renew

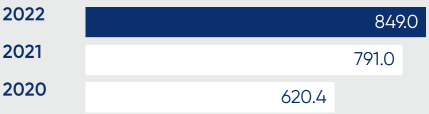
Engineering for a better tomorrow

Highlights

Group[1] revenue

£849.0m

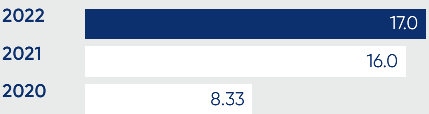
2021: £791.0m



Full year dividend per share

17.0p

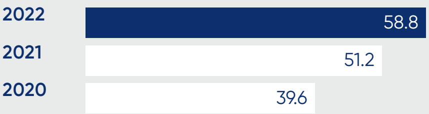
2021: 16.00p



Adjusted[1] operating profit

£58.8m

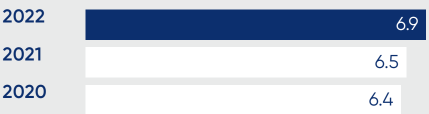
2021: £51.2m



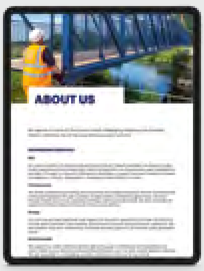
Adjusted[1] operating margin

6.9%

2021: 6.5%



1. Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30.



Read more online at www.renewholdings.com

Engineering for a better tomorrow

Our purpose

We provide essential engineering services to maintain and renew critical infrastructure networks.

Our multidisciplinary engineering services are delivered through our independently branded UK subsidiary businesses that support the day-to-day running of these infrastructure networks.

Our vision

To safely and responsibly deliver essential engineering services to the country's key infrastructure assets.

Our strategy

Our long-term strategy concentrates on developing our range of engineering services capabilities, both organically and by acquisition.

To be a key provider of engineering services in our target markets.

To focus on asset support, maintenance and renewals programmes with non-discretionary funding.

To expand our direct delivery model through strong local brands.

To establish long-term relationships through responsiveness to clients' needs.

To continue to deliver organic growth combined with selective complementary acquisitions.

→ Read more about our strategy on pages **34 to 39**

Our ESG strategy

We continue to deliver against our key ESG commitment areas with responsibility and transparency at the heart of our approach.

Environment

Using technology and innovative working practices to reduce our carbon footprint.

Social

Building relationships with a wide range of local stakeholders including schools, communities and customers.

Governance

Acting responsibly to deliver sustainable value.

→ Read more about our sustainability strategy on pages **56 to 67**

Acting with responsibility to all our stakeholders

Maintaining our environment

As a Group we have been working on developing our sustainability strategy to ensure we are on course to deliver our net zero target in 2040.

Looking after our planet

Our subsidiary businesses have a number of sustainability targets which help the Group achieve its overall sustainability ambitions. Targets include increasing the amount of energy derived from "green" tariffs and the percentage of the Group's commercial fleet which is low carbon.

More details on the Group's sustainability targets can be found on pages 58 to 67.

2022 reduction in total carbon emissions

4,648.6

tCO_2e

Renew sustainability activities

- **2020** Developed our sustainability strategy
- **2020** First Renew SECR data report
- **2021** Integrated sustainability strategy across the business
- **2022** Identified climate-related risks and opportunities*
- **2023** Full TCFD disclosure
- **2040** Renew net zero target

* The Group is not required to report under TCFD until 2023.

Essential infrastructure investment

1. Water

£51bn

spend in AMP7

The UK Government committed to spending £51bn[17] over AMP7 into 2025 with increased expenditure on capital maintenance, asset optimisation and supply resilience including dam safety and infrastructure refurbishment schemes. The market is underpinned by committed regulatory spend and long-term growth opportunities.

AMP7 has been characterised by a focus on cost efficiency and leak reduction. As we enter year three, we expect to see an increasingly accelerated programme of regulatory spend over the final years of the current AMP cycle, given the lower level of expenditure in the early part of the cycle.

2. Wireless telecoms

£30bn

broadband networks upgrade to gigabit-capable speeds

The UK Government continues to invest in wireless technology to improve the nation's connectivity. An estimated £30bn[7] is required to upgrade the nation's broadband networks to gigabit-capable speeds, which includes the Government's £5bn investment in Project Gigabit to upgrade the UK's broadband infrastructure, a significant component of which is 5G, the expansion of the Shared Rural Network and the £500m programme to extend 4G mobile coverage to 95% of the UK.

3. Rail

£53bn

investment in CP6

Network Rail is investing £53bn[4] over the current Control Period (CP6), which runs to 2024. CP6 has an increased focus on operational support, renewal and maintenance works, which plays to our strengths, as does the Government's commitment to its rail decarbonisation programme. This will include significant investment in electrification programmes as part of the overall UK target to deliver net zero by 2050.

4. Power

£124bn

nuclear decommissioning provision

The Government's total nuclear decommissioning provision is estimated at £124bn[8] over the next 120 years, with around 75% of the total spend allocated to Sellafield which is the largest of the Nuclear Decommissioning Authority's sites.

A significant acceleration in investment in new nuclear, with an ambition of new nuclear producing up to 24GW by 2050, representing 25% of projected electricity demand[9].

5. Highways

£24bn

spend in RIS2

The UK Government has committed £24bn[5] as part of its second Road Investment Strategy ("RIS2"). £11.9bn of this funding is ringfenced for operations, maintenance and renewals which represents a significant opportunity for Renew. Importantly, this trend looks set to continue with increased spend in renewals forecast over the next 10 years with a focus on structures, concrete pavement and road restraints.

6. Electric vehicle charging and ICP

£950m

to support the rollout of superfast electric vehicle charging network

The Government has committed to improving electric vehicle charging infrastructure and has allocated a £950m[13] Rapid Charging Fund to support the rollout of at least 6,000 high-powered charge points across England's motorways and major A-roads by 2035. An additional sum of over £500m of funding has been granted to support local authorities to find innovative ways to increase local charge point coverage, as well as the launch of the £10m Local EV Infrastructure pilot project[14].

7. Aviation

40

commercial airports currently operating in the UK

The UK has the largest civil aviation network in Europe and the third largest in the world. Renewal and maintenance opportunities are increasing with airports setting spending plans for the next 5 years.

8. Thermal power, renewables, networks and transmission & distribution

£20bn

of Ofgem funding to enhance UK electricity network

40GW of new power generation needed by 2030 that will require new network infrastructure. Opportunities expected to grow as a consequence of the changing energy mix. Ofgem investing more than £20bn[16] of initial funding to strengthen the transition to low carbon technologies.

9. Flood and coastal

£5.2bn

to improve flood defence infrastructure

Changing weather conditions have highlighted the need for investment in flood defence, and the UK Government has committed £5.2bn[18] over the next six years to improve flood defence infrastructure. This includes plans to improve protection to 336,000 properties exposed during the floods in 2019, with similar programmes being planned in devolved budgets for Scotland & Wales.

For references see page 22.

Investing for the next generation

Training for the future

As a Group we recognise the need for investment in developing future skills.

Our subsidiary businesses work across their organisations to bridge the engineering skills gap through various development initiatives. These include engaging with apprenticeship programmes, local schools and colleges and a wide variety of training programmes.

An example of this is AmcoGiffen's training academy, which in conjunction with Barnsley College's Science, Technology, Engineering and Maths ("STEM") centre in South Yorkshire, supports 16 and 17 year old learners and apprentices of any age from all across the UK.

Providing construction, mechanical and electrical engineering qualifications for the students, AmcoGiffen incentivises their training by employing a number of the apprentices during the year.

Number of trainees, apprentices and graduates across the Group

270+

The Renew Inspiring Successful Executives ("RISE") training programme in 2022

Our biggest asset is our people, and those who lead them, and as part of a programme of development, the Group invests in its RISE programme.

RISE is a blended learning programme which includes face-to-face workshop learning, where participants come together to be introduced to new methodologies, share their own insights, work with, and challenge each other and themselves. The programme also includes 6 online learning modules for participants to complete covering:

1. recognising myself under pressure;
2. leading a committed team;
3. what motivates people;
4. developing others;
5. negotiating and influencing; and
6. understanding conflict.

The programme has been designed in a way that will stretch the participants at each stage. The programme also offers delegates the support of trained internal mentors to deliver ongoing support and knowledge. Each participant will be connected to a mentor who they will contract with about what they expect and don't expect of each other throughout and beyond the programme. Each mentor will aid and assist the participant by sharing experiences and drawing on insights gained during their own careers.

Employees on our exclusive RISE programme

28

"Our biggest asset is our people, and those who lead them, and as part of a programme of development, the Group invests in its RISE programme."

Amanda Scott
Group HR Director

Delivering essential infrastructure services

We operate on some of the country's most challenging infrastructure networks directly delivering day-to-day engineering support services.

Engineering Services

Rail
As a major provider of infrastructure services to the rail network nationally, we support its day-to-day operations by providing a high volume of essential, non-discretionary asset maintenance activities. Through our long-term frameworks we deliver a range of services including civil asset management, fencing, devegetation, drainage and electrification services.

Infrastructure
We deliver specialist engineering services across the strategic highways network predominantly to National Highways through a number of asset delivery framework agreements. Services include infrastructure civils, specialist drainage, lighting and electricals. We also undertake all aspects of wireless telecoms network infrastructure delivery.

Energy
Our services are associated with high-hazard risk reduction operations at nuclear facilities that include waste treatment, reprocessing, decommissioning and decontamination operations. We also provide long-term maintenance and asset renewal support to UK renewable energy sites and thermal power generation plants as well as electric vehicle charging infrastructure and Independent Connection Provider ("ICP") services.

Environmental
We support our water clients by directly delivering asset maintenance and renewals across water infrastructure networks including flood alleviation and river and coastal defence schemes. We also specialise in undertaking complex remediation and specialist restoration schemes for our clients.

Employees

3,959

2021: 3,696

Order book

£775m

2021: £749m

Specialist Building

High Quality Residential, Landmark and Science

Operating in London and the Home Counties, we are a market-leading provider of luxury prestigious private residential refurbishment and landmark schemes where we specialise in extensive temporary works.

In the science sector, we have a number of frameworks to build and refurbish scientific facilities.

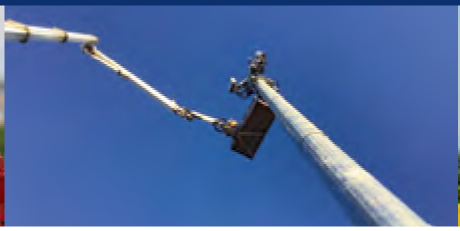
→ Read more about our business model on page **24**
→ Read more about our operations on page **42**

Our subsidiaries

AMCO·GIFFEN
CLARKE telecom
envolve Infrastructure
QTS
enisca
seymour
SEL
Carnell
VHE
BROWNE
WALTERLILLY 1924

Investment case

Delivering long-term value



Differentiated low-risk business model

Our subsidiary businesses operate across a diversified range of markets. We undertake critical asset maintenance and renewals services that are not dependent on large, capital-heavy contract awards, providing a lower risk profile.

High-quality value-accretive compounder

We have a proven history of shareholder value creation through consistent execution of our strategy to deliver reliable capital growth.

We have a track record of organic growth and M&A in high-margin, high-growth end markets, twinned with strong cash generation and shareholder returns.

Exposure to attractive long-term, non-discretionary structural growth drivers

We operate in markets underpinned by resilient, long-term growth dynamics and committed regulatory spending periods, with maintenance and renewals expenditure continuing to increase.

We deliver the day-to-day renewal and maintenance tasks required to keep critical networks operational.

Group revenue growth

7.3%

Adjusted[1] EPS

59.52p

Frameworks in regulated markets

200+

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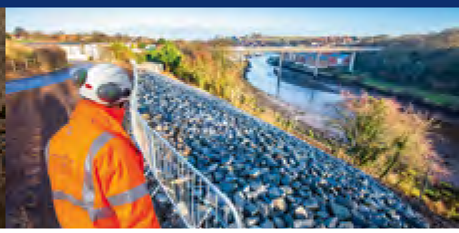

Market-leading position, expertise and capabilities

Our businesses work in markets with high barriers to entry which demand a highly skilled, experienced workforce and a proven track record of safe delivery.

We continue to develop our range of specialist skills enabling us to provide a more efficient and valuable service to our clients.

Highly skilled workforce

3,959

Ideally poised to benefit from green infrastructure investment

Our purpose-led ESG approach enables us to add value to our customers through investment in innovation and technology, assisting in the delivery of the UK's net-zero carbon target by 2050.

Company car schemes with electric/hybrid option

100%

Strong long-term growth prospects

The Group is committed to growing the business in its chosen markets both organically and through selective complementary acquisitions whilst maintaining a disciplined approach to capital allocation and risk.

Adjusted[1] EPS growth over last 5 years

68%

Link to strategy

→ Read more on pages **34 to 39**

Consistently creating stakeholder value

David Brown
Chairman

Dear shareholder

Introduction

As the new Chairman I am pleased to announce that the Group achieved a record financial performance, with continued growth in revenue and profit and strong operating cash generation, again reflecting the core strengths of the Group and our well established positions in attractive and sustainable growth markets. Supported by the commercial terms within our frameworks, the Group continues to successfully manage the well documented inflationary pressures and supply chain challenges in the wider economy.

Differentiated business model

Our differentiated business model and the services we provide continue to support key infrastructure assets in regulated markets. Our markets enjoy committed funding which provides visible, reliable and resilient revenues via long-term programmes.

We deliver non-discretionary maintenance and renewals tasks and have little exposure to the financial and contractual risks of larger enhancement schemes. Operating in complex, challenging and highly regulated environments, our markets have high barriers to entry, and we directly employ a highly skilled workforce which enables us to be extremely responsive to our clients' needs.

Results

Group revenue[1] increased to £849.0m (2021: £791.0m) with adjusted[1] operating profit increasing to £58.8m (2021: £51.2m) and an adjusted[1] operating margin of 6.9% (2021: 6.5%). Statutory operating profit was £50.0m (2021: £41.1m). The adjusted[1] EPS has increased by 17.8% to 59.5p (2021: 50.5p) and basic earnings per share was 47.8p (2021: 38.7p). The Group had a pre-IFRS16 net cash[1] position of £20.2m (2021: net debt £13.7m), in line with our expectations.

Post period end we were delighted to announce the acquisition of Enisca Group Limited. This acquisition represents an excellent strategic fit, adding new capabilities to Renew's water business and will form a key part of the Group's strategy to maximise the opportunities presented by AMP8. We have worked closely with Enisca for many years as JV partners and we are delighted to welcome all the Enisca employees to the Renew Group. The acquisition was funded out of the Group's cash and existing debt facilities.

Dividend

The Group's strong trading performance, cash position and positive outlook give the Board the confidence to propose a final dividend of 11.33p (2021: 11.17p) per share. This will be paid on 3 March 2023 to shareholders on the register as at 10 February 2023, with an ex-dividend date of 9 February 2023. This will represent a full year dividend of 17.0p (2021: 16.0p) per share, an increase of 6.3%.

Environmental, social and governance

Environmental

We are committed to achieving net zero by no later than 2040, ahead of the 2050 target date set by the Government. During 2022, our initiatives to achieve this included developing the Group's wider sustainability strategy and our TCFD reporting. We have continued to work on our net zero planning and the innovative working practices that will support both the Group and its clients in achieving critical sustainability objectives.

We are pleased to retain our London Stock Exchange's Green Economy Mark, which recognises those companies that derive over 50 per cent of revenue from products and services that are contributing to environmental objectives. Renew plays an important role in helping to achieve Government aims for greater sustainable infrastructure.

Social

We understand the value that businesses can provide to the wider community. During the year we continued to engage with local schools and education providers, supporting our local communities and undertaking a range of charity events. We invest heavily in the training and development of our colleagues including over 270 trainees, apprentices and graduates. We also continue to invest in the Group's management development programme, Renew Inspiring Successful Executives (RISE). We remain committed to making Renew an attractive and diverse employer and to support this objective, we have created a number of diversity forums across the Group aimed at improving our performance in this important area.

Governance

As a Board, we are responsible for ensuring the effective application of high levels of governance within our business, balancing the interests of all our stakeholders. As a minimum, the Group complies with the QCA Corporate Governance Code, more details of which can be found in the corporate governance section of the Group's website. Risk management is led by the Board, which reviews the Group's risk profile on an ongoing basis alongside the Audit and Risk Committee.

Chairman's statement continued

"As a Board we recognise the critical role our employees play in the success of the Group and we sincerely thank all our colleagues for their ongoing dedication and hard work."

Board changes

In May, David Forbes resigned as the Group's Chairman and from the Board after almost 11 years. The Board would like to thank David for his outstanding contribution to the transformation of the Group during his tenure.

Following a process run by the Nomination Committee, I was appointed as Group Chairman and Chair of the Nomination Committee. Additional Board changes include Shatish Dasani, Chair of the Audit & Risk Committee, assuming the responsibility of Senior Independent Director and Stephanie Hazell, Non-executive Director, appointed as Chair of the Remuneration Committee. I have been a member of the Renew Board for the last five years and, as Chairman, remain focused on providing the right environment that ensures that the Group continues to grow in a sustainable manner and that we deliver on our strategic plans.

On 9 December 2021, Louise Hardy was appointed as Non-executive Director and subsequently resigned on 10 March 2022 to take up a non-executive position at another listed company.

On 1 November 2022, we were pleased to announce the appointment of Liz Barber as a Non-executive Director. Liz brings a wealth of experience gained over 12 years' in the regulated water sector, an established market for Renew. Combined with her financial background, Liz will complement the Board's current skillset and will be invaluable as we continue on our growth journey.

People and safety

As a Board we recognise the critical role our employees play in the success of the Group and we sincerely thank all our colleagues for their ongoing dedication and hard work. We remain focused on the mental and physical wellbeing of our colleagues.

We are committed to ensuring a safe working environment to ensure that none of our colleagues, or those who work with us, are injured during the conduct of our operations. During the year we have had an increased focus on the behavioural aspects of safety to further improve our safety record.

Future focus

The Group is supported in the delivery of its long-term strategy through effective relationships with our directly employed workforce, customers, suppliers, shareholders, and wider stakeholders and these are critical to the continued success of the business as we build on our track record of consistently creating shareholder value.

We will continue to deliver our strategic priorities whilst focusing on our environmental, social and governance responsibilities and on our approach to diversity and inclusion as we move through 2023 and beyond.

The Group was pleased to see the Chancellor's recent Autumn Statement where he confirmed the Government's commitment to infrastructure spending which leaves Renew ideally placed as we look ahead. The Board expects to continue to deliver growth, both organic and through strategic earnings-enhancing acquisitions. Our differentiated business model and the reliable long-term nature of the UK infrastructure markets give the Board continued confidence despite the wider uncertain economic outlook.

David Brown
Chairman
29 November 2022

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Q&A with David Brown, Chairman

Tell us about stepping up as Chairman

I took over as Chairman from David Forbes in May this year having joined the Renew Board back in 2017; during that time I have been the Senior Independent Director and Chair of the Group's Remuneration Committee. It has been a privilege, under David's leadership, to be a part of the growth story of the Group over the last five years. The values and culture of the Group are very important to me and my role is to ensure that the Board continues to set the right environment that builds upon what is already there and which helps to deliver the strategic plan.

How has Renew been investing for the future?

