

# GOVERNANCE AT A GLANCE

Documents available at: [www.biffa.co.uk](http://www.biffa.co.uk)

- Biffa plc Articles of Association
- Matters Reserved to the Board
- Terms of Reference for Board Committees
- Board Diversity & Inclusion Policy
- Modern Slavery Statement 2021
- Tax Strategy 2021
- Gender Pay Gap Report 2021
- Notice of Annual General Meeting 2021
- Whistleblowing Policy

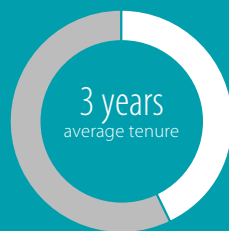
## Composition of the Board

- 1 – Chairman
- 2 – Executive Directors
- 4 – Non-Executive Directors



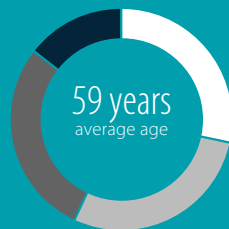
## Length of Tenure

- 3 – 0-2 years
- 4 – 2-4 years



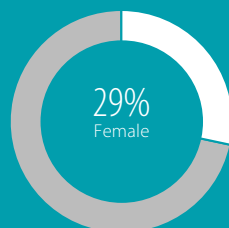
## Age

- 2 – 40-49
- 2 – 50-59
- 2 – 60-69
- 1 – 70-79



## Gender

- 2 – Female
- 5 – Male



As of 1 April 2021.

## The UK Corporate Governance Code: How we comply

The Corporate Governance Report, which includes the principal Committee Reports and Directors' Report, explains how the Board has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the Code). The Code is available to view on the website of the Financial Reporting Council at [www.frc.org.uk](http://www.frc.org.uk).

The Board has applied the principles and complied with the provisions of the Code throughout the year ended 26 March 2021, except for provision 38 which requires pension contribution rates for Executive Directors to be aligned with those available to the wider workforce. As stated in the Directors' Remuneration Policy, newly appointed Executive Directors' pension contributions will be aligned to the wider workforce from appointment. The incumbent Executive Directors will remain on their current pension contribution rates through to the end of 2022 when they will be aligned to wider workforce rates. Further information can be found in the Directors' Remuneration Report on page 116.

The table below sets out where the key content can be found in this report.

### 1. Board Leadership and Company Purpose

Purpose statement	01
Our Business Model	18-19
Engaging our Stakeholders	08-11
Section 172 Statement	12-13
Culture, Purpose and Values	89
Activities of the Board	92-93

### 2. Division of Responsibilities

Board of Directors	82-83
Our Governance Framework	86-87
Roles and Responsibilities	88

### 3. Composition, Succession and Evaluation

Nomination Committee Report	96-97
Gender balance of senior management	67
Appointments to the Board	94
Board Skills and Attributes	97
Board Evaluation	95
Diversity and Inclusion	97

### 4. Audit, Risk and Internal Control

Audit Committee Report	100-104
Managing our Risks	72-78
Statement of Directors' Responsibilities	123
Viability Statement and going concern	79

### 5. Remuneration

Aligning remuneration and culture	89
Remuneration Committee Report	105-119

## Chairman's Introduction



Ken Lever

Chairman

On behalf of the Board, I am pleased to introduce the Company's Corporate Governance Report for this year. The Board's focus during the early part of the year was on providing oversight of the Company's response to the impact of the first wave of the Covid-19 pandemic on the business and its stakeholders, approving updates to the market and measures for near-term cash preservation. The Board continued to receive regular updates throughout the year on the impact of the further waves of the pandemic and the Company's response.

Following the Company's £100m equity raise in June 2020, the Company was able to recommence its strategic investment programme and the Board approved a number of bolt-on acquisitions in the Collections business, along with the acquisition of Company Shop Group, and further capital investment in plastics recycling in the Resources & Energy division and the Company's second EfW project. See page 13.

### Changes to the Board during the Year

As previously mentioned, Gab Barbaro stepped down from the Board on 9 September 2020 due to a change in his executive role. This was an opportunity for the Board to review its balance of skills, knowledge, experience and diversity, and a recruitment process was kicked off to find a replacement Non-Executive Director. Following an extensive search process, we were pleased to announce the appointment of Claire Miles to the Board and the Remuneration Committee from 1 April 2021. Claire's biography can be found on page 83 and details of her selection and appointment process can be found on page 94.

### Diversity and Inclusion

The Board supports the Hampton-Alexander Review and the Parker Review targets for gender and ethnicity and, during the year, the Board approved a new Board Diversity and Inclusion Policy. Following the appointment of Claire Miles, there are now two women members of the Board, which amounts to 29% of the Board. The Board remains committed to its target of achieving at least one-third women on the Board by the Company's AGM in July 2022. See page 97.

### Sustainability

I reported last year on the publication of the Group's first sustainability strategy, 'Resourceful, Responsible'. I have been really pleased to see how this has been embedded during the year in the business and the progress that has been made towards our ambitious goals. As mentioned in my introduction on pages 06 – 07, the Board considered sustainability to be of such importance that it believed it appropriate to establish a separate Board Sustainability Committee to ensure that sustainability is given meaningful focus and support at Board level. The first Sustainability Committee meeting was held in January 2021 and the Report of the Committee can be found on pages 98 – 99.

### Governance

The growing focus on corporate governance has continued. The increasing interest of the investment community on ESG has added to this momentum. We note the recent Government proposals on audit reform, and the changes and additional costs for corporates that will bring. We take corporate governance seriously at Biffa but continue to seek to achieve a balance and focus on those areas that are supportive of creating value.

Set out on pages 12 – 13 is the Board's s172 statement. During the year, the Board has clearly demonstrated its s172 duties in its response to the Covid-19 crisis and also in the principal decisions it has taken. Stakeholder engagement has been a focus and details of how the Board engages the different stakeholder groups can be found on pages 09 – 11.

### Board Evaluation

During the year, Claire Chalmers conducted the Board's first external Board evaluation review since its IPO in 2016. I am pleased to report that there were no surprises. Claire found the Board to be a good and effective board with its dynamic a real strength, particularly the culture, tone and transparency. There were some actions which were recommended for the Board to consider and the Board has decided to focus on five of those in 2021/22. More information can be found on page 95.

### Shareholder Consultations

At the Company's AGM in 2020, there were certain resolutions where the total votes in favour were below 80%. During the year, the Company has extensively consulted and engaged with our shareholders to better understand and discuss their concerns. Further information can be found on page 91.

### Ken Lever

Chairman  
31 May 2021

# BOARD OF DIRECTORS

## Ken Lever

Non-Executive Chairman

### Date of Appointment

28 September 2016

### Committee Memberships

N S

### Nationality

British

### Relevant Skills and Experience

Ken was appointed Chairman in March 2018. He has strong leadership skills and extensive listed company experience in a number of UK industry sectors. Ken also has a wealth of corporate finance experience, having previously held board executive director positions with Numonyx BV, Tomkins plc, Albright and Wilson plc and Alfred McAlpine plc. Ken joined Xchanging plc as its chief financial officer, and was subsequently appointed and served as its chief executive officer from 2011 to 2015. Ken is a Fellow of the Institute of Chartered Accountants and a former partner at Arthur Andersen.

Ken was previously a non-executive director of Catesby Property Group plc, iSoft plc and Vega Systems plc, and served for six years on the UK Accounting Standards Board between 2006 and 2012.

### External Appointments

Ken is chairman of RPS Group plc and a non-executive director of Vertu Motors plc, Blue Prism plc and Gresham House Strategic plc.



## Michael Topham

Chief Executive Officer

### Date of Appointment

18 August 2016

### Committee Memberships

None

### Nationality

British

### Relevant Skills and Experience

Michael was appointed Chief Executive Officer in September 2018, having previously held the role of Chief Financial Officer from 2013. He has proven abilities to develop and acquire companies which deliver sustainable growth while strengthening the Group portfolio.

Michael has more than 15 years' experience in the waste management sector, having held divisional managing director and finance director roles within Biffa before being appointed Group Chief Financial Officer, and as finance director of Greenstar UK prior to its acquisition by Biffa in 2010.

He trained as a Chartered Accountant with PwC in London where he held positions in both the audit and transaction services practices.

### External Appointments

Michael is a director of the Environmental Services Association Limited.



## David Martin

Senior Independent Director

### Date of Appointment

28 September 2016

### Committee Memberships

A N R S

### Nationality

British

### Relevant Skills and Experience

David is a chartered management accountant and has significant experience of both domestic and global transport businesses.

He was involved in the acquisition of National Express and the successive management buy-out, leading to the creation of British Bus Group Limited. David was subsequently appointed chief executive of Arriva plc, a position he held from 2006 to December 2015.

David is the Group's nominated Non-Executive Director for workforce engagement.

He was previously a non-executive director of Ladbrokes plc and Arriva plc.

### External Appointments

David is chairman of FirstGroup plc.



## Richard Pike

Chief Financial Officer

### Date of Appointment

29 September 2018

### Committee Memberships

None

### Nationality

British

### Relevant Skills and Experience

Richard was appointed Chief Financial Officer in September 2018. Richard has a wealth of financial experience, having trained as a chartered accountant with Price Waterhouse, he went on to hold a variety of financial and management positions at Pilkington plc, Scapa Group plc and Manchester Airports Group.

Latterly, Richard was the chief financial officer of AB Sugar, managing director of British Sugar and group chief financial officer of Boparan Holdings Limited.

### External Appointments

None



**Committee Membership****A** Audit Committee**N** Nomination Committee**R** Remuneration Committee**S** Sustainability Committee**Committee Chair**

Gab Barbaro stepped down from the Board on 9 September 2020

**Michael Averill**

Non-Executive Director

**Date of Appointment**

28 September 2016

**Committee Memberships****A N R S****Nationality**

British

**Relevant Skills and Experience**

Michael has extensive knowledge of the waste management industry. He is a Fellow of the Chartered Institute of Waste Management and a former chairman of the Environmental Services Association. Michael held a number of senior management roles in the waste management industry before being appointed group chief executive of Shanks Group plc from 1994 to 2007 where he oversaw the growth of the group. Michael joined the former Board of Biffa Group in February 2013.

He was previously a non-executive director of TDG plc, Care UK plc, Speedy Hire plc, Van Gansewinkel Group in the Netherlands and the Saudi Investment Recycling Company in Riyadh, Saudi Arabia.

