareholders need the Group to generate dividends to distribute to their investors, many of whom are pension funds. Each shareholder has representation on the Board of Directors and we provide them with regular financial and non-financial information, both at and between Board meetings, amounting to near-weekly communication. The main topics of 2022 are set out in Key activities of the Board and its Committees on page 63. As a result of shareholder engagement, the Board made a number of material business decisions, including those set out in the section 172 statement (Principal Decisions) on page 45.

Find out more on **page 45**

Employees

Our employees are key to the success of our Company. Their safety and wellbeing are our top priorities. In 2021, the health and safety tool 'Intelex' was rolled out across the Group. This allows our employees to report on safety incidents and positive safety observations using their devices in real time, improving the quantity and quality of such reporting and enabling better reporting to the Board. Further detail demonstrating our commitment to health and safety, how we addressed challenges, and our performance is found in the 'Our people' section on pages 24-27. We also want our employees involved in informing our response to ESG issues, so we formed a Sustainability Working Group (SWG) comprising employees from across every part of the business in 2021. The SWG shares progress on delivering actions and meeting targets; explores opportunities to drive further progress in specific areas; discusses new projects, ideas and innovations; identifies new and emerging risks and opportunities for the company; and shares insights from external stakeholders and peer companies. You can read more about how the Board and senior leadership engage with employees and take their interests into account on pages 58-59.

Find out more on **pages 24-27**

Suppliers

Our suppliers provide us with essential goods and services, ensuring we can operate our business efficiently and effectively. We communicate with suppliers through standard procurement and contract management processes which include credit checks, modern slavery audits, confirmation of compliance with necessary policies, negotiations and meetings. Issues that mattered most to our suppliers in 2021 included the ongoing impact of the Covid-19 pandemic, global supply chain issues impacting availability of resources and contract pricing, and Brexit regulation. The quality of our suppliers, business partners and representatives are integral to the success of our operations and the long-term sustainability of our business. In addition to this, we want to work with suppliers who share our vision for the future and who take pride and responsibility in their operations. As such, we expect our Supplier Partners to adhere to a basic set of standards set out in a *Code of Conduct* and to replicate the same standards within their own business and supply chain. In doing so, we hope to build long-lasting and efficient relationships that work for us, our suppliers and for the communities we work in. This *Code* was developed in 2021 and will be rolled out to suppliers in 2022.

Customers

Our customers are at the heart of our business. They provide the revenue to invest in our people and business, and they pay distributions to our investors. We organise frequent executive-level meetings with local authority customers and hold regular meetings with commercial and industrial customers. The issue that mattered most to our customers in 2021 continued to be the impact of Covid-19. We also engaged with our existing and potential customers on a range of other material matters that will affect them in the long term including Cory's Riverside 2 development to meet the EfW treatment capacity gap, the proposed Riverside Heat Network that will ensure that heat from the process is used to heat homes and businesses, Cory's decarbonisation plans, and the acquisition of the McGrath Group waste business in early 2022 – which will improve waste infrastructure in that region. Our engagement has demonstrated that customers are generally positive about all these growth and development projects, as the projects ensure that London and the South East's critical waste infrastructure is suited to their needs and helps them to meet their own net zero goals.

Regulators and government

Our industry is regulated, particularly in relation to the environment and the River Thames. As we serve local boroughs, it's important that we maintain strong relationships with regulators as well as local and national government. This is achieved through direct communications, consultations and through our normal compliance activities and requirements. Material issues that arose in 2021 included: the role of energy from waste in responsible waste management and achieving net zero carbon, Cory's carbon capture project, and HSE reporting. As a result of considered engagement with the London Borough of Bexley, BEIS and the EA and their associated planning and permitting regimes, Cory successfully obtained planning permission for a battery energy storage system, approval for a private wire supplying electricity to a consented data centre project, approval of Riverside 2 pre-commencement planning conditions, and an Environmental Permit for the Riverside 2 project.

Lenders

By providing long-term debt on good terms, our lenders ensure we have the means to invest in our operations both now and in the future. Lenders receive semi-annual business performance reports and regular updates via the agent portal or through meetings with the CFO. In 2021, Cory engaged with lenders on the financing of the Riverside 2 project, and successfully obtained financing from an existing lender for the acquisition of the McGrath Group waste business in 2022, expanding Cory's recycling portfolio and giving the company greater capacity to serve customers through Riverside 2. More on this can be found in Principal Decisions on page 45.

Community

We operate several sites across London and serve various boroughs by managing their waste. People care about air quality and the environment, and about community education, development and wellbeing. We aim to have a positive impact on these in the communities we operate in.

Find out more on **pages 28-29**

Environment

Our purpose is to manage London's waste sustainably. By diverting 782,000 tonnes of waste from landfill in 2021, we estimate that we saved the equivalent of 150,000 tonnes of CO_2e. While the overall impact of our operations is to reduce the UK's GHGs, our processes inevitably emit some GHGs and emissions to air. The Riverside EfW facility and future Riverside 2 development are next to a nature reserve, so we work to minimise our impact on biodiversity and natural habitats. Now that we are in the pre-commencement phase for Riverside 2, we are working on a dedicated biodiversity mitigation strategy for the project. Together with key stakeholders we are planning to identify and deliver the necessary mitigation measures required to safeguard protected habitats and species during the pre-commencement works, construction and operational phases of the project. Net positive biodiversity is part of the design philosophy and a ten per cent net gain minimum will be delivered through offsetting. We look forward to reporting the outcomes of this process. In 2021, our Board committed to Cory's reaching net zero by 2040 – more about this can be found at pages 20-23 and in Principal Decisions on page 45. Further information about how we consider the environment in our business can be found in our sustainability strategy on pages 30-31. Our Streamlined Energy and Carbon report is on page 52 and our TCFD statement is on page 46.

Find out more on **pages 30-31**

Section 172

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Our section 172(1) statement for the year ended 31 December 2021 is on page 44 and demonstrates how our stakeholders influenced some of the principal decisions taken by the Board in 2021.

Financial review

Key performance indicators

Underlying revenue:

£141.4m

2020: £129.4m

Underlying EBITDA:

£73.6m

2020: £62.5m

Cash flow available for debt service:

£67.2m

2020: £63.0m

Average number of employees:

319

2020: 314

Riverside 1 energy from waste throughput:

782,000 tonnes

2020: 731,000 tonnes

"I would personally like to thank staff across the business for another fantastic financial performance – a great way to celebrate our 125th year!"

Ben Butler — Chief Financial Officer

I am pleased to report another year of strong operational and financial performance – we outperformed in every dimension with revenues, profits and distributions all exceeding my expectations. The performance reflects the hard work of our employees and is testament to the investments that we have made in the business over the last few years.

Covid-19 continued to impact the business but, as in 2020, the business took the challenge in its stride, again proving its resilience. The main commercial impact continued to be a suppression of commercial and industrial waste volumes as a result of Covid restrictions placed on businesses and individuals. However, the impact was much less significant than seen in 2020 and waste volumes continued to grow throughout the year returning to pre-pandemic levels by Q4 2021.

We have continued to invest in the business with ongoing work to improve the performance and resilience of our Riverside 1 facility as well as the ongoing replacement of our fleet of waste barges. In total we invested £16.3m in capital assets during the year, with a further £71.3m planned for the next five years.

We have also continued to invest in our exciting pipeline of development projects, which will add long-term value to the business as well as the communities we serve. During the year we invested £5.0m to develop our projects, including our Riverside 2 facility to treat London's residual waste, a heat network to make further use of the heat produced by our Riverside 1 facility, as well as commencing plans for an ambitious carbon capture project.

Following the end of the financial year we completed the acquisition of McGrath, a waste and recycling specialist based on the River Thames in East London. I am excited to welcome the McGrath business and its employees to the Cory family – the acquisition gives Cory a wonderful platform to continue to grow our business in London and transport even more of London's waste using the river.

I would personally like to thank employees across the business for another fantastic financial performance – a great way to celebrate our 125th year!

Performance

The Group performed strongly during 2021 in the face of continued disruption due to Covid. During the year the Riverside plant treated 782kt of residual waste (2020: 731kt) and exported 532,000 MWh of base load electricity (2020: 501,000 MWh). This was the plant's best operational performance since it was commissioned in 2011 and is a testament to the investment made in the facility over the last two years as well as the skill and dedication of our employees.

Revenues increased by 9% compared with 2020 due to an increase in waste and electricity volumes as well as higher electricity prices. Average waste gate fees were one per cent higher than those achieved in 2020. Some dilution of gate fees continued in the year due to an ongoing requirement for lower priced short-term waste due to shortfalls from regular customers caused by Covid-19. However, C&I waste volumes had returned to pre-pandemic levels by Q4 2021.

EBITDA for the year was £73.6m (2020: £62.5m). Additional revenues from waste and electricity were offset in part by higher fuel and electricity import costs as well as additional consumable costs associated with the extra waste volumes processed. Costs continued to be well controlled with a range of cost-saving initiatives delivered during the year, which have reduced underlying costs in real terms.

The Group managed its cash flows well during the year and cash flow available for debt service increased to £67.2m (2020: £63.0m), which was 3.5x the cost of debt service incurred during the year.

Financial review – continued

Despite a strong positive EBITDA and cash flow the group made an accounting loss during the year of £187.1m (2020: £28.0m). The main reason for the loss recorded during the year is a change in the value of the Group's RPI swaps, which are held at fair value with any movements in their value recorded through the profit and loss account. The value of the swaps reduced substantially during the year, due to a substantial increase in the long-term forecast RPI rate – £138.3m of the loss recorded during the year is due to the movement in the value of RPI swaps, with a further £4.4m due to the Group's interest rate swaps. The RPI swap was taken out to manage inflation risk and fix the inflation on the group's long-term RPI-linked customer contracts. However, these customer contracts are not held at fair value and therefore the significant increase in expected future revenues from these contracts as a result of higher inflation is not reflected in the Group's profit and loss account or balance sheet.

Investment

	2021 £m	2020 £m
Underlying EBITDA	**73.6**	62.5
Working capital	**(1.1)**	6.5
Exceptional costs	**(0.1)**	(0.9)
Capital expenditure	**(16.3)**	(15.8)
Capex funding	**11.1**	10.0
Tax	**–**	0.6
Cash available for debt service	**67.2**	63.0
Debt service	**(19.0)**	(18.7)
Project development	**(5.0)**	(3.4)
Free cash flow	**43.1**	40.9
Dividends	**(31.5)**	(29.0)
Cash movement	**11.6**	11.9
Cash brought forward	**79.6**	67.7
Cash carried forward	**91.2**	79.6

Investment

During the year the Group continued to invest in its assets and invested £16.3m in capital expenditure (2020: £15.8m) into the current business. This included continued investment in Inconel corrosion protection in the EfW plant to reduce the chance of boiler tube leaks as well as ongoing investment to replace the Group's fleet of waste barges.

Acquisitions

We were excited to welcome the McGrath business into the Cory family in January 2022. The McGrath operations are based in East London and include a river-based transfer station, two safeguarded wharves, and recycling facilities that will be of significant value to the Group as we expand our operations and look to transport even more of London's waste using the River Thames. In the year ended 30 November 2021 McGrath processed over 345,000 tonnes of waste and recycling. Please refer to note 33 in the financial statements.

Debt financing

At 31 December 2021 the Group had a net debt balance of £475.7m (2020: £473.8m), including cash balances of £91.2m (2020: £79.6m). During the year the Group drew down a further £11.1m under its revolving capex facility to finance asset purchases (2020: £10.0m).

Following the year end a further £65m was drawn down under a new mezzanine debt facility to finance the acquisition of McGrath.

Project development

During the year the Group invested £5.0m to pursue its pipeline of development projects including our Riverside 2 project as well as a significant heat network development being developed in partnership with Vattenfall. The Group also commenced plans for a large-scale river-served carbon capture plant.

Dividends

The Group paid dividends of £31.5m during the year (2020: £29.0m), with a further £25.4m paid in January 2022 in respect of the financial performance in 2021. The Group has paid £112.6m in dividends since its acquisition in 2018.

Tax

The Group's tax strategy is approved annually by the Board. Cory has a low risk appetite towards tax and the Group's tax decisions are aligned to its business and commercial strategy. We are committed to complying with tax laws, setting a strong tax governance framework, and maintaining open, honest and constructive relationships with tax authorities and the Group's customer compliance manager.

The effective tax rate in the year was 19 per cent (2020:19 per cent), which is in line with the prevailing rate of tax.

Net debt

	2021 £m	2020 £m
Cash	**91.2**	79.6
Debt	**(576.5)**	(563.9)
Capitalised arrangement fees	**9.6**	10.5
Net debt (excl. swaps)	**(475.7)**	(473.8)
Swap valuations	**(178.7)**	(56.6)
Net debt	**(654.4)**	(530.3)

Going concern

The Board has reviewed its financial forecasts and considered the availability of cash reserves and headroom over banking covenants. As part of this review the Board have assessed a number of financial scenarios, and combinations thereof, that last for a period of at least 12 months from the signing of the financial statements. In addition to these scenarios, they have also considered the impact of the Covid-19 pandemic, macroeconomic downturn and climate risk and whether there are any further internal or external factors which could have a significant effect on the financial performance and position of the business. As part of this review the board has also considered the impact of the war in Ukraine including the impact of economic sanctions.

Having carried out these reviews and considering the continued proven resilience of the business demonstrated throughout 2021, the Directors are able to conclude that the business is robust even in the face of economic downturn or uncertainty. Consequently, the Directors conclude that there is a reasonable prospect that the business will continue to be a going concern for the foreseeable future.

Outlook

There is a critical shortage of residual waste treatment infrastructure in London and South East England, which means that without further investment in further energy from waste infrastructure a large amount of London's waste will continue to be disposed of in landfill. This structural deficit underpins Cory's existing business and provides a significant opportunity for organic growth through developments such as our Riverside 2 plant.

We will continue to invest in the business with £71.3m of capital expenditure forecast over the next five years sustaining and enhancing our current business, in addition to the investment for Riverside 2.

We will also continue to invest in important developments that add value to our business as well as to the communities we serve. We will continue to develop our projects to deliver critical new waste infrastructure such as the Riverside 2 project, as well as investing in schemes that will improve the efficiency and carbon footprint of our operations such as a large-scale heat network that will initially be supplied by the Riverside 1 plant, and a large-scale carbon capture facility to capture the emissions from both the Riverside 1 and 2 plants.

The Group forecasts good headroom over all loan covenants. Our debt financing is long term – amortising to 2039. The first of the Group's facilities to mature will be its capex facility in 2023.

Note 35 – reconciliation of underlying EBITDA and underlying revenue

Underlying EBITDA reconciliation

	2021 £'000	2020 £'000
Operating loss	**(5,941)**	(14,197)
Depreciation	**58,717**	57,890
Amortisation of intangibles and goodwill	**14,074**	14,105
Payments received under RPI swap	**1,592**	491
Exceptional costs:		
Project costs	**5,022**	3,377
Other Exceptional costs	**117**	872
	73,581	62,538

Underlying revenue reconciliation

	2021 £'000	2020 £'000
Turnover	**139,783**	128,377
Payments received under RPI swap	**1,592**	491
Insurance recovery	**–**	518
	141,375	129,386

Principal risks and uncertainties

How we manage risk

Responsibility for risk management and governance of risk

The Board takes overall responsibility for risk management, including the setting of risk appetite and the implementation and operation of policies to manage risk. Risk management is a key priority for the Board. It regularly reviews and challenges the risk profile of the business, its principal risks, and management's response to, and effectiveness in, managing risk. To improve the control and oversight of risk within the business, the Audit and Risk Committee has been delegated to review the approach to risk management. The Committee makes sure adequate assurance is obtained and confirms that management's processes and controls for identifying risk work effectively. Management has day-to-day responsibility for controlling risk. The Executive Leadership Team (ELT) regularly reviews the Group's risk register and discusses emerging risks. The ELT also takes responsibility for the effective operation of policies, processes, and controls designed to manage identified risks. The Group has a Health, Safety, Environment, & Quality Assurance (HSEQA) team, led by a member of the ELT, that is independent from the operational business. The Group also employs a number of third-party experts to provide independent assurance on areas that include financial and cyber security risks.

Risk appetite

The Group's risk management framework allows a coherent analysis of the material risks facing the business and the options available to manage these risks. The framework acknowledges it is not possible or practical to eliminate all risk. Instead, it seeks to manage risk within an envelope established by the Board. The Group has an exceptionally low appetite for risk in areas impacting the health, safety and wellbeing of its employees, the communities within which it operates, and the general public. The Group also has a very low appetite for any risk that could harm the environment, damage our reputation, breach laws and regulations or threaten the future undertakings of the business.

Insurance

We consider the use of third-party insurance carefully. Mandatory insurances are placed at competitive rates and the requirement to insure against all other risks is assessed using the Group's risk framework. If desired and available, appropriate insurance is purchased. We have developed an approach with our insurer panel that is based on risk sharing, rather than risk transfer. To ensure the success of the risk sharing strategy we prefer to develop long-term relationships with our insurance panel. We place all our insurances with leading insurance companies and insurances are reviewed, assessed and renewed annually.

Cory's Executive Leadership Team.