Renew works closely with its stakeholders and clients to understand their requirements. During the last five years at Renew, I have witnessed continuous investment right across the business, from the introduction of training academies and development of innovative and bespoke solutions, to the acquisition of complementary businesses, all designed to develop the range of services that we are able to offer our clients. The Group's success is founded upon being responsive and agile to the requirements of our clients and suppliers and our subsidiary businesses work hard to develop strong local relationships across all of their stakeholders.

Where does Renew fit in to the UK's investment in infrastructure?

We perform a critical role in keeping the nation's infrastructure functioning efficiently and safely as a leading provider of essential maintenance and renewals-led engineering services. We are uniquely placed to deliver the Government's infrastructure commitments across many sectors.

Explain more about "Engineering for a better tomorrow"

At Renew we perform a critical role in keeping the nation's infrastructure functioning efficiently and safely as a leading provider of essential maintenance and renewals-led engineering services. In addition, we are also committed to delivering sustainable engineering infrastructure solutions with particular regard to the environment. Renew therefore looks to deliver innovative solutions, often involving bespoke technology which leads to better working practices, which bring additional value to its clients and we aim to work closely with them to help in the achievement of their longer-term strategic goals. We strive to leave a positive legacy from the work we undertake.

What is the outlook for 2023?

The Group's Engineering Services order book remains strong, and we continue to see good demand across our core markets. Despite the uncertain economic outlook, the Board looks to the year ahead with confidence. The Group is well positioned to continue to benefit from the UK Government's committed infrastructure spend. In addition, the Group continues to successfully manage the well documented inflationary pressures and supply chain challenges in the wider economy demonstrating the resilient and differentiated nature of Renew.

Record year underpinned by resilience and reliability

Paul Scott
Chief Executive

Introduction

The financial year ended 30 September 2022 has, for most UK businesses, been defined by challenging macroeconomic and geopolitical circumstances, resulting in an operating environment that is very different from where we were 12 months ago. While Renew is not immune to all of the headwinds this environment has caused, it is pleasing to be able to report another set of record results for the Group. During the last three years we have operated through national lockdowns, a global pandemic, high inflation, resourcing challenges and materials shortages, despite which, we have delivered record results in each of those three years. This period, perhaps more than any other, has highlighted the resilient nature of our differentiated, high-quality, low-risk business model. The Group's continued outperformance would not be possible without the incredible hard work of all our directly employed colleagues across the business and, on behalf of the Board, I would like to thank them for their tireless work throughout what was an extraordinary year.

We remain committed to delivering engineering infrastructure solutions for a sustainable future. Our focus on critical asset maintenance and renewal means we are not dependent on large, capital-intensive contract awards, providing Renew with a significantly lower risk profile than others in our industry. We perform a mission-critical role in keeping the nation's infrastructure functioning efficiently and safely as a leading provider of essential maintenance and renewals-led engineering services, operating in regulated markets including rail, highways, mobile telecommunications, civil nuclear, water and environmental.

As part of the pledge to level up the economy and reach net zero carbon emissions by 2050, and as confirmed in the Autumn Statement, the Government remains committed to a record £600bn[2] investment in transforming the UK's infrastructure and we continue to benefit from an increased focus on maintaining and renewing assets as part of this shift. Renew has a vital role to play in supporting the sustainable infrastructure of the future and we have also made good progress on our own sustainability agenda this year and remain committed to achieving net zero emissions across the Group by 2040.

Supported by the commercial terms within our frameworks, the Group has successfully managed industry-wide material shortages and inflation challenges throughout the year, delivering operating profit, margin and revenue ahead of strong prior year comparatives. This performance reinforces Renew's ability to deliver consistently and reliably through the economic cycle thanks to our differentiated and resilient business model, the critical nature of our work and the committed, long-term, highly visible spending cycles that underpin our end markets.

"The successful collaboration of AmcoGiffen and Carnell for National Highways saw the Group become the second largest supplier of road restraint systems in the country"

There were countless achievements across the Group throughout the year and while it is impossible to mention them all, it's worth highlighting a few of note. We were pleased to be able to record an improvement in the Group's safety performance. The successful collaboration of AmcoGiffen and Carnell for National Highways saw the Group become the second largest supplier of road restraint systems in the country, while our water division expanded its client list with the extremely successful integration of Browne into the Renew family. Separately, our Rail division secured framework extensions in Scotland and Eastern which leave the Group ideally placed ahead of CP7 determinations in 2023.

Acquisitions form a key feature of our strategic ambition to deliver compounding shareholder returns. We finished the year with a robust balance sheet and this together with our strong operational cash generation leaves us uniquely positioned to continue to appraise selective value-accretive M&A opportunities in the industries and sectors where we operate. As we expand through M&A, we will continue to leverage collaboration opportunities between our brands, providing a unique advantage when applying for frameworks.

Post period end we were delighted to announce the acquisition of Enisca Group Limited, a multidisciplinary design, engineering and construction business providing mechanical, electrical, instrumentation, control and automation (MEICA) services to the water industry. This acquisition represents an excellent strategic fit, adding new capabilities to Renew's water business and will form a key part of the Group's strategy to maximise the opportunities presented by AMP8. We have worked closely with Enisca for many years as JV partners and we are delighted to welcome all the Enisca employees to the Renew Group.

Our chosen markets continue to see significant levels of investment providing us with organic growth opportunities through our focus on asset management programmes with non-discretionary funding and high barriers to entry. We enter 2023 with a strong forward order book supported by long-term contracts with repeat clients and framework agreements that provide barriers to entry which protect our current market share and provide a solid platform for growth. We look to the future with optimism, confident in the spending plans of our clients which are underpinned by strategic national need and committed regulatory spend.

Renew's strengths

Renew has a number of core strengths which provide distinct competitive advantages in our chosen markets and leave us well placed to build on our strong track record of long-term value creation:

- The health, safety and wellbeing of our colleagues, and those impacted by our work, remains our number one priority and we have implemented industry leading safe working practices for the Group's employees and operations.
- We operate a differentiated, diversified, low-risk, low-capital operating model, providing critical asset maintenance and renewals services that are not dependent on large, high-risk, capital-intensive contract awards.
- Our directly employed workforce enables us to provide a more efficient and valuable service to our clients, reducing our exposure to sub-contractor pricing volatility and being able to deliver extremely responsive solutions.
- The commercial terms within our frameworks mean we are able to proactively and effectively manage cost inflation.
- Our businesses are well established in complex, challenging and highly regulated markets with significant barriers to entry, which demand a highly skilled and experienced workforce and a proven track record of safe delivery.
- We work in markets underpinned by resilient, long-term growth dynamics and highly visible, reliable, committed regulatory spending periods, providing predictable cashflows.
- We have a proven track record of sustainable value creation, reliable revenue growth and strong returns on capital thanks to our highly cash generative earnings model and clearly defined strategy.
- We are committed to growing the business both organically and through selective complementary acquisitions while maintaining a disciplined approach to capital allocation and risk underpinned by a strong balance sheet.
- We have strong relationships in place with all our stakeholders, from our workforce to our customers, suppliers, communities and shareholders.
- Our model of compounding earnings through the redeployment of internally generated cashflows enables us to execute on our strategy of delivering reliable and consistent growth for all our stakeholders.

"The compelling maintenance-focused structural growth drivers within this sector and Renew's high-quality engineering expertise leave the Group ideally positioned to deliver long-term, profitable growth in Rail particularly as we see opportunities present themselves in the current and future Control Periods."

Compelling market drivers
Our businesses bring exposure to attractive long-term, non-discretionary structural growth drivers. Increasing demand for the maintenance and renewal of existing UK infrastructure is driven by a number of factors including:

- a commitment by the Government to level up the economy by investing £600bn[3] in an infrastructure-led recovery, two-thirds of which will be in the transport and energy sectors, with fiscal stimulus measures likely to flow through to lower cost infrastructure maintenance programmes ahead of larger, more capital-intensive enhancement schemes;
- greater focus on sustainability and climate change as part of the UK's target of reaching net zero carbon emissions by 2050, together with flood risk prevention measures and investment in nuclear projects, renewables and rail electrification programmes;
- population growth increasing the pressure on housing, energy, water and demand for natural resources;
- technological innovation driving a shift towards digital roads, smart cities and the transformation of transport and telecommunications networks; and
- increased Government regulation to improve safety, efficiency and resilience of key infrastructure assets leading to more demanding maintenance, renewal and upgrading requirements.

Our track record of resilient growth and long-term value creation
Renew has a strong track record of sustainable value creation through the economic cycle thanks to the Group's high-quality, value-accretive compounding earnings model. Over the past five years, we have delivered:

- adjusted[1] earnings per share growth of 68 per cent;
- an increase in our adjusted[1] operating margin from 6.5 per cent to 6.9 per cent;
- Group revenue[1] growth of 51.9 per cent; and
- five strategic acquisitions supported largely by our strong free cash flow.

Our track record of reliable revenue growth, cash generation and conservative approach to gearing has resulted in our ability to deliver highly predictable, consistent organic earnings growth as well as funding for the acquisition of complementary businesses that meet our strategic requirements.

Results overview
During the period, Group revenue[1] of £849.0m (2021: £791.0m), an increase of 7.3% partly as a result of the full year impact of Browne, which was acquired in March 2021. The Group achieved an adjusted[1] operating profit of £58.8m (2021: £51.2m) with an adjusted[1] operating profit margin of 6.9% (2021: 6.5%). As at 30 September 2022, the Group had pre-IFRS 16 net cash[1] of £20.2m (30 September 2021: net debt £13.7m).

Underpinned by long-term framework positions, the Group's order book at 30 September 2022 has remained strong at £775m (2021: £749m).

Refinancing
Post the year-end, the Group has refinanced its debt facilities with its existing banking partners HSBC UK Bank plc and National Westminster Bank plc and has introduced a new bank into the banking syndicate, Lloyds Banking Group plc. The new facility comprises an £80m secured revolving credit facility committed until November 2026.

Amco pension buy-in
As previously announced, the Trustee of the Amco Group Pension Scheme ("Amco Scheme"), in consultation with the Board, entered into a "buy-in" agreement with a specialist insurer on 8 April 2022. This transaction will ensure the security of the benefits of the Amco Scheme's pensioners and deferred members and, while the Group remains legally responsible for the scheme, the transaction has eliminated all of the Group's exposure to investment and funding risks in the Amco Scheme. The transaction also improves the long-term security of members' benefits. As a result of this buy-in, and the previous buy-in that occurred in 2013, all of the Amco Scheme's liabilities are now matched with corresponding annuities. The "buy-in" will be completed using Amco Scheme assets plus an additional, one off, cash contribution which is expected to be around £1.6m to purchase annuities from the specialist insurer which match corresponding pension liabilities, where the annuity policy remains an asset of the Amco Scheme.

Dividend

The Group's strong trading performance, cash position and positive outlook give the Board the confidence to propose a final dividend of 11.33p per share, an increase of 1.4 per cent over the prior year final dividend of 11.17p. This will be paid on 3 March 2023 to shareholders on the register as at 10 February 2023, with an ex-dividend date of 9 February 2023. This will represent a full year dividend of 17p (2021: 16p) per share.

Engineering Services

Our Engineering Services activities account for over 95 per cent of the Group's adjusted[1] operating profit and delivered revenue[1] of £778.9m (2021: £706.7m) with an adjusted[1] operating profit of £59.1m (2021: £51.5m) resulting in an adjusted[1] operating margin of 7.6% (2021: 7.3%). At 30 September 2022, the Engineering Services order book was £717m (2021: £679m).

Rail

Network Rail is investing £53bn[4] over the current Control Period ("CP6"), which runs to 2024. Network Rail is a significant strategic customer for the Group and during the period the Group became the third largest provider of engineering services to Network Rail nationally. CP6 has an increased focus on operational support, renewal and maintenance works, which plays to our strengths, as does the Government's commitment to its rail decarbonisation programme. This will include significant investment in electrification programmes as part of the overall UK target to deliver net zero by 2050.

As the largest provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks. The Group assists Network Rail through our mission-critical renewals and maintenance services supporting assets including bridges, embankments, tunnels, drainage systems, signalling and electrification.

During the period, we continued to add new positions including the Southern Buildings and Civils Framework and the Structures Integrity Framework in the South, while also securing further fencing and vegetation management work under CP6 and new frameworks for Transport for Wales. We also secured work on the Transpennine Upgrade and have seen growth in our renewals work bank. Pleasingly, we are beginning to see the early signs of the electrification market come to life as part of the UK Government's plan to decarbonise the nation's railways. We have begun electrification work on the Midland Main Line and the Aberdeen to Glasgow line and see a greater emphasis on rail electrification as we move into Control Period 7 ("CP7").

Importantly, we secured a one year framework extension in Scotland which leaves the Group ideally placed to seize further opportunities as we move into CP7. We have also made excellent progress on preparations to resecure our framework positions for CP7.

Innovation remains a key differentiator for the Group and during the period we maintained our position as the leading rail plant innovator in the country. We have received positive recognition from our clients for the efficiency of our work which is in part a result of our relentless pursuit to implement industry-leading innovations. Our Rail MegaVac and Mega Chipper V2 are just two recent examples of innovations we have brought to market and our teams continue to evaluate other opportunities to make our work more efficient and sustainable.

The compelling maintenance-focused structural growth drivers within this sector and Renew's high quality engineering expertise leave the Group ideally positioned to deliver long-term, profitable growth in Rail particularly as we see opportunities present themselves in the current and future Control Periods. Our team remains focused on securing our existing frameworks which are coming up for renewal while continuously appraising other areas for organic growth. The early stages of increased electrification on the railways bode well for future CP7 framework applications where our three rail brands have formed a collaborative and unique position for Overhead Line Electrification delivery, another key strategic pillar for the Group.

Infrastructure

Highways

Following the Group's successful entry into the Highways market via its acquisition of Carnell in January 2020, it has continued to go from strength to strength. We made good progress during the period, delivering essential asset maintenance and critical infrastructure renewals underpinned by non-discretionary regulatory requirements.

The UK Government has committed to an unprecedented level of spending on England's strategic road network as part of its second Road Investment Strategy ("RIS2"). Of the £24bn[5], £11.9bn of funding is ringfenced for operations, maintenance and renewals which represents a significant opportunity for Renew. Importantly, this trend looks set to continue with increased spend in renewals forecast over the next 10 years with a focus on structures, concrete pavement and road restraints.

Recently, Transport Focus, the independent watchdog representing the interests of users of England's motorways, submitted its six strategic objectives for RIS3[6]. The objectives build on the first two strategies and while all six objectives are important, Transport Focus notes that those of the greatest importance relate to the top three road user priorities: improved quality of road surfaces; safer design and upkeep of the road network; and better management of roadworks. This continued focus on renewals and maintenance plays well into the Group's capabilities as we move into RIS3.

During the period, work commenced on the National Highways Scheme Delivery Framework ("SDF") across five framework lots, covering civil engineering, road restraint systems and drainage disciplines, worth £147m over six years. The road restraint lots will be delivered through a collaboration between two of the Group's subsidiary businesses, AmcoGiffen and Carnell, illustrating the integration and collaboration potential of our brands. The joint venture between AmcoGiffen and Carnell was the only successful joint venture on the SDF and makes the Group the second largest supplier of road restraint systems in the country. Following this key strategic advancement, the Group continues to pursue further opportunities where it can leverage the combined expertise of its subsidiaries.

With the continued focus on renewals and maintenance on the country's strategic road network, Renew remains uniquely placed to seize attractive growth and market share opportunities within Highways.

Aviation

During the period we were appointed to the 5-year Manchester Airports Group £700m Civils Framework to deliver medium-sized civil engineering projects valued between £3m - £10m. This will support its programme of infrastructure development across its three airports, namely Manchester, East Midlands and Stansted. Works are expected to gather momentum in late 2023 onwards.

Chief Executive's review continued

Infrastructure continued

Wireless telecoms

As the UK Government continues to invest in wireless technology to improve the nation's connectivity, the sector remains an attractive growth area for the Group. An estimated £30bn[7] is required to upgrade the nation's broadband networks to gigabit-capable speeds, which includes the Government's £5bn investment in Project Gigabit to upgrade the UK's broadband infrastructure, a significant component of which is 5G, the expansion of the Shared Rural Network and the £500m programme to extend 4G mobile coverage to 95% of the UK.

The Group is well positioned to benefit from various upcoming projects to cater for the increasing demand for 5G services. We operate across 3UK's programme of cell site densification and VMO2 and MBNL's three year 5G services frameworks. We are progressing well in our works with EE and BT to remove Huawei equipment from UK networks by 2027 and we have secured contracts with Vodafone and VMO2 to deliver acquisition, design and construction services.

Growing investment in fibre by Openreach, Virgin and Altnets, underpinned by Government regulation, presents a strong opportunity in the sector, and we continue to build on our long-term relationships with the main UK network operators, equipment vendors and managed service providers.

Energy

Nuclear

The Government's total nuclear decommissioning provision is estimated at £124bn[8] over the next 120 years, with around 75% of the total spend allocated to Sellafield which is the largest of the Nuclear Decommissioning Authority's sites and where we remain a principal mechanical, electrical and instrumentation services contractor. The Nuclear Decommissioning Authority is increasing investment in decommissioning at Sellafield, Magnox and Dounreay with EDF stations being brought into public ownership.

Having worked for over 75 years in civil nuclear, we provide a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards, including decontamination and decommissioning services, operational support and asset care, as well as waste retrieval in high-hazard areas such as legacy storage ponds and silos. As such, the Group can take advantage of opportunities in the decommissioning stage and the new nuclear build programme.

In the period, the Group has secured a number of decommissioning and decontaminating contracts. We are excited to have won our first project to plan decommissioning of facilities at AWE – Aldermaston, and a separate decontamination project for the recently closed THORP nuclear fuel reprocessing plant.

We continue to operate across a number of long-term frameworks at Sellafield and we are collaborating with Programme and Project Partners ("PPP") to secure further growth opportunities. PPP is a 20 year framework for the delivery of a broad range of major projects for the site, with £7bn in the programme pipeline. We have also secured a memorandum of understanding ("MOU") to support three of these projects. In a joint venture, the Group has delivered the installation of the first waste retrieval machine within the highest hazard building on the site. Our work at Sellafield positions us well for opportunities in the Major Projects Programme and we continue to build relationships outside of Sellafield at Magnox, Dounreay and AWE, broadening opportunities for decommissioning contracts.

This year has seen significant changes to the Government's stance towards nuclear energy. Turbulent energy markets and high gas prices have exposed the issues of over reliance on foreign supplies. In April 2022, the Government launched the British Energy Security Strategy, identifying new nuclear as an important part of its plans to ensure greater energy independence. The strategy will see a significant acceleration in investment in new nuclear, with an ambition of new nuclear producing up to 24GW by 2050, representing 25% of projected electricity demand[9].

Whilst most existing plants will be shut down by the end of the decade, the Government has simultaneously set a target to commence construction of up to three new nuclear plants in the next 10 years, with the approval of a £100m investment in Sizewell C[10] (estimated to be a £30bn project), £210m allocated to Small Modular Reactors ("SMRs")[11] and the establishment of Great British Nuclear. This sizeable investment in new nuclear represents an exciting growth area for the Group.

Our contract to support Rolls Royce at Hinkley Point "C" for manufacturing and installation of key components is progressing well and we have a MOU in place to support the manufacture of Rolls Royce's Small Modular Reactor.

Electric vehicle charging

The UK Government's commitment to ban the sale of non-electric new cars by 2030 provides the Group with another exciting growth opportunity. This target has been identified as a key priority in supporting the Government's net zero emissions targets as well as its ambition to become the fastest nation in the G7 to decarbonise road transport[12].