**External Appointments**

None

**Carol Chesney**

Non-Executive Director

**Date of Appointment**

12 July 2018

**Committee Memberships****A N R S****Nationality**

American/British

**Relevant Skills and Experience**

Carol has a wealth of financial and regulatory experience. She is a Fellow of the Institute of Chartered Accountants in England and Wales, and qualified with Arthur Andersen in the UK.

Carol was the company secretary of Halma plc, the FTSE 100 health, safety and environmental technology group, where she oversaw governance, pensions, group insurance and ethics compliance from 1998 until September 2018. Prior to this role, Carol was Halma's group financial controller with oversight of all day-to-day financial planning and reporting matters.

**External Appointments**

Carol is a non-executive director of Renishaw plc, Hunting plc and IQE plc.

**Claire Miles**

Non-Executive Director

**Date of Appointment**

01 April 2021

**Committee Memberships****R****Nationality**

British

**Relevant Skills and Experience**

Claire is currently the chief executive officer of Yell, the UK digital marketing services business. Prior to this, Claire was managing director of Centrica Hive Limited as part of a nine-year career at Centrica holding various general management and operational positions, including managing director of HomeCare, where she gained significant experience in customer service, digital and business transformation.

Claire previously held executive leadership roles at General Electric and Santander and was a non-executive director at Northgate plc for four and a half years.

**External Appointments**

Claire is chief executive officer of Yell UK.

**Sarah Parsons**

General Counsel and Company Secretary

**Date of Appointment**

July 2019

**Relevant Skills and Experience**

Sarah joined Biffa in 2019 as General Counsel and Company Secretary. She is responsible for managing legal risk and supporting Biffa's Chairman and the Board in maintaining high standards of corporate governance. Sarah also leads the insurance and property teams.

Sarah is a senior lawyer with over 20 years' experience in private practice and in house legal roles in England and Australia. She joined Biffa from Rotork plc where she was senior legal counsel and company secretary. Before this, Sarah spent seven years as senior legal counsel for ANZ Bank in Australia. She began her career at Bryan Cave Leighton Paisner in London where she spent more than a decade as a corporate M&A lawyer. Sarah is qualified as a solicitor in England and Australia.

**External Appointments**

None



# GROUP EXECUTIVE TEAM

## Michael Topham

**Chief Executive Officer**

Michael's full biography appears on page 82.



## Richard Pike

**Chief Financial Officer**

Richard's full biography appears on page 82.



## Sarah Parsons

**General Counsel and Company Secretary**

Sarah's full biography appears on page 83.



## David Bird

Chief Operating Officer,  
Collections and Specialist Services

**Date of Appointment**  
April 2021

David leads Biffa's Collections and Specialist Services divisions.

Using his significant experience in transforming business performance, David is focused on growing Biffa's Collections business in line with its strategy.

Prior to joining Biffa in January 2021, David worked in the energy sector for both EON UK and Co-op Energy for over 11 years, using digital technology to re-engineer operations and successfully grow the businesses. His experience also involves senior roles at various companies including M&S, BUPA, Sainsbury's, Homebase and Vodafone. David has held several non-executive roles in the public sector over the past 15 years, including the Department for Education, the Independent Police Complaints Commission and Frimley Park Hospital NHS Foundation Trust.

## Mick Davis

Chief Operating Officer,  
Resources & Energy

**Date of Appointment**  
September 2010

Mick joined Biffa when it acquired Greenstar UK in 2010, where Mick was Recycling Director. Mick progressed to become Managing Director of Biffa's Resource, Recovery & Treatment business, before taking on the position of Chief Operating Officer for the Resources & Energy division in 2019. Mick's division is responsible for much of Biffa's recycling infrastructure and initiatives, with Mick playing an instrumental role in the development of Biffa's recently opened state-of-the-art £27.5m plastic recycling facility in Seaham. Mick is also the lead for Biffa's EfW plants, which will turn non-recyclable waste into much-needed renewable energy for the UK.

In addition, Mick is a Trustee of the Biffa Award, which supports community projects around the UK such as improving local biodiversity as well as sitting on Biffa's steering committee for its WasteAid partnership, where Biffa supports the charity to help less developed countries tackle waste in a sustainable manner.



## Roger Edwards

Managing Director,  
Municipal

**Date of Appointment**  
October 2010

Roger started his career in the waste industry over 30 years ago with Drinkwater Sabey before becoming a founding member of Verdant Municipal, joining Biffa in 2010 after the acquisition of Greenstar UK. Roger leads Biffa's Municipal division.

He has successfully grown recycling levels across the division and is focused on developing a more sustainable future for waste management including the further development of the Company's alternative fuels strategy. Additionally, he is focused specifically on Biffa's sustainability strategy pillar 'Caring for our People, Supporting our Communities', ensuring that Biffa is supporting its local communities and championing local causes through its Community Shop business.

## Jane Pateman

Group HR Director

**Date of Appointment**  
December 2010

Jane joined Biffa in 2010 having worked as HR Director for several FTSE listed companies, providing strategic HR direction and implementing people programmes to support business growth. She has a strong track record of delivering business benefits through the effective deployment of human capital strategies. At Biffa Jane focuses on its people strategy to ensure that Biffa maintains its industry-leading approach to people management and employee wellbeing.

Her responsibilities include employee relations, learning and development, employee engagement, and rewards and benefits. Under Jane's leadership Biffa's Employee Engagement score has doubled since 2011.

Jane is also a non-executive director and Remuneration Committee chair of the legal and professional services business, Knights plc.

## David Gooding

Chief Information Officer

**Date of Appointment**  
July 2011

David oversees Biffa's IT, business intelligence and innovation sectors. He has worked in the waste management industry for 18 years, starting at Biffa as its Head of IT Business Systems before spending two years at Greenstar UK prior to its acquisition by Biffa in 2010. Now Chief Information Officer, David is responsible for technology and business model innovation, developing and optimising Biffa's systems, ensuring that the business is operating as efficiently as possible and maximising opportunities for development. As part of this he helps align new projects with Biffa's strategy, such as initiatives supporting the growth of the circular economy.

David sits on the Board of Community Shop. Outside of Biffa, David is also a trustee of Oasis Church Trust in Birmingham, providing accommodation and therapeutic services for adults recovering from drug and alcohol addiction.

## Cory Reynolds

Corporate Affairs Director

**Date of Appointment**  
November 2020

Appointed in 2021, as Biffa's first Corporate Affairs Director, Cory is focused on delivering strategic communications to build a positive profile around Biffa's purpose – changing the way people think about waste.

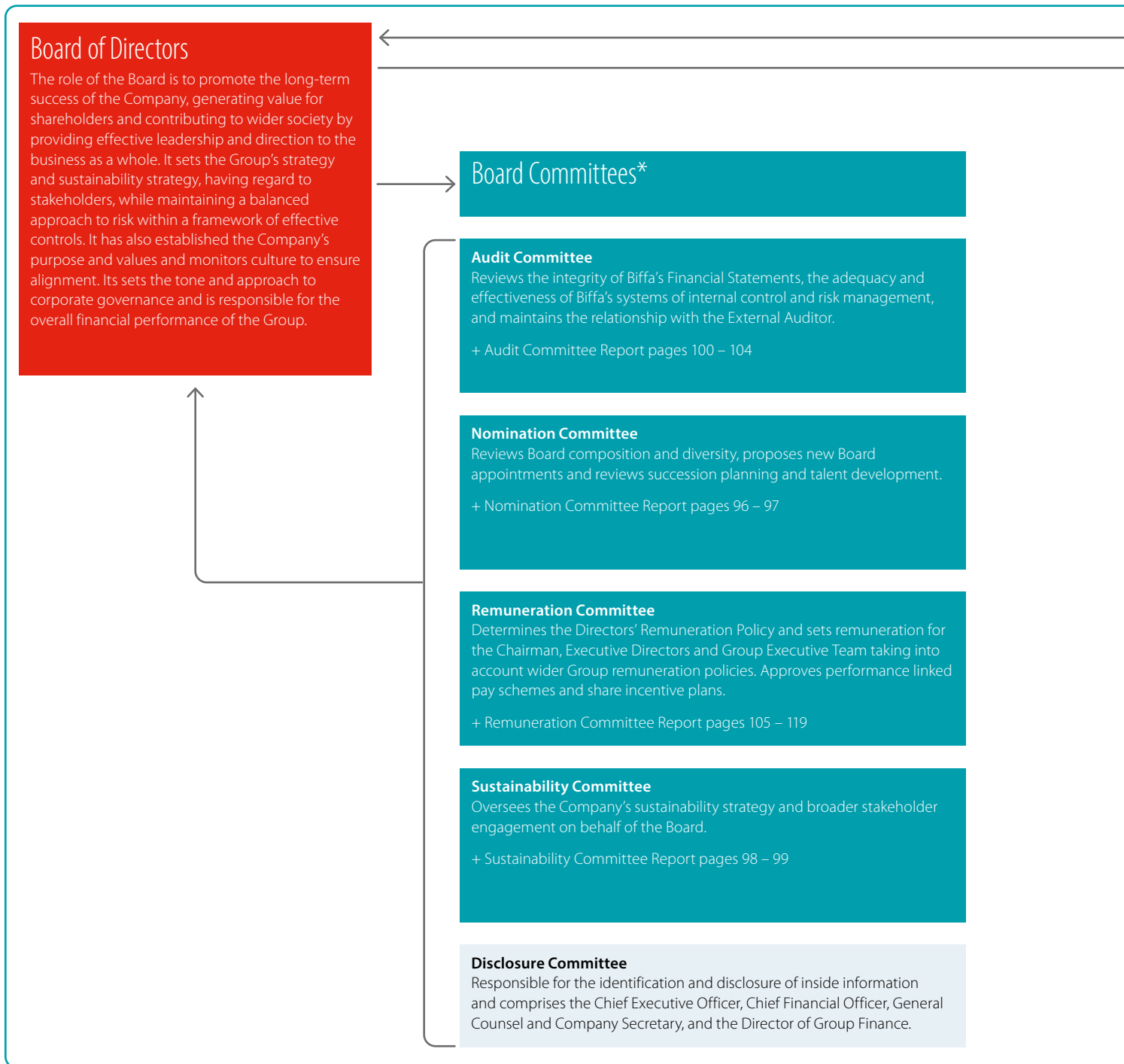
Within Biffa, she is responsible for Biffa's external communications including strategy, media relations and PR, brand, social media, investor relations, and regulatory and public affairs. Cory is also the lead for internal employee communications.

Cory's background is in both public and private sector communications. Before joining Biffa, she was the director of communications, brand and public affairs at Southern Water and prior to this she worked for Brighton & Hove City Council. Cory had experience in the media earlier in her career as a BBC senior journalist and editor, giving her a unique insight into the most effective way to communicate through the media.



