

Our operations

Waste management

Viridor continued to perform strongly during 2019/20, with robust operational and financial performance across its business divisions. With its focus on operational excellence and ongoing efficiency Viridor has delivered continued progress in targeted growth areas. As it moves under new ownership, it is at the forefront of the resource sector in the UK, transforming waste into energy, high-quality recyclates and raw materials.

Health & Safety

Viridor continues to focus on health, safety and wellbeing, and during the year substantially completed the roll-out of the first phase of HomeSafe, resulting in over 2,700 employees trained since introducing HomeSafe in 2018. This, coupled with the development of a new management system, certification to ISO 45001:2018 and the completion of our mental wellbeing pilot, has contributed to a 43% reduction in our LTIFR compared with 2018/19.

Optimising ERF performance

There was strong growth in energy recovery with operational ramp-up at Glasgow, Beddington and Dunbar ERFs. Availability across the ERF operational portfolio (including joint ventures) was at 90%⁽¹⁾ for the fourth consecutive year.

The latest ERF at Avonmouth is now in commissioning and on track for operational ramp up in 2020/21.

Viridor announced its proposal to build a new ERF at Ford, West Sussex, in partnership with Grundon Waste Management, our joint venture partners at Lakeside ERF. The new facility will be built adjacent to Viridor's existing MRF.

As the UK market fundamentals for ERFs provide a solid foundation for growth, Viridor continues to progress a pipeline of options for two further ERFs.

Momentum in recycling to support a circular economy

The UK Government's Resources and Waste Strategy for England continues to provide positive momentum for the recycling sector, particularly in plastics, as producers focus on including more recycled content in their products.

Construction is progressing at the Avonmouth plastics processing facility.

Our high-quality recycled plastic offers manufacturers alternatives to sourcing virgin stock and has resulted in significant contracts with major manufacturers including Unilever, Proctor & Gamble and Klockner Pentaplast. Viridor continues to progress additional plastics processing facilities at its Ardley and Dunbar ERFs and has run stakeholder engagement events ahead of formal planning applications. This investment in UK plastics processing will help reduce Viridor's exposure to international markets and help develop a more sustainable waste value chain.

Our emphasis on producing high-quality recyclates contributed to an increase in recycling revenue per tonne to £118 from £115 per tonne in the prior year.

We have incurred higher costs in producing the right quality recycle. Global paper markets continued to be challenging, as the markets for high-grade export paper recycle effectively closed. Incorporating high-grade paper into the mixed paper streams saw paper price reductions, although Viridor's risk share mechanisms provided some protection in the volatile markets.

Landfill & landfill gas

Viridor continues to operate eight landfill sites flexibly to adapt to market need. The volume of landfill gas declined, but investment in new infrastructure and engines meant this decline was at a lower rate than experienced in previously years. Strong pricing from hedging activities and renewables pricing helped support overall performance.

Joint ventures outperform their original targets

The TPSCo joint venture (between Viridor and Inovyn) has performed strongly during the year with availability again in excess of 90%. Operational and financial performance at our Lakeside ERF (a 50:50 joint venture with Grundon Waste Management) also exceeded expectations for both processing waste and power generation.

Contracts

Viridor continued to work closely with local authorities and completed the transition of the Greater Manchester Waste Disposal Authority contract to another operator in May 2019 with minimal impact to Viridor earnings. Significant volumes of waste from this contract have been secured into our key assets.

Total waste material inputs

Total waste inputs dropped slightly to a total of 6.7 million tonnes (6.8 million tonnes in 2018/19). Within this there have been declines within landfill and recycling & other, offset by increases to ERFs. Landfill decline follows on from the closure of two sites during last year. Recycling & other has been impacted by the end of the Greater Manchester contract (May 2019) and increased focus on quality in the recycling market. Within ERF, inputs have increased due to full year operation of three new ERF sites (Beddington, Dunbar and Glasgow).

Enhancing environmental performance

Viridor's regulatory compliance performance for the calendar year 2019 improved in comparison with 2018. No Category 1 or 2 non-compliances (England and Wales), or significant or major non-compliances (in Scotland) were reported.

Highlights of the year

11

energy recovery facilities (ERF)
including one in commissioning

500,000

potential homes powered by
energy produced by our portfolio

34,000

customers across the UK

>200

recycling, energy recovery and
waste management facilities

6.7

million tonnes of
waste materials input

5.5

million tonnes of material
recycled or recovered

(1) Weighted by capacity. Includes joint ventures at 100%, excludes GRREC due to different technology.