As part of its plans, the Government committed to remove charging infrastructure as both a perceived, and a real, barrier to the adoption of electric vehicles and has allocated a £950m[13] Rapid Charging Fund to support the rollout of at least 6,000 high powered charge points across England's motorways and major A-roads by 2035. An additional sum of over £500m of funding has been granted to support local authorities to find innovative ways to increase local charge point coverage, as well as the launch of the £10m Local EV Infrastructure pilot project[14].

The sector has seen over £3bn invested in recent years[15]. Large vehicle fleet owners such as Amazon, XPO and the Post Office are investing in vehicle charging infrastructure to support return to base electric fleets.

Our projects during the year included the delivery of Volvo bus and truck electrical infrastructure and charging projects UK wide, providing EV infrastructure for Amazon distribution facilities, the Post Office and the installation of EV and network upgrades in nine mainline Network Rail stations.

Thermal power, renewables, networks, transmission and distribution

Our essential engineering maintenance services continue in a number of the UK's thermal power stations. We are progressing delivery of our work on the Minor Works Framework with National Grid and our Minor Civils Framework with Western Power Distribution and have secured additional contracts for works on the SSE Hydro Tunnels Framework and the Drax Electrical Framework.

The Group is an accredited Independent Connection Provider ("ICP"), supporting electrical system upgrades required for EV and Telecoms. Our offer is unique and provides a consultative solution for the delivery of large-scale electrical charging infrastructure.

Renew is focused on leveraging opportunities in the electricity transmission and distribution market. This is expected to grow as a consequence of the changing energy generation mix where we note that Ofgem has announced more than £20bn[16] of initial funding to strengthen the transition to low carbon technologies.

"From the rail network and digitally assisted roads to high-speed telecoms and clean energy, Renew has a key enabling role to play on the frontline of efforts to decarbonise the economy."

Environmental

Water

In Water, we continue to benefit from the UK Government's commitment to spend £51bn[17] over AMP7 into 2025 with increased expenditure on capital maintenance, asset optimisation and supply resilience including dam safety and infrastructure refurbishment schemes. The market is underpinned by committed regulatory spend and long-term growth opportunities.

AMP7 has been characterised by a focus on cost efficiency and leak reduction resulting in an increase in planned expenditure on capital maintenance, asset optimisation and supply resilience. As we enter year 3, we expect to see an increasingly accelerated programme of regulatory spend over the final years of the current AMP cycle, given the lower level of expenditure in the early part of the cycle.

Our offer of mains renewal, scheduled repairs and maintenance as well as extensive 24/7 emergency reactive works remains one of our key strengths, providing specialised, mission-critical services for clients around the UK. With water companies increasing expenditure on capital maintenance and asset optimisation, we are in a strong position to fulfil any new works in these areas.

During the period we continued our work with Dŵr Cymru Welsh Water ("DCWW") and currently hold a number of contracts with market-leading companies including for the Pressurised Pipelines Framework and the Capital Delivery Alliance Civils and Pipeline Framework. We are delighted that for the first time, we have secured a place on the DCWW Major Civils 8-year Framework, a key strategic target for the Group.

Elsewhere, we have been awarded a new framework with Severn Trent and we continue engagements for Bristol Water on mains renovation, Wessex Water on the Phosphate Removal Programme and we are maintaining and renewing existing assets on operational treatment and distribution facilities (AMP7 Minor Civils Framework) with Yorkshire Water.

During 2021, we welcomed Browne into the Renew family and that acquisition has continued to strengthen our offering and footprint in the sector. Browne has seamlessly integrated into the Group, continues to trade ahead of management's expectations and helped the Group to expand our Water client base. During the period we added Thames Water, Affinity Water, South East Water and Southern Water to our growing list of clients.

We also continue to see long-term opportunities with existing clients Scottish Canals and Peel Ports.

Flood and coastal

Changing weather conditions have highlighted the need for investment in flood defence, and the UK Government has committed £5.2bn[18] over the next six years to improve flood defence infrastructure. This includes plans to improve protection to 336,000 properties exposed during the floods in 2019, with similar programmes being planned in devolved budgets for Scotland and Wales.

The Group currently undertakes work for the Environment Agency ("EA") on the EA Flood and Coastal Erosion Framework. With growing investment in the segment, and increased pressure on Governments to improve the UK's resilience for climate change, the Group is well positioned to expand its presence in the sector. We also continue to work on national frameworks for the Canal & River Trust, Scottish Canals and Natural Resources Wales.

Specialist restoration

As reported in our interim results, we are progressing well with works at the Palace of Westminster, now entering the new flat roofs phase at the site, through the award of a five year Conservation Framework. This market continues to present a number of long-term opportunities for our specialist capabilities. In the period we were appointed to schemes at Tollcross in Glasgow and Royal Botanic Garden Edinburgh.

Specialist Building

Revenue was in line with the Group's expectations at £70.1m (2021: £84.4m) reflecting a continued focus on contract selectivity and risk management. Operating profit was £1.7m (2021: £1.6m). In Specialist Building, the order book was £58m (2021: £70m).

Specialist Building continued
Our Specialist Building business focuses on the High Quality Residential, Landmark and Science markets in London and the Home Counties.

The High Quality Residential market continues to be robust and we are active on a number of schemes across the capital. The Group was also awarded several other landmark schemes during the period including for the National History Museum. Our essential work for the Medical Research Council is nearing completion and we have recently been appointed on a scheme for Imperial College London's Department of Infectious Diseases.

Environmental, Social and Governance (ESG)
Our purpose is to provide essential engineering services to maintain and renew critical infrastructure networks. It is well recognised that investment into low-carbon infrastructure will be fundamental in delivering the Government's ambition to reach net zero emissions in the UK by 2050. Indeed, it is the Board's ambition that the Group will achieve net zero by no later than 2040.

From the rail network and digitally assisted roads to high-speed telecoms and clean energy, Renew has a key enabling role to play on the frontline of efforts to decarbonise the economy. Our long-term approach to sustainability, which has always been at the heart of our business, is more relevant now than ever before.

Since the introduction of our quantitative targets at the Group's interim results in May 2021, we are pleased to report good progress on our ESG strategy across four key areas:

- take climate action;
- operate responsibly;
- empower our people; and
- build social value.

We continue to advance our strategy, and this year we have focused on implementing TCFD disclosure and developing next steps for 2023. Pleasingly, we have also taken the necessary steps to retain our LSE Green Economy Mark. Further details of our comprehensive approach to ESG are set out on pages 56 to 67.

Our people
Our people are the most important part of our business and I, on behalf of the Board, would once again like to thank them for all their hard work throughout the year.

Our highly skilled, directly employed workforce are essential to our high-quality, low-risk, resilient and differentiated business model. In response to the increase in the cost of living and to ensure we retain our talent, we have undertaken a number of initiatives to support our employees during this difficult economic time. Pleasingly, we remain below the industry average attrition rate and expect this to continue as a consequence of the initiatives we have rolled out during the period.

M&A – A key growth driver
Our high-quality compounding earnings model enables the Group to redeploy internally generated cashflow in a disciplined manner, creating value through highly selective and strategically complementary M&A opportunities that supplement our profitable organic growth. We have a strong record of successfully identifying, acquiring and integrating value-enhancing acquisitions, more recently improving our capabilities in the Water sector through the acquisition of Browne in 2021, whilst successfully entering the Highways market in 2020 through the acquisition of Carnell. Both of these brands have outperformed expectations and now form key elements of our growth strategy going forward. We continue to actively appraise opportunities that fit within our strict acquisition criteria and will supplement our existing capabilities and extend our footprint into untapped markets in the UK. The M&A landscape remains dynamic and we will remain disciplined in our pursuit of targets in terms of both valuations and strategic fit.

Outlook – moving forward with confidence
The year has once again highlighted the differentiated and resilient nature of our, high-quality, low-risk business model. In the face of incredibly challenging political and economic circumstances, the Group has delivered another record set of results supported by the commercial terms within our frameworks.

Despite recent political instability, the UK Government remains committed to its plans to level up the economy and reach net zero by 2050 through long-term, record levels of committed investment with an increased focus on maintaining and renewing assets. This commitment was confirmed in the Chancellor's recent Autumn Statement when he said "I am not cutting a penny from our capital budgets in the next two years and maintaining them at that level in cash terms for the following three years." The UK Government has also sharpened its focus on infrastructure to improve climate resilience and energy self-sufficiency, investing in renewable sources and nuclear capabilities. To this end, the structural growth drivers in our end markets have never been more attractive and we remain uniquely positioned to seize both organic and acquisitive growth opportunities.

Our business model is built on solid foundations, evidenced by strong and well-established market positions across key infrastructure sectors with visible, non-discretionary spending cycles. The spending plans of our clients are underpinned by strategic national needs and regulatory commitments. In line with previous years, we have entered the new financial year with our order book in a strong position and trading in the new year has begun positively.

As we look ahead, we are committed to building on our strengths and will continue to leverage the combined expertise of our subsidiary businesses in 2023, following their successful collaboration on a number of projects this year as we target new areas for organic growth while simultaneously appraising acquisitive opportunities in our end markets. Our chosen markets continue to see significant levels of investment which gives us confidence in the Group's future prospects as we move into 2023 and into new framework cycles across our sectors of expertise.

Paul Scott
Chief Executive Officer
29 November 2022

References

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16. Ofgem RIIO-ED2 Draft Determinations – Overview Document – 29 June 2022.
17. Ofwat PR19 final determinations, December 2019.
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Section 172(1) statement

Renew Holdings plc (the "Company" or "Group") Section 172(1) statement

As required by Section 172 of the Companies Act 2006, the Directors confirm that, during the year, they continued to act in such a way as to promote the success of the Company for the benefit of all its stakeholders and confirm their commitment to ensuring due consideration of, amongst other matters:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

Stakeholder engagement

Our business model on pages **24 and 25** identifies the Group's key stakeholders. More details on our stakeholder engagement activities can be found on pages **26 to 33** of this report.

Information on the Group's sustainability commitments can be found on pages **56 to 67** of this report. The Group considers its broader sustainability commitments as part of its decision-making process, which includes an assessment of the impact of the decisions it takes on the environment.

While there are circumstances where the Board engages directly with certain stakeholder groups or on certain issues, the structure of the Group means that it is usually best for stakeholder engagement to take place at a subsidiary level. More information on the stakeholder engagement that takes place, which informs the Company's decision-making process, can be found in the Strategic report on pages **1 to 79** of this report.

During the year the Board has engaged across our stakeholder groups including attendance at employee and management conferences, and participation in our Safety and Environmental Management Group events and supplier and community events. The Board visited two of the Group's subsidiary businesses during the year to better understand the businesses, its employees and culture. The Board met employees from across the businesses.

Impact on decision making

The day-to-day management of our subsidiary businesses is undertaken by the senior teams within the businesses. Renew oversees its subsidiary businesses in the areas of finance, health and safety, human resources, commercial and risk management. More details of how the Group manages risk can be found on pages **68 to 71**. Members of Renew's executive management team attend each subsidiary's monthly management meetings as well as reviewing the Group's overall financial and operational performance at monthly Board meetings.

The Renew Board is responsible for shareholder relations, business strategy, governance and reviewing progress against strategic objectives for both the Group and its subsidiary businesses, as well as considering the impact of the Company's activities on the environment. More information on the Group's sustainability commitments can be found on pages **56 to 67** of this report. The Board receives information on these areas prior to its monthly Board meetings and as required throughout the year.

In making its decisions, Renew considers all its stakeholders. Whilst not all the decisions made are able to benefit all the Group's stakeholders at any one time, the Board is confident it reaches its decisions in a fair and consistent manner.

One example during the year was the Remuneration Committee's consultation with the Group's major shareholders on changes to executive remuneration following recommendations made in an external PwC report at the end of 2021.

We aim to continue to improve our approach to stakeholder engagement through 2023.

→ Read more about our business model on pages **24 and 25** and how the Group identifies and engages with its key stakeholders on pages **26 to 33**

→ Find out more about our culture on pages **54 and 55**

→ More details of the Group's sustainability commitments and our progress against these during the year can be found on pages **56 to 67**

→ Details of how the Group manages risk can be found on pages **68 to 71**

Delivering stakeholder value

Renew is a holding company which gives autonomy to its operating subsidiaries, enabling them to be competitive and effective in their individual markets whilst setting overall standards. Our subsidiaries, directly employed workforce and supply chain work together to deliver a safe and responsive service supporting the day-to-day demands of the UK's critical infrastructure networks.

What we do

Capability based on ESG

ESG is at the heart of the work we undertake. We are committed to improving our sustainable working practices with clear targets and ambitions to drive progress across our businesses.

Engaged and committed workforce

The Group is committed to the development of its workforce and direct engagement supports the responsive nature of the work we undertake. Our directly employed workforce are highly trained and experienced in the individual markets in which they work.

Committed long-term funding

The markets in which we operate are largely governed by regulation and, as such, benefit from long-term programmes of committed funding.

Non-discretionary infrastructure

Operating on the UK's critical networks, including the rail, telecoms, water, highways and energy networks, we support the day-to-day operation of these essential infrastructure assets.

What makes us good

Providing 24/7 specialist engineering solutions to keep the nation's infrastructure operational

Capital-light, opex-led maintenance and renewals model

Ensuring compliance through an embedded safety culture

Responsiveness, control and agility

Reduced exposure to sub-contractor pricing volatility

Playing to our strengths

Committed to adding value through innovation

Delivering innovative solutions through the development of bespoke plant solutions which provide both cost and time efficiencies.

Responsible

We understand our responsibility to our stakeholders and seek to consult across all areas of our business operations.

Developing

We continue to invest heavily in training and development. Our subsidiaries work to develop the skills of the future with over 270 trainees, apprentices and graduates across the business.

Delivering value

Shareholders

Through our strong governance framework and system of internal controls, the Group is effectively managed, producing consistently strong results. We are well positioned in our chosen markets with a differentiated business model for continued success.

Number of meetings held with existing and prospective shareholders during the year
102

Employees

We provide a range of training, development and progression opportunities for our employees as well as attractive remuneration packages.

Highly skilled workforce
3,959

Communities

We support the local communities in which we operate by engaging with them on charitable, environmental and social causes. We operate responsibly and ensure a lasting positive impact from the work we undertake.

Number of charities we support
50+

Customers

Our range of complementary skills and responsive service assists us in providing our customers with their day-to-day requirements and supports them in achieving their longer-term goals.

Frameworks in regulated markets
200+

Suppliers

Operating with fairness and integrity, we work with our supply chain to develop a working relationship which benefits all parties.

Our core values
8

Operating companies

We support our subsidiary businesses to retain their own strong identities as well as providing central health and safety, IT, HR and commercial support.

Number of principal subsidiaries
11

Stakeholder engagement

Effective relationships with our employees, customers, suppliers, shareholders, communities and operating companies along with wider stakeholders are critical to the continued success of our business.

Building shareholder value – better together

In June, our subsidiaries AmcoGiffen and QTS hosted a strategic supply chain engagement event in York. The event was attended by around 60 supply partner representatives from across the rail industry. Its purpose forms just one part of the strategic procurement and supply chain objectives that have been established to lay firm foundations for collaborative, intelligent client relationships.

The aim of the day was to understand how to work better together, and to strengthen the shared alignment to Network Rail's delivery strategies now and into the future. It also provided an opportunity to engage with senior leaders across both organisations, connecting our supply partners to our business strategy.

Shareholders

Who engaged
Non-executive Directors
Executive Directors

How we engaged
We delivered a series of results meetings with our shareholders during the year and held the Group's Annual General Meeting ("AGM") in January.

The Remuneration Committee engaged with the Group's major shareholders on changes to the executives' base salaries. This was as a result of an external PwC report undertaken at the end of 2021.

The Group's shareholders are interested in all aspects of the Group's operation and performance including financial and corporate governance activities and the delivery of our environmental, social and governance ambitions.

During the year the Chairman undertook a number of one-to-one meetings with the Group's major shareholders.

Outcomes
The views of the Group's shareholders influence the decisions taken by the Board and the executive management team. We seek to maintain strong relationships with our shareholders through effective communication ensuring shareholders' views are considered and concerns are addressed in a timely and transparent manner.

During the year, the feedback we received from our investor roadshow on the Group's ESG reporting resulted in further development of our ESG targets.

Link to strategy
→ Read more on pages **34 to 39**

Employees

Who engaged
Non-executive Directors
Executive Directors
Renew senior management team
Subsidiary senior management teams

How we engaged
The Group's Executive and Non-executive Directors engaged our employees through a number of site visits and presentations from the Group's subsidiary business teams during the year.

The Executive Directors engage with our employees informally on a daily basis as well as at more formal events such as annual employee roadshows, management meetings and various forums on health and safety, HR and finance.

Outcomes
Important areas of employee engagement include training, development and progression, health and wellbeing, diversity and inclusion, Group progress and opportunities. The support we give our employees helps us retain our experienced workforce.

The Board has been able to develop its understanding of our employees' environments and challenges, which in turn influences its decision-making process.

Link to strategy
→ Read more on pages **34 to 39**

Operating companies

Who engaged
Non-executive Directors
Executive Directors
Renew senior management team
Subsidiary senior management teams
Employees

How we engaged
During the year the Board attended site visits and presentations by the subsidiary senior management teams. The Chairman also undertook a visit to each of the Group's subsidiary businesses.

Each monthly subsidiary management meeting is attended by a member of the Renew executive team. The Group also holds quarterly Executive Management Committee meetings, which are a forum for Managing Directors from around the Group to share information and best practice. The Board is provided with the subsidiaries' monthly management reports.

Outcomes
Strong engagement with our subsidiary companies ensures a thorough understanding of the performance of the businesses and ensures their alignment and progress against the Group's overall strategic objectives.

Good relationships assist with the implementation of the Group's minimum requirements, a set of standards which oversees all aspects of our subsidiaries' operations.

Link to strategy
→ Read more on pages **34 to 39**

Customers

Who engaged
Non-executive Directors
Executive Directors
Subsidiary senior management teams
Site management teams
Employees

How we engaged
Our teams engage in client meetings, workshops and site visits. Through the work delivery process, communication is critical and site teams and subsidiary management actively engage with the customer, often over long-term programmes of work.

Engaging in our customers' initiatives, understanding their priorities and working responsively help us build relationships over many years with our key clients.

Outcomes
Strong and open communication helps foster long-term relationships and build trust with our customers. Through regular engagement we are able to develop our understanding and deliver a responsive service aligned to our customers' requirements.