# OUR GOVERNANCE FRAMEWORK

The Company has a clear corporate governance framework which was established to provide clear lines of accountability and responsibility. The framework comprises the Board reserved matters, the Board and Executive Committees with their Terms of Reference and the Group Delegated Authorities Policy and Matrix to ensure effective decision making at appropriate levels within the Group.



## Chief Executive Officer



## Group Executive Team

The Group Executive Team is responsible for the day-to-day running of the business. It meets monthly and receives regular reports on financial and business matters, Health & Safety, and has periodic reports on corporate affairs, procurement, internal audit and risk, human resources, IT, and legal, property and insurance.

+ Biographical details of the Group Executive Team are on pages 84 – 85

### Investment Committee

An Executive Management Committee comprising the Chief Executive Officer, the Chief Financial Officer, and the General Counsel and Company Secretary. It reviews and approves significant capital expenditure, potential acquisitions and disposals, major contracts and tenders and property transactions within specified authority limits delegated by the Board.

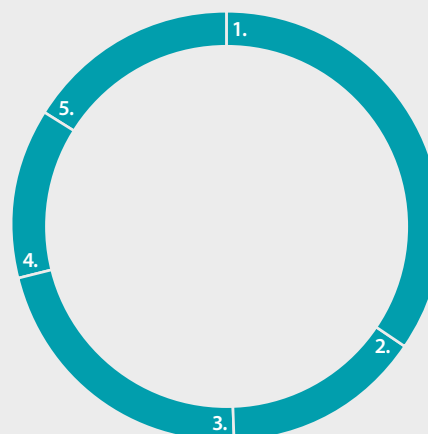
### Executive Sustainability Committee

An Executive Management Committee comprising the Chief Executive Officer, Chief Financial Officer, Group HR Director, Director of Corporate Affairs, and General Counsel and Company Secretary. It oversees at a business level the Company's sustainability strategy and broader stakeholder engagement, and reports up to the Sustainability Committee.

### SHEQ Excellence Forum

An Executive Management Committee comprising the Chief Executive Officer, Chief Operating Officer Collections, Chief Operating Officer Resources & Energy, Managing Director Municipal, and Group Health & Safety Director. The purpose of the forum is to provide the necessary leadership, direction and support enabling the provision and maintenance of a safe, healthy and responsible Biffa workplace.

## How the Board spent its time



1. Strategy	35%
2. People and Culture	15%
3. Finance and Risk	22%
4. Governance, Compliance and Regulatory	13%
5. Business Performance	16%

## Make-up of the Board

At the date of this report, the Board consists of seven Directors. Information on their roles and responsibilities can be found on page 88.

Chairman	●
Executive Directors	●●
Senior Independent Director	●
Non-Executive Directors	●●●

### EVP Litigation Committee

This is an additional Board Committee which provides an independent review of the EVP dispute proceedings (see Note 33 on page 182 of the Financial Statements). The members are Ken Lever and David Martin (Chair). In addition, the Board approved the appointment of Richard Pike, Carol Chesney and Claire Miles to the Committee on 29 April 2021. The Committee members have no financial interest in the outcome of the dispute.



## Division of Responsibilities

### Roles and Responsibilities

The Board members have clearly defined roles and responsibilities, as set out in the table opposite. They also have a range of skills, knowledge and experience that is relevant to the successful operation of the Board (see the biographies on pages 82 – 83 and Board Composition and Skills table on page 97).

### Independence of the Non-Executive Directors

The Nomination Committee, on behalf of the Board, reviews the independence of the Non-Executive Directors annually and has confirmed to the Board that it considers each of the Non-Executive Directors to be independent in accordance with the Code.

### Time Commitment

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role. During the year, the Nomination Committee considered, at length, the time commitment of all the Directors and were satisfied that the required time commitment from each of them remains appropriate.

### Additional Appointments

All Directors are required to consult with the Chairman and obtain Board approval before taking on any additional appointments. Executive Directors are not permitted to take on more than one non-executive directorship of a FTSE 100 company or other significant appointment. As part of the selection process for any new Board candidates, any significant external time commitments are considered before an appointment is agreed. Further information on the appointment process of new directors can be found on page 94.

### Roles and Responsibilities

Role	Name	Responsibility
<b>Chairman</b>	Ken Lever	The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate facilitating constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that the Board receive accurate, timely and clear information.
<b>Chief Executive Officer</b>	Michael Topham	The Chief Executive Officer is responsible for the day-to-day running of the Group's businesses and the development and implementation of strategy, decisions made by the Board and operational management of the Group, supported by the Group Executive Team.
<b>Chief Financial Officer</b>	Richard Pike	The Chief Financial Officer supports the Chief Executive Officer in developing and implementing strategy, oversees the day-to-day financial activities of the Group and ensures that policies and practices set by the Board are adopted at all levels of the Group.
<b>Senior Independent Director</b>	David Martin	The Senior Independent Director (SID) is an independent Non-Executive Director, who provides a sounding board for the Chairman and serves as an intermediary for the other Directors and shareholders where necessary. The SID also leads the annual appraisal and review of the Chairman's performance.
<b>Non-Executive Directors</b>	Michael Averill Claire Miles Carol Chesney	The Non-Executive Directors are responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using their broad range of experience and expertise.
<b>Company Secretary</b>	Sarah Parsons	The Company Secretary supports the Board to ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. She advises the Board on governance matters and supports the Chairman and the Chief Executive Officer in the delivery of the corporate governance agenda. All Directors have access to the advice of the Company Secretary.

# Supporting Long-Term Sustainable Success

## Culture, Values and Purpose

The Board is responsible for setting the Company's purpose and values and ensuring that these are aligned with the Group's culture. Our purpose, 'to change the way people think about waste', sits alongside our vision, 'to lead the way in UK sustainable waste management'.

We pride ourselves on our common-sense approach to sustainable waste management, our collaborative way of working and our ability to get things done. Our culture is underpinned by our values.

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

with employee perspective, for Biffa with employee representatives, to reflect the development of our business and to align to our culture. The Board will review and approve the new values in FY22.

We work hard to create a culture and an environment that allows everyone to thrive, working together effectively and safely, treating people fairly and with respect, to contribute to the growth of the organisation.

## Workforce Policies and Practices

The Board and the Remuneration Committee receive updates from the Group HR Director on our People Strategy and workforce policies and practices. This enables the Board to ensure that they are consistent with the Company's values and supports its long-term sustainable success.

+ Further information on our workforce policies and practices can be found on pages 69 – 71.

## How the Board Monitors Culture

The Board plays a vital role in monitoring and assessing both the culture of the Group and its alignment with purpose, values and strategy:

### Measuring our Culture

A number of our sustainability KPIs, such as lost time injury rate and employee engagement, allow trends and changes in the culture of the Group to be monitored. The Board receives reports throughout the year on these KPIs.

+ See pages 30 – 31

### Leading by Example

The Board, Group Executive Team and senior management act with integrity and lead by example, promoting our culture to our employees.

Employee visibility of the Board and the Group Executive Team is monitored through the work of David Martin, the Non-Executive Director for workforce engagement and through regular two-way engagement with our employees including all-employee calls.

+ See pages 64 – 68

### Risk Management

Biffa's risk appetite is approved by the Board and reviewed annually. The Group dedicates significant resources and focus to manage and monitor risks via our Risk and Internal Audit team. The Audit Committee monitors risk management processes and controls on behalf of the Board.

+ See page 103

### Aligning Remuneration and Culture

Our annual bonus schemes are directly linked to the annual Group BBP targets. These include the results of the annual employee engagement survey, the Health & Safety improvement targets, as well as behaviours underpinned by our values.

+ See pages 105 – 119

### Listening to Our Employees

Employee engagement is measured through the annual survey, which provides valuable insight in respect of engagement and culture. The designated Non-Executive Director for workforce engagement, David Martin, attended a number of events during the year. Key findings are presented to the Board, improvement areas are identified, and action plans developed.

+ See page 66

### Whistleblowing

Mechanisms are in place to facilitate employees reporting incidents of wrongdoing on a named or anonymous basis. The Audit Committee, with delegated authority from the Board, regularly monitors and reviews the Company policies, incidents and trends arising from any such incidents and provides the Board with updates.

+ See page 104

## Our Board

### An Effective Board

The Board had seven scheduled meetings during the year. Directors' attendance at scheduled Board meetings held during the year is set out on the next page.

The Board held regular meetings during the first Covid-19 lockdown to receive updates on trading and other matters. Due to Covid-19 and social distancing requirements being in place for most of the year, all Board and Committee meetings were held virtually using call and video facilities save for the September meetings.

Additional unscheduled Board meetings were held when circumstances required the Board to meet at short notice, such as to approve the Simply Waste and Company Shop Group acquisitions and the equity fundraising. The Board also approved a number of matters during the year by written resolution.

Agendas for each scheduled Board and Committee meeting are prepared in advanced and are aligned with the approved annual Board and Committee programmes. For each scheduled Board meeting there are a number of standing items such as the Chief Executive Officer and Chief Financial Officer Reports. All matters are given due consideration by the Board and are reviewed at the appropriate point in the regulatory and financial cycles. Flexibility is retained in the programmes to include additional items requested by the Board or Committees. Further information on the key activities of the Board can be found on pages 92 – 93. The key activities of the Committees can be found in the Committee Reports.

Directors are provided with papers at least five days in advance of each Board or Committee meeting and meeting packs are provided on a secure Board portal. The Chairman has calls with each of the Non-Executive Directors in advance of each scheduled Board meeting.

Non-Executive Directors are encouraged to communicate directly with senior management between Board meetings. Members of the Group Executive Team are invited to attend at least one Board meeting each year to present an update on their areas of responsibility in addition to presenting at the annual strategy Board meeting. During the year, the Chairman had weekly catch ups with the Chief Executive Officer. He also caught up regularly with the Company Secretary and Chief Financial Officer.

Meetings between the Non-Executive Directors, without the presence of the Executive Directors, are scheduled in the Board's annual programme. During the year, Non-Executive Directors met virtually on one occasion without the Executive Directors. These meetings provide the Non-Executive Directors with a forum in which to share experiences and discuss wider business topics, fostering debate in Board and Committee meetings and strengthening working relationships.

Due to Covid-19, the Board was unable to undertake any site visits this year. However, site visits have been included in the Board programme for 2021/22 and will take place subject to any further restrictions.

#### Biffa Beat

All the Directors have access to the employee app, Biffa Beat, giving them the ability to view the same information as our employees.