The Group's principal risks and uncertainties and the actions taken to mitigate the risk are highlighted in the table below:

Risk	Description of the risk	Mitigation
Health, safety and wellbeing	**If not properly controlled, our processes and operational environments could increase risk to the health, safety and wellbeing of our employees and the general public. Employees are potentially exposed to a number of operational risks through contact with machinery, working in confined spaces and at height, and exposure to regulated chemical waste, which may contain pathogens or other harmful substances.** **In the current year we also continued to monitor guidance and regulations relating to Covid-19 to ensure we were adhering to Government best practice and mitigating risk as best possible.**	Health and safety is central to all decision-making, targets and remuneration objectives. Cory's rigorously designed and enforced policies and standards to manage health and safety risks are promoted by regular training and 'toolbox talks'. In 2021, the health and safety tool 'Intelex' was rolled out across the Group. This allows our employees to report on safety incidents and positive safety observations using their devices in real time, improving the quantity and quality of such reporting and enabling better reporting to the Board. Health and safety reports and statistics are compiled and circulated to the Executive Leadership Team (ELT) each month. Health and safety is the first agenda item at all ELT and Board meetings. ELT and Board members visit operational sites regularly to discuss health, safety and wellbeing with employees. Cory's Health, Safety, Environment and Quality (HSEQ) Assurance function reports directly to the CEO. The HSEQ team supports the ELT to identify risks to health, safety and wellbeing and ensures policies are enacted to reduce risk to an acceptable level. The HSEQ team also carries out independent auditing to confirm effective operation of processes and controls designed to prevent harm. The Group operates a 'whistleblowing' system so that safety concerns might be raised by any person without fear of adverse reaction in the knowledge that they will be investigated independently of the operational management. The Group is a founder member of the Environmental Services Association and participates in a number of industry-wide initiatives and working groups to improve safety within the waste management industry. In 2021, Cory employees were active in supporting ESA projects aimed at improving risk assessment, vehicle and pedestrian interfaces, occupational health monitoring and mental health. The Group continued to uphold safe working practices for employees, by following Government issued advice, to ensure the risk of Covid to employees and suppliers was minimised and to allow operational continuity as last year.
Regulation	**Our business activities are heavily regulated, principally by the Environmental Permitting Regulations. Each of our operating sites holds an Environmental Permit issued by the Environment Agency that dictates strict operating conditions.** **Laws and regulations are constantly reviewed by the Government and are subject to changes in policy. Alterations to standards, regulation or compliance requirements, or any failure in compliance, could seriously impact Cory's operations and results.**	The HSEQ Assurance team ensures compliance with Health & Safety Executive (HSE) regulations, including Environmental Permit conditions. The Group retains independent experts who advise on changing or emerging legislation, assist the ELT and Board in their response and provide assurance. Cory has exacting policies and procedures in place to manage other regulatory compliance risks such as bribery and corruption, facilitation of tax evasion and modern slavery and human trafficking in supply chains. Senior employees are active on key industry working groups and committees and can influence legislation, regulation and best working practices.

Principal risks and uncertainties – continued

Risk	Description of the risk	Mitigation
Economic and political	**Covid-19 restrictions continued to cause challenges for the business, with further restrictions in the earlier part of the year and wider economic impacts being seen.** **Brexit continues to produce uncertainties and it is still not yet known how this may impact the long-term growth rate of Cory's key London market. There remains potential unforeseen effects on local waste markets and pricing, such as increasing logistics costs and transit times to continental Europe.** **The war in Ukraine and the associated economic sanctions have created uncertainty. While Cory's operations are all based in the UK the impact of the war has the potential to disrupt supply chains that the group relies on.** **The business is also exposed to changes in market prices for the services we deliver and commodities we produce. A reduction in market prices can materially reduce the Group's revenues and profits. In turn, this could make our waste management services more expensive. All of the long-term waste contracts held by the Group are benchmarked against inflation indexes that have potential to fluctuate over the long term, in particular the Retail Price Index.**	The risk to the Group from the ongoing Covid pandemic is considered to be limited given the reduction in restrictions throughout the year and the impact on C&I waste, our most affected revenue stream in prior years, being minimal. The Group continues to assess any risk and update its policies and procedures as necessary. Despite the Brexit transition period having ended we continue to assess the impact of Brexit across all our operations and logistics chains and update and manage our implemented policies and procedures to mitigate this risk, including exposure to European markets. We manage our exposure to economic risk primarily through long-term relationships and contracts with key customers and suppliers. We have reviewed our supply chain to determine the impact of the war in Ukraine, the existing economic sanctions, and the potential for further economic sanctions in the future. As a result of the war we have experienced some significant cost price increases particularly through increases in commodity and energy inputs. We have also seen the increase in lead times for certain supplies – in particular specialist plant and equipment. We have sought to mitigate these risks by maintaining close relationships with our suppliers, increasing our lead-time horizon for purchases, and by ensuring that contracts provide as much price certainty as possible while remaining fairly balanced. We have also reviewed our supply chain to identify any potential exposure to entities that are associated with Russia and Belarus. We manage price risk by regularly measuring our exposure to market volatility and placing forward contracts where appropriate. Long-term contracts reduce risk to revenue. To mitigate any potential downside caused by a depressed Retail Price Index influencing long-term revenues, the Group has entered into a long-term inflation swap. Management continually reviews the impact of relevant inflation indexes on the Group's future earnings, the results of which are factored into their detailed long-term projections. The exposure to short-term changes in electricity prices is mitigated by entering into short- to medium-term electricity purchase agreements to forward sell electricity generated from the plant.

Risk	Description of the risk	Mitigation
Risks related to climate change	**We recognise the global climate emergency and we are committed to playing our part in delivering a net zero carbon future. We also recognise that to continue to be a market leader in our industry we must keep abreast of risks associated with the transition to a low-carbon economy, encompassing technological, market, legal and policy risks, as well as physical climate-related risks. Advances in low-carbon technologies are continually being made and there is a risk that the business does not evolve and adapt in line with technologies developed. The business is also exposed to legal and policy risks associated with climate change and the net zero carbon agenda. Monitoring current and potential future changes in regulations is key to managing and mitigating this risk.**	In 2021 Cory's Board approved our net zero strategy, which commits the company to achieving net zero carbon by 2040 and endorsed our plans to achieve this through delivery of a significant carbon capture and storage project. Our cross-departmental sustainability working group continues to monitor progress in delivery of our overall sustainability strategy. A team dedicated to integrating sustainability into the business and tracking climate change policy-related developments allows the business to stay well-informed on current regulatory and technological developments and effectively manage any associated risks. The quarterly Board agenda includes a standing section on Sustainability and Environment which covers climate-related risks and opportunities. The strategic projects currently being progressed by the business will also help ensure that Cory stays at the forefront of market and industry climate-related developments. This is exemplified by the Riverside Heat Network project currently being progressed, which would increase the efficiency of our EfW process and increase the overall carbon benefit we provide to society. In 2021 we have continued to progress our reporting on the recommendations of the Task Force for Climate-related Financial Disclosures, which ensures that we identify and disclose relevant climate-related financial information to our investors.
People	**Cory employs over 300 people. There is a risk that the Group will be unable to retain or recruit suitable talent**	Cory recognises the need to motivate and retain employees to ensure business continuity. To reward employees fairly, we regularly benchmark remuneration and benefits, with the Remuneration Committee overseeing remuneration policy. Performance and retention are also promoted through an annual bonus scheme and long-term incentive plans for key employees. The Board and ELT visit operational sites regularly to communicate with employees and to enable them to share views with management. We proactively identify and promote talent from within. Our talent management and succession plans are supported by training and development programmes and apprenticeship programmes.

Principal risks and uncertainties – continued

Risk	Description of the risk	Mitigation
Delivery of strategic projects	**Our ambitious programme of development projects is expected to provide important benefits to customers and communities and deliver significant financial value to the Group. Failure to deliver a strategic project on time and on budget will reduce these benefits.**	Our dedicated development team continually measures and mitigates project risks. The team regularly reports on the status of each project to the Developments Committee and to the Board as appropriate. Cory fosters positive, long-term relationships with all stakeholders, meeting regularly to communicate developments on key projects. To minimise delivery risk, we partner with high-quality, proven suppliers and contractors. We also employ professional project and risk managers and other third-party experts where necessary.
Business continuity and cyber risk	**Fire, flooding, civil unrest, and high tidal flows could threaten the continuity of our business.** **We are also dependent on IT to operate the process equipment that delivers our products and services.**	We have developed business continuity and disaster recovery plans for all sites. These are supported by ongoing training and regular testing, including drills coordinated with the emergency services. We engage independent third-party experts to assess IT resilience, including firewall vulnerability and penetration testing. Cyber security risk is mitigated by a number of processes and controls including cyber awareness training for all employees, multi-factor authentication, separation of key network infrastructure, hard-disk encryption and email filtering. We hold the Cyber Essentials cyber-security accreditation.

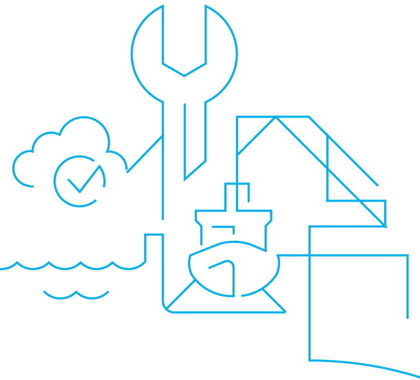
Financial risk management

The Group has established financial management control processes to monitor the Group's financial performance and risks at a business unit level and to ensure sufficient working capital is maintained. The table below summarises the main financial risks the Group is exposed to:

Risk	Description of the risk	Mitigation
Risks relating to debt financing	**The business has taken out debt financing which requires ongoing servicing and compliance with a series of financial and non-financial covenants.** **A serious decrease in the financial performance of the Group could result in a default, accelerating loan repayments.** **Exposure to variable interest rates could increase the Group's interest costs.**	Cory borrows prudently, maintaining good headroom over financial covenants. Our detailed financial forecasts set out the expected headroom under covenants in future periods. This headroom is tested by applying a series of prudent downside scenarios. Refinancing risk is managed by placing long-term debt and managing maturities. The first to mature will be the £50m capex facility in 2023, £167m maturing in 2030, a further £337m maturing in 2038 and the remainder, £52m, maturing in 2040. We continue to minimise interest rate risk using interest rate swaps, held to hedge against future movements in interest rates. We also produce monthly and longer-term financial forecasts. These are shared regularly with the ELT, the Board and shareholders and ensure ongoing monitoring of debt financing and associated compliance.
Exposure to credit risk	**Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.**	The Group's policies are aimed at minimising such a risk by conducting credit checks where appropriate and by other established credit control procedures. Details of the Group's debtors are shown in note 19.
Exposure to liquidity risk	**Liquidity risk is the risk that an entity may encounter difficulties in meeting obligations associated with its financial liabilities as they fall due.**	The Group mitigates liquidity risk by having in place appropriate controls to forecast and manage its forecast cash flow with appropriate scenario- and stress-testing, including a rolling 17-week cash forecast which is updated fortnightly.

Our commitment to section 172

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:



(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

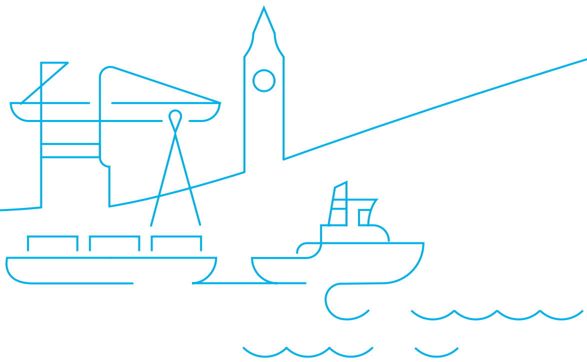
(e) the desirability of the company maintaining a reputation for high standards of business conduct;

(f) the need to act fairly between members of the company.

The Board has direct engagement principally with our employees and shareholders but is also kept fully apprised of the material issues of other stakeholders through the Executive Directors and reports from senior management and external advisers. On page 32, you can find out how we engaged with our key stakeholders in 2021, including key topics of engagement and the impact of our engagement.

Section 172 factor

- The long term
- Employees
- Business relationships
- Community and the environment
- High standards of business conduct
- Shareholders



Methods used by the Board

The main methods used by the Directors to perform their duties include:

- Board reports from and regular communications with the CEO, CFO, General Counsel and other senior management, which highlight material stakeholder issues and ensure that the Board can take these into account when making decisions. Further information about Cory's governance can be found in the Corporate Governance report on page 54.
- Site visits and communication with employees, and feedback mechanisms between the Board and Executive Directors and the ELT, which help to define the company's culture. Further information about the Board's role in embedding a positive business culture can be found in the Corporate Governance report on page 58.
- Direct engagement with shareholders and ultimate investors into the company, through investor briefings held by Directors that represent shareholders.
- The Board's risk management procedures, which identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders (see page 38).

Relevant disclosures

- An annual Strategy Day, which assesses the long-term future growth prospects of the company.
- External assurance is received through audits, stakeholder surveys (such as the Materiality Assessment) and reports from brokers and advisers.

Principal decisions in 2021

The principal decisions taken by the Board in 2021 were:

- **Commitment to net zero by 2040:** appreciating the urgency of the global climate crisis, in 2021 the Board formally and publicly committed to reach net zero carbon emissions across Cory's operations by 2040. This included the announcement in November a of carbon capture and storage project for the company's EfW operation, with the potential to create the world's largest single-site EfW decarbonisation project. By 2030, this could deliver 1.4 million tonnes of CO_2 savings per annum – providing a significant contribution to reducing the carbon emissions of the several million people Cory services in London and the South East. The decision to make this commitment was influenced by the expectations of some of our key stakeholders, including our shareholders, lenders, and our customers. Implementing our activities to help address the UK's net zero aims will be challenging and will require extensive engagement with all of our stakeholders over the coming years, and if successful, will have a major positive impact on the environment and the communities in which we operate. Further information can be found on page 20.
- **Ongoing development of Riverside 2:** recognising the critical shortage of residual waste infrastructure in London and the South East the board have continued to support the development of the Riverside 2 project, and during the year the group invested £3.5m developing the project and spent a further £4.1m on acquiring or renting land required to deliver the project (excluding the McGrath acquisition). The project has progressed significantly during the year with progress made on every aspect of the project, including: design and engineering, discharge of planning conditions, signing of anchor waste contracts, acquisition of land, procurement, and financing
- **Acquisition of McGrath Group:** while the acquisition itself completed in January 2022, the Board decided in 2021 acquire the McGrath Group, an independent recycling and waste management company based in Barking, East London. This was a significant acquisition for Cory, extending our use of the river to transport more recycling and waste from East London, Essex and the wider South East region, which significantly improves safety on our roads and reduces emissions in our communities. This acquisition gives Cory greater capacity not only to support our existing customers, but also to support our new customers at the Riverside 2 facility currently being developed. The acquisition has involved extensive engagement with our new employees at the Barking site, to welcome them to the company and to align the business and people with Cory's strategic goals and values.
- **Approved the dividend:** meeting shareholder dividend expectations is a high priority as shareholders have clear cash yield expectations from their investment in the Group, which are needed to meet their overall objectives. Many of the investors in the funds managed by our shareholders are pension funds (including public sector pension funds) who require regular yield in order to meet their obligations to their members.

Task force on climate-related financial disclosures

Cory recognises that analysis, understanding and disclosure of the climate-related risks and opportunities that our company faces are key to ensuring that we can continue to offer our essential services long into the future, as well as enable our investors and stakeholders to better understand the implications of climate change for our business.

We are committed to delivering a business that is consistent with global climate agreements to keep global warming to well below 2°C and have therefore set a commitment to achieve net zero carbon by 2040.

This is the second year we are implementing and reporting on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are continuing to mature our approach but share our key developments in 2021 and status on the four core elements of the TCFD recommendations below.

TCFD element	Key developments
Governance	There has been ongoing increased focus on climate-related matters at the Board level as the landscape evolves with changing stakeholder expectations and regulatory developments. Most Board meetings in 2021 included discussion on climate-related issues, and in particular, the continued development and approval of Cory's net zero strategy.
Risk management	An updated Enterprise Risk Management policy and strategy was approved by the Board. A risk management tool was developed to record and track changes in the risk landscape. This is based on industry good practice and adapted to the specific environment in which we operate.
Strategy	The Board approved Cory's commitment to achieve net zero carbon by 2040. Approval of the strategy involved engagement with the Board and key external stakeholders on the UK policy context, legal and planning considerations, the context for the recycling and waste management sector in the UK, and an overview of technical and operational considerations for CCS projects. We agreed to conduct a process to review the carbon impacts of significant procurements in 2022.
Metrics and targets	We published a dedicated sustainability report prepared in accordance with the Global Reporting Initiative Standards, including performance metrics and the annual targets which support delivery of our sustainability goals.

Governance of climate-related risks

Board of Directors

- Takes overall responsibility for setting the strategic direction of the company, risk appetite, the approval of major plans of action, monitoring of implementation and performance in relation to financial, legal, operational, environmental, social and governance issues, including those related to climate change.
- The strategic risk register, in which climate-related risks are integrated, is reviewed by the Audit and Risk Committee biannually.

Independent Chair

- Leads the Board and provides independent oversight and governance, for all material issues, including those related to climate change.