Link to strategy
→ Read more on pages **34 to 39**

Suppliers

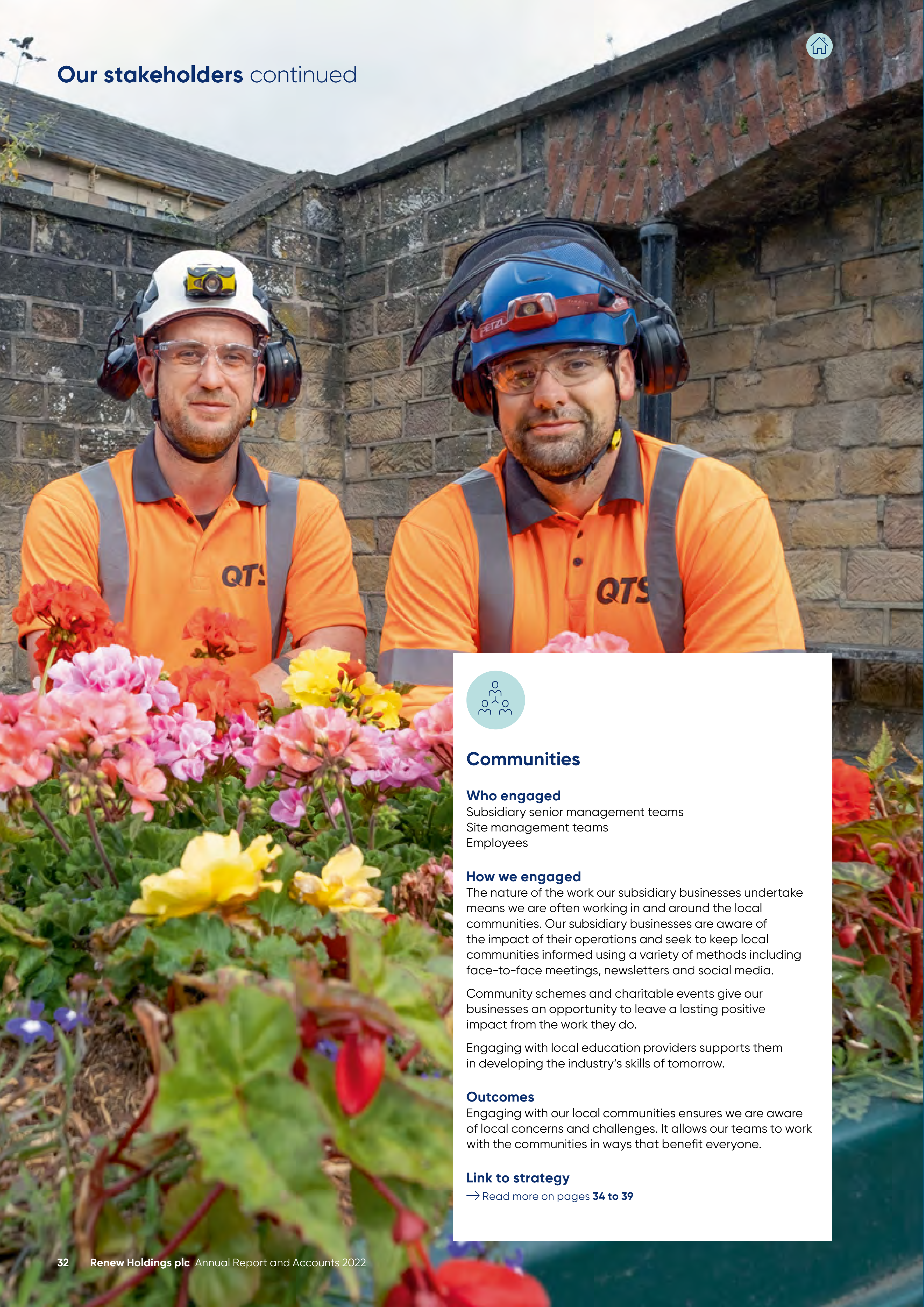
Who engaged
Executive Directors
Subsidiary senior management teams
Site management teams
Employees

How we engaged
Our supply chain engagement centres around integration, creating a solid foundation that brings together design, construction, delivery and processes through partner relationships that create a culture of trust and the incentive to innovate.

We work openly and collaboratively with sub-contractors, specialist contractors and our Group partners to provide the best value, most efficient, highest quality sustainable solutions for our clients. We hold regular engagement sessions with our supply chains in different regions and for different frameworks to involve suppliers in our planning and development of the right solutions for our clients. We also support our supply chain with regulatory obligations and standards as well as training.

Outcomes
We aim to share our collective challenges and goals, helping to ensure that we deliver open, collaborative relationships that drive true value for all our suppliers, stakeholders and the wider community.

Link to strategy
→ Read more on pages **34 to 39**



Communities

Who engaged

Subsidiary senior management teams
Site management teams
Employees

How we engaged

The nature of the work our subsidiary businesses undertake means we are often working in and around the local communities. Our subsidiary businesses are aware of the impact of their operations and seek to keep local communities informed using a variety of methods including face-to-face meetings, newsletters and social media.

Community schemes and charitable events give our businesses an opportunity to leave a lasting positive impact from the work they do.

Engaging with local education providers supports them in developing the industry's skills of tomorrow.

Outcomes

Engaging with our local communities ensures we are aware of local concerns and challenges. It allows our teams to work with the communities in ways that benefit everyone.

Link to strategy

→ Read more on pages **34 to 39**

"Community engagement is an area that our employees are incredibly passionate about. The feeling of being able to give back to the communities where they operate, and be supported by the business, is important to employees."

Community engagement

At Carnell, the business team volunteered their painting skills at South Staffordshire College where they spent time at the Rodbaston Animal Zone Visitor Centre, giving the 30 year old building a fresh lick of paint.

At Browne, the work teams engage with the local communities when planning and during works to keep stakeholders up to date. The team from Browne in conjunction with Affinity Water spent time at St Albans market to inform residents of the next phases of work for a scheme which commenced in early 2022, At Browne a key part of any project is the communication and engagement with local residents. Being a visible presence at St Albans market is one of many ways the teams informed residents about the project and gives the teams better understanding of the project's impact, assists with work planning and helps develop stakeholder relationships.

Seymour undertook a community outreach work at Burnhope Primary School as a Durham County Council contractor, The community outreach project saw the repair of a 50m path, installation of new planters for the school and local community centre to commence gardening clubs with, new bug hotels to enhance the children's learning and various small repairs including a drain repair.

Envolve Infrastructure partnered with Bristol Water plc and Holly Hedge Animal Sanctuary in Bristol to volunteer their time to improve the exercise area for the animals in their care and to build a new animal play house.

A team of 11 employees from AmcoGiffen spent their first day volunteering at Royal Society for the Protection of Birds ("RSPB") at Fairburn Ings, Castleford. The team have plans for more volunteering days with the RSPB during 2023. AmcoGiffen also spent time supporting the Canal and River Trust in Rotherham during the year.

AmcoGiffen recently received a Social Value Certificate from Constructiononline which recognises the help given to their clients to achieve their own social value aims.

QTS achieved the Social Value Quality Mark CIC Level 1 accreditation in recognition of its commitment to driving social value through its operations. The QTS team in Leeds supported the Storehouse Foodbank at Melton Vineyard with a financial donation and time spent helping out in the no cost kitchen.

Employees at VHE volunteered to maintain the grounds of St Oswalds Church in Methley and replace safety wear for the volunteers who give up their time to maintain the church yard.

Envolve Infrastructure supported Upper Rhymney Valley Men's Health Club with their ongoing wellness garden project. Working with our colleagues in DCWW, Envolve Infrastructure strimmed and cleared an area of overgrown garden to allow the club to begin planting as well as donating materials to help with the renovations of the new men's shed where the club can gather.

A team of 7 willing volunteers from Browne donned their life-jackets and spent the day in a canoe, removing litter from the River Lea, close to their head office in Enfield. This is part of an ongoing initiative where Browne have adopted a section of the waterway in conjunction with our local community environment partners, the Canal & River Trust.

Our strategy for sustainable growth

To be a key provider of engineering services in our target markets

→ Read more on pages **42 to 50**

To focus on asset support, maintenance and renewals programmes with non-discretionary funding

→ Read more on page **4 and 5**

To expand our direct delivery model through strong local brands

→ Read more on pages **42 to 50**

To establish long-term relationships through responsiveness to clients' needs

→ Read more on pages **42 to 50**

To continue to deliver organic growth combined with selective complementary acquisitions

→ Read more on pages **42 to 50**

To be a key provider of engineering services in our target markets

Progress in 2022
We made further progress in the year supporting our customers with the day-to-day requirements of keeping their essential networks operational.

We developed the range of services we are able to offer and expanded our geographical presence in a number of our markets.

Future focus
Develop strategically important relationships by delivering market-leading innovation and cost efficiencies to our clients.

Underpinned by our ESG strategy
We develop sustainable solutions for our clients which deliver time and cost efficiencies.

→ Read more on pages **56 to 67**

Link to KPIs

→ Read more on pages **40 to 41**

A C E F

To focus on asset support, maintenance and renewals programmes with non-discretionary funding

Progress in 2022
We continued to focus on asset support, maintenance and renewals in our markets where spending in these areas is backed by committed programmes of investment. During the year we were re-awarded a number of key frameworks with long-standing clients to continue to support their essential network assets.

Future focus
We position our business to access essential maintenance and renewals spending programmes with our new and existing clients.

Underpinned by our ESG strategy
We are uniquely positioned across infrastructure markets and have strong relationships with clients responsible for some of the country's largest infrastructure networks.

→ Read more on pages **56 to 67**

Link to KPIs

→ Read more on pages **40 to 41**

A C E F

To expand our direct delivery model through strong local brands

Progress in 2022
Throughout the year we continued to consider a range of acquisition opportunities. We look for acquisitive growth that would expand our range of capabilities in our target markets or our geographical range.

Future focus
We continue to focus on the organic expansion of our engineering services capabilities and geographical coverage as well as seeking complementary engineering services acquisitions.

Underpinned by our ESG strategy
We consider acquisition opportunities that add to our range of capabilities especially where we would be able to offer cost and/or efficiencies for our clients.

→ Read more on pages **56 to 67**

Link to KPIs

A C E F

→ Read more on pages **40 to 41**

To establish long-term relationships through responsiveness to clients' needs

Progress in 2022
We continued to develop our range of capabilities to better meet the needs of our clients. Across our range of markets we are able to offer a multidisciplinary planned and reactive engineering service to support our clients' infrastructure networks.

We responded to numerous weather related emergency events in the period.

Future focus
Develop our range of capabilities and utilise our market knowledge to align our business to our clients' long-term objectives.

Continue to deliver a quality, safe and cost-effective service in our markets.

Underpinned by our ESG strategy
We continue to develop our range of innovative solutions to bring cost and time efficiencies to our clients.

→ Read more on pages **56 to 67**

Link to KPIs

→ Read more on pages **40 to 41**

A C E F

To continue to deliver organic growth combined with selective complementary acquisitions

Progress in 2022
The team continues to focus on opportunities that are aligned with the Group's strategy as well as opportunities to grow the business organically.

Future focus
Continue to grow the Group's Engineering Services operations, both organically and through selective complementary acquisitions. Continue to develop growth opportunities in both existing and targeted emerging markets.

Underpinned by our ESG strategy
We consider acquisition opportunities that add to our range of capabilities especially where we would be able to offer cost and/or efficiencies for our clients.

→ Read more on pages **56 to 67**

Link to KPIs

→ Read more on pages **40 to 41**

A C E F

How we measure progress

The Group has certain key performance indicators ("KPIs") which are used to measure and monitor its performance in a number of areas. The KPIs are measured on a non-GAAP basis which reflects the most appropriate view of the underlying performance of the business.

A

Adjusted[1] EPS

59.5p

2021: 50.5p

2022	59.5
2021	50.5
2020	41.2

Description
The Group's adjusted[1] EPS.

Why it's a KPI
An increase in the adjusted[1] EPS demonstrates the Group's focus on the quality of earnings and returns for our shareholders.

2022 performance
An increase in earnings demonstrates the business' excellent financial performance and execution of strategy in the year.

Link to strategy

→ Read more on pages **34 to 39**

B

Adjusted[1] Group operating profit margin

6.9%

2021: 6.5%

2022	6.9
2021	6.5
2020	6.4

Description
Adjusted[1] Group operating profit as a percentage of revenue.

Why it's a KPI
An increase in the adjusted[1] Group operating margin illustrates the Group's focus on quality of earnings.

2022 performance
We increased the Group's margin through operating profit performance and contract selectivity.

1. Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30.

C

Engineering Services order book

£717m

2021: £679m

2022	717
2021	679
2020	602

Description
Value of the Group's Engineering Services order book.

Why it's a KPI
This is a KPI to demonstrate the development of our position as a leading provider of essential engineering services and supports workload visibility.

2022 performance
The Engineering Services order book has increased following a number of strategic framework appointments and renewals.

D

Dividend

17.0p

2021: 16.00p

2022	17.0
2021	16.0
2020	8.33

Description
The Group's full year dividend to its shareholders.

Why it's a KPI
The Group's dividend shows the Board's confidence in the strength of its capabilities and position within its key markets.

2022 performance
The Board approved the payment of a dividend in line with its established dividend policy.

E

Health and safety

0.23

2021: 0.41

2022	0.23
2021	0.41
2020	0.36

Description
The Lost Time Injury Frequency Rate ("LTIFR") measures the number of lost time injuries occurring in a workplace per one million hours worked.

Why it's a KPI
The safety of our employees and those who work with us remains a priority for the Group. The LTIFR measure reflects the Group's commitment to improving its safety record.

2022 performance
We continue to work hard to improve our health and safety performance and are pleased to have lowered our LTIFR in 2022 compared with 2021.

Our LTIFR target remains zero and we will continue to focus on the use of behavioural science across the business during 2023 to continue to drive further improvement.

F

Investment in training

17,448

2021: 14,243

2022	17,448
2021	14,243
2020	11,259

Description
Number of training days undertaken across the Group in our various education programmes.

Why it's a KPI
Measuring training days undertaken demonstrates our continued investment in our direct delivery workforce.

2022 performance
We continue to invest heavily in training across our business. The increase in the number of training days reflects both safety and non-safety related training.

Rail

Developing our rail future

Over the past three Network Rail Control Periods, our rail business has developed to align with the renewal and maintenance requirements of the Group's largest rail client, Network Rail:

CP4 (2009 – 2014)

In CP4 we developed the early asset renewal based business into the field of structures renewals. This was initially built up from our frameworks in Network Rail's LNE region, expanding into Scotland, Wales and the North-West of England through a strategy of winning positions on core frameworks, supplemented by targeted project tenders.

CP5 (2014 – 2019)

In CP5 we won significant renewal frameworks, when Amco achieved a unique position of having active frameworks across all Network Rail's five regions. This growth enabled the strategic acquisition of Giffen Group in 2016, which brought a specialist rail based mechanical, electrical and power capability into the business, with the two businesses becoming AmcoGiffen from 2018.

This strategy brought specialist electrification and power frameworks into the Group; AmcoGiffen achieved further success when it supplemented the existing asset and renewal frameworks by winning places on all the available Capital Delivery frameworks for Network Rail across its Eastern, Scotland, Wales and Western regions. In 2018 the Group acquired QTS, a provider of specialist engineering services to the rail network and a leader in the development and deployment of specialist Road Rail Vehicle plant. The acquisition brought civil asset management, geotechnical and earthworks, fencing, devegetation and drainage capabilities to the Group.

CP6 (2019 – 2024)

The Group are now Network Rail's third largest provider of engineering services and the largest provider of multidisciplinary maintenance and renewals engineering service (as at August 2022).

Network Rail is currently rolling out its procurement strategies for CP7, and the business is well placed to consolidate positions on existing frameworks whilst building on business capability to secure places on new frameworks, and also securing core positions on major programmes to deliver our core capabilities across Scotland, the Midlands and the North of England.

In May 2021 the Group acquired Rail Electrification Limited (REL), a leading provider of high-quality services and Road Rail Plant associated with the installation and commissioning of Overhead Line Electrification (OLE) in the rail infrastructure sector across the UK.

AmcoGiffen, QTS and REL combine their expertise as ARQ, a leader in enabling electrification across the UK rail network.

CP7 (2024 – 2029)

Rail investment commitments for the Group's core asset and renewal work type remain strong into CP7, with the business actively involved with ensuring Network Rail's ambitions of achieving volume targets in a value-driven, efficient manner are delivered.

The UK Government is committed to its rail decarbonisation programme which will include significant investment in electrification programmes as part of the UK's 2050 net-zero target.

"As the largest provider of multidisciplinary maintenance and renewals engineering services to Network Rail*, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks."

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical and minor signalling engineering services
- Geotechnical and earthworks
- Plant, power and signalling renewals
- 24/7 emergency provision
- Asset renewal and refurbishment
- Tunnel and shaft refurbishment
- Fencing and devegetation
- Multidisciplinary in-house design capability
- Electrification
- Stations and telecoms

Progress

As the largest provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks. The Group assists Network Rail through our mission-critical renewals and maintenance services supporting assets including bridges, embankments, tunnels, drainage systems, signalling and electrification.

During the period, we continued to add new positions including the Southern Buildings and Civils Framework and the Structures Integrity Framework in the South, while also securing further fencing and vegetation management work under CP6 and new frameworks for Transport for Wales. We also secured work on the Transpennine Upgrade and have seen growth in our renewals work bank. Pleasingly, we are beginning to see the early signs of the electrification market come to life as part of the UK Government's plan to decarbonise the nation's railways. We have begun electrification work on the Midland Main Line and the Aberdeen to Glasgow line and see a greater emphasis on rail electrification as we move into Control Period 7 ("CP7").

Importantly, we secured a one year framework extension in Scotland which leaves the Group ideally placed to seize further opportunities as we move into CP7. We have also made excellent progress on preparations to resecure our framework positions for CP7.

Innovation remains a key differentiator for the Group and during the period we maintained our position as the leading rail plant innovator in the country. We have received positive recognition from our clients for the efficiency of our work which is in part a result of our relentless pursuit to implement industry-leading innovations. Our Rail MegaVac and Mega Chipper V2 are just two recent examples of innovations we have brought to market and our teams continue to evaluate other opportunities to make our work more efficient and sustainable.

Our markets

Network Rail is investing £53bn[4] over the current Control Period ("CP6"), which runs to 2024. Network Rail is a significant strategic customer for the Group and during the period the Group became the third largest provider of engineering services to Network Rail nationally. CP6 has an increased focus on operational support, renewal and maintenance works, which plays to our strengths, as does the Government's commitment to its rail decarbonisation programme. This will include significant investment in electrification programmes as part of the overall UK target to deliver net zero by 2050.

We currently operate in all of Network Rail's, routes and regions and have 20+ regional offices and depots strategically located across the entire rail network. Our national footprint with regionally focused delivery teams, makes us ideally placed to react and respond to our customer needs at short notice.

Investment in Control Period 6

£53bn[4]

Future focus

The compelling maintenance-focused structural growth drivers within this sector and Renew's high-quality engineering expertise leave the Group ideally positioned to deliver long-term, profitable growth in Rail particularly as we see opportunities present themselves in the current and future Control Periods. Our team remains focused on securing our existing frameworks which are coming up for renewal while continuously appraising other areas for organic growth. The early stages of increased electrification on the railways bode well for future CP7 framework applications where our three rail brands have formed a collaborative and unique position for Overhead Line Electrification delivery, another key strategic pillar for the Group.

* Top 20 Network Rail Suppliers by Spend 2021-22 (August 2022).

For references see page 22.

Infrastructure

Delivering national improvements

Playing to our strengths

Maintaining key infrastructure

Carnell worked in collaboration with BEAR Scotland, the trunk road operating company for Transport Scotland's North-East unit, to undertake filter drain refurbishment on the Lhanbryde Bypass and Inverurie Bypass on the A96 in July 2022. Using the StoneMaster process to recycle the filter drain media in situ, provided several carbon, safety and customer benefits over the traditional dig-out and replace method. The combined 3,750m length of filter drain was brought back to specification in 11 night shifts, 5 fewer than planned. By only taking away non-compliant material, 787 HGV journeys were removed from the network, while the reduction of materials and haulage alone led to a reduction in CO_2e emissions of over 54 tonnes.

In producing a fully functioning filter drain which will extend the life of the carriageway, StoneMaster removed a tonne of waste every 4.3 linear metres. That included 450 tonnes of surface vegetation and detritus removed at all verge run-off locations.