The Biffa Beat app allows employees to access the latest Biffa news, comment on shared stories and photos and has links to employee benefits and other helpful information.

### How Governance Supports Strategy

Biffa has a clear strategy for growth and the Board is responsible for delivering value for our shareholders by setting the Group's strategy and overseeing its implementation by the Group Executive Team and management. Further information on our strategy is set out on pages 20 – 21.

The Board carries out an annual strategy review. In FY21 this was done at the November 2020 and January 2021 meetings. At those meetings it received presentations from the Group Executive Team and the Divisional Finance Directors on the strategies for the business and on innovation and business transformation. The Executive Directors also presented the Group Strategy Plan, which was approved by the Board. The Board receives updates on strategy progress at each scheduled Board meeting.

### Stakeholder Engagement

Stakeholder engagement is key to the Group's long-term success. The Board directly and indirectly engages with the Group's key stakeholders so that it can understand their interests and them into account, in its decision making. Further information on stakeholder engagement and the Board's s172 statement can be found on pages 09 – 11 and 12 – 13 respectively.

### Shareholder Engagement

The Board is committed to maintaining open channels of communication with all shareholders. It is important that shareholders understand the Company strategy and objectives, and for the Company to receive shareholders' feedback and consider the issues and questions raised. To facilitate this, the Company has a comprehensive investor relations programme.

The Chief Financial Officer presents an Investor Relations paper at each scheduled Board meeting. This includes: share price performance monitoring; review of shareholder performance and sector analysis; composition of the shareholder register; peer group comparison; and professional and external adviser feedback.

The Company's website [www.biffa.co.uk](http://www.biffa.co.uk) is the principle medium through which results and other news releases such as acquisitions, contract wins and new strategic initiatives are published, including key financial calendar information, details of live webcasting services for key presentations and the source of past key presentations and announcements.

The Executive Directors meet shareholders and prospective shareholders on a regular basis. The Chairman and Senior Independent Director held meetings with our top 20 shareholders in July 2020. There has also been extensive shareholder engagement in relation to the 2020 AGM resolutions, see page opposite. The Non-Executive Directors are available to meet shareholders when requested.

Shareholders have an opportunity to meet the Directors at our Annual General Meeting. However, there have been restrictions on physical meetings due to Covid-19. Further information on the 2021 AGM can be found on our website. Information on how the Company communicates with its investors can be found in Engaging our Stakeholders pages 09 – 11.

## Statement on 2020 Annual General Meeting Resolution Votes Against

At the Company's AGM, held on 16 July 2020, the total votes in favour of a number of resolutions were below 80% as set out in the table below.

Resolution	Description of Resolution	Total Votes in Favour
7*	Re-election of Ken Lever	66.86%
13*	Authority to allot shares	67.11%
14	Pre-emption rights (general authority)	65.10%
15	Pre-emption rights (specific authority)	63.55%

\* Resolutions 7 and 13 were passed with the requisite majority.

Following the AGM, the Company has extensively consulted and engaged with its shareholders to better understand and discuss their concerns.

The Company Secretary wrote to the Company's shareholders, who were not supportive of the resolutions, inviting them to attend a call with David Martin, the Company's Senior Independent Director. These took place in August and September 2020 and an update was provided in a statement published by the Company on 28 October 2020.

Feedback was received from the shareholders consulted that the votes against the re-election of the Chairman were influenced by the number of his board commitments and the Board not meeting the gender diversity requirements of a number of institutional investors and proxy advisers. Additionally, the votes against the share authority resolutions were mainly due to the use by the Company of a cashbox placing on a non-pre-emptive basis to raise equity in June 2020.

In January 2021, the Chief Financial Officer and Company Secretary held a number of corporate governance focused calls with major shareholders which included those shareholders who had not been supportive of all resolutions at the AGM. The themes of the consultation covered overboarding, diversity and share authorities in addition to wider corporate governance and sustainability matters. Further clarification was received in relation to the matters of previous concern along with positive feedback more generally on corporate governance and sustainability.

### Gender Diversity

At the time of the AGM in July 2020, the Board only had one female member out of seven (a total of 14% female Board representation). Since then, good progress has been made in improving the gender diversity of the Board with the appointment of Claire Miles to the Board with effect from 1 April 2021. This has increased female Board representation to 29%. In addition, the Board published its Diversity and Inclusion Policy in November 2020 which includes an objective of reaching the Hampton-Alexander Review target of one-third female Board representation by its AGM in July 2022.

### Overboarding

A number of institutional shareholders and proxy advisers have numerical guidelines for determining whether a non-executive director is considered to be overboarded. The Chairman exceeds these guidelines with his current appointments. At the shareholder meetings, details were provided on how the Chairman allocates time to his different boards and no concerns were raised regarding him allocating insufficient time to Company matters. A number of shareholders confirmed they were content with the explanations given and were therefore prepared to override any numerical overboarding. A number of shareholders expressed concerns regarding the Chairman being able to allocate sufficient time to the Board if there was an event that required him to increase his time commitment.

The Board has discussed these concerns at some length and are of the firm view that the Chairman devotes more than sufficient time to

his Chairman duties and is always available to give issues at hand the time and attention they require, especially during the past year. The Chairman has also confirmed that if an event was to arise which required an additional time commitment he would ensure that he was available.

However, recognising the concerns of some of our shareholders, the Chairman has committed to review his board appointments with a view to complying with numerical overboarding guidelines by the time of the Company's AGM in July 2022.

### Pre-emption Rights

In May 2020, the Company used a cashbox placing on a non-pre-emptive basis to raise equity capital. It is understood from the shareholder consultations that the use of this placing was the main factor influencing certain shareholders to vote against the share authority resolutions.

The Board recognises that the principles of pre-emption are important to protect shareholder rights. However, the cashbox placing structure was chosen to minimise cost, time to completion and management distraction during the start of the Covid-19 pandemic in the UK, which was an unprecedented time for the Group. The Company consulted a number of its shareholders prior to the placing and respected the principles of pre-emption as far as possible through the allocation process.

The Board will continue to respect the principles of pre-emption as far as possible in any future equity capital raising.

## Board Attendance Table 2020/21<sup>1</sup>

Director	Independent	Board meetings attended	Maximum possible meetings
Michael Averill	Yes	7	7
Gab Barbaro <sup>2</sup>	Yes	4	4
Carol Chesney	Yes	7	7
Ken Lever	Yes	7	7
David Martin	Yes	7	7
Richard Pike	No	7	7
Michael Topham	No	7	7

- Scheduled Board meetings.
- Resigned on 9 September 2020.

Claire Miles was appointed to the Board on 1 April 2021.

# Activities of the Board

The key activities undertaken by the Board during the year are set out below. Further details on the content and structure of the Board meetings and Directors' attendance at the scheduled meetings that took place during the year can be found on page 91.

The Board recognises the value of positive relationships with our key stakeholders and the importance of these relationships when delivering the Group's strategy and in day-to-day business operations. The Board considers the interests of the Group's key stakeholders in its decision making. Further information can be found in the s172 statement on pages 12 – 13.

## Strategy

### Board Strategy ●●●●●

- Consider and approved the Group Strategic Plan.

[+ For more detail, see pages 20 – 21](#)

---

### Protos EfW ●●●●●

- Considered and approved the Protos EfW in Cheshire.

[+ For more detail, see page 25](#)

---

### Capital Investment ●●●●●

- Considered and approved an upgrade to the plastics processing capacity at Aldridge.
- Considered and approved a third HDPE line at Washington.

[+ For more detail, see page 41](#)

### Business Transformation and Innovation ●●●●●

- Received updates on business transformation and innovation and considered priorities in light of Covid-19.

[+ For more detail, see page 16](#)

---

### Equity Raise ●●

- Considered and approved a £100m equity raise by way of a cashbox placing.

[+ For more detail, see page 32](#)

### Acquisitions ●●●●●

- Considered and approved the acquisition of Simply Waste and the Company Shop Group.
- Received regular updates on the M&A pipeline.

[+ For more detail, see page 22](#)

## People and Culture

### Our People ●●●●●

- On the recommendation of the Nomination Committee, approved the appointment of Claire Miles, as a new Non-Executive Director. See page 94.
- Received an update on the Company's wellbeing support during Covid-19 and focus on mental health.

- Received updates from David Martin, the designated Non-Executive Director for workforce engagement and approved the workforce engagement plan for FY22.

[+ For more detail, see page 66](#)

### Whistleblowing ●●●

- Received updates on significant whistleblowing matters and approved an updated Whistleblowing Policy (via the Audit Committee).

[+ For more detail, see page 68](#)

## Business Performance

### CEO Report ●●●●●

- Received regular reports from the CEO on business performance, delivery of strategic priorities and opportunities, the impact of Covid-19 on the business, Health & Safety performance and people.

[+ For more detail, see pages 14 – 17](#)

### Operational Performance Reviews ●●●●●

- Received operational performance reviews throughout the year.

[+ For more detail, see pages 36 – 41](#)

### Covid-19 ●●●●●

- Received weekly updates on Covid-19 and its impact on the business during the first lockdown and continued to receive updates on Covid-19 and its impact at scheduled Board meetings throughout the year.

[+ For more detail, see pages 42 – 45](#)

**Key to stakeholder groups**

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

**Finance and Risk****CFO Report** ●●●●●●

- Received regular reports from the CFO report on financial performance across the Group and a report on investor relations.

+ For more detail, see pages 32 – 35

**Budget** ●●●●

- Reviewed the budget for 2020/2021.

+ For more detail, see page 79

**Results and****Regulatory Reporting** ●●●●●●

- On the recommendation of the Audit Committee, reviewed and approved the half and full-year results announcements, Annual Report and Accounts.
- Approved the Company's trading updates in May 2020, July 2020, September 2020, January 2021 and March 2021.
- On the recommendation of the Audit Committee, approved the Going Concern and Viability Statements in the half-year results FY21 and the Annual Report and Accounts FY20.

+ For more detail, see pages 100 – 104

**Dividends** ●●●●●●

- In light of Covid-19, approved a pause in dividend payments.

+ For more detail, see page 32

**Risk and Internal Control** ●●●●●●

- Considered and reviewed the Company's risk appetite. Received updates from the Audit Committee on risk and internal control effectiveness.

+ For more detail, see page 103

**Governance, Compliance and Regulatory****Board Evaluation** ●●

- Approved an externally facilitated Board evaluation, received a presentation on the results and approved actions for FY22.

+ For more detail, see page 95

**Modern Slavery** ●●●●●●

- Received an update on the progress made and actions for FY21 on modern slavery and approved the Company's 2020 Modern Slavery Statement.