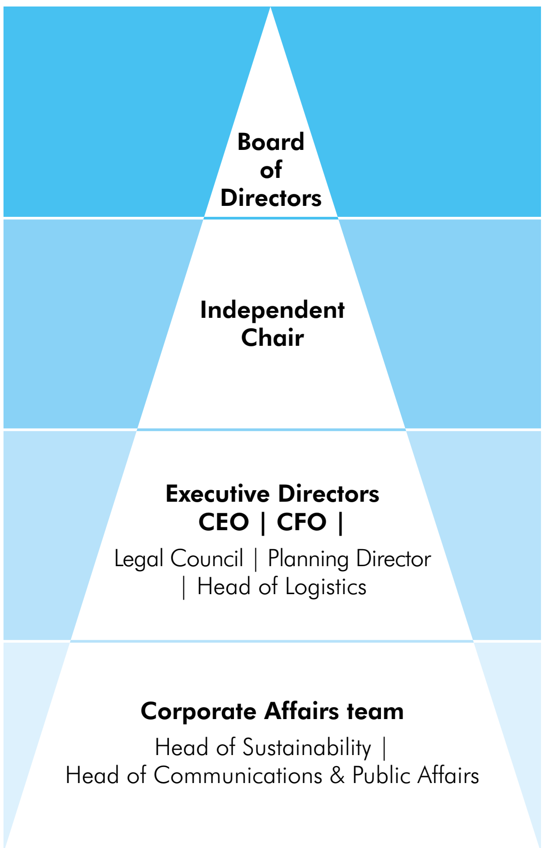
Executive Directors

- As head of the Executive Leadership Team (ELT), the Chief Executive Officer (CEO) is responsible for Cory's leadership and operational management within the annual business plan approved by the Board and lenders; this includes delivery of the net zero strategy.
- The Chief Financial Officer, General Counsel, Planning Director and Head of Logistics all have responsibility for considering climate-related issues in execution of their day-to-day responsibilities, for example, new project development, acquisitions, and decarbonisation of Cory's operations. All positions report to the CEO.
- All Executive Directors regularly review the Group's risk register and discuss emerging risks, including both physical and transition risks related to climate change, and are responsible for oversight and delivery of the actions and targets of the sustainability strategy, which are updated annually.
- Identified risk owners in the business take responsibility for the effective operation of policies, processes, and controls designed to manage identified risks, including those related to climate change
- The bonus for the Executive Directors is linked to delivery of objectives related to the strategic management of climate-related risks.

Corporate Affairs team

- The Head of Sustainability and Head of Communications and Public Affairs support the ELT in strategy development related to the decarbonisation agenda, and implementation of the defined strategy.
- Lead internal and external engagement on climate-related issues, including informing the Board and ELT members on pertinent external developments related to the net zero agenda via Board papers, email updates and face-to-face discussions.

Cory's sustainability and climate-related governance



Strategy

Cory recognises that climate change represents both a material risk to our business as well as an opportunity.

In the tables that follow, we identify climate-related risks and opportunities with potential impact to our business over short (one in three-year event), medium (one in five-year event), and long-term (one in ten-year event) time horizons, as well as our strategies to manage and mitigate each. Risks are categorized into three categories as outlined by the TCFD: (1) transition risks, created by the world's transition to a low-carbon economy resulting from policy, legal, technology and market changes, (2) physical risks resulting from climate change and (3) climate-related opportunities arising from mitigation and adaptation efforts.

Climate-related risks and opportunities

Risk Rating	Long-Term	Medium-Term	Short-Term
Likelihood	1 in 10-year event	1 in 5-year event	1 in 3-year event

Financial Impact	Low	Medium	High
Quantification	£0-£50m	>£50m	>£100m

Transition risks

TCFD Risk type	Risk associated with climate change
Policy and legal	Changes in the waste and energy industry regulatory environment (e.g. incineration tax, carbon tax, inclusion in the UK emissions trading scheme)
	Substitution of products and services with lower emissions options, e.g. facilities with carbon capture, utilisation and storage (CCUS) in proximity
Market	Changing customer behaviour, for example, significant increase in recycling coupled with waste reduction
Technology	Proven alternative technology replaces EfW as the best available technology for residual waste treatment

Physical risks

TCFD Risk type	Risk associated with climate change
Acute	Flooding of sites due to rising water levels in the Thames
Chronic	Prolonged periods of extreme heat during UK summer – machinery/equipment unable to operate at continued high temperatures

Transition opportunities

TCFD opportunity	Cory opportunities and actions
Resource efficiency	Reduced energy costs and more efficient operations
Energy source	Be a key player in efforts to deliver a net zero carbon River Thames
Products and services	Continue to be an industry leader by maximising efficiency of our EfW facility and process
	Sell negative emissions in a carbon market from capture of biogenic carbon from our EfW process
Markets	Prohibitively expensive cost of exporting waste to due to taxes in the UK or at destination countries, and/or further closure of landfill sites in proximity to Cory's operation
Resilience	Investment in low-carbon energy efficient infrastructure

Financial impact without mitigation measures in place – low/medium/high	Cory's mitigation measures implemented through strategy development and delivery, and financial planning
Medium	• Financial planning to ensure accounted for in the business plan • Ensure contracts include change of law provisions • Contribution to Government consultations
High	• Continue work to ensure Riverside 1 is operating at maximum efficiency through delivery of the heat network and continued commitment to end-of-waste solutions for by-products • Progress carbon capture and storage project and develop Riverside 2 to be CCUS-ready • Continued progress in decarbonisation of our transport fleet and operations, to ensure we are offering a complete decarbonised waste management service
Medium	• Through implementing decarbonisation projects such as carbon capture and district heat networks, Cory and the wider EfW sector in the UK are ensuring that EfW will remain the preferred option for waste disposal. While the overall volume of residual waste will decrease with increased recycling and waste reduction, less of this waste will be sent to landfill or exported overseas with EfW increasing its overall market share
Medium	• We are confident that an EfW facility operating in CHP will remain the most efficient and lowest carbon way to process residual waste in the long term • Ensure that Riverside 2 is developed with best available technology and futureproofed by being CCUS-ready • Deliver the heat network to further improve plant efficiency and increase overall societal benefit from our process

Financial impact without mitigation measures – low/medium/high	Impact of the physical risks on climate change, our business, strategy and financial planning
Medium	• A Flood Risk Assessment was undertaken in 2018 for the development of Riverside 2, which concluded that flood risk considerations have been adequately addressed as part of the application for a Development Consent Order for Riverside 2. Flood risk is also assessed annually as part of our insurance placement • Continue to hold regular scenario planning exploring flooding risks across sites and identify physical and procedural mitigation measures • Continue to hold insurance cover for 'all risks of physical loss or damage except as excluded', for which there are no climate-related exclusions
Low	• Plant and equipment has been specified with appropriate contingency above existing temperature ranges. The sufficiency of this contingency will continue to be reviewed and continue to be taken into consideration as part of our life-cycle maintenance and capex replacement planning

Financial impact – Low/medium/high	Impact of climate-related opportunities on our business, strategy, and financial planning
Low	• Significant operational focus on energy efficiency through enhanced monitoring of consumption
Medium	• Deliver feasibility study on zero carbon marine vessels operating on Thames • Continue to engage with key stakeholders on developments in relation to low-carbon marine vessels • Continue to use biofuel to power tugs as a transitional step on road to net zero
Low	• Continue to progress our heat network • Continue to maximise use of by-products
High	• Continue to progress CCUS project • Continued engagement with key external stakeholders to ensure future system supports UK transition to net zero
Medium	• Retain and develop the established commercial team who will continue to develop markets and promote our services with both municipal and commercial customers
High	• Ensure Riverside 2 will be a leading EfW facility in the UK to divert waste from landfill

TCFD – continued

The resilience of our strategy

Cory's business strategy provides a degree of resilience to some of these risks. For example, we are:

- Anticipating a carbon tax on our EfW process and will continue to prepare for this eventuality through contract provisions.
- Working on a significant carbon capture and storage project to enable us to contribute significantly to climate change mitigation by delivering negative emissions.
- Developing a heat network that will provide a low-carbon heating solution for thousands of householders in our local area.
- Working on identifying solutions to decarbonise our transport fleet and wider operations.

In terms of physical climate risks, we are confident in our current processes to assess and mitigate flood risk at our site in Belvedere and will continue to review the contingency of our plant and equipment to operate at the anticipated temperature profile of our site on an ongoing basis.

Climate-related risks

Management of climate change risks and their impacts are inherently a factor within our reporting process. We are continuously working to enhance the way that climate risk management is considered and to formalise processes to better manage this. In 2021 we worked with external advisers to begin the process of creating a Group policy to include climate consideration formally within our capital budget process. This will help ensure any future capital investment aligns with our sustainability strategy. We will continue to review our policies and procedures with a view to enhancing our management of climate-related risk.

While climate-related issues have had no significant impact on our 2021 financial performance or position, we have considered them throughout the financial reporting process – especially regarding the carrying value of assets and liabilities. We have incurred, and will continue to incur in the coming years, expenses related to our commitment to net zero. These costs include project costs relating to our carbon capture plans and heat network, which are key elements of our climate strategy.

Scenario analysis

To further our understanding of the potential impacts of climate change on our business, we have performed our first high-level climate risk scenario analysis[1].

Our first scenario looks at transition risks and opportunities for our EfW business from a concerted global effort to keep temperate increases to well below 2°C by 2030. Our second scenario looks at physical risks to our river operations and EfW process under the IPCC's Representative Concentration Pathway (RCP) 4.5 which projects a temperature rise of 2°C by 2050.

1. Climate change assessment is embedded in the planning application process in England and has therefore been undertaken as part of the consent process for Riverside 2; all documentation can be accessed here: https://infrastructure.planninginspectorate.gov.uk/projects/london/riverside-energy-park/?ipcsection=docs online.

Scenario 1

Low carbon: global temperature increase is limited to well below 2°C – 2030

In this scenario, rapid changes in legislation and technology development limit greenhouse gas emissions, for example through carbon pricing. A high carbon price will represent a significant cost to the business but this will be mitigated by an increase in the gate fees charged to customers either through existing change in law provisions, or through a general increase in the market price for EfW waste recovery services, which will remain preferred waste disposal solutions such as landfill. This will also serve to further strengthen the business case for carbon capture at our two EfW plants, as well as the need to exploit the negative emissions opportunity provided by EfW with CCS.

A rapid trend towards electrification reinforces the case for the EfW process and augments the value of the electricity our process generates. The Committee on Climate Change recommends a ban on landfill by 2040, following which EfW will be the only proven option at scale for residual waste disposal.

An urgent need to move away from natural gas for heating further strengthens the case for the Riverside Heat Network and using waste heat from the EfW process.

Risk management

Our risk management approach is outlined on page 38.

Find out more on **page 38**

Scenario 2

A temperature increase of 2°C by 2050. For this scenario, we used the Intergovernmental Panel on Climate Change's (IPCC) intermediate scenario – Representative Common Pathway (RCP) 4.5 which projects a temperature increase of 2°C by 2050.

EfW process

The likely impacts of climate change at our EfW site in Belvedere include increased river flows, tide levels and rainfall intensities. In these circumstances, rates of surface water run-off, flood flows within watercourses and flood levels associated with a breach of tidal flood defences would increase.

The Environment Agency publishes online floodplain maps, which indicate that our site in Belvedere is located within Flood Zone 3 (High Probability – land having a one in 200 or greater annual probability of sea flooding). However, the flood map also indicates that the site falls within an area that benefits from flood defences. In this instance, the standard of protection afforded by the defences is one in 1,000 years. The River Thames tidal defences comprise a wall of c.1 metre height and the crest level of the defence wall immediately to the north of the site is 7.05 metres Above Ordnance Datum. A Flood Defence Condition Survey was completed in August 2018, during which the defences were assigned a condition grade of 'fair' to 'good'. During the construction phase for Riverside 2, works will be carried out to ensure the frontage is at least 'good'; this will include removal of vegetation and other minor improvements.

Riverside 1 was constructed with a freeboard for flood defence of one metre above DEFRA predictions for the most extreme water level at the time of construction. From the perspective of our Emergency Operations Plan, the more significant flood risk is from the land side, due to the location and potential failure of the local pumping station. In this scenario, the key risk would be ensuring employees have access to the plant in the event of a flood.

The design philosophy that underpins the development of our second EfW facility includes measures to prevent, reduce and offset significant adverse effects upon hydrology, flood risk and water resources, including, for example, surface Water Management infrastructure designed such that the surface water run-off regime replicates that existing prior to development, with flood sensitive equipment further raised compared to floor levels.

Our site in Belvedere comes under the remit of the Thames Estuary 2100 Plan, which sets out how the Environment Agency and its partners can work together to manage tidal flood risk in the Thames Estuary. The current phase of the plan focused on maintaining and improving current flood risk management assets including walls' gates, embankments, and pumps. During the second phase from 2035–2050, the existing flood defences will be raised to manage tidal flood risk in the Thames Estuary in line with projected sea level rises as a result of climate change.

Under RCP 4.5 global temperatures are expected to rise by 2°C by 2050, peaking in 2100. For the Upper Thames, this means maximum summer temperatures could reach 35.5-37°C for certain periods on certain days in summer. Riverside 1 is not designed to run at full capacity for temperatures at this level, and the water-steam cycle efficiency is also lower, meaning that there will be a reduction of electric output for these specific periods. This risk has now been added to our Corporate Risk Register and will be considered as part of our life-cycle maintenance and capital replacement planning.

River operations

Under RCP 4.5 we would expect physical impacts on our river operations to result in an increased number of non-operational days, but otherwise to be manageable through existing contingency arrangements as well as through operational adjustments and enhanced contingency planning.

For example, temperature increases can be managed by cooling units in our tug engine rooms (which are already installed). Increased river flow will mean that we will need to use more fuel when going against the flow but will use less when moving with it. We operate in sheltered waters, and therefore wind speed does not affect our river operations significantly. An increase in the incidence of foggy conditions (we experience an average of six days per year now) will affect operations as we cannot deliver barges in fog. Any increase in the number of days the Thames Barrier is closed will also affect our operations and will require us to review the sufficiency of existing contingency arrangements.

Metrics and targets

Cory's strategic risk register captures significant risks to the business and individual business units. The risk register identifies and quantifies these risks using a common 5-by-5 matrix. The company's top-tier risk register, which uses this approach, integrates climate-related risks. More information can be found on page 38.

For Scope 1 and Scope 2 emissions reporting, please see our Streamlined Energy and Carbon Reporting on page 52 and for further sustainability metrics, as well as our climate-related targets, see our 2020/2021 Sustainability Report.

Find out more in our Sustainability Report at **www.corygroup.co.uk/sustainability**

Streamlined Energy and Carbon Report

Reporting period 1 January to 31 December 2021

Below details the Group's second year of Streamlined Energy and Carbon Reporting (SECR), for the calendar year 2021. 99 per cent of our gross and 98 per cent of our net Scope 1 and Scope 2 emissions relate to the combustion of our customers' residual non-recyclable waste. Our Scope 1 emissions have increased this year due to processing 51,000 more tonnes of waste than in 2020. Energy from waste remains the lowest carbon method to process waste, saving 170kg per tonne of waste compared to disposal in landfill.[2]

This analysis does not account for the carbon benefit that our operations provide to the wider UK economy, which we calculate as 439,000 tonnes of carbon dioxide equivalent (CO_2e) for 2021, including offsetting electricity generation from fossil fuel, landfill avoidance, recycling activities and the reuse of by-products from our energy from waste process.[3] Please see the section on 'Moving to net zero' in our sustainability strategy on page 20 for details of how we intend to reduce these emissions.

Emissions

Greenhouse gas emissions	Unit	2021	2020
Scope 1 – total	tCO_2e	366,657[4]	353,393
Scope 2 – location based	tCO_2e	1,709	1,906[5]
Total gross Scope 1 and Scope 2 emissions	tCO_2e	368,366	355,299
Intensity ratio (gross Scope 1 + 2)/tonnes of waste handled	tCO_2e	0.43	0.43
Scope 1 – combustion of natural gas	tCO_2e	134	131
Scope 1 – combustion of fuel for transport purposes	tCO_2e	2,161	4,330
Scope 2 – market based	tCO_2e	10	13
Scope 3 – transport	tCO_2e	2	3
Scope 3 – electricity transmission and distribution	tCO_2e	151	164

Energy consumption used to calculate the above emissions

Usage	Unit	2021	2020
Scope 1 – Natural gas	kWh	729,376	711,404
Scope 1 – Diesel – transport	kWh	10,125	8,701[6]
Scope 1 – Gas oil – transport and plant	kWh	2,605,181	2,589,293[7]
Scope 1 – Marine gas oil – transport	kWh	5,626,503	14,127,224
Scope 1 – Gas oil – Riverside 1 processes	kWh	13,859,626	12,282,547
Scope 1 – Hydrotreated vegetable oil – transport	kWh	7,239,139	227,168
Scope 1 – Company cars – transport	kWh	36,441	32,904
Scope 1 – Waste processed through Riverside 1	kWh	2,060,160,521	1,914,195,567
Scope 2 – Purchased electricity	kWh	8,048,529	8,174,868
Scope 3 – Private vehicles on business	kWh	7,596	13,062

2. Quantification of greenhouse gas emissions from recycling and waste management activities in the UK, Ricardo for ESA (2021).
3. Calculated with the Entreprises pour l'Environnement (EpE) 'Protocol for the quantification of GHG emissions from waste management activities' (2013). This tool was updated by Ricardo Energy & Environment in 2020 as part of its work to calculate the recycling and waste management sector's pathway to net zero for the Environmental Services Association (ESA). The figure also includes an additional 170kg/tonne carbon benefit of waste processed in EfW compared to landfill, calculated by Ricardo for ESA in 2021.
4. CO_2 emissions have increased this year due to processing 50,444 more tonnes of waste than in 2020.
5. We have provided both location-based and market-based figures for our Scope 2 emissions. The figure for location-based is calculated using an emission factor from the European Residual Mix 2020 provided by the Association of Issuing Bodies. The market-based figure reflects that in 2021 we purchased 100 per cent renewable energy across all our sites, excluding a small amount of electricity procured from the Port of Tilbury. The renewable energy we procure meets the quality criteria of the GHG Protocol (2015) for reporting zero carbon emissions and has been independently assured by Carbon Clear.
6. Figures for diesel and gas oil energy consumption in 2020 have been recalculated due to an incorrect fuel type being attributed to Port of Tilbury operations in the previous year's calculations.
7. Restated for 2020 as gas oil use at Northumberland Wharf was not included in the previous year's calculations.