Cost and programme savings were made through using a "lift and shift" traffic management methodology. Safety was improved through reduced roadworker exposure, while the risk to road users was minimised through a 79% reduction in HGV's movements in and out of the work zone.

The StoneMaster process is resilient in the face of record fuel and aggregate prices and the shortage of HGV drivers.

Highways

Capabilities
- General civils including structures, groundworks, drainage, fencing and geotechnical schemes
- Installation and maintenance of roadside communication assets
- Repair, refurbish and install highway drainage networks
- Unique StoneMaster filter drain refurbishment process
- Drainage surveys including pipe-jetting and record digitisation
- Full turnkey road lighting service
- SafetyCam fleet of mobile road worker protection vehicles
- Road restraint systems

Progress
Following the Group's successful entry into the Highways market via its acquisition of Carnell in January 2020, it has continued to go from strength to strength. We made good progress during the period, delivering essential asset maintenance and critical infrastructure renewals underpinned by non-discretionary regulatory requirements.

During the period, work commenced on the National Highways Scheme Delivery Framework ("SDF") across five framework lots, covering civil engineering, road restraint systems and drainage disciplines, worth £147m over six years. The road restraint lots will be delivered through a collaboration between two of the Group's subsidiary businesses, AmcoGiffen and Carnell, illustrating the integration and collaboration potential of our brands. The joint venture between AmcoGiffen and Carnell, was the only successful joint venture on the SDF and makes the Group the second largest supplier of road restraint systems in the country. Following this key strategic advancement, the Group continues to pursue further opportunities where it can leverage the combined expertise of its subsidiaries.

Our markets
The UK Government has committed to an unprecedented level of spending on England's strategic road network as part of its second Road Investment Strategy ("RIS2"). Of the £24bn[5], £11.9bn of funding is ringfenced for operations, maintenance and renewals which represents a significant opportunity for Renew. Importantly, this trend looks set to continue with increased spend in renewals forecast over the next 10 years with a focus on structures, concrete pavement and road restraints.

Recently, Transport Focus, the independent watchdog representing the interests of users of England's motorways, submitted its six strategic objectives for RIS3[6]. The objectives build on the first two strategies and while all six objectives are important, Transport Focus notes that those of the greatest importance relate to the top three road user priorities: improved quality of road surfaces; safer design and upkeep of the road network; and better management of roadworks. This continued focus on renewals and maintenance plays well into the Group's capabilities as we move into RIS3.

Road Investment Strategy 2 ("RIS2")

£24bn[5]

Future focus
With the continued focus on renewals and maintenance on the country's strategic road network, Renew remains uniquely placed to seize attractive growth and market share opportunities within Highways. The recent success of the collaboration between AmcoGiffen and Carnell gives us confidence to pursue further opportunities utilising the combined expertise of our subsidiaries as we seek to take advantage of new opportunities, including within the electric vehicle charging market.

Wireless telecoms

Capabilities
- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Acquisition, planning and design services
- Provision of 3G, 4G, 5G and Wi-Fi technologies
- Temporary sites and special events
- Maintenance and decommissioning services

Progress
The Group is well positioned to benefit from various upcoming projects to cater for the increasing demand for 5G services. We operate across 3UK's programme of cell site densification and VMO2 and MBNL's three-year 5G services frameworks. We are progressing well in our works with EE and BT to remove Huawei equipment from UK networks by 2027 and we have secured contracts with Vodafone and VMO2 to deliver acquisition, design and construction services.

Our markets
As the UK Government continues to invest in wireless technology to improve the nation's connectivity, the sector remains an attractive growth area for the Group. An estimated £30bn[7] is required to upgrade the nation's broadband networks to gigabit-capable speeds, which includes the Government's £5bn investment in Project Gigabit to upgrade the UK's broadband infrastructure, a significant component of which is 5G, the expansion of the Shared Rural Network and the £500m programme to extend 4G mobile coverage to 95% of the UK.

Investment in gigabit-capable broadband

£30bn[7]

Government 5G investment

£5bn[7]

Future focus
Growing investment in fibre by Openreach, Virgin and Altnets, underpinned by Government regulation, presents a strong opportunity in the sector, and we continue to build on our long-term relationships with the main UK network operators, equipment vendors and managed service providers.

For references see page 22.

Energy

Supporting essential energy operations

Electric vehicle charging

Capabilities
- Accredited Independent Connection Provider ("ICP")
- Electric vehicle charging design and installation

Our markets
The UK Government's commitment to ban the sale of non-electric new cars by 2030 provides the Group with another exciting growth opportunity. This target has been identified as a key priority in supporting the Government's net zero emissions targets as well as its ambition to become the fastest nation in the G7 to decarbonise road transport[12].

As part of its plans, the Government committed to remove charging infrastructure as both a perceived, and a real, barrier to the adoption of electric vehicles and has allocated a £950m Rapid Charging Fund[13] to support the rollout of at least 6,000 high-powered charge points across England's motorways and major A-roads by 2035. An additional sum of over £500m of funding has been granted to support local authorities to find innovative ways to increase local charge point coverage, as well as the launch of the £10m Local EV Infrastructure pilot project[14].

The sector has seen over £3bn invested in recent years[15]. Large vehicle fleet owners such as Amazon, XPO and Post Office are investing in vehicle charging infrastructure to support return to base electric fleets.

Progress
Our projects during the year included the delivery of Volvo bus and truck electrical infrastructure and charging projects UK wide, providing EV infrastructure for Amazon distribution facilities, the Post Office and the installation of EV and network upgrades in nine mainline Network Rail stations.

The Group is an accredited Independent Connection Provider ("ICP"), supporting electrical system upgrades required for EV and Telecoms. Our offer is unique and provides a consultative solution for the delivery of large-scale electrical charging infrastructure.

Nuclear

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Nuclear decommissioning and decontamination
- In-house specialist fabrication and manufacturing

Our markets

This year has seen significant changes to the Government's stance towards nuclear energy. Turbulent energy markets and high gas prices have exposed the issues of over reliance on foreign supplies. In April 2022, the Government launched the British Energy Security Strategy, identifying new nuclear as an important part of its plans to ensure greater energy independence. The strategy will see a significant acceleration in investment in new nuclear, with an ambition of new nuclear producing up to 24GW by 2050, representing 25% of projected electricity demand[9].

Whilst most existing plants will be shut down by the end of the decade, the Government has simultaneously set a target to commence construction of up to three new nuclear plants in the next 10 years, with the approval of a £100m investment in Sizewell C[10] (estimated to be a £30bn project), £210m allocated to Small Modular Reactors ("SMRs")[11] and the establishment of Great British Nuclear. This sizeable investment in new nuclear represents an exciting growth area for the Group.

Progress

Having worked for over 75 years in civil nuclear, we provide a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards, including decontamination and decommissioning services, operational support and asset care, as well as waste retrieval in high-hazard areas such as legacy storage ponds and silos. As such, the Group can take advantage of opportunities in the decommissioning stage and the new nuclear build programme.

In the period, the Group has secured a number of decommissioning and decontaminating contracts. We are excited to have won our first project to plan decommissioning of facilities at AWE – Aldermaston, and a separate decontamination project for the recently closed THORP nuclear fuel reprocessing plant.

We continue to operate across a number of long-term frameworks at Sellafield and we are collaborating with Programme and Project Partners ("PPP") to secure further growth opportunities. PPP is a 20 year framework for the delivery of a broad range of major projects for the site, with £7bn in the programme pipeline.

We have also secured memorandum of understanding ("MOU") to support three of these projects. In a joint venture, the Group has delivered the installation of the first waste retrieval machine within the highest hazard building on the site. Our work at Sellafield positions us well for opportunities in the Major Projects Programme and we continue to build relationships outside of Sellafield at Magnox, Dounreay and AWE, broadening opportunities for decommissioning contracts.

Our contract to support Rolls Royce at Hinkley Point "C" for manufacturing and installation of key components is progressing well and we have a MOU in place to support the manufacture of Rolls Royce's Small Modular Reactor.

Nuclear decommissioning provision

£124bn[8]

Thermal power, renewables, networks, transmission and distribution

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering

Our markets

Renew is focused on leveraging opportunities in the electricity transmission and distribution market. This is expected to grow as a consequence of the changing energy generation mix where we note that Ofgem has announced more than £20bn[16] of initial funding to strengthen the transition to low carbon technologies.

Progress

Our essential engineering maintenance services continue in a number of the UK's thermal power stations. We are progressing delivery of our work on the Minor Works Framework with National Grid and our Minor Civils Framework with Western Power Distribution and have secured additional contracts for works on the SSE Hydro Tunnels Framework and the Drax Electrical Framework.

The Group is an accredited Independent Connection Provider (ICP), supporting electrical system upgrades required for EV and Telecoms. Our offer is unique and provides a consultative solution for the delivery of large-scale electrical charging infrastructure.

Future focus

The Government's total nuclear decommissioning provision is estimated at £124bn[8] over the next 120 years, with around 75% of the total spend allocated to Sellafield which is the largest of the Nuclear Decommissioning Authority's sites and where we remain a principal mechanical, electrical and instrumentation services contractor. The Nuclear Decommissioning Authority is increasing investment in decommissioning at Sellafield, Magnox and Dounreay with EDF stations being brought into public ownership.

For references see page 22.

Environmental

Critical water infrastructure support

Playing to our strengths

Emergency response training

During the summer emergency reactive teams and dam safety teams from Envolve Infrastructure carried out an emergency response training exercise at a dam safety project.

Training and operational teams came together to carry out a practical training day on a live project, bringing training and learning into a real life scenario.

Water

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- 24/7 emergency reactive works including flood risk management programmes
- Maintenance of strategic water mains and mains drainage
- Clean and wastewater rehabilitation infrastructure
- Dam safety and pressurised pipeline specialisms
- Port, harbour and sea defences

Progress

During the period we continued our work with Dŵr Cymru Welsh Water ("DCWW") and currently hold a number of contracts with market-leading companies including for the Pressurised Pipelines Framework and the Capital Delivery Alliance Civils and Pipeline Framework. We are delighted that for the first time, we have secured a place on the DCWW Major Civils 8-year Framework, a key strategic target for the Group.

Elsewhere, we have been awarded a new framework with Severn Trent and we continue engagements for Bristol Water on mains renovation, Wessex Water on the Phosphate Removal Programme and we are maintaining and renewing existing assets on operational treatment and distribution facilities (AMP7 Minor Civils Framework) with Yorkshire Water.

During 2021, we welcomed Browne into the Renew family and that acquisition has continued to strengthen our offering and footprint in the sector. Browne has seamlessly integrated into the Group, continues to trade ahead of managements' expectations and helped the Group to expand its Water client base. During the period we added Thames Water, Affinity Water, South East Water and Southern Water to our growing list of clients.

We also continue to see long-term opportunities with existing clients Scottish Canals and Peel Ports.

Our markets

In Water, we continue to benefit from the UK Government's commitment to spend £51bn[17] over AMP7 into 2025 with increased expenditure on capital maintenance, asset optimisation and supply resilience including dam safety and infrastructure refurbishment schemes. The market is underpinned by committed regulatory spend and long-term growth opportunities.

AMP7 has been characterised by a focus on cost efficiency and leak reduction resulting in an increase in planned expenditure on capital maintenance, asset optimisation & supply resilience. As we enter year 3, we expect to see an increasingly accelerated programme of regulatory spend over the final years of the current AMP cycle, given the lower level of expenditure in the early part of the cycle.

Future focus

Our offer of mains renewal, scheduled repairs and maintenance as well as extensive 24/7 emergency reactive works remains one of our key strengths, providing specialised, mission-critical services for clients around the UK. With water companies increasing expenditure on capital maintenance and asset optimisation, we are in a strong position to fulfil any new works in these areas.

Flood and coastal

Progress

The Group currently undertakes work for the Environment Agency ("EA") on the EA Flood and Coastal Erosion Framework. We also continue to work on national frameworks for the Canal and River Trust, Scottish Canals and Natural Resources Wales.

Our markets

Changing weather conditions have highlighted the need for investment in flood defence, and the UK Government has committed £5.2bn[18] over the next six years to improve flood defence infrastructure. This includes plans to improve protection to 336,000 properties exposed during the floods in 2019, with similar programmes being planned in devolved budgets for Scotland and Wales.

Future focus

With growing investment in the segment, and increased pressure on governments to improve the UK's resilience for climate change, the Group is well positioned to expand its presence in the sector. The Government has reiterated its commitment to the UK's leadership in offshore wind. As such, there has been significant investment in the infrastructure that services major UK ports as part of the investment in off shore and renewable energy.

Specialist restoration and land remediation

Capabilities

- Soil and groundwater remediation
- Design of bespoke remediation and ground engineering solutions
- Specialist restoration and conservation

Progress

As reported in our interim results, we are progressing well with works at the Palace of Westminster, now entering the new flat roofs phase at the site, through the award of a five-year Conservation Framework. This market continues to present a number of long-term opportunities for our specialist capabilities. In the period we were appointed to schemes at Tollcross in Glasgow and Royal Botanic Garden Edinburgh.

Asset Management Programme 7 spend ("AMP7")

£51bn[17]

UK Government's six year flood defence investment

£5.2bn[18]

For references see page 22.

Specialist Building

Delivering specialist Science, Landmark and HQR schemes

High Quality Residential and Science

Capabilities

- High Quality Residential refurbishment and Landmark schemes in London and the Home Counties
- Development of research and laboratory schemes
- Extensive temporary structural engineering provision
- In-house design and engineering capabilities

Progress

The High Quality Residential market continues to be robust and we are active on a number of schemes across the capital. The Group was also awarded several other landmark schemes during the period including for the National History Museum. Our essential work for the Medical Research Council is nearing completion and we have recently been appointed on a scheme for Imperial College London's Department of Infectious Diseases.

Future focus

We focus on delivering technically challenging Science, High Quality Residential and Landmark projects in London and the Home Counties where our expertise and experience prove differentiators in this market.

The Group continues to be selective in these markets where we have a long-established track record.

Playing to our strengths

Specialist science capability

Our subsidiary, Walter Lilly, is in the final stages of a nine storey biomedical research facility for the Medical Research Council ("MRC") London Institute of Medical Sciences.

The facility will meet the Institute's needs providing the infrastructure required to maintain and increase its scientific impact and bring researchers together under one roof for the first time.

The new state-of-the-art facility will house Cat II laboratories, sophisticated imaging equipment including a confocal microscopy suite and a cryogenic electron microscopy suite as well as a 120-person seminar room, data centre and central open atrium.

The site is located on the Hammersmith Hospital campus.

Delivering strong growth

Sean Wyndham-Quin CA
Chief Financial Officer

Results

Group revenue[1] from continuing activities was £849.0m (2021: £791.0m), with an operating profit[1] from continuing activities prior to amortisation and exceptional items of £58.8m (2021: £51.2m). A tax charge of £11.3m (2021: £11.1m) resulted in a profit after tax prior to amortisation and exceptional items for the year of £46.9m (2021: £39.7m), an increase of 18.1 per cent. After deducting £8.8m (2021: £10.1m) of amortisation and exceptional costs, the profit for the year from continuing activities was £39.9m (2021: £32.1m).

Amortisation and exceptional items

The £8.8m of exceptional items and amortisation is made up of £7.1m of amortisation charges in the year relating to contractual rights and customer relationships which are primarily associated with the acquisition of QTS Group Limited, Carnell Group Holdings Limited, Rail Electrification Limited ("REL") and J Browne Group Holdings Limited ("J Browne"). Following this amortisation there remains £22.4m of other intangible assets on the balance sheet.

Goodwill has been written down by £1.3m to reflect cessation of further trade in Britannia Construction. We have recognised an exceptional charge in the year of £0.4m in relation to an aborted acquisition during the first half of the year.

Net cash

The Group's balance sheet shows a net cash balance of £20.2m (2021: net overdrawn cash balance £9.4m) and bank borrowings of £nil (2021: £4.4m) at the year end following the full repayment of the £35m term loan taken in 2018 to part fund the acquisition of QTS. Consequently, the Group's pre-IFRS 16 net cash[1] position as at 30 September 2022 was £20.2m (2021: net debt[1] £13.7m) and was £5.7m (2021: net debt £29.3m) on a post IFRS16 basis.

Group revenue[1]

£849m

2021: £791.0m

Net cash[1]

£20.2m

2021: Net debt £13.7m

1. Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in note 30.

Banking facilities

Post the year-end, the Group has refinanced its debt facilities with its existing banking partners HSBC UK Bank plc and National Westminster Bank plc and has introduced a new bank into the banking syndicate, Lloyds Banking Group plc. The new facility comprises an £80m secured revolving credit facility committed until November 2026.

The Group has complied with the covenants associated with all of its debt facilities throughout the year.

Going concern

The Directors continue to adopt the going concern basis in preparing the Group's 2022 financial statements. Further detail can be found in Note 1 to the accounts.

Leasing

At 30 September 2022, the Group had £14.5m (2021: £15.6m) of lease liabilities. The right of use assets as at 30 September 2022 was £15.5m (2021: £17.2m).

Taxation

The tax charge on profit for the year is £9.5m (2021: £8.7m), a rate of 19.3 per cent which is marginally ahead of the headline rate of 19.0 per cent. Corporation tax paid in the year amounted to £7.6m (2021: £7.3m).

Pension schemes

At 30 September 2022, the IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, resulted in an accounting surplus of £1.5m (2021: £0.4m) after accounting for deferred taxation. Over the year, both the value of the pension obligations and the assets fell due to significant increases in the discount rate. However, the value of pension obligations fell relatively more than the insurance policies. This is because the value of the insurance policy does not cover all of the estimated additional liabilities due to GMP equalisation and while the value of this additional liability fell the asset held as cash to cover this additional liability remained stable. This has resulted in an increase to the net surplus of £1.1m during the year.

As previously announced, the Trustee of the Amco Group Pension Scheme ("Amco Scheme"), in consultation with the Board, entered into a "buy-in" agreement with a specialist insurer on 8 April 2022. This transaction ensures the security of the benefits of the Amco Scheme's pensioners and deferred members and, while the Group remains legally responsible for the scheme, the transaction has eliminated all of the Group's exposure to investment and funding risks in the Amco Scheme. The transaction also improves the long-term security of members' benefits. As a result of this buy-in, and the previous buy-in that occurred in 2013, all of the Amco Scheme's liabilities are now matched with corresponding annuities. The "buy-in" was completed by using Amco Scheme assets plus an additional, one off, cash contribution which is expected to be around £1.6m to purchase annuities from the specialist insurer which match corresponding pension liabilities, where the annuity policy remains an asset of the Amco Scheme.

The IAS 19 valuation of the Amco Pension Scheme shows a net deficit of £0.8m (2021: net deficit £0.1m) after accounting for deferred taxation. The net deficit has increased by £0.7m during the year, primarily due the purchase of a further bulk annuity policy, as this was priced in excess of the value retained in the accounts and returns on the Amco Scheme's assets being lower than expected.

The buy-in of both of the Group's defined benefit pension schemes in recent years has significantly de-risked the Group's Balance Sheet.

Discontinued operations

The Group made a loss for the year from discontinued operations of £2.2m (2021: £1.6m) which relates to an additional accrual of £3.4m to cover latent defect liabilities in Allenbuild Limited, a business that was sold to Places for People Group Ltd in October 2014, but where the Group retains a liability for a number of historic contracts, partially offset by the recycling of the foreign currency translation reserve of £1.3m.