+ For more detail, see page 67

**Gender Pay Gap Report** ●●●●●●

- Reviewed and approved the 2021 Gender Pay Gap Report.

+ For more detail, see page 67

**Board Diversity** ●●

- Approved a new Board Diversity and Inclusion Policy.

+ For more detail, see page 97

**Sustainability** ●●●●●●

- Approved the creation of a new Board Sustainability Committee.

+ For more detail, see pages 98 – 99

**AGM** ●

- Approved the Notice of Meeting for the AGM FY20.
- Approved shareholder consultation plans following the AGM 2020, discussed outcomes and agreed future engagement plans.

+ For more detail, see page 91

**Governance** ●●●●●●

- Received updates on various litigation matters.
- On the recommendation of the EVP Litigation Committee agreed next steps in relation to EVP/Fluff litigation.

+ For more detail, see page 87

**Policy Updates** ●●●●●●

- Reviewed and approved updates to Group policies through the year, including the Power Trading Policy, Share Dealing Policy, Health, Safety and Wellbeing Policy, Quality Policy, Whistleblowing Policy and Environmental, Sustainability and Carbon Policy.

+ For more detail, see pages 69 – 71

## Composition, Succession and Evaluation

### Conflicts of Interest

Under the Company's Articles of Association, the Board may authorise any actual or potential conflicts of interest and impose limits or conditions as appropriate. The Board has a detailed process for the management of conflicts of interest which is monitored by the Nomination Committee on its behalf. The Directors are required to disclose any conflicts of interest on appointment and then as they arise for consideration by the Board. The Board approves the Conflicts of Interest register annually on the recommendation of the Nomination Committee.

### Board Appointments Process

The Board has a formal and transparent procedure for the appointment of new Directors to the Board which it has delegated to the Nomination Committee. This process includes taking into account the annual Board composition review by the Nomination Committee to ensure that any new appointments complement or address any identified gaps in Board skills, knowledge, experience or diversity.

The Nomination Committee ensures that the selection process is rigorous and transparent and, if appropriate, it will appoint a professional external search firm. Candidates from a wide range of backgrounds that meet the role specification will be considered and all appointments will be made entirely on merit, with due regard to the benefits of all aspects of diversity. Details on the Board appointment process for Claire Miles, who was appointed as a Non-Executive Director from 1 April 2021, can be found below.

### Directors' Induction

Following appointment, each Director receives an induction on their duties as a director of a UK premium listed company and Biffa's business operations and risk and governance arrangements. The induction programme has been recently reviewed, for the appointment of Claire Miles, with enhancements made. Comprehensive online resources are available on the Board portal. In addition, there is a tailored programme coordinated by the Company Secretary which includes meetings with other Directors, Group Executive Team members and Heads of Group Functions. Various site visits are also included along with the opportunity to join I&C and Municipal collection rounds.

### Training and Development

During the year, the Board received a corporate governance update on remuneration matters from FIT, our external Remuneration Advisor, and corporate governance updates from an audit and risk perspective from Deloitte, our External Auditor.

In addition, the Directors undertake their own training and development which has included during the year topical updates from the External Auditor on going concern and accounting estimates, and online briefings including cyber security and fraud.

### Site Visits

In order to facilitate greater understanding and awareness of our business and to meet management, visits to key sites are incorporated into the annual Board programme. During these visits, the Directors receive briefing sessions from local management, allowing them to ask questions, learn about the business and spend time with different teams and individuals to observe and experience first-hand how the culture and values are embedded across the Group. Due to the pandemic, the Directors were unable to undertake any sites visits during the year; however, these visits will recommence as soon as restrictions allow.



**"I am delighted to join Biffa, an established enabler of the UK circular economy, whose performance throughout the pandemic demonstrates the resiliency of its model as a provider of essential services."**

**Claire Miles**  
Non-Executive Director

## Appointment of Claire Miles

In September 2020, the Nomination Committee commenced a search for a new Non-Executive Director following the resignation of Gab Barbaro from the Board on 9 September 2020. After a comprehensive appointment process led by the Chairman, Claire Miles was appointed to the Board as Non-Executive Director on 1 April 2021. The process of Claire's appointment is set out below:

### 1. Candidate Brief

A candidate brief was prepared by the Chairman and agreed by the Nomination Committee which took into account the review of Board composition, diversity, skills and experience by the Committee at its September 2020 meeting. Current experience as a successful executive in a relevant sector, along with experience of digital and IT transformation within a B2B services environment were identified as key skills and attributes. The need for a diverse list of candidates was also emphasised even if this could potentially prolong the appointment process.

### 2. Search

The Nomination Committee approved the appointment of a professional external search firm, Spencer Stuart, to assist with the search process. Spencer Stuart has no other connections to the Company or any individual director.

Spencer Stuart initially considered 47 candidates that met the brief which was then reduced to a longlist of 23 candidates. Following review by the Chairman, this list was reduced to 12 candidates who were contacted by Spencer Stuart to test interest.

### 3. Shortlist and Interviews

At the end of 2020, a final shortlist was presented to the Nomination Committee for consideration. Interviews of five shortlisted candidates were conducted by the Chairman in January 2021. Three preferred candidates then went on to second stage interviews with the remaining Board members.

### 4. Preferred Candidate, References and Offer

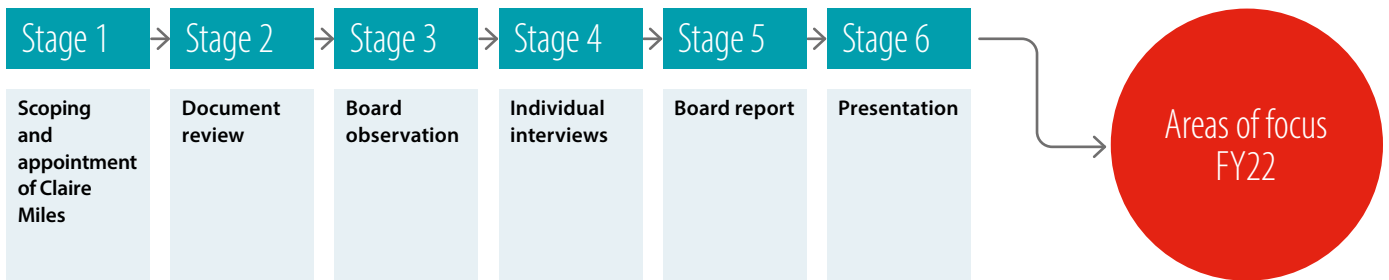
Following the interviews, Claire Miles was confirmed by the Directors as the preferred candidate. References were obtained and there was a further meeting with the Chairman following which the Nomination Committee approved making an offer, subject to final Board approval.

### 5. Appointment

Following the recommendation of the Nomination Committee, the Board approved the appointment of Claire Miles as Non-Executive Director of the Company and a member of the Remuneration Committee with effect from 1 April 2021.

# Board Evaluation

## Stages of the External Board Evaluation



The 2021 external Board evaluation review was conducted in accordance with the principles of the Code and the supporting Guidance on Board Effectiveness, and was facilitated by Claire Chalmers and James Littlefair of Claire Chalmers Limited, who have no other connection with the Company or any individual director. This is the Company's first external Board evaluation since its IPO in 2016.

### Stage 1

The Board approved the scope of the review and the appointment of Claire Chalmers Limited.

### Stage 2

Claire Chalmers was provided with access to sample Board and Committee papers and other governance documents to assist her in assessing the quality of the information that had been provided to the Board and Committees during the year and to help her understand the issues the Board has been dealing with.

### Stage 3

Claire Chalmers attended the January 2021 Board meeting to assist with her assessment of the Board's effectiveness. Attendance at the meeting enabled Claire to see the dynamics, challenge and relationships in the boardroom. It also helped her form a picture of how the practical arrangements and meeting dynamics come together.

### Stage 4

Interviews were conducted by Claire Chalmers with each Board member and the General Counsel and Company Secretary. These were based on the scoping agenda that was agreed with the Chairman and Company Secretary in advance. A broad range of topics were covered including; leadership, strategy, stakeholders and performance.

### Stage 5

A draft report with recommendations, was produced by Claire Chalmers based on her observations at the Board meeting and information compiled from her interviews and review of papers. The report was discussed first with the Chairman and then the Company Secretary.

### Stage 6

The report was finalised and presented to the Board by Claire Chalmers at the meeting in March 2021. Claire's recommendations have formed the basis of the Board's areas of focus in FY22.

### Board Evaluation Findings

The evaluation review concluded that the Board is a good and effective board. The Board dynamic is a real strength, particularly the culture, tone, openness and transparency. The Non-Executive Directors are hardworking and engaged and have an excellent relationship with the CEO and CFO.

The Board Committees were also reviewed as part of the external evaluation, and overall, were considered to function well.

The Chairman is highly regarded by his colleagues, engaged and takes the time to prepare before meetings and talk through any issues.

In addition to the review of the Board, the Chairman also reviewed the performance of each member of the Board and the Senior Independent Director led the Directors in a review of the performance of the Chairman. It was agreed that each Director continued to contribute effectively.

### Areas of Focus in FY22

At the April 2021 Board meeting, the Board approved the following areas of focus for the Board and Committees in 2021/22:

- Increasing the Board's awareness of customers, suppliers, and potential regulatory changes.
- Having more structured post-investment reviews of acquisitions and major capital projects.
- Continuing to improve the quality and timeliness of Board papers to include ensuring thorough s172 compliance.
- Continuing focus on succession, development and talent to maximise potential across the business.
- Greater use of external contributors at Board meetings or as pre-dinner speakers to increase Board knowledge and awareness of relevant business matters.

### Update on FY20 Board Evaluation Outcomes

The FY20 Board performance evaluation was internally facilitated by the Chairman and Company Secretary. The areas of focus identified following the review were diversity of the Board, continuing improvements to Board papers and a reduction in the number of Board meetings. Good progress was made in all these areas during the year.



# NOMINATION COMMITTEE REPORT



## Members

### Ken Lever (Chair)

Michael Averill  
Carol Chesney  
David Martin  
Gab Barbaro (until September 2020)

I am pleased to present the Nomination Committee (Committee) Report on behalf of the Board for the year ended 26 March 2021.

As outlined in my statement on page 81, there have been two changes to the composition of the Board during the year. Gab Barbaro stepped down from the Board on 9 September 2020 due to a change in executive role. Following a rigorous selection process conducted by an external search firm, Claire Miles was appointed as a Non-Executive Director to the Board and member of the Remuneration Committee with effect from 1 April 2021. The Committee led the process for Claire's appointment during the year and with this new appointment the Board now has increased gender diversity. Further details can be found on page 94.