Emissions of biogenic origin

Source	Unit	2021	2020
Biogenic emissions from waste processed by Riverside 1	tCO_2e	406,688	391,313
Biogenic emissions from the use of HVO	tCO_2e	1,772	54

External assurance

Our data and calculations have been externally assured. ERC Evolution conducted its review to a limited level of assurance, in accordance with the procedures recommended in the Greenhouse Gas (GHG) Emissions Protocol entitled 'The GHG Protocol: A corporate reporting and accounting standard' (Revised edition, 30 March 2004) and the UK Government's Streamlined Energy and Carbon Reporting (SECR) and the principles of ISO 14064-3:2019, entitled 'Part 3: Specification with guidance for the verification and validation of greenhouse gas statement'.

Quantification and reporting methodology

Our reporting methodology is in accordance with UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard. GHG emission factors are taken from the 2021 UK Government's conversion factors for GHG reporting, our electricity tariff's conversion factor and AIB's European Residual Mix 2020.

Throughout 2021, CO_2 emissions have been continuously monitored with the facility's Continuous Emissions Monitoring System which measured a CO_2 emitted to waste incinerated ratio of 0.98 to 1 tonne of waste. In previous years CO_2 emissions from Riverside 1 have been calculated using a locally agreed conversion factor with the Environment Agency. In 2019 and 2020 the factor agreed was 1.008 tCO_2 to 1 tonne of waste.

As per the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, the carbon emissions from our EfW facility are separated into fossil and biogenic origin, and only the fossil CO_2 is included in this report as Scope 1 emissions. In 2021 the CO_2e emissions from our Riverside 1 EfW facility comprised 47.1 per cent fossil carbon and 52.9 per cent biogenic carbon, resulting in emissions of 360,803 tonnes of tCO_2e and 405,233 tCO_2e, respectively.

Data collection

The data presented has been collected from manual and automated meter readings, invoices, the distributed control system (DCS) plant operation system, weighbridge records, and mileage expenses.

Organisational and operational boundaries

We have used the financial control approach to define our organisational boundary and have reported on all operations fully consolidated in our financial statements.

Energy efficiency actions:

In the period covered by the report the company has:

- Continued to make progress in the development of the Riverside Heat Network from Riverside 1, which will provide affordable and low-carbon heating to more than 10,500 homes in the London Borough of Bexley and the Royal Borough of Greenwich. Riverside 2 will supply low-carbon heat to more than 10,500 additional homes. In May 2021 we were awarded £12.1 million through the Government's £320 million Heat Networks Investment Project (HNIP). The £1.6 million commercialisation grant will support the development of one of the UK's largest heat networks, delivered by Vattenfall. Operating as a combined heat and power plant (CHP) roughly halves carbon intensity of processing each tonne of waste.
- Undertaken site energy assessments and developed energy management plans for each site to deliver in 2022.
- In our river fleet, engine idling times have been reduced by an average of 12 per cent since 2019 due to a new focus on tracking and monitoring performance. During 2021 a programme was initiated to operate the fleet at a maximum of 75 per cent engine power when underway and when it is safe to do so. Over 2021, the Lighterage team were able to save 63,000 litres of fuel, when compared to 2020 performance, because of these energy efficiency measures. In 2020 our average for litres of diesel used per tonne of waste moved on the river was 2.16 litres, and in 2021 it was 1.88 litres.
- At Riverside 1 we initiated Phase I of a project to upgrade the Building Energy Management System (BEMS) by replacing obsolete controller hardware. This will enable Phase II of the project in 2022 whence the remaining hardware as well as the BEMS Supervisor Hub will be upgraded, enabling energy savings of up to 20% on heating, ventilation, and air conditioning equipment.
- We continued our LED lighting programme, with our Riverside 1 facility and Walbrook Wharf Waste Transfer Station now operating with 100% LED lighting. Our remaining sites continue to replace existing lighting with LED lighting as it expires.
- During 2021 we delivered an education campaign at all of our sites for sites to highlight the importance of reducing diesel use through basic efficiency measures, for example, reducing engine idling. This will be followed up with a toolbox talk in 2022.
- In 2021 we installed 37 electric vehicle chargers across six sites. These came into operation in July, and since then 12 MWh of electricity has been consumed over 662 charging sessions, saving ten tonnes of CO_2.
- Our Waste Transfer Station at Northumberland Wharf in Tower Hamlets had new electric heating and cooling systems installed, which will reduce the reliance on gas for heating.

Approval

This strategic report was approved on behalf of the Board on the 3 May 2022.

B J Butler — Director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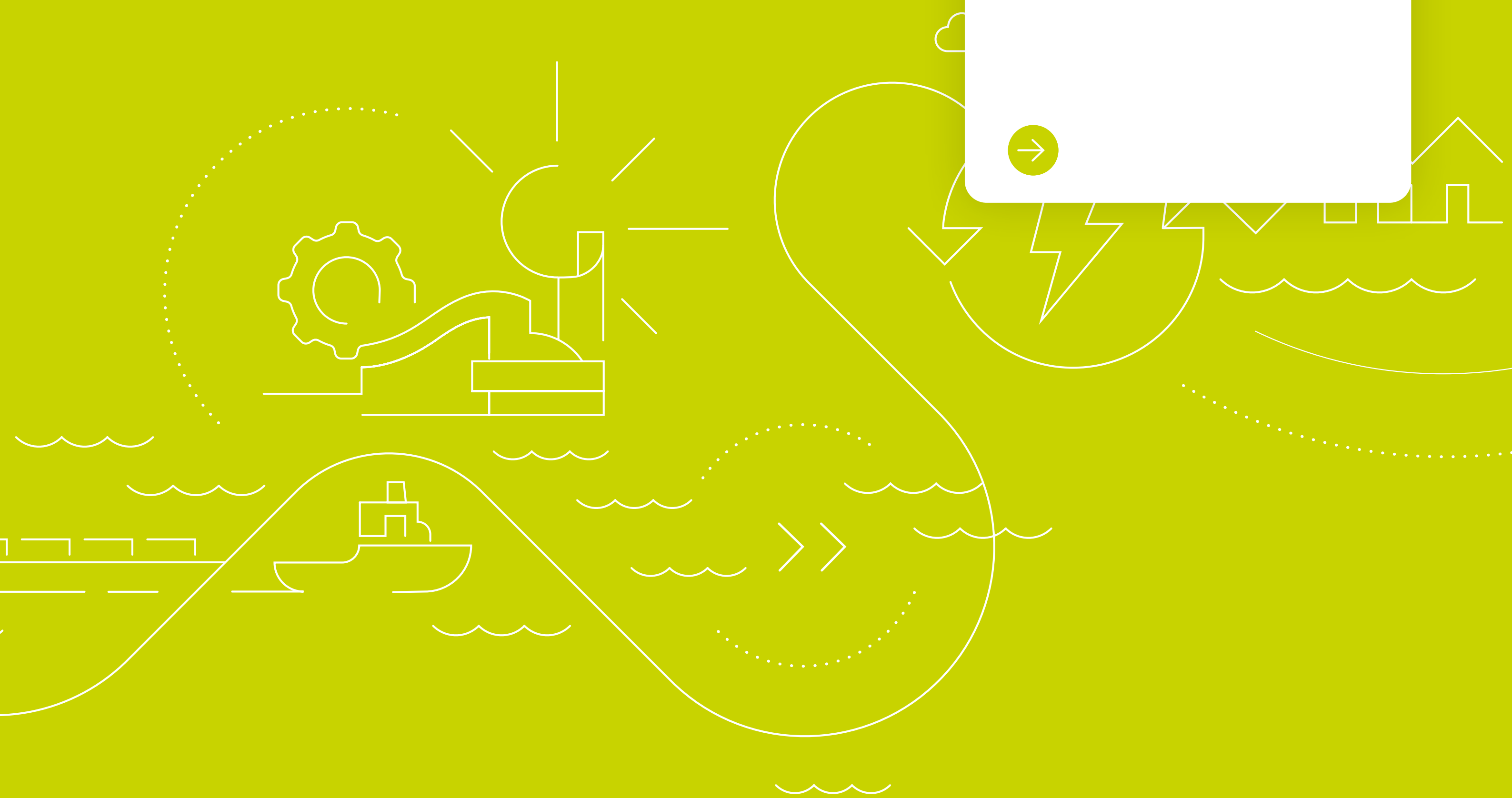
Corporate governance

In this section

Corporate governance



Board of Directors

Director, Chair and Independent Non-executive Director

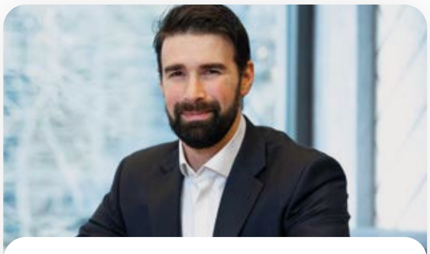
John Barry

John started his career as a chartered accountant, working at Ernst & Young between 1989 and 1996, before joining 3i Group and helping to found 3i Infrastructure. From 2009–2017, John was a Managing Director of First Reserve where he helped found its energy infrastructure business. John is a member of the Remuneration Committee and the Developments Committee.

Executive Director

Dougie Sutherland

With more than 20 years' senior leadership experience across the public and private sectors, Dougie has developed, acquired, sold, and operated several major national infrastructure and public service businesses. He started his career in the British Army, with tours in Northern Ireland and Iraq. He was on the board of Interserve before joining Cory as Chief Executive Officer. Dougie is a member of all Committees.



Executive Director

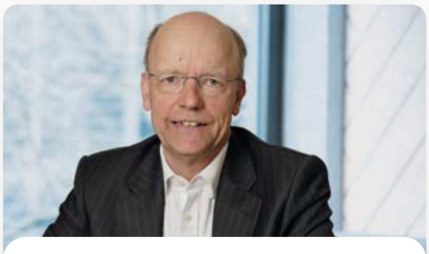
Ben Butler

Ben has been with Cory since 2010 and was appointed CFO in 2019. Ben is a Fellow of the Institute of Chartered Accountants in England and Wales and holds an MSc in Environmental Technology from Imperial College, London as well as an MA in Natural Sciences from the University of Cambridge. Ben is a member of the Developments Committee.

Non-executive Director

Bill Doughty

Bill draws upon experience gleaned from a career spanning more than 30 years. Whilst a specialist in the management of infrastructure related investments, his skills encompass the establishment, acquisition, financing and disposal of businesses across several infrastructure sectors. The most recent phase of his career has seen him take on several non-executive roles. Bill is a member of the Developments Committee and the Remuneration Committee.



Independent Non-executive Director

Mark Draper

Mark has more than 30 years' experience in the power industry. Most recently he served as Chief Executive of PeakGen, which he co-founded. Mark is a Chartered Engineer, a Fellow of the Institution of Electrical Engineers and a Fellow of the Institute of Mechanical Engineers. He holds a master's degree in Mechanical and Electrical Engineering from Cambridge University. Mark is a member of the Developments Committee and the Audit & Risk Committee.

Non-executive Director

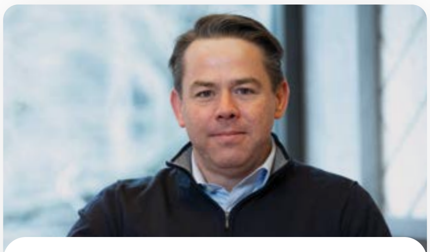
Adolfo Pardo

Adolfo has more than 17 years' experience in the power and infrastructure sectors. He has worked for lending institutions, infrastructure companies – such as Heathrow and Tideway – and institutional equity investors. Adolfo holds an honours degree in Civil Engineering from Universidad Politécnica de Madrid and an MBA from London Business School. Adolfo is a member of all Committees.

Non-executive Director

Vicky Chan

Vicky is a Director of Dalmore Capital and has been in the infrastructure and investment industry for over 16 years. Prior to joining Dalmore Capital, Vicky worked at Corsair Capital, where she held non-executive board directorships for companies in the water, road, and stevedoring industries. Vicky holds a BSc Economics degree from University College London. Vicky is a member of all Committees.



Non-executive Director

Jason Cogley

Jason leads deal origination and execution, and contributes to asset management in Europe for Fiera Infrastructure. Jason has extensive experience spanning more than 19 years in infrastructure and investment industries. Prior to joining Fiera, Jason worked at Standard Life Capital. Jason holds a Commerce degree from Monash University and is certified as a chartered accountant. Jason is a member of all Committees.

Non-executive Director

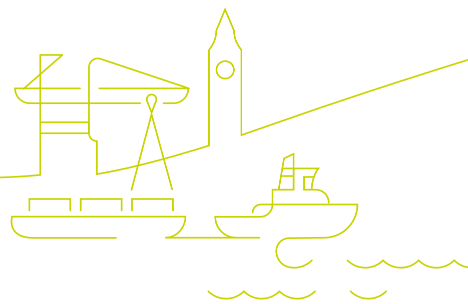
Alistair Ray

Alistair is the Chief Investment Officer of Dalmore Capital and has more than 20 years' experience in the infrastructure sector. Since 2009, Dalmore Capital, under Alistair's direction, has invested more than £5bn into core infrastructure. Alistair began his career in 1997 with British Linen Bank and holds an honours degree in Engineering. Alistair is a member of the Developments Committee.

Non-executive Director

Andrew Rhodes

Andrew is the Managing Director of Semperian Capital Management. He has worked as a project finance specialist for 25 years, with a background in major global energy, water and infrastructure projects. Andrew is registered as a general representative with the FCA. Andrew is a member of all Committees.



Our approach to governance and leadership

The Board has a commitment to creating and delivering shareholder value through the effective governance of Cory.

It does this by providing strategic guidance, adopting appropriate policies and procedures, and ensuring Cory's Directors, senior management and employees are fulfilling their functions effectively and responsibly, in accordance with the company's values.

The Board is committed to acting in good faith to promote the long-term success of the company. Directors and management engage with a wide range of stakeholders that impact, or are impacted by, Cory's operations. These include employees, customers, suppliers, the environment and the wider community. We consistently communicate to maintain strong stakeholder relationships, and stakeholders' views are reflected in the strategic direction of the business (see 'Our stakeholders' on page 32 and 'Our commitment to section 172' on page 44).

Cory's application of the UK Corporate Governance Code

The UK Corporate Governance Code 2018 is a set of principles that emphasise the value of good corporate governance to long-term sustainable success. It places emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity. The Code does not set out a rigid set of rules; instead, it offers flexibility through the application of principles and through 'comply or explain' provisions and supporting guidance. The principles and provisions of the Code can be found at https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

As an unlisted company, Cory is not required to apply the Code nor report how it has applied the Code. However, the company's governance framework is designed to ensure the highest standards of business behaviour and accountability. The Board has sought to comply with a number of the provisions in the Code in so far as it considers them to be appropriate to a company of its size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code in which they do not comply.

Embedding a positive business culture

Our purpose is driven by a belief that waste should not be wasted, but rather managed in the most environmentally friendly and sustainable way possible. Central to our business model is ensuring that our service to our customers is exceptional and that we consider the environment in everything we do. We can only achieve this through the exceptional work and dedication of our people. This requires us to nurture and maintain a positive culture so we can continue to deliver positive outcomes for our customers as well as broader benefits for our other key stakeholders.

Culture forms a key component of the overall governance framework, and Cory's workplace culture supports the shareholders' long-term vision for the business. Certain key values and behaviours have been identified as key to Cory's long-term success:

- Caring for and respecting people and our environment.
- Actively looking for ways to reduce harm.
- Taking responsibility, engaging with challenges and speaking up for change.
- Encouraging and inspiring others.

Board engagement with the workforce

The Board takes its responsibility to foster these behaviours and values seriously. For example, caring for the health, safety and wellbeing of Cory's people is a number one priority. Every Board meeting begins with a 'health, safety and wellbeing' moment, followed by a discussion of the key health, safety and wellbeing matters in the business, including the monitoring of KPIs. Board members also undertake engagement visits at sites to gain further insights into the business and to examine, in particular, our health, safety, wellbeing and environmental performance. As part of these visits a 'question and answer' session is normally held with members of the site team to allow two-way communication with the Board member. At the end of each visit the Board member provides feedback to senior management. Relevant themes are then discussed at Board meetings.

At Board meetings, various employees that do not regularly attend Board meetings present to the Board on matters affecting the business and our people, providing the Board an opportunity to engage directly with the workforce and vice versa. For example, in 2021, the Head of IT attended to discuss cyber risk and security, the Head of Sustainability addressed sustainability and net zero matters, and the Head of HSEQA reviewed the health and safety performance of the business with the Board.

Recognised indicators of culture reviewed by the Board and its Committees include:

Safety performance, initiatives and trends including both leading and lagging indicators.

Environmental performance, initiatives and trends.

Health and wellbeing performance.

Outputs from any employee or stakeholder surveys.

Progress in respect of inclusion and diversity.

Audit reports and findings.

Enterprise risk management reviews.

Skills and experience of the Board

The chart below shows Board composition as at 31 December 2021.

Asset management	8/9
Energy and utilities	8/9
Public-Private Partnerships	4/9
Waste management	4/9
Engineering	2/9
Finance and/or accounting	3/9
Board leadership	2/9
Operations	3/9
Environment and/or sustainability	5/9
Gender split of the Board:	1 woman 8 men

The Board requires the company to have an independent whistleblowing service. Our Whistleblowing Policy reinforces our culture of openness and transparency by encouraging employees and third parties to speak up if they have concerns about any serious risk or wrongdoing within Cory or within a Cory supplier or customer.