Earnings per share

Earnings per share[1] before exceptional items and amortisation was 59.5p (2021: 50.5p) and on a statutory basis, after the impact of exceptional items, amortisation and loss for the year from discontinued operations was 47.8p (2021: 38.7p). The weighted average number of shares in issue for the period was 78.8 million.

Distributable profits

The distributable profits of Renew Holdings plc are £66.9m (2021: £50.3m). The Board is recommending a final dividend of 11.33p per share (2021: 11.17p) bringing the total for the year to 17.00p (2021: 16.00p).

Sean Wyndham-Quin CA
Chief Financial Officer
28 November 2022

1. Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30.

Capital Allocation Policy

Capital allocation in priority order for the year ending 30 September 2023:

- **A** To maintain sufficient financial headroom to comfortably manage temporary variations in working capital and to provide headroom against known risks and contingencies.
- **B** To maintain a conservative approach to leverage by seeking to pay down debt quickly post-acquisitions and by ensuring that our net debt:EBITDA multiple remains at an appropriate level.
- **C** To appropriately invest in the business to deliver organic growth.
- **D** To continue to pursue a progressive dividend policy whilst maintaining an appropriate level of dividend cover.
- **E** To build sufficient headroom to enable us to quickly respond to acquisition opportunities that are consistent with our stated strategy and which are earnings enhancing.

To the extent that all of these priorities have been achieved, we would consider returning additional excess cash to shareholders.

The Directors present the Group Strategic Report for the year ended 30 September 2022. The strategic report on pages 1 to 79 has been approved by the Board and signed on its behalf by

Paul Scott
Chief Executive Officer
28 November 2022

Sean Wyndham-Quin
Chief Financial Officer
28 November 2022

Embedding our cultural framework

Our values, vision, strategy and purpose support the Group's culture. Our beliefs and behaviours are guided by these frameworks which provide a structure to set the operational expectations across our business.

Our purpose

We provide essential engineering services to maintain and renew critical infrastructure networks. Our multidisciplinary engineering services are delivered through our independently branded UK subsidiary businesses that support the day-to-day running of these infrastructure networks.

→ Read more on pages **42 to 50**

Our strategy

Our long-term strategy is focused on developing our range of engineering services capabilities, both organically and through selective acquisitions. The Group targets acquisitions that bring complementary skills and allow us to deliver a wider range of services to our clients.

→ Read more on pages **34 to 39**

Our cultural blueprint

Our culture is built on our core values which are integrated in all aspects of our business.
We are committed to being a responsible business and strive to add value to all our stakeholders.

How we are shaping our culture as an organisation

- Development of forums to develop and embed positive change e.g. diversity Forum
- Continued focus on safety and improvement initiatives e.g. behavioural science
- Development of initiatives around employee recruitment and retention
- Sector Directors to more closely oversee Group strategy and performance in target markets

How we will know we are getting it right

- Reduction in Accident Frequency Rate
- Increasing diversity profile across the Group
- Improving ESG performance against targets
- Staff retention rates
- Second cohort of RISE programme completed
- Ongoing focus on alignment with Group requirements
- Development of a TCFD awareness and disclosure programme
- Employee/client feedback surveys

Our cultural drivers

- Embedding of our core values
- Group forum events
- EMC/SEMG meetings
- Executive/Board subsidiary visits
- ESG targets
- RISE leadership and executive training
- Group Minimum Requirements
- Internal subsidiary reviews
- Focus on diversity/TCFD/Sustainability

Our values

How we achieve our purpose
We operate across a range of markets, directly delivering essential engineering services. Our subsidiary businesses are leading providers in their markets and as such are able to develop long-term relationships with clients responsible for some of the country's critical networks.

We offer multidisciplinary engineering services, undertaking planned and reactive tasks for our clients. In addition we provide a 24/7 emergency support response across the networks we support.

We typically undertake a high volume of low-value tasks which are critical to keep the networks operational.

Our values
At the heart of what we do is our people; their safety and wellbeing is our priority. As a responsible employer we strive to ensure fair treatment of all our employees and those who work with us in the course of our business. Our sustainability agenda includes giving back through our employment initiatives, involvement with local communities and charitable donations.

Our future workforce
We operate a range of training and development programmes to support the future ambitions of our workforce and the need to develop the skills of the future. We are a keen to support internal talent and try to promote internally where possible.

The Group's Leadership Development Programme recognises the need for skills training and supports a large number of employees across our organisation.

Our workforce engagement
Our subsidiary businesses engage with their workforce in a range of ways including staff briefing events, intranets and newsletters. Strong engagement is key to reinforcing our Company's values.

Our Company values

The Renew Resilience Plan

Our purpose-led approach to ESG is based on our four commitments. These ensure we continue to align our business with the environmental, social and governance ("ESG") requirements of our stakeholders. It is important that we work responsibly and in a sustainable manner to leave a lasting positive impact.

Our commitment to the UN Sustainable Development Goals

The 17 Sustainable Development Goals ("SDGs"), launched in 2015 with the 2030 Agenda for Sustainable Development, provide a shared blueprint for tackling some of the planet's most pressing issues and will help create a better place in which we can all live.

8 Decent Work and Economic Growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

9 Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

12 Responsible Consumption and Production
Ensure sustainable consumption and production patterns.

13 Climate Action
Take urgent action to combat climate change and its impacts.

Revisiting our sustainability strategy

At Renew, sustainability is about creating resilience and it is core to our purpose. It is this mindset that drives us forward and it ensures that we continually challenge ourselves to do more. It encapsulates the significant role we see Renew playing in the UK's transition to a low-carbon economy. Resilience is about being a more integrated business, it is about providing innovative solutions for our clients, and most importantly it is about investing in our people and the communities where we operate, to become more resilient to future challenges.

We will leverage our core business strengths, including our unique market position, strong collaborative brands, specialist skills and innovation capabilities, to work with our clients to create a resilient infrastructure network which is brought together through collaboration of our resilient people.

Redefining our strategy

During the year we undertook a project to further develop the Group's sustainability strategy, concentrating on three core areas TCFD, sustainability strategy development; and our approach to net zero.

Renew's revised strategy has been informed using the insights from research, which involved employee workshops, stakeholder interviews and questionnaires, conducted across four key areas:

- competitor market mapping;
- listed reporting requirements;
- internal stakeholder interviews; and
- macroeconomic and industry review.

In developing our strategy we considered four driving principles: stakeholder shifts, global megatrends, competitive pressures and policy and regulation.

Based on these findings and insights from our strategic review, we developed our framework as an evolution to the strategic direction that Renew has been taking since 2020. We now report our sustainability strategy in the four key areas of:

- take climate action;
- operate responsibly;
- build social value; and
- empower our people.

"AGC brings together highways and rail delivery methods, positioning the Group as a leading provider of road restraint systems for the National Highways Scheme Delivery Framework."

Collaboration

As a business we can effect change by working collaboratively with our stakeholders. Collaboration around reducing environmental impact is particularly important and working with our clients to achieve more demanding sustainability targets continues to be a focus area for our businesses. Collaboration between the Group's subsidiary businesses at various levels within the organisation increases the learning and sharing of best practice. Work has recently completed on the first project for our new highways joint venture "AGC", a collaboration between our subsidiaries, AmcoGiffen and Carnell. AGC brings together highways and rail delivery methods, positioning the Group as a leading provider of road restraint systems for the National Highways, Scheme Delivery Framework.

Our future outlook

The business has a number of core strengths which provide a strong platform to take its sustainability approach to the next level. We offer bespoke engineering support systems in some of the UK's most challenging infrastructure networks. Our ten strong subsidiary brands collaborate across four key sectors of rail, infrastructure, energy and environmental. Our businesses continue to invest in new technologies that provide innovative solutions to problems such as carbon emission reduction. Our responsiveness to clients' needs against complex and highly regulated environments has enabled us to build enduring partnerships and our ambitious leadership are supported by our directly employed, dedicated and passionate workforce who bring a wealth of specialist skills to the business.

Renew's sustainability at a glance

We use a number of targets to measure the Group's performance against its sustainability goals. These targets are reviewed annually to ensure our subsidiary businesses remain focused on those areas where we can make the largest positive impact.

Our sustainability targets

Take climate action

To take a proactive approach against the climate crisis.

80%
low carbon commercial fleet by 2030

100%
of energy from "green" tariffs

100%
of company car bands with electric/hybrid option

Operate responsibly

To minimise our impact on the environment and people.

95%
eligible waste diverted from landfill

0
Accident Frequency Rate

Build social value

To leave a positive lasting legacy in the areas that we operate.

1
working day per employee assisting community projects

50
STEM events supported in the year

Empower our people

To provide our people with the skills and knowledge to excel and grow.

70%
employee survey response rate

1:20
mental health first aiders

4.5
training days per employee

Take climate action

As a Group we understand that the majority of our carbon production is generated through our commercial vehicles and gas usage. Our businesses focus their efforts to reduce these areas in particular.

80% of our commercial fleet will be low carbon by 2030

2022	4%
2021	1%

100% of energy we use will be derived from "green" energy tariffs

2022	41%
2021	33%

100% of company car bands will have an electric or hybrid option

2022	100%
2021	100%

Shepley's fleet reduction

In April 2022, our subsidiary Shepley Engineering, a major multidisciplinary contractor in the UK nuclear market, reviewed its transport arrangements for its site based workforce.

In an effort to reduce its fleet numbers, an initiative was introduced which saw individual vans replaced with larger capacity vehicles including two 33 seater coaches to provide employees home to work transport.

A similar review of office based employee transport arrangements was undertaken in May 2022. Overall the fleet was reduced from pre-Covid-19 levels which reflected a saving on fuel usage over the previous year.

Innovative site power solutions

During the year we successfully trialled the use of a hybrid power solution on a number of sites including the Cefn Mawr Viaduct scheme in Wrexham, a remote site with no grid connection and which needs 24-hour power to run welfare, drying room and overnight security. The sustainable solution is a combination of a hydrotreated vegetable oil ("HVO") fuel and a battery storage unit ("BSU") instead of the conventional red diesel solution. The HVO fuel is manufactured from renewable materials and its overall carbon footprint is 94% lower than diesel and gas oil. The BSU is an innovative part of this set up it completely changes the way that power is delivered. The generator runs the site and charges the battery during the day and then is programmed to switch over with the night time power coming from the battery. Results from the trial show that the BSU reduces overall fuel consumption and generator run time by 49% and site carbon emissions by 90%. Not running the generator through the night, not only reduces air emissions, improving air quality, it also runs totally noise free offering zero noise pollution to any lineside neighbours or livestock.

"Renew is in a unique position to provide services to support the transition to a low-carbon economy."

Take climate action continued

The UK Government's strategy to reduce emissions to net zero by 2050 requires action by all emission producers. We understand the role we must play as a business in taking action to addressing the emissions we produce and, as such, we are committed to achieving net zero ahead of the Government's target date and in any case no later than 2040.

A focus on reducing emissions

Energy use for electricity, heat and transportation accounts for the single largest share of carbon emissions around the world.

The requirement for net zero carbon infrastructure and buildings is increasing globally. Initiatives such as the advancing net zero campaign established by the World Green Building Council have catalysed the built environment towards meeting the requirements of the Paris Climate Agreement. In addition, the UK Government has committed to becoming a net zero nation by 2050. Measures proposed in the Government Net Zero Strategy Paper cover everything from heat, transport and industry to energy, investment and innovation.

We take a proactive stance when it comes to the decarbonisation agenda. We are taking action to ensure we are well positioned to benefit fully from this transition. Decarbonisation and the net zero transformation emerged as the biggest long-term strategic issue.

Renew is in a unique position to provide services to support the transition to a low-carbon economy. Services being developed are EV installation and hydrogen infrastructure.

Climate-related risks and opportunities

We focus on understanding, monitoring and overseeing sustainability related risks and opportunities as crucial to our sustainability strategy moving forward. Material sustainability risks and opportunities are in the process of being integrated into the Group's risk framework with structures to effectively track, monitor and manage these over time — including setting appropriate targets.

→ Read our full TCFD report on pages **72 to 79**

Working together on our sustainable goals

QTS and AmcoGiffen, working with Network Rail and members of their supply chain, delivered a number of renewal and enhancement projects across Scotland's railway, including planting 500 trees at the Alladale nature reserve in the Highlands.

The initiative saw the teams plant a mix of trees and shrubs including native Juniper, Hawthorn, Crabapple, Rowan, Aspen, Hazel and Scots Pine to help to reinvigorate the wilderness reserve and the surrounding ecology.

Streamlined Energy and Carbon Reporting ("SECR")

We measure and report our energy and carbon data across the entire Group, providing comprehensive data to substantiate our overall environmental impact. Our SECR statement includes all emission sources required under the 2019 regulations for the financial year ended 30 September 2022. Renew emitted 30,184.1 (2021*: 34,832.7) carbon dioxide equivalent tonnes ("tCO_2e") of energy during the year.

The two carbon intensity ratios that we have chosen to measure reflect our business performance. Our carbon intensity ratio was 7.624 tCO_2e per average employee headcount, and 0.036 tCO_2e per £000 of revenue.

In order to calculate the carbon emissions, we have used the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022. The scope 1 and 2 emissions reported are for all facilities across the Group under our operational control. This includes all the Group's subsidiaries as listed at the back of this report. We have also voluntarily chosen to report scope 3 emissions from grey fleet, i.e. employee vehicles driven on Company business, and emissions from leased vehicles. This will provide a full picture of our vehicle emissions.

Greenhouse gas emissions

Carbon emissions (tCO_2e)*	**2022**	2021	2020**	Increase/ decrease from 2021
Transport (scope 1)	16,946.98	14,965.3	13,377.5	+1,981.68
Transport (scope 3)	2,015.3	1,983.9	1,004.5	+31.4
Electricity (scope 2)	654.0	802.9	961.0	-148.9
Purchased gas (scope 1)	314.0	241.3	400.6	+72.7
Gas oil (scope 1)	10,165.8	16,781.1	11,431.3	-6,615.3
Other fuels (scope 1)	88.0	58.3	70.5	-29.7
Total emissions	**30,184.1**	**34,832.7**	**27,245.4**	**-4,648.6**
Carbon intensity ratio 1 (tCO_2e/£000)	0.036	0.044	0.044	-0.008
Carbon intensity ratio 2 (tCO_2e/avg. headcount)	7.624	9.820	8.279	-2.196
Total UK energy usage (kWh)	**126,383,826.5**	**142,800,433.4**	**110,626,528.0**	

* tCO_2e/year defined as tonnes of CO_2 equivalent per year.

** Restated.

The QTS headquarters in Drumclog, has a 30Ha peatbog within the property. Since 2014, QTS has been restoring the peatland with a series or drainage ditches and dams to help improve the condition and develop a solid foundation on which to build on. An application process has commenced for a new round of funding for further restoration works. It is hoped the peatbog will help with carbon offsetting.

VHE has been using the ECO XLI welfare unit which harvests rain water which, along with solar and lithium ion power capabilities, has meant that the use of the generator has been minimised and the subsequent reduction in site fuel usage has been impressive. The sites can struggle to charge all of the environmental monitoring, survey equipment without using the generator but so far feedback from the introduction of the ECO LXI has been very positive.

Supply Chain Sustainability school

Through our subsidiary, AmcoGiffen, we have signed up as partner to the Supply Chain Sustainability school to support its ambitious net zero goals. Partnering with the school is a valuable opportunity for us to participate in and shape the sustainability agenda in the built environment through co-operation with our industry stakeholders.

We will benefit from access to the school's vast library of sustainability learning resources and, more specifically, the school's carbon tool, which will allow for streamlined scope 3 carbon reporting in terms of AmcoGiffen submitting information to clients of suppliers reporting their Scope 3 data to AmcoGiffen.

We see the carbon tool as fundamental to our drive to achieving net zero carbon emissions in line with our commitment to the Science Based Targets Initiative outlined in our Carbon Reduction Plan.

The School is for everyone working in construction infrastructure, facilities management and homes and will provide new partners, AmcoGiffen, with access to training in sustainability, offsite, BIM, Lean and management through a variety of tools and resources. It's an award winning industry wide collaboration, led by its partners and members with a clear vision to share knowledge, deliver measurable impact, inspire its members and embody respect.

London Stock Exchange's Green Economy Mark

Since 2019 we have been proud holders of the London Stock Exchange's Green Economy Mark which recognises those companies that derive more than 50% of their revenues from products and services that contribute to the environmental objectives such as climate change mitigation and adaptation, waste and pollution reduction, and the circular economy.

Biodiversity

The nature of the work we undertake requires careful consideration of the local biodiversity. It is important through our work we do not unbalance the local ecosystems.

The Group's recent biodiversity roundtable workshop was facilitated by specialists in nature recovery and rewilding. All ten of the Group's subsidiary businesses and three of our key clients, Network Rail, Affinity Water and Bristol Water as well as Whitcher Wildlife joined us for the day.

The event was designed to better understand our clients' Biodiversity Net Gain ("BNG") aspirations and policies and how we can help with the achievement of these. Share knowledge between our businesses. Learn about re-wilding and how we can become smarter about BNG on our projects and in our maintenance and renewal activities and explore how our respective businesses can help each other with BNG.

Improving biodiversity at QTS

The QTS head office at Rench Farm, Drumclog, now has a colony of honeybees and a second colony will be added by the end of 2022.

Introducing pollinator species to areas has a huge positive effect on the surrounding ecosystem by improving plant seed yields and therefore biodiversity.

QTS is also about to start a second phase of restoration work on our 30 hectare peat bog which will capture carbon, protect the fragile environment, and add to local biodiversity.

Sustainable working practices

At the start of the year, QTS undertook vital vegetation works on the Leeds to Harrogate line. Due to the limited access, the team came up with a innovative solution to carry out the works. Working with a lineside neighbour, the team set up a temporary site compound and storage area and brought a 20m reach excavator to site to extract the cut vegetation which was transported to a central point by two of QTS' bespoke Road Rail Vehicle excavators and compactors. Over 160 tonnes of extracted material was processed and sent to create renewable energy.

Operate responsibly

We recognise our responsibility across our wide range of stakeholders including our employees, suppliers, the environment and the communities in which we operate.

95% of eligible* waste diverted from landfill by 2022

2022	99%
2021	88%

0 Lost Time Incident Frequency Rate ("LTIFR")

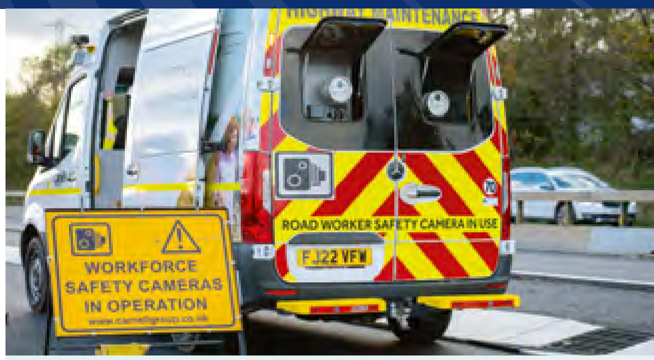
2022	0.23
2021	0.41

A focus on health and safety

Group companies operate under certified management systems for safety, health, environment and quality ("SHEQ"). These systems ensure compliance with all relevant legal, client and Group requirements whilst having proactive leadership and worker participation at their core. Group companies employ their own competent professional SHEQ advisors, each holding formally recognised qualifications and professional body memberships. Lead advisors in each company liaise directly with the Group SHEQ Director on common issues. Group companies also maintain memberships with organisations such as the Royal Society for the Prevention of Accidents ("RoSPA") along with relevant trade organisations and locally based safety groups.