During the year, the Committee focused on the Group's diversity and inclusion policies and initiatives, including the creation of a new Board Diversity and Inclusion Policy. Further information on which can be found opposite.

The Committee monitored succession planning at Board and Group Executive level and continued to recognise the importance of developing our people through a diverse talent pipeline. The Committee

received an update on key activities undertaken, including a comprehensive talent review of the Group's senior leadership team. More information can be found in Learning and Development on page 66.

During the year, an externally facilitated evaluation of the Board and its Committees was undertaken in accordance with the Committee's Terms of Reference. Further information can be found on page 95.

Our priority areas for the coming year will be a continued focus on diversity for the Board and the Group, as well as our talent pipeline and succession planning.

### Ken Lever

Chair, Nomination Committee  
31 May 2021

## Membership of the Committee and Attendance

A majority of the members of the Committee are independent Non-Executive Directors. Gab Barbaro stepped down from the Committee on his resignation from the Board on 9 September 2020. The Committee held two scheduled meetings during the year and an additional two meetings to discuss the appointment process of the new Non-Executive Director. Attendance at those meetings is shown opposite.

The Company Secretary attends all the Committee meetings as Secretary to the Committee and, by invitation, they are also attended by the Chief Executive Officer, the Chief Financial Officer and the Group HR Director. Additional attendees are invited at the Committee's request.

## Role and Responsibilities of the Committee

The role of the Committee is to lead the process for Board appointments, ensure that plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession to ensure that the Group has the best talent to perform effectively now and in the future.

The Committee's responsibilities are set out in its Terms of Reference and include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making

recommendations to the Board with regard to any changes;

- succession planning for the Board and senior management;
- leading the process for Board appointments and making recommendations to the Board;
- assessing whether Directors can commit sufficient time to fulfil their responsibilities; and
- taking an active role in setting diversity objectives and strategies for the Company as a whole and monitoring the impact of diversity initiatives.

## Meetings held in 2020/21

	Number of meetings attended	Maximum possible meetings
<b>Ken Lever (Chair)</b>	4	4
Michael Averill	4	4
Gab Barbaro <sup>1</sup>	1	1
Carol Chesney	4	4
David Martin	4	4

1. Until his resignation on 9 September 2020.

### Activities During the Year

During the year, the Committee's key activities were as follows:

- Led the appointment process for Claire Miles.
- Received a deep-dive session on Diversity and Inclusion for the Group.
- Recommended a Board Diversity and Inclusion Policy for approval by the Board.
- Reviewed the structure, diversity, size and composition of the Board including considering Board succession planning.
- Reviewed succession plan for the Executive Directors and the Group Executive Team.
- Received an update on the talent review of the senior leadership team including an update on the Biffa Advanced Leadership Programme.
- Reviewed Non-Executive Directors' independence and time commitments and Board conflicts of interest.

### Board Composition and Succession Planning

The Committee annually reviews the Board composition of the Board, the Director's skills, experience and knowledge, taking into account tenure and diversity. The Committee considers that the current Board membership provides the right mix of skills, knowledge and experience. Information on each of the Director's skills, experience and knowledge is set out opposite.

During the year, the Committee reviewed the succession plans for the Board and the senior management talent pipeline, and considered the objectives set out in the Board's D&I Policy as part of these plans.

The talent pipeline review for senior management included mapping successional candidates and opportunities across senior roles, and identifying key risks in capabilities. The outcome of the review was positive and highlighted strong leadership capabilities and high levels of motivation and engagement across the senior management team.

The Committee takes an active interest in the quality and development of talent and capabilities within Biffa, ensuring that appropriate opportunities are in place to develop high-performing individuals. These opportunities include; the Biffa Advanced Leadership Programme, which is targeted at developing the capability of 16 talented managers who have the potential to reach senior leadership roles, and invitations to meet with the Board during site visits, meetings and Board dinners.

During the year, opportunities for the Board to meet individuals in person were limited due to Covid-19; however, the Board is looking forward to resuming these arrangements during FY22.

### Diversity and Inclusion

The Board recognises that having a diverse, highly talented and skilled group of people at all levels within the Group is fundamental to the success of the business. It fully supports the Company's policy on diversity and inclusion, and during the year received a deep dive on the activities that have been undertaken and the progress against its objectives in relation to this. For further details see page 67.

The Board is actively aware of the need for greater gender and ethnic diversity on the Board. During the year, the Committee recommended to the Board a new Board Diversity and Inclusion Policy. This was published in November 2020 and is available on our website. The Policy set out the approach to diversity and inclusion in respect of the Board and, at a high level, in senior management roles within the Group.

The Board keeps the Policy under review to ensure that it remains effective. Our progress against the objectives are set out below.

Policy Objective	Progress
Improves gender diversity at Board and senior management level and supports the recommendations set out in the Hampton-Alexander Review. It has a target of achieving at least one-third women on the Board by the Company's AGM in July 2022.	At the beginning of the year, there was one woman on the Board, which amounted to 14% of the Board. With the resignation of Gab Barbaro and the appointment of Claire Miles, there are two women on the Board which amounts to 29% of the Board.  There are currently three women in the Group Executive Team out of a total of nine, which amounts to 33%.
Supports the recommendations of the Parker Review on ethnic diversity and has a target of having at least one person of colour on the Board by December 2024.	The Board remains focused on promoting broader diversity and creating an inclusive culture in line with the recommendation of the Parker Review.

### Board Composition and Skills

Board Skills, Knowledge and Experience	Michael Averill	Carol Chesney	Ken Lever	David Martin	Claire Miles	Richard Pike	Michael Topham
Independence	●	●	●	●	●		
Functional background: Operations	●				●	●	●
Functional background: Finance		●	●	●		●	●
CEO & leadership experience	●		●	●	●	●	●
Waste sector	●					●	●
Logistics/networks				●	●	●	
M&A/restructuring	●	●	●	●	●	●	●
Governance & regulatory	●	●	●	●	●	●	●
International	●	●	●	●		●	
Stakeholder/IR/PR	●	●	●	●	●	●	●
Technology/e-commerce			●		●	●	
Business evolution/strategy development	●	●	●	●	●	●	●
People	●	●	●	●	●	●	●
Sustainability	●		●			●	●

# SUSTAINABILITY COMMITTEE REPORT



## Members

### Ken Lever (Chair)

Michael Averill  
Carol Chesney  
David Martin

I am pleased to present our first Sustainability Committee (Committee) Report on behalf of the Board, for the year ended 26 March 2021.

At Biffa, sustainability is at the heart of our business as the UK's leading sustainable waste management company. As mentioned in my introduction to the Corporate Governance Report, following the publication of our first sustainability strategy, 'Resourceful, Responsible', in March 2020, consideration was given to how sustainability could be supported within the Company's governance framework. In November 2020, we established a Sustainability Committee at Board level and a further Sustainability Committee at Executive level.

The Committee will oversee on behalf of the Board the delivery of the Company's sustainability strategy. The Committee will also oversee broader stakeholder engagement on behalf of the Board. The Executive Sustainability Committee reports to the Committee on these areas.

The Committee ensures that the Directors give clear focus and support to the Company's sustainability strategy and targets, understand the actions required for the Company to achieve its targets and develop relevant and reliable reporting metrics, in line with the growing body of standards in this area.

In January 2021, we held our inaugural Committee meeting and details of what we considered at that meeting are highlighted in the key activities section on the next page.

Our focus for FY22 will be to continue to monitor the progress of the sustainability targets and the Company's route to achieve net zero emissions by 2050 and, oversee the alignment of our sustainability-linked finance framework. More information can be found on pages 46 – 63.

### Ken Lever

Chair, Sustainability Committee  
31 May 2021

## Membership of the Committee and Attendance

Following its establishment in November 2020, the Committee met once during the year and the attendance at that meeting is shown opposite. The Committee will normally meet three times a year.

The Assistant Company Secretary attends Committee meetings as Secretary to the Committee. The meetings are attended by the Chief Executive Officer, the Chief Financial Officer, the Corporate Affairs Director, the General Counsel and Company Secretary, and the Group Human Resources Director by invitation.

## Role and Responsibilities of the Committee

The role of the Committee is to oversee, on behalf of the Board, the Company's sustainability strategy, which focuses on three strategic pillars: building a circular economy; tackling climate change; and caring for our people, supporting our communities. The Committee will also oversee broader stakeholder engagement on behalf of the Board.

The Committee's responsibilities are set out in its Terms of Reference and include:

- reviewing and making recommendations to the Board on the annual Sustainability Report;

- monitoring progress and receiving updates on the targets contained in the sustainability strategy;
- reviewing and approving the annual stakeholder engagement plan;
- monitoring progress and receiving updates on the stakeholder engagement plan;
- reviewing and making recommendations to the Board on the Group's ethical policies and procedures;
- receiving updates on the Company's sustainability ratings and accreditations; and
- receiving updates on sustainability reporting requirements and changes to Government's strategy, policies and laws impacting sustainability.

## Meetings held in 2020/21

	Number of meetings attended	Maximum possible meetings
<b>Ken Lever (Chair)</b>	1	1
Michael Averill	1	1
Carol Chesney	1	1
David Martin	1	1

### Activities During the Year

During the year, the Committee's key activities were:

- Approved the Terms of Reference.
- Reviewed progress against the sustainability strategy and targets.
- Agreed the approach to be taken for the Sustainability Report.
- Reviewed the annual stakeholder engagement plan.
- Considered the use of a sustainability-linked finance framework.
- Reviewed the Company's sustainability ratings and accreditations.

### Progress against our Sustainability Strategy and Targets

At its meeting in January 2021, the Committee reviewed the Company's progress against the sustainability strategy and targets since they were set in March 2020. Further information can be found on pages 48 – 53 and in the Company's Sustainability Report at [www.biffa.co.uk/sustainability/sustainability-report-2021](http://www.biffa.co.uk/sustainability/sustainability-report-2021).

### Sustainability Report

The Committee considered the proposed approach to the Company's first sustainability report. The report is structured around the three strategic pillars and aligns to the key recognised reporting frameworks: the Task Force on Climate-related Financial Disclosures, the Global Reporting Initiative and the Sustainability Accounting Standards Board. It also includes our sustainability performance data, including environmental performance.