In 2021, the Board supported the company's decision to join the Slave Free Alliance, reinforcing to our people – particularly to our foreign workers engaged by agencies – that we have policies and procedures to deal with the risk of modern slavery and will act decisively following best practice if any incidents of modern slavery are suspected. Both the Board and our employees took part in workshops provided by the Slave Free Alliance on modern slavery.

These actions above are key to inspiring trust and confidence in our people that the Board cares, is looking for ways to reduce harm, and engages with challenging issues, in accordance with the company's stated values.

Employee consultation and engagement

Every month the CEO has a meeting with the Executive Leadership Team (ELT). The purpose is for senior leadership to discuss business performance and priorities, including ESG priorities, to enable them to work more effectively together and to better communicate key messages to their teams.

In addition, the CEO holds quarterly virtual updates that any employee may attend to keep Cory's people updated on key business matters and strategic priorities, and to provide an opportunity for our people to ask questions or share concerns. From 2021, these have been supplemented by quarterly printed newsletters, to ensure that those operatives without access to a computer can also receive these business updates. The CEO, alongside a rotating senior team member, also holds semi-regular Town Hall briefings at every site. Each one has a particular theme or focus (for example, Sustainability and Net Zero, Health & Safety and Future Growth Plans) and provide an opportunity for employees to engage directly with senior management and to ensure that directors and management have regard to employee interests and the effect of this one the principal decisions to be taken by the company. These were largely paused during 2021 due to the continued impact of the pandemic, to protect the health of our employees on site, however we intend to revive them in 2022.

Any key themes or messages from these various briefings are then communicated back to the Board by the CEO via his Board report and informal calls.

Internal controls and risk management

The Board has ultimate responsibility for the Group's internal controls, reviewing their effectiveness to ensure best practice, taking into account its size and the resources available. Any such system of internal control can provide reasonable, but not absolute, assurance against material misstatement or loss. However, the Board considers the internal controls in place appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system and the main risks it faces are summarised on pages 38 to 43.

The Board considers the introduction of an internal audit function inappropriate at present.

Our approach to governance and leadership – continued

How we divide up responsibilities

The Board

The Board ensures Cory achieves its strategy and objectives in line with its values and purpose. It is responsible for Cory's long-term success and delivering sustainable value to shareholders and stakeholders. The Board sets strategic direction, risk appetite and standards of culture and behaviour. It monitors performance and makes sure the business has the resources, systems and controls needed to achieve its objectives.

The Board comprises an independent Non-executive Chair, one further independent Non-executive Director, six Non-executive Directors, representing shareholders (Shareholder Directors), and two Executive Directors: the CEO and the CFO. The membership of the Board is governed by the terms of the Shareholders' Agreement.

As an unlisted private company, closely governed by its shareholders with shareholder-appointed Directors, the Board and its shareholders consider that certain principles set out in the Code are not applicable, including in relation to appointment procedures and criteria (which are instead governed by the Shareholders' Agreement), the need for annual re-election, and the requirement for a set number of independent Directors to sit on the Board and the Audit and Risk Committee and the Remuneration Committee.

Independent Chair

The Chair leads the Board and is responsible for the overall effectiveness in directing the company. The Chair provides independent oversight and governance, sets the agenda, and ensures effective operation. They achieve this through promoting an open culture, allowing people to challenge the status quo, holding individual and group meetings with Shareholder Directors and consulting regularly with the CEO, CFO, and General Counsel and Company Secretary. The Board is satisfied the independent Non-executive Chair is independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, their independence.

Independent Director

Following the resignation of its independent Non-executive Director in January 2020, the Board, led by the Chair, undertook an extensive recruitment process using an external search consultancy, to engage a replacement. The Board's aim was to balance the skills, experience and knowledge of the other members by appointing an independent Director who would bring operational experience in power generation as well as UK energy markets, a background in power project development and construction/commissioning, and with a commitment to health and safety and risk management. An appointment was made in January 2021.

Shareholder Directors

The Board includes six Non-executive Directors who represent the current shareholders. They use their breadth of knowledge and experience to constructively challenge, monitor and approve the strategy and business plan recommended by the Executive Directors. In performing their duties, or exercising any right, power or discretion, each Shareholder Director must represent the interests of all shareholders.

Executive Directors

As head of the ELT, the CEO is responsible for all Cory's leadership and operational management within the business plan and annual budget approved by the Board and lenders. They are ultimately responsible for health, safety and well-being and in their duties are supported by the CFO, the General Counsel and Company Secretary, and the five other Directors on the ELT.

The CFO manages Cory's finances, including financial and business planning, management accounting and control processes and treasury. This is to deliver the business plan, including capital projects, manage ongoing operations and ultimately protect and enhance shareholder value. They are also responsible for information and technology systems and risk management and insurance.

Provisions in the Code regarding the vesting of shares in the context of executive remuneration are not applicable to the company.

Company Secretary

The General Counsel is Secretary of the Board. Through the Chair, they advise the Board on governance and high-level sustainability and public affairs matters. They are also responsible for ensuring information flows smoothly within the Board and its Committees, and between senior management and Non-executive Directors, so that the Board has the resources it needs in order to function effectively and efficiently. They also ensure all Directors are kept abreast of key legal issues and relevant changes in legislation and regulations.

Management

The CEO, CFO and other senior Executive Team members are responsible for the day-to-day operation and management of the business. The company has a Delegated Authority Policy (DAP) in line with the terms of the Shareholders' Agreement and the key funding agreement. The DAP defines the levels of authorisation required for key decisions concerning funding and investment, contractual commitment and change, acquisitions and disposal, recruitment and compensation, treasury, and litigation and claims settlement. The DAP authorises management to approve decisions up to specified limits, beyond which the Board's approval must be obtained. Certain decisions are reserved to shareholders for approval under the Shareholders' Agreement following consideration by the Board.

Committees

The Board delegates specific responsibilities and decision-making powers to three standing Committees: Audit and Risk, Remuneration, and Developments. Each Committee has written terms, reviewed regularly, which set out its duties, authority and reporting responsibilities.

Audit and Risk Committee

Chaired by Vicky Chan, the Audit and Risk Committee's primary responsibilities are ensuring proper measurement and reporting of Cory's financial performance and monitoring the quality of internal controls and risk management. The CFO is invited to Committee meetings and the General Counsel acts as secretary.

The Committee monitors the integrity of the financial statements and any formal announcements relating to the company's financial performance and reviews significant financial judgements contained with them. It provides advice to the Board on whether the Annual Report and accounts, taken as a whole, are fair, balanced and understandable. The Committee advises on external auditor appointments and reviews and monitors the external auditor's independence, objectivity and effectiveness. It reviews the company's financial controls and internal control and risk management systems, including a bi-annual review of the Group risk register, making sure it is comprehensive and appropriate mitigation measures are in place. The Committee also upholds standards relating to whistleblowing and fraud detection.

Remuneration Committee

The Remuneration Committee is chaired by John Barry. The CEO and Chair are on the Committee but are not part of discussions directly related to their own benefits or remuneration. The Director of HR acts as secretary. The shareholders are represented on the Committee to ensure their input is received and agreement secured on material matters.

The Committee reviews the performance of Executive Directors and makes recommendations to the Board concerning remuneration, incentive schemes, employee benefits and contractual terms of employment. It ensures that workforce incentives, remuneration and related policies are aligned with the culture that the Board wishes to encourage, while also rewarding the delivery of the shareholders' short- and long-term strategic objectives. For 2021 remuneration onwards, on the recommendation of the Committee, senior leadership incentives were amended to include additional and more demanding objectives relating to company ESG performance.

An independent benchmarking exercise was undertaken in the year to advise the Committee on the form and levels of remuneration appropriate for senior members of the company including the ELT. This compared each senior role to a wide range of similar roles in related industries. Following this exercise, adjustments were made to certain individuals' remuneration and an executive Long Term Incentive Scheme was established to align with the shareholders' long-term interests and to drive behaviours consistent with the company purpose, value and strategy.

Remuneration Committee discretion is a feature of executive remuneration and includes provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

The Board believes a separate Nominations Committee is not presently required. As such, the Remuneration Committee is also responsible for the appointment of any new independent Non-executive Directors.

Developments Committee

Chaired by John Barry, the Developments Committee has oversight of the Riverside 2 project, including the business case, the programme, risk assessment and risk management, and intragroup interface arrangements. Recognising that Riverside 2 represents a material change in the scale of the business of the Group and is therefore outside of the ordinary course of business, key decisions in respect of Riverside 2 are reserved to the shareholders (and Shareholder Directors) under the Shareholders' Agreement. The Committee has the responsibility to review the Riverside 2 project and recommend courses of action to the Board or shareholders as required where decisions are reserved to those parties.

The Committee is also responsible for other capital development projects outside the ordinary course of business, as delegated by the Board when necessary. All Shareholder Directors and both independent Directors sit on this Committee. The CEO, CFO and General Counsel attend all meetings, and other ELT members are invited as required. The General Counsel acts as secretary.

How we work

Board meetings

The Board convened four full Board meetings in 2021 and several other meetings to discuss specific matters. Directors are expected to attend all meetings of the Board, and the Committee on which they sit, devoting sufficient time to Cory to fulfil their directorial duties. Each Shareholder Director is entitled to invite one observer to attend Board meetings.

At a separate Decarbonisation Strategy Day in October, the Board considered the UK net zero policy context, the challenges this posed for the EfW industry and Cory, and the opportunities available to Cory to decarbonise its operations. Cory's net zero strategy that commits the company to achieving net zero by 2040 was an important outcome of this session – details of this strategy can be found on pages 18 to 31. In endorsing this strategy, the Board has appreciated the urgency required to address the climate crisis and the critical need to have a credible plan in place. Doing so protects the long-term interests of the shareholders and protects shareholder value while also living up to Cory's core values.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the period (noting that not all Directors were appointed throughout the full period).

Board attendance

	Number of meetings attended
Adolfo Pardo	5/5
Adrian Peacock	3/3
Alistair Ray	3/5
Andrew Rhodes	5/5
Ben Butler	5/5
Bill Doughty	5/5
Dougie Sutherland	5/5
Jason Cogley	5/5
John Barry	5/5
Mark Draper	5/5
Vicky Chan	N/A

Information and support

Non-executive Directors communicate directly with Executive Directors and other members of the ELT between formal meetings. Shareholders have rights to certain key information under the Shareholders' Agreement. The independent Directors and Shareholder Directors or their delegates are also invited to attend monthly financial review calls with the CFO to discuss the financial performance of the Group the previous month. Both the Board and its Committees have access to independent professional advice at Cory's expense, where necessary, to discharge their responsibilities as Directors.

Conflicts of interest

Directors are expected to raise any potential, actual, or perceived conflicts as soon as they arise, so the Board can consider them at the next available opportunity. Directors are also asked to declare any conflicts of interest at the start of every Board meeting and may be asked to remove themselves from discussions and/or decision-making if a potential conflict is identified.

Board evaluation

The Chair holds periodic meetings with Shareholder Directors to discuss the performance of management and the Board. The Board intends to commission an external Board evaluation every three years, with the first one to occur in 2022.

Key activities of the Board and its Committees

The following summarises the main activities of the Board and Committees during 2021.

Key area of activity	Matters considered	
Business performance and oversight	• Received regular updates on performance against strategic priorities and KPIs and areas of focus for 2021. • Received regular updates on continued impact of Covid-19 pandemic and lockdowns.	• Approved revisions to the long business plan and 2021 budget. • Undertook review of energy sales strategy.
Strategy and future growth	• Received regular updates on capital and strategic development projects, including 'deep dive' workshops and calls involving both the Developments Committee and the full Board. • Received input from third-party advisers to obtain independent insight to key areas of focus, including Tolvik reports on the waste market, PwC reports on decarbonisation policy, the Slave Free Alliance on modern slavery, and Redscan on cyber risks. • Participated in Decarbonisation Strategy Day workshop in September 2021, focusing on net zero challenges and opportunities.	• Approved Net Zero Strategy (see Principal Decisions in 'Our commitment to s172' on page 45). • Approved acquisition of the McGrath Brothers' waste management business, including the raising of debt to support the acquisition (See Principal Decisions in 'Our commitment to s172' on page 45).
Risk and opportunity	• Took part in enterprise risk management review on our principal risks to revalidate these risks and the risk appetite framework.	• Undertook full cyber risk and security review.

Key activities of the Board and its Committees – continued

Key area of activity	Matters considered	
Culture and governance	• Amended executive incentive policy to include additional and enhanced ESG objectives. • Set an agreed Corporate Governance/ Board Calendar. • Approved the Modern Slavery Statement for publication on the website.	• Monitored gender pay gap and approved an enhanced maternity and paternity leave and pay policy. • Monitored prompt payment practices.
Talent and people	• Started every meeting with a health, safety and wellbeing moment. • Received regular updates on how the business is performing against our health and safety priorities and KPIs, impact of Covid-19 on employee health and wellbeing and areas of focus for 2022.	• Discussed succession planning and talent development. • Appointed a new independent Non-executive Director to bolster skills and experience on the Board. • Approved pay rises and bonus plan.
Stakeholder engagement	• Received regular updates on business engagement with stakeholders.	

Directors' Report

The Directors present their Directors' Report for the year ended 31 December 2021. The results for the year are set out in the audited financial statements on pages 70-100.

Strategic report and additional disclosures

A review of the Business for the year ended 31 December 2021, including an analysis of key financial and other performance indicators, financial risk management and future developments, is included in the Strategic Report on pages 2 to 53.

Information that is relevant to this report, and which is also incorporated by reference, including information required in accordance with the UK Companies Act 2006, can be located as follows:

Dividends

The Group issued dividends during the year of £31.5m (2020: £29m). The Group paid a post year-end interim dividend of £25.4m in January 2022 (2020: £20.0m in February 2021).

Events since the balance sheet

On 18 January 2022 the Group acquired 100% of the issued shares in McGrath Brothers (Holdings) Limited, McGrath Bros. (WasteControl) Limited, McGrath Bros. (Environmental) Limited, collectively known as the McGrath Group. The McGrath operations are based in East London and include a river-based transfer station, two safeguarded wharves, and recycling facilities. The results of the McGrath Group will be consolidated into Cory Topco Limited from 18 January 2022. At the time of reporting no fair value assessment of the assets and liabilities acquired (for the purpose of FRS 102 section 19 Business Combinations) have been made; this exercise is ongoing and these disclosures will be finalised in the year ending 31 December 2022. The total purchase consideration was £70.7m.

The Group paid a post year-end interim dividend of £25.4m in January 2022.

Political donations

The company has not made any political donations or incurred any political expenditure in the financial years, and has made no contributions to a non-UK political party during the financial year. The company has no branches outside of the UK (2020: nil).

Employee matters

The Group is aware of the importance of good communication and ensuring high levels of engagement with its workforce. The Group is aware of the benefits of having a diverse workforce and the critical importance of this to the long-term sustainability of its operations. Furthermore, the Group measures and regularly reviews a series of employment KPIs, including gender split, equal pay, age profile, employees with disability and other measures. The Group continues to consider diversity and inclusion as part of its employment strategy, confirming the vital role that our people have in the ongoing success of the Group.

Further details regarding employee engagement, including actions taken to maintain arrangements aimed at providing employees with information on matters of concern to them as employees, consulting employees or their representatives on a regular basis, achieving common employee awareness of the financial and economic factors affecting the company's performance, are referenced in the table above.

Directors

The directors of the company during the year were:

A G Ray
J R Barry
B J Butler
V Chan (appointed 2 November 2021)
J D Cogley
W Doughty
M R Draper (appointed 1 January 2021)
A F Pardo de Santayana Montes
A Peacock (resigned 30 June 2021)
A C M Rhodes
D I Sutherland

The biographical details of the current Directors and the Board Committees of which they are members are set out on pages 56 to 59. All Directors held office throughout the year except for Vicky Chan, who was appointed on 2 November 2021. Adrian Peacock resigned from the Board on 30 June 2021.

Directors' Report – continued

Directors' indemnity and insurance

Cory has agreed to indemnify each Director against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity applies only to the extent permitted by law. Cory has in place appropriate Directors' & Officers' Liability insurance cover in respect of potential legal action against its Directors.

Auditor and disclosure of information to the auditor

So far as the directors are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor of aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next Board meeting.

Disclaimer

The purpose of this Annual Report is to provide information to the members of the Company and it has been prepared for, and only for, the members of the Company as a body, and no other persons.

The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside back cover of this document.

The Directors' Report was approved by the Board on 3 May 2022.

By Order of the Board.