All Group companies maintain a training matrix and plan identifying SHEQ training requirements for all personnel. Formal training is augmented by the provision of regular briefings into work methods, risk assessments, toolbox talks and SHEQ alerts. Group minimum requirements (GMR's) require each business to report and record all injuries, diseases, dangerous occurrences and "near-miss" events. These events are investigated, based on actual and potential severity, to determine root cause and to prevent recurrence. Incident statistics and causal trends are collated and evaluated on an ongoing basis allowing performance to be measured and the determination of any necessary system amendments. A system of SHEQ alerts ensures lessons learnt and changes to working practices are rapidly transmitted across our businesses, workforce, and contractors. The Group measures a number of leading and lagging SHEQ performance indicators including: senior manager tours, SHEQ advisor site support and assurance visits, near miss report ratio against hours worked, diversion of waste from landfill, carbon emissions and Lost Time Incident Frequency Rate.

Business initiatives include AmcoGiffen's Controller of Site Safety ("COSS") Academy programme, a one day module which aims to promote better understanding and positive behaviours as a COSS and how to deliver effective communication across the role.



Safety innovations

In Rail, we have developed an illuminated visual warning system to prevent people plant interface on site. The bespoke boards have been trialled on two tunnel projects. The boards are placed at a 10-metre perimeter beyond on track plant. Anyone wishing to pass has to get approval from the machine controller, who then stands down operations to ensure safe access.

In Highways, Carnell commissioned seven new SafetyCam vehicles during the year which are greener, safer and more cost effective. The multi-award-winning safety camera vans now feature solar panels on the roof, meaning they can operate without the engine running, leading to significant fuel and cost savings, better air quality and reduced noise, providing customer benefits when working in residential areas. SafetyCam has an impressive track record of effectively eliminating traffic management incursions by members of the public and significantly reducing speeding site vehicles. As part of the re-design, several modifications to improve operator safety have been implemented, a response to the increased interaction with members of the public when monitoring vehicles on diversion routes through residential areas.

The COSS is a critical role in maintaining safe working practices when working on the railway. AmcoGiffen also relaunched its Company-wide Representatives of Employee Safety ("RoES") group this year. The regional groups look at a wide variety of business safety including lessons learnt from incidents and sharing of best practice.

"These systems ensure compliance with all relevant legal, client and Group requirements whilst having proactive leadership and worker participation at their core."

Accreditations and awards

Our businesses are accredited with various health and safety schemes, including Constructionline, SafeContractor, the Contractors Health & Safety Assessment Scheme, Achilles Verify and the Railway Industry Supplier Qualification Scheme. Our businesses also conform to the ISO 14001 and ISO 18001 standards. We achieved many Royal Society for the Prevention of Accidents ("RoSPA") awards during the year.

Waste management

The Group has a collaborative approach to waste management where our subsidiary businesses work in partnership with a specialist waste management broker which provides environmentally friendly waste management solutions.

During 2022, we diverted 133,407 tonnes of waste from landfill and we continue to utilise reporting tools to understand how waste is created and managed across our Group.

Supply chain/materials

The pressure on materials suppliers to address product life cycle environmental impacts and reduce emissions from operations and across the value chain is increasing. The industry's approach to the circular economy is relatively under developed at this stage, with a greater focus on waste reduction. Embracing the circular economy – including key considerations such as reducing raw material inputs, use of recycled material and economy focusing on end of life impacts – has been identified as crucial for Renew to reduce impacts in the short and longer term.

Due to high operational energy requirements, the volatile energy market and the increasing expectations of stakeholders, Renew's ability to manage energy usage over the long term is highlighted as key to driving down costs and meeting key carbon reduction targets. The use of hydrotreated vegetable oil ("HVO") across the Group to reduce carbon emissions in fleet has been trialled, but with prices doubling and availability affected due to the war in Ukraine, low-carbon fuels are becoming increasingly less viable. The Group will continue to review the potential use of low carbon fuels as part of its carbon reduction strategy.

Efficient field operations

Carnell is always looking to improve the efficiency of its field operations including its highways drainage surveys for Drainage Database Management System ("DDMS").

Carnell had been using technology for its drainage asset capture, but the equipment was top-heavy and performed poorly in difficult conditions, adding time and complexity to time-sensitive jobs, and reducing productivity.

Carnell's back-office workflows are in the process of transitioning to cloud based solutions which which have already significantly reduced delays and have resulted in cost savings.

Improving handovers

ARQ, a collaboration between Group subsidiaries AmcoGiffen, Rail Electrification Limited and QTS, has been working with digital technology partner, eviFile, developing OLE self-assurance software to help the site teams deliver on their quality promises.

By challenging normal paper-led check sheets, providing training to the site teams and learning to improve in a live environment, the team has been able to record and upload video and photographic records live as they happen. This has enabled efficient assurance by our CRE's to hand over our site health and safety files in a digital format in advance of construction completion.

Build social value

Engaging with initiatives that generate social value is seen as imperative for the long-term success of our business. We aim to leave a positive lasting legacy in the areas that we operate.

1 working day per employee assisting community projects (measured in hours)

2022	1.13
2021	0.30

50 STEM events supported

2022	122
2021	15

Promoting STEM in Enfield

Earlier this year, members of the Browne team spent two days at a local STEM event held at Chase Community School, Enfield. The event, in partnership with Enfield Town Schools' Partnership, included a Career Fair and STEM Fair Event with over 750 children attending over the two days.

Day 1 saw the team introduce Years 8, 9 and 10 pupils (ages 12 – 15) to the range of STEM professions within the industry. The team advised on education and career pathway options and the decision on what subjects to study for GCSE and A levels. The event saw over 550 enthusiastic pupils keen to understand the relevance and importance of STEM related subjects as part of their career choices.

Day 2 involved over 200 Year 5 pupils from 17 schools in the Borough of Enfield presenting their STEM projects based on the subject of "Growth" to the STEM Ambassadors. The team judged the children's projects, asking them about their methodologies and how they came to their results and conclusions. The judging was based on four criteria: scientific content, visual display, verbal explanation & teamwork.

The winning team from St George School wowed the judges with their research into growing grass. With a podium place being awarded to Hazelwood School for its 5 second rule (dropped food) study using bread.

Building social value

Our businesses undertake a wide range of activities to build social value including volunteering systems, green labour employability programmes, engagement calendars, STEM Ambassador programmes, participation in the Women in Rail EDI Charter, apprenticeship and graduate programmes, homeless donation banks and action tools, supporting clients and communities where we're able to use our expertise directly to give something back.

AmcoGiffen recently received the Social Value Certificate from Constructiononline in recognition of the help it provides its clients in achieving its social value aims meeting the standards for having clear diversity and inclusion processes in place, providing equal opportunities for minority groups, providing good working conditions, supporting our workers' mental wellbeing, engaging with local communities and working to improve their sustainability.

Future skills

The AmcoGiffen workshop teams engaged with students from the AmcoGiffen Academy at Barnsley College. As an employer-sponsor of the engineering department, it is committed to meeting level 2 engineering students, one afternoon a month to help to bring their learning to life with a bit of real-world context. The team talked about a current significant structural project, a 130 tonnes, three-staircase footbridge currently being manufactured in the AmcoGiffen workshop at Barnsley. The session included performance requirements of the product, how materials are chosen, the fabrication and welding and quality assurance processes.

QTS, in partnership with AmcoGiffen and Carnell, hosted a special two day 'Future of Rail' event to bring together rail industry leaders and local schools to celebrate achievements and discuss the future of the industry. Schools from Ayrshire and Lanarkshire also attended the event as part of QTS Group's wider incentive to encourage more young people to consider careers in the rail industry.

"Community engagement is an area that our employees are incredibly passionate about. The feeling of being able to give back to the communities where they operate, and be supported by the business, is important to employees."

Charitable giving

Our businesses support a range of charities and charitable events during the year including Macmillan Cancer Support, The Christie, Cystic Fibrosis Trust, The Samaritans, Save the Children and Renewed Hope.

QTS volunteered with North Mid Charity during the year, as well as donating money for toys and gaming units. Our team connected with the charity whilst carrying out drainage works in Friern Barnet, London.

QTS is also celebrating a successful five year partnership with the Youth and Philanthropy Initiative ("YPI") Scotland. The half-decade collaboration has seen QTS Group work with more than 20 Ayrshire based schools and donate more than £150,000 to local charities. Approximately 13,000 young people have been involved in the scheme, pitching to QTS Group employees to win funds on behalf of 61 charities in Ayrshire and the surrounding areas. Employees from QTS Group have led mentoring sessions and workshops, assisted with presentations, and attended more than 80 final showcases to judge the winning entries.

Seymour donated to the DS43 defibrillators charity and VHE continues to sponsor several of the 32 teams at Methley United including the u10's.

Walter Lilly again held the High Quality Residential ball that raised over £85,000. All of the money raised was donated to HQR's 2022 charities, The Lighthouse Club, Winston's Wish and The Graham Hughes International Charity.

The Shepley Group recently worked on the installation of a "respect barrier" handrail for Cleator Moor Celtic FC's junior teams. This project adds to the long list of grassroots and local amateur clubs that the Shepley Group support across a wide range of sports including cricket, football and rugby.

In collaboration with Bristol Water, Envolve Infrastructure delivered over 50 meals to the Help Bristol's Homeless centre in Bristol city centre.

→ Read about community engagement on page **33**

Donation delivery

Focus4Hope located in Brighouse, West Yorkshire, arranges and provides support for the most vulnerable in society, from the homeless to the elderly. Focus4Hope is a steadfast pillar to the local charitable community.

Responding to the humanitarian aid needs in Ukraine, our subsidiary, AmcoGiffen reached out to provide support to its endeavours.

Organisers at Focus4Hope informed our teams that they were struggling with transportation and arranging for delivery of donations to the main distribution centre in Rochdale.

Over the course of 3 days, members of the AmcoGiffen site team used 2 vans to collect donations from across West Yorkshire. Contributors included banks, local businesses and shopkeepers who were all keen to assist in their own way.

These donations were delivered to the distribution centre in Rochdale where they were collated for delivery to Ukraine via Poland.

Empower our people

Our employees are our greatest asset. We work to empower our people through positive engagement, training and providing a supportive environment in which to work.

70% employee survey response rate

2022	72.5%
2021	46%

1:20 mental health first aiders

2022	1:16
2021	1:20

4.5 training days per employee

2022	4.4
2021	4.0

Training and development

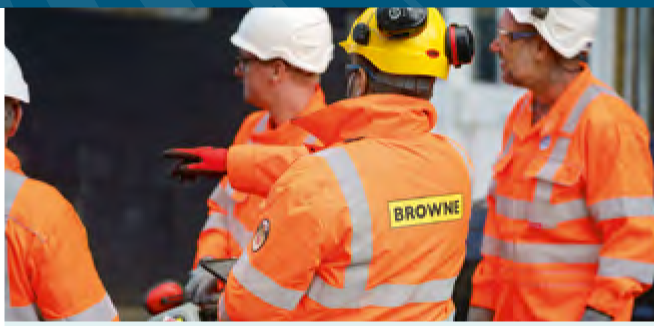
With the industry facing challenges in recruiting young people and technological advancements changing future skill needs, stakeholders are keen to see the business doing more to ensure it continues to build a resilient workforce for the future.

An example of this is electrification where new technologies are driving the need for more technical skills, with increased competition for talent pointing to acute skills shortages in the future.

During the year, Seymour has been working with Redcar & Cleveland Borough Council's "Building Our Future" initiative, delivering mock interviews to Year 6 children at Grangetown Primary, Middlesbrough. The team also worked with St Benedict's Primary School in Redcar to develop health and safety posters that were erected on site. The programme gave the children an insight into the local works and a taster of what it is like to work on a construction site with a go on our plant simulator.

The Shepley team took part in the Institution of Engineering and Technology's Open House Day at the Sellafield Centre of Excellence in Cleator Moor, talking all things engineering with aspiring young students.

"Electrification and new technologies are driving the need for more technical skills."



Training and development

AmcoGiffen's bespoke Supervisor Academy course is designed for our employees, and provides a stimulating and interactive learning session, focusing on how, together, we can positively influence safety and performance through inspiring leadership, engagement and motivation for all. We officially relaunched the programme in April, after Covid-19 restrictions had ended and employees can put themselves forward to their line manager for nomination on to the programme. It's a six day intensive course, split into two sessions held 12 weeks apart. There are 11 groups of 12 delegates planned for 2023.

Seymour Skills Academy has undertaken a wide variety of careers events during the year which help inform the next generation and those unemployed of the opportunities within construction and engineering. Events included a virtual Engineering Careers Session for Redcar & Cleveland Borough Council.

Group diversity and inclusion forum

The Group diversity forum contributes to the delivery of Renew's diversity and inclusion agenda and focuses on spreading knowledge and taking action as well as raising awareness of the benefits of a diverse workforce across the Group. The forum is made up of one selected employee from each subsidiary business as well as members of the Renew executive team.

The forum takes action to support the Group's subsidiary businesses in delivering agreed objectives, in particular a focus on improving the Group's gender balance and on building broader diversity across the workforce.

The forum meets once a quarter and looks at encouraging appropriate training and using collective communication skills to encourage employees, across all levels, to share personal and professional experiences, along with best practice knowledge and ideas.

In addition to the Group diversity forum, each of the Group's subsidiary businesses also has its own diversity forum.

Renew has also enhanced its KPIs to strengthen the diversity data it captures, in particular around diversity within recruitment.

Diversity and inclusion

There is now a sense of urgency amongst companies to improve their approach to diversity and inclusion; this is underpinned by the understanding that the best talent now expects inclusive, diverse workplaces and by the fact that financial institutions like the FCA introduce new requirements for the disclosure of gender and ethnic diversity data.

Diversity and inclusion has been recognised as an important core issue for Renew. There is recognition amongst stakeholders that diversity is not just about gender but the importance of bringing diversity in all its forms into the workforce at all levels.

As well as promoting diversity and inclusion generally across our business, our subsidiaries support a number of diversity and inclusion events including National Inclusion Week, a week dedicated to learning about and embracing an inclusive culture in the workplace. During the week, our businesses celebrated and shared areas of diversity and inclusion, their experiences as well as completing awareness training in an effort to promote greater understanding.

During the year, AmcoGiffen sponsored the Social Inclusion Award at the Women in Rail Awards 2022.

We recognise that our business, along with the wider engineering industry, has traditionally been male dominated. We continue to work to recruit women into the industry and by supporting and increasing the opportunities available to women.

Employee mental and physical wellbeing

Mental health remains a key focus within the business, and we have resources available to support all our employees.

We have mental health first aiders trained across our subsidiaries and an Employee Assistance Programme which is available 24/7 to support employees whenever they need it on issues such as bereavement, finance, mental health and childcare. In addition to this we run continuous health, safety and well being campaigns and we are investing heavily in increasing our mental health first aiders across the business.

Robust risk management

The Group keeps its principal risks under continuous review and ensures those identified risks are being effectively managed.

Risk management structure

The management of risk is overseen by the Board which reviews and agrees the Group's risk matrix including the identification of new risks and opportunities and reviewing the Group's principal risks.

Our subsidiary businesses are governed by a system of controls including our Group minimum standards which are audited internally to ensure compliance in areas including risk management, control environment and activities, information and communication, and the evaluation of our ability to deliver robust commercial risk management.

Operational and financial reporting is supported by monthly management meetings attended by a senior Group representative, Executive Management Committee meetings and monthly Board meetings.

Board

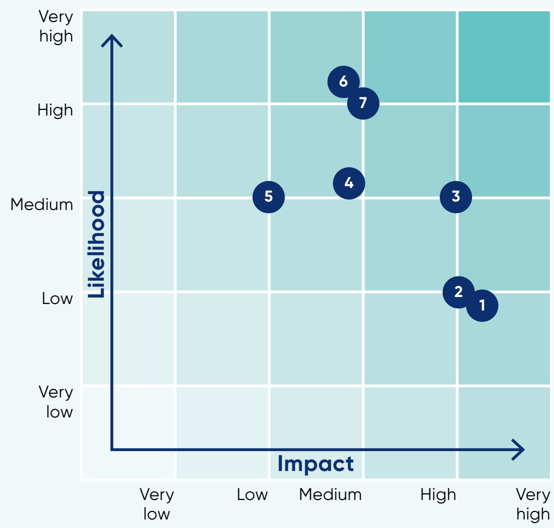
- Review and agree risk profile
- Identify new risks
- Agree principal risks

Audit and Risk Committee	• Review results of the internal audit and process • Review external audits • Review Group risk register and actions taken to mitigate risks
Executive Directors	• Risk management reviewed in monthly management reports • Oversee Group minimum requirements for risk
Operating subsidiaries	• Identify and control local risk • Delivery of risk management processes and procedures • Risk mitigation

Principal risks

The Group's principal risks are identified as those risks which have the potential for the highest impact on the Group. The Board reviews the principal risks regularly along with the mitigation measures in place.

1. Major accident or hazard
2. Loss of a major customer
3. Major project loss
4. Cost inflation
5. Business continuity and cyber risk
6. Management and succession planning
7. Major economic downturn



Consideration of ESG issues

We consider the impact of ESG related risks as part of the Group's overall risk management review process and include consideration of risks such as climate change and carbon emissions, human rights, Board diversity and the diversity of the wider Group along with a number of other social, environmental and governance related risks.

During 2022 we undertook a detailed review of ESG related risks and opportunities to the business, which formed the basis of our Task Force on Climate-related Financial Disclosures reporting. As a Group we are not required to comply with the TCFD reporting requirements. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

Brexit

The Board continues to monitor the risk of the impact of the UK's withdrawal from the European Union and agrees it is unlikely to have any material effect on the performance of the Group because Renew is a UK-only business operating in markets with long-term, non-discretionary spending programmes. The Group has very little exposure to European supply chains or labour.

Decrease Increase Same as last year

1. Major accident or hazard

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Group SHEQ Director

Risk and potential impact
A major accident or incident for which we are held primarily accountable could result in personal or environmental harm and lead to operational loss, regulatory, legal or financial penalties and/or reputation loss.

Tolerance to residual risk:
Reduce

Example mitigating actions
- Established and proven processes and policies
- Broad nature of the sectors in which we are engaged
- Directly employed safety practitioners within our subsidiaries
- Advisors' specialist knowledge of the complex environments in which they work

Change in the year
Taking account of the increasingly diverse activities of the Group, the Board has reassessed the impact of a major accident or hazard during the year and the investment in training; there has been no change to this risk during the year.

Opportunity
We undertake a high volume of safety training across our business. We directly employ our workforce which together means we are able to better control the environment and the competencies of the workforce we deploy.

2. Loss of a major customer

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and potential impact
As a consequence of the market in which we operate we inevitably have fewer, larger clients. The loss of one such client could result in both financial and reputational consequences for the business.

Tolerance to residual risk:
Accept

Example mitigating actions
- Keeping close to our clients
- Responsive, compliant, safe, innovative and proactive
- Delivery of innovative solutions
- Ambition to expand our client base to further lessen the reliance on larger clients

Change in the year
A number of appointments with new clients were made in the year. Our engineering services are usually provided through long-term framework agreements, often over many years.

Opportunity
Having a number of larger clients means we are able to build strong relationships over many years. We understand our clients' long-term ambitions and assist them in the delivery of these through our culture of engagement.

3. Major project loss

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and potential impact
A major project loss could result in a significant financial loss to the business. Discontinued activities could present legacy risk that could potentially incur financial costs.