### Stakeholder Engagement

The Committee considered the Group's main stakeholder groups that are key to the Company's long-term success and who have an interest in the business and may be impacted by the Board's decisions. These were confirmed as:

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

+ Further details on these stakeholder groups can be found on pages 09 – 11

### Read our Sustainability Report

[www.biffa.co.uk/sustainability/sustainability-report-2021](http://www.biffa.co.uk/sustainability/sustainability-report-2021)



The Committee reviewed the Group's annual stakeholder engagement plan for the year. In connection with the Sustainability Report a materiality assessment was conducted during the year, to determine the key topics of interest and priorities for our stakeholders. This was taken into account in the development of the stakeholder engagement plan.

+ For further details on the materiality assessment, see page 08

The Committee is delighted to see how sustainability is being recognised within the business and the progress being made.

# AUDIT COMMITTEE REPORT



## Members

### Carol Chesney (Chair)

Michael Averill  
David Martin

I am pleased to present this year's Audit Committee (Committee) Report on behalf of the Board, for the year ended 26 March 2021. The Report outlines how the Committee discharged its responsibilities over the past year and the key areas it considered in doing so.

During the year, the Committee has continued to monitor the implementation of the business strategy and its impact on the Group's internal controls and risk management framework. Further information on key activities of the Committee during the year are set out opposite.

In addition, the Committee continued to provide financial oversight and stewardship on our financial reporting.

The year presented particular challenges as a result of the impact of the Covid-19 pandemic on the business. In response, the Committee enhanced its review of the Group's profitability, liquidity and financial headroom with respect to a number of forecast scenarios. As part of this work, the Committee also conducted its review of the

Viability Statement and going concern statement, following which it agreed that the going concern basis of accounting continues to be an appropriate basis of preparation for the Financial Statements.

For FY22, the Committee's focus will be on the ever-changing regulatory environment and preparation for the likely impact of the UK Internal Control Statement on the Group.

### Carol Chesney

Chair, Audit Committee  
31 May 2021

## Membership of the Committee and Attendance

All Committee members are independent Non-Executive Directors. The Board is also satisfied that the Committee as a whole has competence relevant to the waste management sector. Carol Chesney and David Martin both hold a professional accounting qualification, and the Board considers their financial experience to be recent and relevant. The Committee held four scheduled meetings during the year and an additional two meetings were held at year-end due to the additional audit focus on viability and going concern due to the pandemic and the Auditor's sign off of the accounts. Attendance at those meetings is shown opposite.

The Company Secretary attends all the Committee meetings as Secretary to the Committee and, by invitation, they are also attended by the Chairman, the Chief Financial Officer, the Chief Executive Officer, Gab Barbaro (Non-Executive Director) up until his departure on 9 September 2020, the External Audit Partner, the Head of Risk and Internal Audit, and the Director of Group Finance. The Committee met with the External Audit Partner and the Head of Risk and Internal Audit without management present after each scheduled meeting.

## Role and Responsibilities of the Committee

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the integrity of the Group's financial reporting and the effectiveness of the Internal and External Audit functions and risk management framework.

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted by the Board during the period under review.

The Committee's responsibilities are set out in its Terms of Reference and include:

- monitoring the integrity of the financial statements of the Company;
- reviewing and reporting to the Board on significant financial reporting issues and judgements;
- reviewing the adequacy and effectiveness of the Company's internal controls and risk management system;
- monitoring and reviewing the effectiveness of the Internal Audit function; and
- overseeing the relationship with the External Auditor.

## Meetings held in 2020/21

	Number of meetings attended	Maximum possible meetings
<b>Carol Chesney (Chair)</b>	4	4
Michael Averill	4	4
David Martin	4	4

## Activities During the Year

Key areas	Activities during the year
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>Reviewed the Annual Report and Accounts FY20, including whether they are fair, balanced and understandable, the significant judgements and estimates, going concern statement and Viability Statement.</li> <li>Reviewed the half-year accounts for FY21, including the significant judgements and estimates.</li> <li>Reviewed the External Auditor's report on the full-year and half-year audits.</li> <li>Reviewed the half-year and full-year results announcements and the September and March Pre-Close Trading Statements.</li> </ul>
<b>External Audit</b>	<ul style="list-style-type: none"> <li>Reviewed the External Auditor's independence, objectivity and effectiveness.</li> <li>Following an interview process, welcomed a new lead Audit partner.</li> <li>Considered the re-appointment of the External Auditor.</li> <li>Considered External Auditor fees and terms of engagement.</li> <li>Reviewed the Non-Audit Services Policy.</li> <li>Reviewed the External Auditor's non-audit services and fees.</li> </ul>
<b>Risk and Internal Controls</b>	<ul style="list-style-type: none"> <li>Monitored the Company's risk register and reviewed risk responsibilities within the Group.</li> <li>Reviewed the effectiveness of the Group's risk management and internal control systems at half year and full year.</li> <li>Reviewed the impact of Covid-19 on the control environment and received regular updates.</li> <li>Considered responses, and their timeliness, to audit findings and recommendations for control improvements, including reviewing the External Audit management letter.</li> <li>Reviewed the risk management and internal control disclosures in the half-year accounts and the Annual Report and Accounts.</li> <li>Received regular updates on the implementation of the key controls framework.</li> <li>Reviewed, and recommended to the Board approval of a revised Whistleblowing Policy.</li> <li>Received updates on material litigation and whistleblowing matters.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>Approved the annual Internal Audit plan (and changes during the year to reflect the revised scope due to Covid-19), including its alignment to the principal risks, emerging areas of risk, coverage across the Group and continuing review of the Group's processes and controls.</li> <li>Monitored and reviewed the Internal Audit effectiveness and independence of the Internal Audit function including consideration of key Internal Audit reports; stakeholder feedback on the quality of Internal Audit activity; and the implementation of Internal Audit recommendations.</li> <li>Reviewed the resources of the Internal Audit function.</li> <li>Reviewed Internal Audit reports, including those related to treasury, cyber security, Health &amp; Safety and supplier contract management.</li> </ul>
<b>Other Areas</b>	<ul style="list-style-type: none"> <li>Reviewed the results of the evaluation of the effectiveness of the Committee.</li> <li>Received an update on tax matters for the Group and reviewed and recommended to the Board that no changes be made to the Group's annual tax strategy.</li> <li>Received an update on the Defined Benefit Pension Scheme funding position.</li> <li>Received updates on treasury matters.</li> <li>Reviewed the related party transactions and list.</li> </ul>

### Financial Reporting

One of the Committee's principal responsibilities is to review and report to the Board on the quality and appropriateness of the Group's Financial Statements, including the half-year accounts and Annual Report and Accounts, with a particular focus on:

- the suitability of accounting policies;
- the effectiveness of internal controls;
- the appropriateness of underlying assumptions, judgements and estimates made by management;
- key audit matters identified by the External Auditor;

- compliance with relevant accounting standards and other regulatory financial reporting requirements including the Code; and
- advising the Board, where requested, on whether the Annual Report and Accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In making its assessment, the Committee reviews reports from members of the Finance team and the External Auditor. Through discussions and detailed written reports, the Committee is able to understand and assess the significant judgements and estimates and how they are being recorded and disclosed in the Group's Financial Statements.

The significant financial judgements and estimates considered in relation to the Annual Report and Accounts FY21 are detailed in the table overleaf.

## Audit Committee Report continued

### Significant Financial Judgements and Estimates Considered in Relation to the Annual Report and Accounts FY21

Significant financial judgements and estimates considered by the Committee in relation to the Annual Report and Accounts	How these issues were addressed by the Committee	
<b>Landfill Accounting</b>	<p>The Committee reviewed the valuation of the landfill provisions and assets, the level of such landfill provision and the extent of the depreciation of such assets, it being noted that the responsibility for a landfill site extends beyond the cessation of land filling operations until the Group has fulfilled its aftercare and restoration obligations which is estimated to be up to 60 years post closure of the site.</p> <p>(See Note 20 on page 174 for further details on landfill provision.)</p>	<p>The Committee considered the Group Landfill Capital and Provisioning Policy, which includes the basis for cost, void space, waste compaction ratio and gas generation estimates, and associated accounting methodology.</p> <p>The Committee determined that with the combination of external third-party reports and guidance, External Auditor testing and the Group's experience to provide for these estimated costs the current landfill accounting treatment and value, and level of provisions were appropriate.</p>
<b>Retirement Benefit Obligations</b>	<p>The Group operates a defined benefit pension scheme known as the Biffa Pension Scheme (BPS) which is closed to new joiners and to future accrual as at 31 October 2013. There are currently active members of the BPS who have protected defined benefit accrual either by virtue of contract location or legislation. The BPS was in a pension surplus of £112.1m as at 26 March 2021.</p> <p>(See Note 28 on page 180 for further details on pension and post-retirement benefits.)</p>	<p>The Committee considered reports from management and the External Auditor in relation to the valuation of the BPS and reviewed the key actuarial assumptions used in calculating the defined benefit pension liabilities, especially in relation to discount rates, inflation rates, salary growth, rate of pension increase and mortality/life expectancy, and concluded that the assumptions used were appropriate and were supported by independent actuarial experts. Details of the key assumptions used are set out on page 180 in Note 28 to the Financial Statements.</p>
<b>Asset Impairment Review</b>	<p>The Group carries different classes of intangible assets on its balance sheet, which include goodwill, landfill gas rights, the Biffa brand, customer contracts and the development costs associated with the Group-wide IT system replacement programme, Project Fusion.</p> <p>The Group's assessment of the carrying value of goodwill and the other intangible assets is dependent on the disaggregation of the operating segments and assumptions of future cash flows, including both short- and long-term growth rates.</p> <p>During the year, an asset impairment review was carried out. There was no impairment to the goodwill. There were some asset impairments made to the carrying value of the Poplars AD plant and Project Fusion.</p> <p>(See Note 3 on page 157 for further details on the asset impairments.)</p>	<p>The Committee reviewed and discussed management's report on the impairment review and considered the External Auditor's testing thereof.</p> <p>After due consideration, the Committee concluded that it was satisfied with management's assumptions and judgements applied in relation to such testing. Details of the key assumptions and judgements used are set out in Note 12 to the Financial Statements.</p>
<b>Onerous Contract Provision</b>	<p>The Group operates a broad portfolio of complex contracts, especially in the Municipal and Resources &amp; Energy businesses. The accounting for certain contracts may be underpinned by assumptions or judgements made by management in respect of the outcome of future events.</p> <p>During the year an uplift in the onerous contract provisions was required and a settlement was reached to terminate the North Somerset Municipal contract.</p> <p>(See Note 3 on page 157 for further details on onerous contracts.)</p>	<p>The Committee reviewed management's judgements and assumptions used to determine onerous contracts and any required provision for future losses. In addition, External Auditor testing was taken into consideration.</p> <p>The Committee concluded that it was satisfied by management's assessment and the approach adopted, including the presentation of these as non-underlying due to the creation of non-recurring provisions.</p>
<b>Classification and Presentation of Adjusting Items</b>	<p>The Group's financial performance is analysed into two components, 'business performance excluding adjusting items' and 'adjusting items'.</p> <p>Business performance excluding adjusting items is used by management to monitor financial performance as it is considered it aids comparability of the reported financial performance year-to-year. To identify 'adjusting items' management utilises a three step process which considers the nature of the event, the financial materiality involved and the particular facts and circumstances, and are presented in a separate column in the Income Statement. The Directors believe that this presentation is relevant to an understanding of the Group's business performance trends, financial performance and position.</p> <p>(See Note 3 on page 157 for further details on adjusting items.)</p>	<p>The Committee reviewed the items considered by management to be 'adjusting' including the value and nature of the items. The Committee concluded that it was satisfied with management's assessment and identification of these items, including the decision to present 'adjusting items' as a separate disclosure on the face of the Income Statement.</p>