B J Butler
Director
Cory Topco Limited
11385842

Statement of Directors' responsibilities

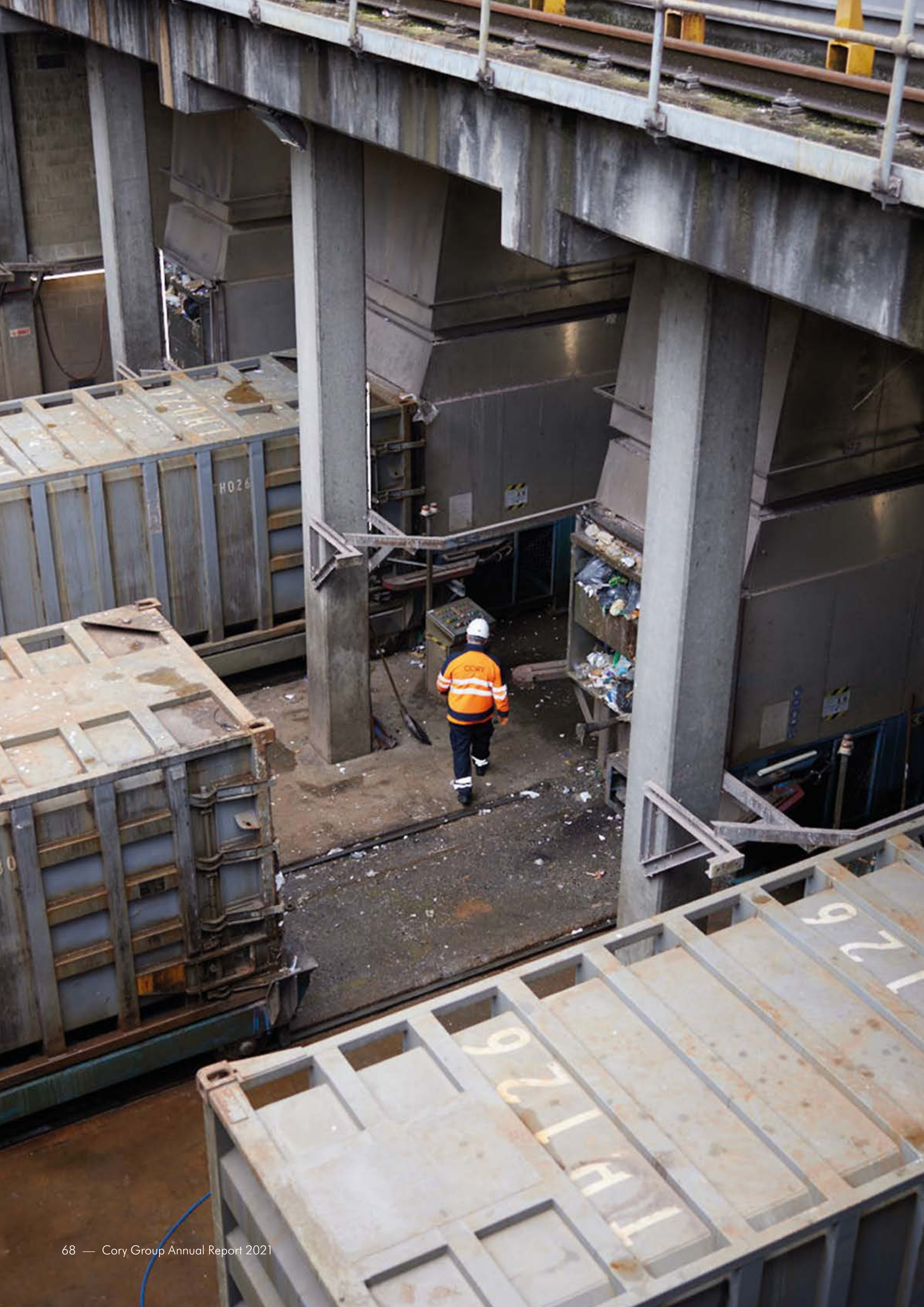
The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and company for that period.

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

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

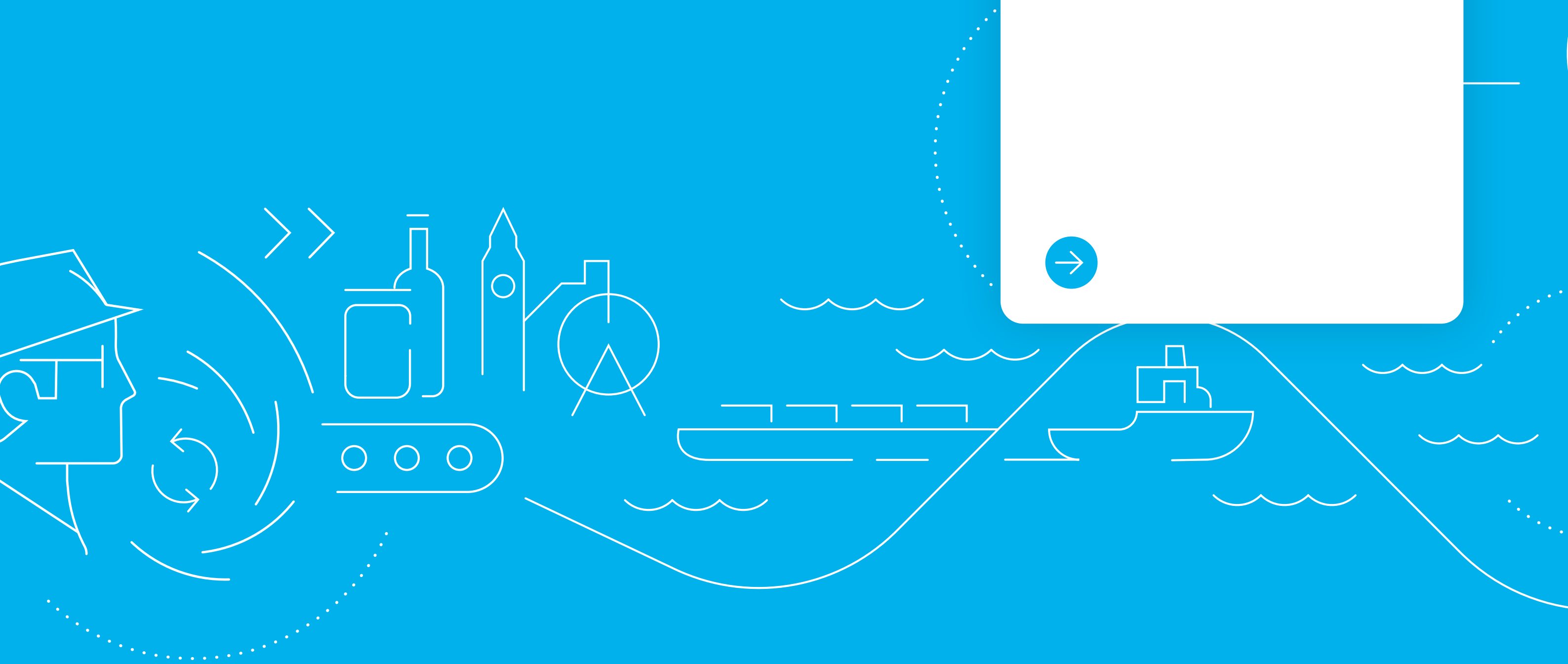
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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



Financial statements

In this section

Financial statements



Independent auditor's report
to the Members of Cory Topco Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cory Topco Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and the Audit and Risk Committee and our knowledge of the industry. We considered the significant laws and regulations to be those relating to the financial reporting framework and tax legislation;
- We considered compliance with these laws and regulation through discussion and enquiry with management and the Audit and Risk Committee and reviewing minutes from Board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We also considered the impact of Covid-19 and the impact this has had on the Group, included an assessment of the consistency of operations and controls in place within the Group during 2021; and
- In addressing the risk of fraud, including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria and investigated any entries that appeared unusual as to nature or amount, and assessed whether the judgements made in accounting estimates were indicative of a potential bias by management.

Independent auditor's report
to the Members of Cory Topco Limited — continued

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU

3 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	4	**139,783**	128,377
Cost of sales		**(116,210)**	(114,483)
Gross profit		**23,573**	13,894
Administrative expenses (excluding exceptional items)		**(24,634)**	(24,452)
Exceptional costs	6	**(5,139)**	(4,249)
Administrative expenses		**(29,773)**	(28,701)
Other income	5	**259**	610
Group operating loss	9	**(5,941)**	(14,197)
Interest receivable and similar income	10	**15**	47
Interest payable and similar charges	11	**(15,690)**	(16,202)
(Loss)/Profit from changes in fair value of derivatives	24	**(142,747)**	21,192
Loss on ordinary activities before taxation		**(164,363)**	(9,160)
Taxation on loss from ordinary activities	12	**(22,750)**	(18,791)
Loss for the financial year		**(187,113)**	(27,951)

The notes on pages 80 to 100 form part of these financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss for the financial year		**(187,113)**	(27,951)
Movement in interest rate hedge	24	**13,205**	(13,833)
Reclassification of interest expense	24	**3,217**	2,418
Deferred tax movement on interest rate hedge	29	**(2,776)**	2,384
Total comprehensive loss for the year		**(173,467)**	(36,982)

The notes on pages 80 to 100 form part of these financial statements.

Consolidated balance sheet
at 31 December 2021

Company number 11385842	Note	2021 £'000	2021 £'000	2020 Restated £'000	2020 Restated £'000
Fixed assets					
Intangible assets	15		**204,188**		218,262
Tangible assets	16		**1,330,980**		1,373,359
			1,535,168		1,591,621
Current assets					
Stock	18	**201**		42	
Debtors – falling due within one year	19	**22,980**		19,660	
Deferred tax asset falling due after more than one year	29	**44,676**		10,747	
Cash at bank and in hand		**91,199**		79,607	
		159,056		110,056	
Creditors: amounts falling due within one year	21	**(33,146)**		(32,006)	
Net current assets			**125,910**		78,050
Total assets less current liabilities			**1,661,078**		1,669,671
Creditors: amounts falling due after more than one year	22		**(742,640)**		(605,644)
Provisions for liabilities	25		**(28)**		(92)
Deferred tax provision falling due after more than one year	29		**(252,205)**		(192,763)
Net assets			**666,205**		871,172
Capital and reserves					
Called up share capital	26		**11,149**		11,149
Interest rate hedge reserve			**(4,294)**		(17,940)
Profit and loss account			**659,350**		877,963
Shareholders' funds			**666,205**		871,172

The financial statements were approved by the Board of Directors and authorised for issue on 3 May 2022.

B J Butler
Director

The notes on pages 80 to 100 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Interest rate hedge reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 December 2020	11,149	(8,909)	934,914	937,154
Loss for the year (before reclassification of interest expense)	–	–	(25,533)	(25,533)
Hedge effective portion of change in fair value of designated hedging instrument	–	(13,833)	–	(13,853)
Reclassification of interest expense	–	2,418	(2,418)	–
Deferred tax movement on interest rate hedge	–	2,384	–	2,384
Total comprehensive loss for the year	–	(9,031)	(27,951)	(36,982)
Dividend	–	–	(29,000)	(29,000)
At 31 December 2020	11,149	(17,940)	877,963	871,172

	Share capital £'000	Interest rate hedge reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	**11,149**	**(17,940)**	**877,963**	**871,172**
Loss for the year (before reclassification of interest expense)	**–**	**–**	**(183,896)**	**(183,896)**
Hedge effective portion of change in fair value of designated hedging instrument	**–**	**13,205**	**–**	**13,205**
Reclassification of interest expense	**–**	**3,217**	**(3,217)**	**–**
Deferred tax movement on interest rate hedge	**–**	**(2,776)**	**–**	**(2,776)**
Total comprehensive loss for the year	**–**	**13,646**	**(187,113)**	**(173,467)**
Dividend	**–**	**–**	**(31,500)**	**(31,500)**
At 31 December 2021	**11,149**	**(4,294)**	**659,350**	**666,205**

The notes on pages 80 to 100 form part of these financial statements.

Consolidated statement of cash flow
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss for the financial year		**(187,113)**	(27,951)
Adjustments for:			
Depreciation and amortisation of fixed and intangible assets	9	**72,791**	71,995
Net fair value loss recognised in profit or loss on derivatives		**142,747**	(21,192)
Net interest payable	11	**15,690**	16,202
Net interest receivable	10	**(15)**	(47)
Taxation charge	12	**22,750**	18,791
Profit on disposal of tangible fixed asset		**(35)**	(92)
(Increase)/Decrease in trade and other debtors		**(3,320)**	1,886
(Increase)/Decrease in stocks		**(159)**	44
Decrease in trade and other creditors		**2,491**	4,614
Decrease in provisions		**(64)**	(25)
Cash from operations		**65,763**	64,225
Interest paid		**(14,871)**	(15,716)
Cash settlements on derivatives (interest rate swaps)		**(4,179)**	(3,006)
Tax credit		**–**	595
Net cash generated from operating activities		**46,713**	46,098
Cash flows from investing activities			
Purchase of tangible fixed assets		**(16,338)**	(15,824)
Swap interest received		**1,592**	492
Sale of tangible fixed assets		**35**	92
Interest received		**15**	47
Net cash used from investing activities		**(14,696)**	(15,193)
Cash flows from financing activities			
Loan drawdowns		**11,075**	50,000
Capital repayments		**–**	(40,000)
Equity dividends paid		**(31,500)**	(29,000)
Net cash used from financing activities		**(20,425)**	(19,000)
Net increase in cash and cash equivalents		**11,592**	11,905
Cash and cash equivalents at beginning of year		**79,607**	67,702
Cash and cash equivalents at end of year		**91,199**	79,607
Cash and cash equivalents comprise:			
Cash at bank and in hand		**91,199**	79,607

The notes on pages 80 to 100 form part of these financial statements.

Company balance sheet
for the year ended 31 December 2021

Company number 11385842	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	17		**1,097,534**		1,097,534
Current assets			**1,097,534**		1,097,534
Debtors	19	**–**		608	
Creditors: amounts falling due within one year	21	**(83,556)**		(83,203)	
Net current liabilities			**(83,556)**		(82,595)
Net assets			**1,013,978**		1,014,939
Capital and reserves					
Called up share capital	26		**11,149**		11,149
Profit and loss account			**1,002,829**		1,003,790
Shareholders' funds			**1,013,978**		1,014,939

The individual company's comprehensive income for the financial year was £30.5m (2020: comprehensive income of £28.5m).

The financial statements were approved by the Board of Directors and authorised for issue on 3 May 2022.

B J Butler
Director

The notes on pages 80 to 100 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	11,149	1,004,315	1,015,464
Total comprehensive income for the year	–	28,475	28,475
Total comprehensive income for the year	–	28,475	28,475
Dividend paid	–	(29,000)	(29,000)
At 31 December 2020	11,149	1,003,790	1,014,939

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	**11,149**	**1,003,790**	**1,014,939**
Total comprehensive income for the year	**–**	**30,539**	**30,539**
Total comprehensive income for the year	**–**	**30,539**	**30,539**
Dividend paid	**–**	**(31,500)**	**(31,500)**
At 31 December 2021	**11,149**	**1,002,829**	**1,013,978**

The notes on pages 80 to 100 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2021

1 Accounting policies

Cory Topco Limited is a company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is Level 5, 10 Dominion Street, London, EC2M 2EF and the nature of the Group's operations and its principal activities are set out on pages 3 to 9. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Group financial statements are prepared for the year ended 31 December 2021.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies; significant estimates and judgements are disclosed in note 3.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- the requirement to present the parent company statement of cash flows and related notes;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Audit exemption relating to a subsidiary

For the year ending 31 December 2021, the subsidiaries Cory Ship Repair Services Limited (company number 04087659) and SAS Depot Limited (company number 00937070) were entitled to exemption from audit under section 479A of the Companies Act 2006.

Going concern

The Board has reviewed its financial forecasts and considered the availability of cash reserves and headroom over banking covenants. As part of this review the Board have assessed a number of financial scenarios, and combinations thereof, that last for a period of at least 12 months from the signing of the financial statements. In addition to these scenarios, they have also considered the impact of the Covid-19 pandemic, macroeconomic downturn and climate risk and whether there are any further internal or external factors which could have a significant effect on the financial performance and position of the business. As part of this review the board has also considered the impact of the war in Ukraine including the impact of economic sanctions. Having carried out these reviews and considering the continued proven resilience of the business demonstrated throughout 2021, the Directors are able to conclude that the business is robust even in the face of economic downturn or uncertainty. Consequently, the Directors conclude that there is a reasonable prospect that the business will continue to be a going concern for the foreseeable future.

Basis of consolidation

The Group financial statements consolidate the financial statements of Cory Topco Limited and its subsidiary undertakings which are drawn up to 31 December each year. No income statement is presented for the company as permitted by section 408 of the Companies Act 2006.

The consolidated financial statements present the results of Cory Topco Limited and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquired Group's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases. Any premium on acquisition is dealt with in accordance with the goodwill policy.

1 Accounting policies — continued

Exceptional items

The Group presents exceptional items on the face of the profit and loss account those material items of income and expense which, because of the nature and expected infrequency of events giving rise to them, merit separate presentation to allow stakeholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Turnover

Turnover represents the income receivable (excluding value added tax and trade discounts) in the ordinary course of business for services provided. Revenue is recognised at the point when full performance of the service is rendered to the customer. The following criteria must also be met for revenue to be recognised:

- Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the company.
- Revenue arising on generation of electricity is recognised as the energy is exported.

Intangible assets and goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life.

Goodwill is amortised on a straight-line basis over its useful estimated life of up to a maximum of 34 years, which is consistent with the period that the primary tangible fixed asset is being depreciated over.

Intangible assets, including contracts acquired as part of an acquisition, are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised on a straight-line basis over their useful estimated life of between 9 and 30 years.

Goodwill and intangible assets are tested for impairment where there is an indicator of impairment within the identified income generating unit.

Tangible assets

Tangible assets are initially recorded at historical cost. Historical cost includes the purchase price (including legal and brokerage fees and non-refundable purchase taxes); and applicable additional costs such as: shipping and delivery; installation; other costs attributed to the asset; and an initial estimate of the costs of dismantling and moving the item and restoring the site on which it is located. If an item is revalued, the entire class of assets to which that asset belongs is revalued. The Group capitalises the cost of replacing parts of existing tangible assets if, and only if, the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the corresponding replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The carrying values of tangible assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Any interest on loans relating to the construction of the energy from waste facility was capitalised until the completion of commissioning.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Notes to the financial statements — continued
for the year ended 31 December 2021

1 Accounting policies — continued

Depreciation

Depreciation is not charged in respect of freehold land. Depreciation is provided on all other tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	–	Over the life of the associated site
Long leasehold property	–	Over the life of the respective contract
Short leasehold property	–	Over the life of the lease
Plant and machinery	–	3 to 34 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Investments

Investments are held at the lower of cost or net realisable value. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instruments legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Current tax and deferred taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised as equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in previous years.

1 Accounting policies — continued

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Pensions

The Group participates in the following defined contribution pension schemes:

- Cory Environmental Pension Scheme (CEPS) provided by Prudential.
- The People's Pension.

These are all defined contribution pension schemes, and during the year were run on behalf of the employees and operated in the United Kingdom by Cory Environmental Holdings Limited. Contributions to the schemes are charged to the income statement when payable. Contributions to the Group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Operating leases

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Leasing and hire purchase contracts

Assets held under finance leases and hire purchase contracts are included in tangible fixed assets and are depreciated over the shorter of the contract term or their useful life. The net obligation relating to finance leases and hire purchase contracts is included as a liability. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease period.

Provisions for liabilities

A provision is recognised when the Group has legal or constructive obligations as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Insurance provisions

The Group maintains insurance policies with significant excesses, below which claims are borne by the Group. Full provision is made for the estimated costs of claims or losses arising from past events falling outside the limits of these policies.

Other provisions including liabilities, damages and other claims

Full provision is made for onerous contracts and salvage or repair costs of damage to barges and containers. If in the opinion of the Directors, there is a likelihood of claims arising from third parties, these are provided for in the financial statements.

Notes to the financial statements — continued
for the year ended 31 December 2021

1 Accounting policies — continued

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the balance sheet date.

Stocks

Stock, principally raw materials and consumables, is stated at the lower of cost and net realisable value. Cost includes, where appropriate, relevant overheads.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are charged to the income statement over the term of the debt using the effective interest rate method so the amount charged is a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and are written down using the effective interest rate method. If the loan to which the issue costs relate to is extinguished, the issue costs are fully written down immediately to the income statement.

Inflation rate swaps

Inflation rate swaps are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately. Note 24 sets out details of the fair values of the derivative financial instruments.

Inflation differentials are recognised by accruing the net amounts payable or receivable. Inflation rate swaps are revalued to fair value (market value as determined by the swap holders) and shown on the balance sheet at the year end with movements flowing through the income statement. The valuation techniques and key inputs used are described in note 24. If they are terminated early, the gain/loss is recognised immediately.

Interest rate swaps

Interest rate swaps are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated as a hedging instrument in a qualifying cash flow hedge relationship, in which case the accounting policy Hedge accounting using derivative financial instruments below applies. Note 24 sets out details of the fair values of the derivative financial instruments used for hedging purposes.

Determining the fair value of interest rate swaps where quoted prices are not available requires estimates to be made of the future expected cash flows and derivation of an appropriate discount rate which reflects, amongst other things, the credit and funding risk of the counterparties and the profit margin required by counter-party banks to enter into derivative positions with the Group (reflecting that the Group is only able to access retail, not wholesale markets, for derivative instruments) using inputs derived from observed debt and swap market transactions including the transaction price. The valuation techniques and key inputs used are described in note 24. If they are terminated early, the gain/loss is recognised immediately.

Hedge accounting using derivative financial instruments

The Group has entered into variable to fixed rate interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt, linked to LIBOR in 2021 and SONIA from 2022 onwards. Those derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate interest rate hedge reserve. Movements in deferred tax related to the hedging instrument are also recognised in other comprehensive income and presented in the interest rate hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

1 Accounting policies — continued

The company does not enter into derivative financial instruments for speculative purposes.

The Group designates the interest rates swaps held as hedging instruments in cash flow hedge relationships of its variable rate borrowings. At the inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item. An economic relationship exists if, over the life of the hedge, the Group expects the change in fair value of the hedged item to typically move in the opposite direction to the change in fair value of the hedging instrument in response to movements in the same risk, e.g. interest rates.

Hedge ineffectiveness (which may arise as a result of such things as the inclusion of credit and funding adjustments in determining the fair value of the derivative financial instrument) is recognised in the income statement if the cumulative gain or loss on the hedging instrument from inception of the hedge is more than the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects the income statement or when the forecast transaction is no longer expected to occur at which time amounts deferred in equity are reclassified to the income statement immediately.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Day one P&L adjustments

For derivative financial instruments, if the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day one P&L).
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day one P&L will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the transaction matures or is closed out or the entire contract can be valued using active market quotes or verifiable objective market information.

Interest rate benchmark reform

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in note 24.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

Fair value measurement

The best evidence of fair value is a quoted price for an identical instrument in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical instrument on their own are not a reliable estimate of fair value, fair value is estimated by using a valuation technique.

Reserves

The Group and company's reserves are as follows:

- Interest rate hedge reserve – Gains/losses arising on the effective portion of hedging instrument carried at fair value in a qualifying interest rate hedge.
- Profit and loss account – Cumulative profits or losses including equity-settled share-based payments, net of dividends paid and other adjustments available for distribution.

Notes to the financial statements — continued
for the year ended 31 December 2021

2 Prior period correction

In the prior year the Group held all liabilities relating to its interest rate swaps as non-current liabilities. However, it has subsequently been determined that £4.311m of the liability should have been recorded as a current liability, due within one year. Consequently, the prior year comparative has been restated to move £4.311m from non-current creditors to current creditors. The restatement does not affect either profit or loss or the net asset position of the Group.

3 Significant judgements and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determined whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include internal and external factors including the economic viability and expected future financial performance of the asset.
- Determined whether capital expenditure fulfils the capitalisation policy set by the Group and whether tangible assets should be recognised.
- The hedged item is defined as being variable rate borrowings. It was determined that any borrowings which are exposed to 6m LIBOR (SONIA from 2022 with LIBOR proxy now being SONIA compounded in arrears plus a spread of 27.66bps) risk up to the point of fixing or throughout the life of the instrument are defined as a hedged item within the hedging documentation of the company. As part of the interest rate benchmark reform we undertook an assessment to update our hedge documentation and confirm that all hedge relationships still applied. Please see note 24 for further information.
- Determined whether the deferred tax asset balances should be recognised. A deferred tax asset is only recognised when it is regarded as recoverable and therefore only when, on the basis of all available evidence, it is probable that there will be suitable taxable profits in the future from which the reversal of the underlying temporary differences can be deducted.
- Judgement arises when determining whether project development costs, as set out in note 6, incurred relating to the development of Riverside 2 should be expensed or capitalised. It is the judgement of the Directors that at this phase in the project costs should continue to be expensed. The Directors continually consider whether this judgement is appropriate and will capitalise costs as and when they consider appropriate.

Other key sources of estimation uncertainty:

- *Tangible fixed assets (see note 16)*

  Tangible fixed assets are depreciated over their useful lives taking into account residual value, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as maintenance programmes and technological innovation.
- *Intangible fixed assets (see note 15)*

  Intangible assets include key customer contracts which are depreciated over the length of contract. Goodwill is amortised over the useful life of the Group's primary tangible asset.
- *Derivative financial instruments (see note 24)*

  Derivative financial instruments are fair valued as at each year end. As quoted prices are not available, the Directors have been required to estimate the fair value of the Group's derivative financial instruments. The Group's current estimate of the fair value of the interest rate and RPI swap contracts at 31 December 2021 using mid-market wholesale prices excluding adjustments for credit and funding risk is of £178.7m (2020: liability £56.6m). This fair value incorporates estimates of the future cash flows as well as estimates relating to the determination of an appropriate discount rate (which is applied to the estimated future forecast cash flows) that factors in the credit and funding risks of the counterparties and the estimated remaining profit margin required by counterparty banks to enter into such instruments (which is reduced over time as the remaining weighted-average notional balance of the Group's derivatives decreases) based on evidence provided by such things as the prices observed in arms' length transactions during the year when the Group restructured its derivative financial instruments (see note 24 for further details). This value is adjusted as described above to derive the fair value of the interest rate swap contracts in accordance with FRS 102.

4 Turnover

Turnover, which is stated net of value added tax, relates to the Group's principal continuing activity, which the Directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom. Services provided which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income.

5 Other income

	2021 £'000	2020 £'000
Insurance recovery	**–**	518
Sale of fixed assets	**35**	92
Grant income	**224**	–

The insurance recovery income relates to monies received from the company's insurance policy relating to lost revenues and property damage on the EfW facility's turbine.

Grant income received is Government funding received to help develop the Heat Network project and fund project costs.

6 Exceptional costs

	2021 £'000	2020 £'000
Other exceptional items included within operating loss:		
Debt financing advisory fees	**–**	872
Rebranding costs	**117**	–
Project development	**5,022**	3,377
	5,139	4,249

During the year the Group incurred project development costs which includes the development of the Riverside Energy Park and the Heat Network project. The debt financing fees in the prior year relate to professional fees incurred in relation to the new long-term debt facilities raised in 2020, see note 23 for further information.

7 Employees

	2021 £'000	2020 £'000
Employees costs consist of:		
Wages and salaries	**19,250**	18,648
Social security costs	**2,276**	2,288
Other pension costs	**742**	717
	22,268	21,653

The average number of employees for Group during the year was as follows:

	Number	Number
Operations	**255**	255
Administration	**64**	59
	319	314

The company had 2 employees (2020: 1 employee). The company incurred wages and salary costs of £310k (2020: £248k) and social security costs of £42k (2020: £34k).

Notes to the financial statements — continued
for the year ended 31 December 2021

8 Directors

	2021 £'000	2020 £'000
Directors' remuneration consists of:		
Aggregate remuneration in respect of qualifying services	**1,514**	1,536
Aggregate remuneration in respect of long-term incentive schemes	**557**	539
Aggregate contributions to money purchase pension schemes	**11**	18
	2,082	2,093
Number of Directors accruing benefits under money purchase pension scheme	**1**	2

Other information regarding the highest paid Director is as follows:

	£'000	£'000
Aggregate remuneration in respect of qualifying services	**762**	747
Aggregate remuneration in respect of long-term incentive schemes	**347**	347
	1,109	1,094

9 Operating loss

	2021 £'000	2020 £'000
This has been arrived at after charging/(crediting):		
Operating lease rentals:		
– vehicles, plant and equipment	**68**	59
– land and buildings	**2,914**	2,789
Auditors' remuneration – audit	**322**	275
Auditors' remuneration – tax services	**–**	81
Exceptional costs (note 6)	**5,139**	4,249
Depreciation and amortisation:		
– Depreciation – owned assets	**58,717**	57,890
– Goodwill amortisation	**2,559**	2,559
– Intangible amortisation	**11,515**	11,546

10 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable on current bank accounts, deposits and interest rate and inflation hedges	**15**	47

11 Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on external loans	**14,785**	15,287
Amortisation of deferred finance costs	**905**	915
	15,690	16,202

12 Taxation on loss from ordinary activities

	2021 £'000	2020 £'000
UK corporation tax		
Current tax on loss for the year	**13**	–
Total current tax	**13**	–
Deferred tax		
Origination and reversal of timing differences	**(26,673)**	(1,730)
Adjustments in respect of prior periods	**(45)**	(536)
Effect of change in tax rate	**49,455**	21,057
Total deferred tax	**22,737**	18,791
Total tax charge for year	**22,750**	18,791

Deferred tax rate changes arise because UK corporation tax is expected to rise to 25% and movements in forecast timing of reversals impact the tax rate applied. For further information on deferred tax balances refer to note 29.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2021 £'000	2020 £'000
Loss on ordinary activities before tax	**(164,362)**	(9,160)
Taxation on loss on ordinary activities at the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**(31,229)**	(1,740)
Effects of:		
Fixed asset differences	**(5,746)**	2,242
Expenses not deductible for tax purposes	**5,404**	1,488
Income not taxable for tax purposes	**(43)**	–
Enhanced capital allowances	**(328)**	–
Movement in respect of interest rate swaps	**3,412**	(3,524)
Timing differences	**11**	–
Adjustments in respect of prior periods (deferred tax)	**(46)**	(536)
Deferred tax on interest rate hedge reserve	**(2,776)**	2,384
Changes to tax rates	**(8,057)**	19,402
Items charged elsewhere (equity/OCI)	**62,541**	–
Deferred tax not recognised	**(393)**	(925)
Total tax charge for year	**22,750**	18,791

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a debit of £2,776k (2020: credit of £2,384k).

The main rate of UK corporation tax is 19% for both accounting periods. For further information on deferred tax balances see note 29. The deferred tax not recognised relates to capitalised interest and finance costs, and in addition the Group has tax losses of £42,773k for which no deferred tax asset is being recognised.

Notes to the financial statements — continued
for the year ended 31 December 2021

13 Dividends

	2021 £'000	2020 £'000
Ordinary shares		
Interim paid	**31,500**	29,000

14 Parent company's result for the year

The parent company's comprehensive income for the financial year was £30.5m (2020: £28.5m).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

15 Intangible assets

Group	Goodwill £'000	Customer contracts £'000	Total £'000
Cost or valuation			
At 1 January 2021	86,998	166,495	253,493
At 31 December 2021	**86,998**	**166,495**	**253,493**
Amortisation			
At 1 January 2021	6,397	28,834	35,231
Charge for the year	2,559	11,515	14,074
At 31 December 2021	**8,956**	**40,349**	**49,305**
Net book value			
At 31 December 2021	**78,042**	**126,146**	**204,188**
At 31 December 2020	80,601	137,661	218,262

Customer contracts are being amortised over the life of the contracts. Goodwill is amortised on a straight-line basis over its useful estimated life of up to a maximum of 34 years, which is consistent with the period that the primary tangible fixed asset is being depreciated over.

A review for indicators of impairment was carried out and it has been concluded that there was no indication that goodwill is impaired at the balance sheet date. There has been no indication of impairment since the year end.

16 Tangible assets

Group	Freehold land and property £'000	Long leasehold £'000	Short leasehold £'000	Plant and machinery £'000	Totals £'000
Cost or valuation					
At 1 January 2021	1,244,842	3,426	74,187	193,207	1,515,662
Additions	3,544	–	8	12,786	16,338
Disposals	–	–	–	(4,772)	(4,772)
At 31 December 2021	**1,248,386**	**3,426**	**74,195**	**201,221**	**1,527,228**
Depreciation and impairment					
At 1 January 2020	97,454	630	13,321	30,898	142,303
Charge for the year	39,122	262	5,330	14,003	58,717
Disposals	–	–	–	(4,772)	(4,772)
At 31 December 2021	**136,576**	**892**	**18,651**	**40,129**	**196,248**
Net book value					
At 31 December 2021	**1,111,810**	**2,534**	**55,544**	**161,092**	**1,330,980**
At 31 December 2020	1,147,388	2,796	60,866	162,309	1,373,359

There were no indicators of impairment at 31 December 2021 or since the year end.

Company	Plant and machinery £'000
Cost	
At 1 January 2021	1
Additions	–
At 31 December 2021	**1**
Depreciation	
At 1 January 2021	1
Charge for the year	–
At 31 December 2021	**1**
Net book value	
At 31 December 2021	**–**
At 31 December 2020	–

Notes to the financial statements — continued
for the year ended 31 December 2021

17 Investments

Company	2021 £'000	2020 £'000
At 1 January and at 31 December	**1,097,534**	1,097,534

At the 31 December 2021, the company holds 100% of the equity share capital of the following subsidiary companies. Denmark Topco Limited is incorporated in Jersey. All other entities are incorporated in the UK.

Company	Nature of business
Held directly	
Cory Holdco Limited	Investment holding company
Held indirectly	
Denmark Topco Limited	Investment holding company
Denmark Holdco Limited	Investment holding company
Viking Consortium Acquisition Limited	Investment holding company
Cory Environmental Holdings Limited	Investment holding company
SAS Depot Limited*	Investment holding company
Riverside Energy Park Limited	Infrastructure development
RHN Holdings Limited	Investment holding company
RHN Developments Limited	Project development
Cory Riverside Energy Finance Limited	Investment holding company
Cory Riverside Energy Holdings Limited	Investment holding company
Cory Riverside (Holdings) Limited	Investment holding company
Riverside Resource Recovery Limited	Waste management services
Riverside (Thames) Limited	Waste management services
Cory Environmental Limited	Waste management services
Cory Ship Repair Services Limited*	Ship repair services

The results of these companies have been consolidated in the Group financial statements.

The registered office of the company's subsidiaries is Level 5, 10 Dominion Street, London EC2M 2EF.

* These companies are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

18 Stock

	Group 2021 £'000	Group 2020 £'000
Raw materials	**201**	42

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

19 Debtors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade debtors	**10,395**	8,874	**–**	–
Other debtors	**942**	164	**–**	–
Corporation tax	**–**	–	**–**	608
Prepayments and accrued income	**11,643**	10,622	**–**	–
	22,980	19,660	**–**	608

The expense recognised in the period in respect of bad and doubtful trade debtors was £13k (2020: £7k income).

20 Debtors: amounts falling due after one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Deferred tax asset (note 29)	**44,676**	10,747	**–**	–

21 Creditors: amounts falling due within one year

	Group 2021 £'000	Group Restated 2020 £'000	Company 2021 £'000	Company 2020 £'000
Other loans (note 23)	**44**	43	**–**	–
Amounts owed to Group undertakings	**–**	–	**83,556**	83,203
Trade creditors	**1,574**	1,020	**–**	–
Social security and other taxes	**3,305**	6,348	**–**	–
Corporation tax	**13**	–	**–**	–
Other creditors	**1,915**	1,729	**–**	–
Interest rate & RPI swaps (note 24)	**2,947**	4,311	**–**	–
Accruals and deferred income	**23,348**	18,555	**–**	–
	33,146	32,006	**83,556**	83,203

Amounts owed to Group undertakings are unsecured with no fixed date of repayment. Interest was charged on outstanding balances at rates at 0.0% during the year.