<b>Business Combinations</b>	<p>The Group completed three acquisitions in the year. In accordance with IFRS 3 'Business Combinations' management are required to identify the fair value of the net assets and liabilities acquired including acquired intangible assets such as customer lists and goodwill. As all of these acquisitions were completed in the second half of the year, the fair values remain provisional, there will be a re-assessment of this at the end of the measurement period, 12 months post completion date.</p> <p>(See Note 1 on page 143 for further details on business combinations).</p>	<p>The Committee reviewed management's approach to the assessment of provisional fair values and considered the External Auditors testing thereof. It was concluded that the Committee was satisfied with managements assessment at the year end.</p>
------------------------------	--	---

### Financial Reporting Council Information Request

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

### Risk Management

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework. The Board delegates responsibility for review of risk management and the effectiveness of internal control to the Committee.

The Chief Executive Officer has overall accountability for the control and management of the risks faced by the Group and, working with the Group Executive Team, has established processes to monitor:

- Strategic plan achievement, through a regular review of progress towards strategic objectives.
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action.
- Capital investment and asset management.
- Performance, with detailed appraisal, authorisation and post-investment reviews.
- That the principal and emerging risks facing the Group are being identified, evaluated and appropriately managed.
- The maintenance of appropriate insurance cover to insure risk areas of the Group.

On behalf of the Board, the Committee has reviewed the work done by management on the assessment of the Company's principal and emerging risks. A comprehensive review of the principal risks was completed in November 2020 for our half-year reporting and this exercise, which included an assessment of emerging risks, was undertaken again in March 2021. The review of the principal risks considers the likelihood of the risks materialising and the potential impact, in terms of both the inherent risks, before any mitigating actions, and the residual risks, after considering mitigating actions and controls. The emerging risks reviewed by management and the Committee

included risks relating to climate change, pandemic and infectious diseases, changes to the workforce demographic and the use of alternative fuels.

Further details of the Group's risk management and internal control systems, principal and emerging risks and statement following the Viability Assessment are included in the Strategic Report on pages 72 – 79.

### Internal Control

The Company's system of internal control, including its design and operating effectiveness, is subject to review by the Committee, through reports received from the Company, along with those from both the Internal Audit function and External Auditor.

Where deficiencies have been noted in the design or implementation of controls, either by management, Internal Audit or the External Auditor, the Committee ensures that appropriate action is taken to resolve any weaknesses in the control environment. Any new or changes to key controls will be incorporated into the key control framework and therefore subject to independent review by the Internal Audit function. An example was the lack of landfill site visits undertaken by the Finance team in the current year due to Covid-19. Remote site visits will be implemented if restrictions continue into the future.

Policies and procedures, including clearly defined levels of delegated authority, have been communicated across the Group. We continue to operate a key controls framework across the Group, in respect of operational and financial processes, that requires a quarterly self-certification by management, confirming that key internal controls within their area of responsibility have been operating effectively, and are subject to independent review by the Internal Audit function. During the year, additional control areas have been added to the key control framework, including acquisitions, Health & Safety and environment.

In preparation for the proposed reforms as set out in the BEIS White Paper 'Restoring Trust in Audit and Corporate Governance', the Internal Audit function has initiated an Internal Controls over Financial Reporting Health-check, which will run during the FY22 financial year.

Throughout the Covid-19 pandemic our risk management and internal control processes have continued to be in place. Any changes to key internal controls due to Covid-19 are incorporated within the key controls framework and are subject to quarterly self-certification by management as well as independent review by the Internal Audit function.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Committee keeps the risk management and internal control systems under review and supports the Board in carrying out an annual review of their effectiveness. This includes consideration of Internal Audit reports and the implementation of Internal Audit recommendations. During the year, the Committee also considered responses by the Biffa leadership team to the twice-yearly compliance questionnaire and management declarations from the Group Executive Team on the effectiveness of key controls and the management of significant risks within their areas of responsibility.

### Risk Appetite

The Company's approach to risk appetite has been developed in line with the Code. By clarifying the type and level of risk it is willing to take in order to achieve its strategic objectives, the Company aims to support consistent, risk-informed decision making across the Group.

The Company's risk appetite has been incorporated into the risk management framework and the Committee monitors whether the Group is operating within that appetite through a review of a series of agreed metrics and a review of the principal and emerging risks. The Board reviews the Company's risk appetite on annual basis and this year's review took place in November 2020.

### Internal Audit

The Company's Internal Audit function is led by the Head of Risk and Internal Audit. It focuses on performing a programme of reviews of processes and controls implemented across the Group. Internal Audit findings are presented to the relevant management head, the Company Secretary and the Chief Financial Officer for review. The Committee is responsible for agreeing and overseeing the work of the Internal Audit function.



## Audit Committee Report continued

The Committee reviews the effectiveness of the Internal Audit function, reviews and approves the scope of the Internal Audit annual plan and assesses the quality of Internal Audit reports, along with management's actions, and their timeliness, relating to findings and the closure of recommended actions. The Committee has also reviewed the resourcing of the Internal Audit function and agreed to the appointment of additional resource in the year.

The Committee also considers any stakeholder feedback on the quality of Internal Audit's work. In order to safeguard the independence of the Internal Audit function, the Head of Risk and Internal Audit is given the opportunity to meet privately with the Committee without any Executive Directors or other members of management present. The Head of Risk and Internal Audit also meets with the Committee Chair ahead of each meeting and otherwise when needed.

During the year, the Internal Audit function has undertaken reviews in accordance with the agreed Internal Audit plan, including those related to treasury, cyber security, Health & Safety and supplier contract management.

### External Auditor

Deloitte LLP was appointed as the External Auditor of the Company on 23 August 2016. During the year Makhan Chahal rotated off as the Company's lead Audit Partner and, following a comprehensive interview process, Peter Gallimore was appointed in September 2021.

The Company confirms it is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014, which relates to the frequency and governance of external audit tenders and the setting of a policy on the provision of non-audit services.

The Company intends to conduct a tender process in line with the regulations and by no later than 2026.

The Committee reviewed the External Auditor's effectiveness during the year. In carrying out its assessment it considered:

- Feedback from the Chief Financial Officer and his team who monitor the External Auditor's performance, behaviour and effectiveness during the exercise of its duties.
- All key External Auditor plans and reports.
- The regular engagement with the External Auditor during Committee meetings and ad hoc meetings, including meetings without any member of management being present.
- The Committee Chair having discussions with the Lead Audit Partner ahead of each Committee meeting.

- The External Audit effectiveness review conducted by the Head of Risk and Internal Audit which was presented to the Committee at the September meeting. This contained the results of an external audit process effectiveness review questionnaire that was completed by the Directors and key members of management and staff who were involved in the external audit process.
- The independence and objectivity of the External Auditor.

Having completed this review, the Committee concluded that the audit process, independence and quality of the External Auditor was satisfactory.

The Committee has made a recommendation to the Board to re-appoint Deloitte LLP as the Company's External Auditor for the 2021/22 financial year. Accordingly, a resolution proposing its re-appointment will be tabled at the July 2021 AGM.

### External Auditor's Independence and Non-Audit Services

To preserve objectivity and independence, the Committee has a policy on the provision of non-audit services which restricts the work and fees available to the External Auditor which is reviewed by the Committee annually.

The policy specifies certain activities which the External Auditor may not undertake such as tax, consulting, valuation or corporate services (other than reporting accounting arrangements). Permitted services are set out in a whitelist and the fees are capped at 70% of the average audit fees paid in the last three years.

The policy requires prior Committee approval for any non-audit services work permitted under the policy whose value exceeds £50,000, or where it will cause the cumulative fees for the year to exceed 10% of the amount of the prior year's audit fee, or where the cumulative fees for the year already exceed 70% of the average of the external audit fees paid in the last three years. Prior approval of the Chief Financial Officer is required for any non-audit services work permitted under the policy whose value exceeds £10,000.

Non-audit fees are monitored by the Committee and the Committee is satisfied that all non-audit work undertaken this year was in line with the policy and did not detract from the objectivity and independence of the External Auditor. The External Auditor confirms its independence at least annually.

The fees paid to Deloitte LLP in respect of non-audit services during the year related to the review of interim Financial Statements and governance compliance certificates and totalled £126,600, representing 10.9% of the total audit fee (2020: £91,600 and 10%).

### Whistleblowing

The Group has established procedures in place for our workforce to report, in confidence, any concerns they may have. Our employees can raise their concerns through their line manager, senior management or through Safecall, an independent, confidential, whistleblowing helpline.

The Board has overall responsibility for monitoring the Group's whistleblowing arrangements under the Code. It has delegated this to the Committee which updates the Board on a regular basis on all significant whistleblowing matters. The Committee receives a report on whistleblowing cases at each meeting and considers lessons to be learned and how our processes can be updated and improved.

During the year, the Whistleblowing Policy and procedures were updated and enhanced, and the Committee subsequently recommended the changes to the Whistleblowing Policy to the Board, which was approved. The Committee is satisfied that the Whistleblowing Policy and procedures are effective and facilitate the proportionate and independent investigation of reported matters and allow appropriate follow-up action to be taken. Further details on the Group's Whistleblowing Policy and procedures can be found on page 68.

### Committee Evaluation

During the year, an externally facilitated evaluation of the Board and its Committees was undertaken. Further information can be found on page 95.

Key actions arising from the FY20 internal review were implemented during the current year and included clarification on the allocation of risk management responsibilities between the Board and the Committee, and continuing to improve the quality and length of the Committee papers.