22 Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group Restated 2020 £'000	Company 2021 £'000	Company 2020 £'000
Deferred tax liability (note 29)	**252,205**	192,763	**–**	–
Other loans (note 23)	**566,879**	553,393	**–**	–
Interest rate swaps (note 24)	**10,138**	24,266	**–**	–
Inflation rate swap (note 24)	**165,623**	27,985	**–**	–
	742,640	605,644	**–**	–

Notes to the financial statements — continued
for the year ended 31 December 2021

23 Loans

An analysis of the maturity of loans is given below:

	Group 2021 £'000	Group 2020 £'000
Amounts falling due within one year or on demand:	**44**	43
Amounts falling due between one and two years:	**20,883**	–
Amounts falling due between two and five years:	**60,667**	51,430
Amounts falling due in more than five years:	**485,329**	501,963
	566,923	553,436

In 2018, the Group successfully completed a refinancing of its long-term debt facilities and hedging arrangements. A new multi-tranche £553.8m senior loan was raised by Riverside Resource Recovery Limited. The funds were primarily used to settle the £502.1m of the outstanding senior debt facility, interest rate swaps and make-whole payments in RRRL and partially settle the outstanding £97.1m junior debt facility and make-whole payments held by Cory Riverside Energy Finance Limited, an indirect parent company. The capex facility was redrawn during 2020 and a further drawdown of £11.1m was made in 2021, and the facility had an outstanding principal balance of £21.1m at 31 December 2021. The majority of the debt has a five-year amortisation holiday (with amortisation commencing in 2024). Interest repayments are made on a six-monthly basis. The breakdown of the loans are as follows:

- £167.2m senior term A loan which expires in 2030 on which interest is charged at a rate of LIBOR in 2021 (SONIA +27.66bps from 2022 onwards) + 1.4%;
- £275.0m senior term B1 loan which expires in 2038 on which interest is charged at a rate of 3.6%;
- £61.6m senior term B2 loan which expires in 2038 of which interest is charged at a rate of LIBOR in 2021 (SONIA +27.66bps from 2022 onwards) + 1.8%;
- A £50m five-year capital expenditure facility which expires in 2023 – interest is charged on drawn amounts at a rate of LIBOR in 2021 (SONIA from 2022 onwards) + 1.4%, and a commitment fee of 0.49% is payable on the undrawn balance. At year end a balance of £21.1m was outstanding on the facility (2020: £10.0m);
- £25.0m senior term D1 loan which expires in 2040 of which interest is charged at 0.6% with an RPI linked principal;
- £25.0m senior term D2 loan which expires in 2040 of which the interest is charged at 3.6%.

As at 31 December 2021, the Group is exposed to risks arising from interest rate benchmark reform as LIBOR is replaced with alternative benchmark interest rates. The quantitative exposure is disclosed below in note 24.

The Group has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the Group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 December 2021, the Group had agreed the terms of transition with lenders and made an amendment to loan documentation accordingly. From 2022 the Group will benchmark against SONIA + 27.66bps.

24 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 2021 £'000	Group 2020 £'000
Financial assets		
Financial assets measured at amortised cost	**109,664**	95,078
Financial liabilities		
Financial liabilities measured at amortised cost	**570,413**	556,185
Derivative financial instruments designated as hedges of variable interest rate risk with ineffective portion of the hedge measured at fair value through the income statement	**12,437**	28,577
Other derivatives measured at fair value through the income statement	**166,271**	27,985

24 Financial instruments — continued

Financial liabilities measured at amortised cost comprise other loans, trade creditors and other creditors.

Financial assets measured at amortised cost comprise cash in hand, trade debtors, other debtors and accrued income of £7.1m (2020: £6.6m).

The other derivative financial instruments comprise an inflation rate swap (£166.3m) which has been designated as fair value through profit and loss and an interest rate swap (£12.4m) designated for hedge accounting.

Qualifying cash flow hedging arrangements

As part of the 2018 transaction of which Cory Topco Limited's subsidiary, Cory Holdco Limited purchased the Group headed by Denmark Topco Limited, Cory Topco Limited entered into deal contingent interest rate and inflation rate swaps. Upon completion of the refinancing, the majority of these swaps were novated to Riverside Resource Recovery Limited, whilst the existing swaps were repaid in full. Further to the refinancing of the Riverside Resource Recovery Limited Senior Term Facilities loan (RSTF), only the interest rate swap hedging instruments that were hedging the Senior A Term loan has been designated in a qualifying cash flow hedging relationship of the cash flow interest rate risk on the RSTF.

As part of the refinancing transaction that occurred in 2018, Riverside Resources Recovery Limited issued new institutional term loan ('ITL') facilities totalling £337m. Within the issuance was a B2 floating rate loan with an amortising notional of £61.6m.

100% of the RSTF loan (2020: 100%) is subject to hedging facilities with six (2020: six) pay fixed/receive floating interest rate swaps providing a blended fixed rate payable by the company of 1.83% (2020: 1.83%). All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges of the company's interest rate cash flow exposure resulting from variable interest rates on the refinanced RSTF loan. The hedged cash flows are highly probable and expected to affect the income statement over the period to maturity of the interest rate swaps in October 2038.

The entity has taken advantage of the temporary amendments to specific hedge accounting requirements; these amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. The significant interest rate benchmarks to which the hedge relationships are exposed are detailed below.

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate		Notional principal value		Fair value	
Maturity	2021 %	2020 %	2021 £'000	2020 £'000	2021 £'000	2020 £'000
5 years +	**1.83**	1.83	**228,840**	228,840	**(12,437)**	(28,577)
			228,840	228,840	**(12,437)**	(28,577)

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months' GBP LIBOR in 2021 (SONIA + 27.66bps from 2022 onwards). The company will settle the difference between the fixed and floating interest rate on each swap on a net basis.

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates as adjusted for the estimated credit and funding risks of the counterparties as well as the evidence provided by prices seen in actual transactions (see note 3 for further details).

Gains of £13.2m (2020: losses of £13.8m) were recognised in other comprehensive income. Hedge ineffectiveness resulting in a charge of £1.2m (2020: credit of £150k) was recognised in the income statement. An amount of £nil (2020: £nil) was recognised as a change in fair value of interest rate swap not yet designated.

Notes to the financial statements — continued
for the year ended 31 December 2021

24 Financial instruments — continued

RPI swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Index		Notional principal value		Fair value	
Maturity	2021 %	2020 %	2021 £'000	2020 £'000	2021 £'000	2020 £'000
5 years +	**RPI**	RPI	**69,761**	69,761	**(166,271)**	(27,985)
			69,761	69,761	**(166,271)**	(27,985)

The receive fixed leg is calculated based on an aggregate notional of £69.8m compounded by an increase of 2.85% (on average across the four contracts) per annum. The company will settle the difference between the fixed rate and RPI leg on each swap on a net basis.

RPI-linked swaps are valued at the present value of future cash flows estimated and discounted based on the applicable RPI and interest yield curves derived from quoted RPI and interest rates as adjusted for the estimated credit and funding risks of the counterparties as well as the evidence provided by prices seen in actual transactions (see note 3 for further details).

Losses of £138.3m (2020: gains of £23.5m) were recognised in profit and loss.

Day one P&L adjustments

Day one P&L adjustments are adopted where the fair value estimated by a valuation model is based on one or more significant unobservable inputs. Day one P&L adjustments are calculated and reported on an instrument-by-instrument basis.

The timing of recognition of deferred day one P&L is determined individually. It is deferred until either the instrument's fair value can be determined using market observable inputs or is realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one P&L. Subsequent changes in fair value are recognised immediately in the income statement without immediate reversal of deferred day one P&L.

The table below presents the amounts not recognised in the income statement relating to the difference between the fair value of financial instruments designated in cash flow hedge accounting relationships at initial recognition (the transaction price) and the amounts determined at initial recognition using the valuation techniques.

	2021 £'000	2020 £'000
As at 1 January	**1,239**	1,328
New transactions	**–**	–
Amounts not recognised in income statement during the period	**(89)**	(89)
As at 31 December	**1,150**	1,239

In line with company policy stated in note 1, there is a day deferred gain of £1,378k in relation to BNPP amended swap designated for hedge accounting in April 2019 that is released to income statement such that it reaches a value of zero at the time when the transaction matures in 17 October 2038 or is closed out or the entire contract can be valued using active market quotes or verifiable objective market information.

24 Financial instruments — continued

Interest rate benchmark reform

As disclosed in note 22, the Group has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based (i.e. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The Group has taken advantage of these amendments in relation to the LIBOR interest rate noted above. The Group has already updated all loan documentation and swap agreements formally and will transition to benchmark against SONIA as at 31 December 2021.

Gains/(loss) from changes in fair value of derivative

	2021 Income statement £'000	2021 OCI £'000	2020 Income statement £'000	2020 OCI £'000
Change in fair value of interest rate swap	**(1,244)**	**13,205**	150	(13,833)
Reclassification of interest expense	**(3,217)**	**3,217**	(2,418)	2,418
Deferred tax movement on interest rate hedge	**–**	**(2,776)**	–	2,384
Change in fair value of inflation swap	**(138,286)**	**–**	23,460	–
Total credit/(charge)	**(142,747)**	**13,646**	21,192	(9,031)

25 Provisions for liabilities

	2021 £'000	2020 £'000
Dilapidations provision	**28**	92

Provision relates to leased land and property; reduction in the provision is due to payments having been made against it in the year.

26 Share capital

	Allotted, called up and fully paid			
	2021 Number	2020 Number	2021 £'000	2020 £'000
'A' Ordinary shares of £0.01 each	**1,114,909,466**	1,114,909,466	**11,149**	11,149

27 Capital and other commitments

The Group had minimum lease payments under operating leases as set out below:

	2021 £'000	2020 £'000
Within one year	**3,046**	3,256
Between one and five years	**12,015**	12,356
Over five years	**16,450**	18,785
	31,511	34,397

Leases of land and buildings are typically subject to rent reviews at specified intervals. The company had no commitments under non-cancellable operating leases as at the balance sheet date.

Notes to the financial statements — continued
for the year ended 31 December 2021

27 Capital and other commitments — continued

The company had minimum capital expenditure payments as set out below:

	2021 £'000	2020 £'000
Within one year	**2,235**	7,114
	2,235	7,114

Capital expenditure commitments relate to the purchase of barges.

28 Pension commitments

The Group participates in the following defined contribution pension schemes:

- Cory Environmental Pension Scheme (CEPS) provided by the Prudential.
- The People's Pension.

The assets of the schemes are held separately from those of the Group in independently administered funds.

The pension cost charge for the above schemes includes contributions payable by the Group to the funds and amounted to £742k (2020: £717k).

29 Deferred taxation

a) Deferred taxation provision

	2021 £'000	2020 £'000
Deferred tax provision at beginning of year	**(192,763)**	(177,399)
Charged to income statement	**(59,442)**	(15,364)
Deferred tax provision at end of year	**(252,205)**	(192,763)

The deferred tax provision is made up of the following:

	2021 £'000	2020 £'000
Capital gains on revalued assets	**(254,702)**	(202,564)
Other timing differences	**2,497**	9,801
	(252,205)	(192,763)

b) Deferred tax asset falling due after more than one year

	2021 £'000	2020 £'000
Deferred tax asset at beginning of year	**10,747**	11,790
(Charged)/credited to other comprehensive income	**(2,776)**	2,384
Credited/(charged) to income statement	**36,705**	(3,427)
Deferred tax asset at end of year	**44,676**	10,747

The deferred tax asset is made up of the following:

	2021 £'000	2020 £'000
Deferred tax on interest rate swap	**3,109**	5,430
Deferred tax on inflation rate swap	**41,567**	5,317
	44,676	10,747

30 Key management personnel

Key management personnel include all Directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel in the year for services provided to the Group was £2,082k (2020: £2,093k).

A long-term incentive scheme is in place for qualifying directors and key management personnel whereby based on the targets and conditions set, a cash based incentive is awarded. Directors' remuneration in relation to this is discussed in note 8, and key management personnel were awarded a total under this scheme of £557k (2020: £539k).

31 Related party transactions

The Group paid dividends to shareholders of £31.5m (2020: £29m) during the year and a post year end interim dividend to shareholders of £25.4m in January 2022 (2020: £20m in February 2021).

32 Ultimate parent undertaking and controlling party

The reserved matters in the shareholders agreement, and the current ownership of the Group, mean that there is no ultimate controlling party.

Cory Topco Limited is the parent undertaking of the largest Group of which the company is a member for which Group financial statements are prepared.

33 Post balance sheet events

On 18 January 2022 the Group acquired 100% of the issued shares in McGrath Brothers (Holdings) Limited, McGrath Bros. (Waste Control) Limited, McGrath Bros. (Environmental) Limited, collectively known as the McGrath Group. The McGrath operations are based in East London and include a river-based transfer station, two safeguarded wharves, and recycling facilities. The results of the McGrath Group will be consolidated into Cory Topco Limited from 18 January 2022. At the time of reporting no fair value assessment of the assets and liabilities acquired (for the purpose of FRS 102 section 19 Business Combinations) have been made; this exercise is ongoing and these disclosures will be finalised in the year ending 31 December 2022. The total purchase consideration was £70.7m.

The Group paid a post year-end interim dividend of £25.4m in January 2022 (2020: £20m in February 2021).

34 Reserves

Reserve	Description and purpose
Interest rate hedge reserve	Gains/losses arising on the effective portion of hedging instrument carried at fair value in a qualifying interest rate hedge
Profit and loss account	Cumulative profits or losses including equity-settled share-based payments, net of dividends paid and other adjustments available for distribution

Notes to the financial statements — continued
for the year ended 31 December 2021

35 Reconciliation of underlying EBITDA and underlying revenue (unaudited)

	2021 £'000	2020 £'000
Underlying EBITDA reconciliation		
Operating loss	**(5,941)**	(14,197)
Depreciation	**58,717**	57,890
Amortisation of intangibles and goodwill	**14,074**	14,105
Exceptional costs		
– Project costs	**5,022**	3,377
– Other exceptional costs	**117**	872
Payments received under RPI swap	**1,592**	491
	73,581	62,538

	Group 2021 £'000	Group 2020 £'000
Underlying revenue reconciliation		
Turnover	**139,783**	128,377
Payments received under RPI swap	**1,592**	491
Insurance recovery	**–**	518
	141,375	129,386

Cory Topco Limited

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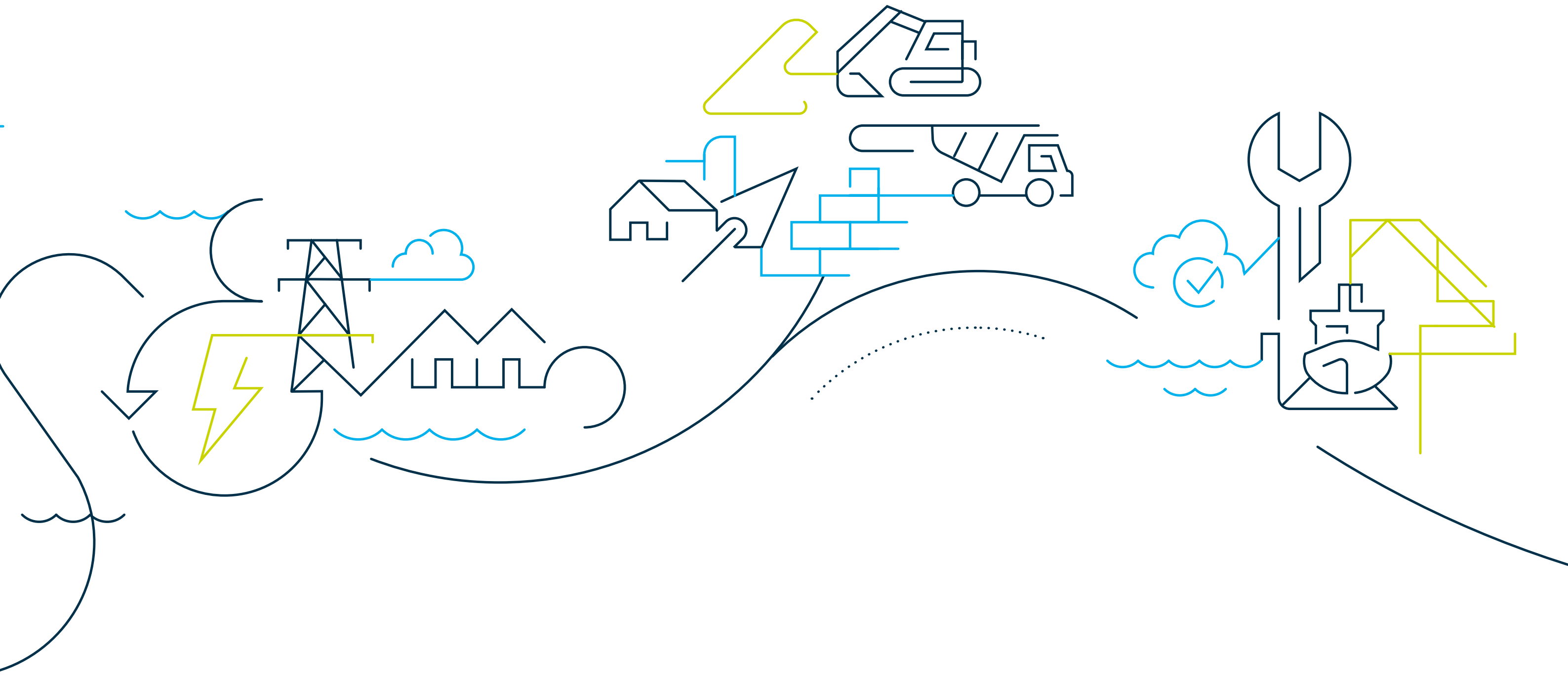

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