Tolerance to residual risk:
Accept

Example mitigating actions
- Rigorous project selection process
- Maintaining first class records to enable effective management of any disputes
- Projects within focus carrying risk are fully discussed in the business unit plans

Change in the year
Progress has been made in the year to close out a number of remaining legacy issues. There remains the potential for legacy claims from the discontinued Allenbuild business. Given this, the likelihood has moved from low to medium for this risk.

Opportunity
In developing our rigorous selection processes, the Group focuses on those schemes that present the least risk to the business. We have improved our record keeping as a result of reviewing our risk in this area and this has assisted the business significantly in being able to accurately review historical contracts.

4. Cost inflation

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and potential impact
A risk of our employment and other input costs increasing that we are not able to pass on.

Tolerance to residual risk:
Reduce

Example mitigating actions
- Ensure that the contractual terms and conditions are appropriate and properly understood
- New contract vetting procedures are robust and in line with the Group Minimum Requirements

Change in the year
The Board determined that the risk of cost inflation is medium likelihood, medium impact. The Board recognises that there has been a significant increase in the price of certain materials and labour during the course of the last financial year, however, the Group is largely able to mitigate these increases due to the short-term nature of our contracts and our ability to recover these additional costs through the contracts.

Opportunity
The review of our contract vetting procedures and the improvements undertaken in the year mean we are more robust in our approach in this area.

5. Business continuity and cyber risk

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Group IT Director
- Subsidiary senior management teams

Risk and potential impact
With the ever-increasing dependence on electronic communication and management systems in the conduct of our activities, the potential for a serious business interruption event has increased.

We recognise the importance of maintaining the integrity of the business' electronic communications and management systems from both failure and cyber attack.

Tolerance to residual risk:
Reduce

Example mitigating actions
- A business continuity approach to disaster recovery
- Industry best practice cyber attack defence tools
- Automated off-site backup facilities and secondary communication systems

Change in the year
We continue to develop our approach to cyber risk management through improvements to IT security and through the continuation of our user awareness training programme. Minimum standards are in place, with all businesses audited to ensure compliance. There has been no change to this risk.

Opportunity
We continue to reinforce our systems which alongside user training and awareness programmes means we are exposed to less risk in this area.

6. Management and succession planning

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams
- Group HR Director
- Nomination Committee

Risk and potential impact
Lack of continuity of business leadership is recognised as a risk to the business which has the potential for both financial and reputational damage to the business.

Tolerance to residual risk:
Reduce

Example mitigating actions
- Review of succession planning and management in each of our subsidiary businesses
- Review succession for the senior teams in the short, medium and long term

Change in the year
The Group has further developed its succession planning and diversity procedures during the year and continues to carefully monitor any changes at regular intervals with our subsidiaries. There has been no change to this risk.

Opportunity
The process of management and succession planning allows the business to reveal any vulnerabilities and skills gaps which through appropriate mitigation actions reduces the likelihood of sudden, unexpected change.

7. Major economic downturn

Link to strategy
→ Read more on pages **34 to 39**

Risk trend

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and potential impact
Risk of a major economic downturn which results in a significant reduction in public spending.

Tolerance to residual risk:
Accept

Example mitigating actions
- Focus on non-discretionary markets and activities where expenditure is delivered through long-term frameworks with committed levels of funding

Change in the year
This is a new principal risk as we continue to respond to current and potential future economic challenges.

Opportunity
We continue to focus on non-discretionary spending programmes and, as such, reduce the impact of economic volatility on the Group.

Mitigating climate-related risks

Climate change poses a complex and unprecedented challenge, which is already affecting our environment in ways that are hard to predict and poses a growing risk to people and businesses.

As a Group we are not required to comply with the TCFD reporting requirements. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

TCFD

Renew acknowledges the scale of transformative action required to mitigate climate-related risk and the role that the infrastructure sector plays to support the wider economy in becoming more resilient. We also recognise our responsibility and want to work collaboratively with our clients, suppliers, and other stakeholders to build long-term climate resilience within the UK's critical infrastructure networks.

'Climate Action' is a core pillar of our Sustainability strategy, and we have been working hard to drive down carbon emissions across our business. We have committed to achieving net zero carbon by 2040, and further detail of how we plan to achieve our ambitions can be found on pages 59 and 60, along with our other environmental and climate KPIs. We have been monitoring and measuring carbon since 2020 and we have reduced carbon emissions by 13% since 2021.

Further research needs to be completed across our industry to understand the impacts that climate change will have on our long-term financial viability. However, it is clear to us that the transition to a low-carbon economy also presents significant opportunity for our business as demand for renewable energy, electrification, and new energy distribution increases, supported by the UK Government's net zero targets. Over several years, Renew has begun to position the Company as a solutions provider delivering the benefits of long-term sustainable and resilient infrastructure for our clients. We invest in the skills and products that help the UK build resilience against the climate crisis. We welcome the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as a valuable tool that supports knowledge-building in our sector in the face of an uncertain future. For us, the TCFD disclosure is a useful prompt and outcome from a much longer-term strategic approach to our role towards and through the climate crisis.

Our approach

Renew Holdings has taken steps in 2022 towards incorporating consideration of climate-related risks into our strategic and financial planning processes. With the support of external sustainability consultancy, Design Portfolio, we have completed a risk heat mapping assessment to help us identify our key physical, transition, liability, and transboundary risks. The research took a holistic approach based on double-materiality; a focus on the social and environmental intersection of climate change; and both risks and opportunities for mitigation and adaptation. It has been completed with support from the Boards and senior management teams from each of our ten subsidiaries to ensure our key identified risks were representative of our entire business.

We have structured our climate disclosures according to the TCFD four thematic areas; Governance, Strategy, Risk Management and Metrics and Targets and cover the eleven specific recommended disclosures.

Renew has invested significant time into preparing for climate change across the business and developing our TCFD disclosure. As per Listing Rule 9.8.6(8)R, we have included in the following pages, disclosures which we believe to be partially consistent with the TCFD recommendations. There is always more to be done, and as this is the first year of disclosure, we aim to work with and learn from our peers and the wider industry, to be able to share a more detailed disclosure in 2023. As a business, we are still working on quantifying the financial impacts of some of our key risks. In particular, next year we are planning more extensive work to develop bespoke climate scenarios which will support our financial planning.

As a Group we are not required to comply with the TCFD reporting requirements in 2022. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

"Renew Holdings has taken steps in 2022 towards incorporating consideration of climate-related risks into our strategic and financial planning processes."

→ More details of the Group's climate related targets can be found on pages **58 to 63**

Our response to the TCFD framework

TCFD area	Our response	Actions for 2023
Governance	Consideration for climate-related risks and opportunities is managed by the Board and a newly formed TCFD steering committee.	• Set clear objectives for the TCFD steering committee. • Upskill the Board and senior management. • Reviewing the responsibilities of existing Board committees to incorporate oversight of climate-related risks.
Strategy	A detailed review was undertaken to identify the Group's key climate-related risks and opportunities. The creation of our risk map (page 79) illustrates the magnitude and likelihood for each of the eleven identified material climate-related risks for Renew Holdings. We have considered two public scenarios as part of the start of our scenario analysis journey. See pages 75 and 76 for the list of our identified risks.	• Review the impact climate change will have on the availability of key materials for Renew. • Evaluate the impact of supply chain emissions. • Develop bespoke scenarios to deepen our understanding of the impact of climate change on our business.
Risk Management	We have shared our approach to climate-related risk management and mitigation, and we have been interacting with our subsidiaries on the development our forthcoming Enterprise Risk Management ("ERM") approach.	• Adopt an Enterprise Risk Management approach, with our climate-related risks embedded, to enable us to integrate stronger consideration for sustainability issues into our risk management facilities.
Metrics and targets	A review of the metrics used in our risk-mapping process, our forthcoming approach to targets, and our Scope 1, 2 and 3 emissions, has been completed. Areas for improvement have been identified.	• Review the metrics and targets which will allow the Group to monitor and track climate-related performance.

Governance

Board and management oversight of climate change

Given the increased awareness of climate change and the severity of the risk it poses to the infrastructure industry, Renew Holdings has put governance processes in place during 2022 to ensure that climate risks and opportunities are identified early and are given due focus by the Board and senior management.

Climate change and carbon are governed as part of the Group's ESG strategy. Renew's Board consider the impact of ESG-related risks as part of the Group's risk management review process and include consideration of risks such as climate change and carbon emissions. The Board are kept informed of climate-related risks and opportunities, through the output from the newly formed TCFD steering group. At a subsidiary level, carbon and carbon reduction initiatives are discussed at monthly Board meetings.

In FY23 we will be focusing on increasing Board members awareness and upskilling of senior management teams across each of the subsidiaries to ensure that there is significant expertise, experience, and capacity to deal with current and future climate-related challenges. This training will be focused on developing a deeper understanding of the double-materiality impacts climate change may have on our business.

The Board relays its thinking on climate-related risks and opportunities to management via the newly formed TCFD steering committee, headed by Lawrence Ling, Group SHEQ Director, and attended by representatives from each of the ten subsidiaries. A focus for FY23 will be to set clearly defined objectives for the steering committee and develop a more consistent reporting structure.

This year, the Board approved Renew's refined sustainability strategy, TCFD strategy and risk map, and will continue to feed into efforts to define key initiatives and set targets over the course of 2023. The metrics developed as part of our strong strategic steer towards sustainability will serve as KPIs for the Board to monitor progress and steer future objectives, including those related to mitigating Renew's impacts on the climate.

Our climate risk governance structure

"The Board is kept informed of climate-related risks and opportunities, through the output from the newly formed TCFD steering group. At a subsidiary level, carbon and carbon reduction initiatives are discussed at monthly Board meetings."

As a Group we are not required to comply with the TCFD reporting requirements in 2022. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

Strategy

Our climate-related risks

This year, to develop our understanding of climate-related impacts on the business, the Board commissioned a detailed review to identify the Group's key climate-related risks and opportunities. The review considered four risk categories:

- **Physical risks:** Chronic and acute disruptions due to the increased intensity and frequency of extreme weather events, changes in temperature, and other consequences of climate change.
- **Transition risks:** The policy, technological and market shifts that may occur as the world endeavours to move towards a low-carbon economy.
- **Liability risks:** Growing possibility of litigation resulting from action or inaction in response to climate-related risks perpetuated by the Company's activities.
- **Transboundary risks:** Systemic consequences of the climate crisis that transcend national boundaries and are the culmination of several intersecting climate-related risks.

As a result of this risk identification process, we have created our own climate risk and opportunities register which identifies eleven climate-related issues and three opportunities that could impact Renew over short, medium and long-term time horizons.

Our risk mapping methodology is outlined on page 72. As part of the process to identify our key risks, we adopt a double-materiality lens that acknowledges both the impacts that climate change has on our business, operationally and financially, as well as the impact Renew's business activities have on the climate. In this first year, we prioritised risk over opportunity to understand our potential exposure to climate change with an eye towards identifying where risk mitigation may lead to opportunity.

Whilst we are quite advanced in our journey to drive down carbon emissions across the Group, we acknowledge that there is further work to be done to better understand the potential financial impacts of climate change on our business, and to begin to quantify the potential opportunities presented within our industry to support the transition to a low-carbon economy. We intend to undertake this over the coming year and aim to continually monitor and refine this work as our knowledge and experience of climate change grows.

The table below lists out our eleven key climate-related risks, a brief description and how Renew plan to respond to each risk. In addition, the TCFD recommendations encourage companies to understand how climate-related risks and opportunities affect their financial position over specified time periods. We have begun to consider the impact timeframes of each of our risks and have defined our timeframes as:

- **Short term: 1 – 5 years**
- **Medium term: 5 – 10 years**
- **Long term: 10 years +**

Climate-related risks

Risk	Description	Timeframe	Building resilience – what we are doing
Physical risk			
1. Extreme heat	Extreme heat can damage buildings and infrastructure, increase energy demand and costs to cool buildings, and affect health. Extreme heat can produce operational disruption and affect our ability to provide key services to our clients.	Short, medium & long-term risk.	We conduct a review of key assets and equipment to ensure it is fit for purpose during times of extreme heat. If identified, additional safety measures to be put in place to protect people and sustain productivity during heatwaves.
2. Floods and storms	Floods and storms, can cause damage to buildings/other physical assets, disrupt transport, and cause operational disruptions (supply chain failures, project delays, site safety issues).	Short, medium-term risk.	Disaster and resilience planning to ensure we are able to continue to deliver our service. Additional safety measures to be put in place to protect people and sustain productivity during times of floods and storms, if required.
3. Drought	Reputational risks associated with being unable to meet UK Government and client demands to improve water resilience.	Short, medium, long-term risk.	Engage early with water infrastructure clients to continue to understand their requirements and continue to provide support. Understand where our subsidiaries are operationally reliant on water and the potential for mitigating action.

Strategy continued

Climate-related risks continued

Risk	Description	Timeframe	Building resilience – what we are doing
Transition risk			
4. Energy costs and availability	For various interconnected reasons, there are enhanced risks to the energy market and price volatility is inherent to the energy transition. This is particularly pertinent with HVO, which is widely used within the infrastructure sector as a low-carbon alternative fuel.	Short, medium-term risk.	Evaluate the investment needed in low-carbon technology to reduce reliance on fossil fuels and rising energy costs. The cost viability of HVO as a fuel source is critical to this review. Low-carbon technology is vital to assist Renew in meeting our carbon reduction targets.
5. New energy technologies	There is increasing concern on the lack of availability of nationwide EV infrastructure to meet business needs. There is concern around the availability of electric vehicles with an appropriate range to support business operations.	Short, medium-term risk.	Continue to invest in building skills and capacity within Renew to deliver EV infrastructure across the UK. We are also investigating the viability of other new energy sources, and where Renew could use its expertise to support wider new infrastructure development.
6. Policy and regulation	There is increasing pressure on companies from regulators to realign their economic activity towards low-carbon activities.	Short, medium-term risk.	Review any emerging policy and regulation that may impact Renew.
7. Product service and design	Companies around the globe are experiencing pressure from customers, investors and regulators to be more climate-friendly and introduce sustainable products and services.	Short, medium-term risk.	Research and trial any new innovative sustainable products and services.
8. Cost of carbon	Increased demand for carbon offset credits due to the UK's commitment to become net zero by 2050, has resulted in higher and/or volatile carbon credit prices.	Medium, long-term risk.	Whilst a risk, the immediate impacts are unknown. The TCFD steering group will monitor costs and will raise as an issue if determined to have more immediate impacts.
Liability risk			
9. Contractual/ legal disputes	Climate change litigation as a result of a perceived failure on behalf of a company to consider, mitigate or adapt to the risks associated with climate change.	Medium, long-term risk.	Continue to manage the climate-risk register and build awareness amongst senior management.
Transboundary			
10. Supply chain disruption	Supply chains that rely on specialised commodities and key infrastructure can be disrupted by weather and climate extreme events impacting supply facilities and causing production outages.	Short, medium-term risk.	Review Renew's supply chain to pinpoint any high-risk materials that may be impacted by extreme weather events globally.
11. Capital and insurance	As a result of climate change, financial providers and insurers might look to reduce the risk of big losses and/or increasingly link capital and loans to ESG performance.	Short, medium-term risk.	Continue to monitor cost of insurance and financial support as the global cost of borrowing increases and insurance premiums become increasingly difficult to secure.

As a Group we are not required to comply with the TCFD reporting requirements in 2022. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

Climate-related opportunities

Many of the themes that arise from mapping our climate-related risks also manifest as strategic opportunities. This is an area that is outlined by the TCFD as key for disclosure over time. We believe Renew Holdings is well positioned to take advantage of increasing investor focus on the transition to a low carbon economy. It is well recognised that investment into low carbon infrastructure will be fundamental in delivering net zero emissions in the UK by 2050. From the rail network and digitally assisted roads to high-speed telecoms and clean energy, Renew has a key enabling role to play on the frontline of efforts to decarbonise the economy. In addition, Renew's skills in building, maintaining and renewing climate-resilient infrastructure, such as flood defence systems, clean and wastewater networks and slope stabilisation projects, will support UK's climate adaptation plan.

This is emphasised by Renew being awarded the London Stock Exchange's Green Economy Mark for the last 4 years, confirming that over 50% of our revenues come from environmental solutions.

Renew recognise that further work needs to be done in FY23 to fully understand the financial impacts of our three key opportunities.

Opportunity	Description
1. Expand existing revenue streams to focus on new green infrastructure projects	As the regions where Renew operates decarbonise, there will be increased demand for low-carbon infrastructure, transport systems, renewables, and energy efficient solutions.
2. Innovate in products and services	Investing in new climate-related products and services could open opportunities that have not been considered before. This could include developing a hydrogen infrastructure network which could support the transition to a low-carbon economy. Engaging clients in early discussions to help them adapt their assets to rising temperatures and extreme weather events could proposition Renew as a climate-resilience infrastructure leader.
3. Decarbonisation across our supply chain	Reducing our Scope 1, 2, and 3 emissions reduces our exposure to carbon taxes and rising energy prices, and possible contractual disputes. It will also improve our reputation with clients and other key stakeholders.

Scenario analysis

This year, we are beginning the process of developing the risks and opportunities shared in our risk map above into scenarios which are bespoke to Renew Holdings. This will allow us to model out the key business dependencies and capabilities which may help us mitigate these risks.

In this disclosure we share our first step, mapping risks to public scenarios which align with the two key risks to which the business is exposed: transition risk, manifesting predominantly in energy costs and availability, supply chain disruption, and new energy technologies; and physical risk, manifesting in extreme heat and floods and storms. Given our exposure to risks related to energy transition, the scenarios chosen are informed by the International Energy Agency – NZE, its net zero policy alignment by 2050, and STEPS, its stated policies alignment. In the table overleaf, we outline the impacts on our business in terms of risks and opportunities. The table on pages 75 and 76 outlines how we are building resilience and developing opportunities within the business and looking forward to 2023.

Strategy continued

Scenario analysis continued

	Renew's main risks	Renew's main opportunities
Below 1.5 degrees (NZE informed)	**Physical risks:** • Physical risks are low. **Transition risks:** • Transition risks materialise rapidly. • New energy technologies are adopted rapidly, with the risk of scarcity and competitor first-mover advantage. • Supply chain disruption may occur around greener goods and services, but is more predictable and may be shorter lived. • Energy demand and costs may be unpredictable.	As an infrastructure business, Renew is well placed to support its customers across the UK in moving towards net zero-aligned policies. To respond to this scenario, we would have to take near-term investment and development decisions around new services to offer. We would also have to prioritise a net zero approach both in our own operations, and to offer net zero aligned services to our clients. Decarbonisation across our supply chain is a key opportunity here.
Above 2.5 degrees (STEPS informed)	**Physical risks:** • Physical risks are swifter to materialise. • Increased heat, floods and storms impact our workers and our response times. • Increased heat, floods and storms impact our customers. **Transition risks:** • Transition risks are slower to materialise, but may be unpredictable, and are linked to physical risks. • New energy technologies is assumed to be a lower risk, as it is assumed that deployment will be lower. • Energy demand and costs may be unpredictable. • Disruption of supply chain is likely due to physical risk.	Client needs for mitigation and adaptation support in the face of physical risks will be important for Renew. The development of services that support infrastructure and clients in a warmer world with more weather shocks. Renew would look to increase its focus on and services around supply chain resilience and reliability, with increased services offered around maintenance, repair and long-life building.

The Group will be conducting further work in FY23 to support the development of our climate scenarios and assessment of the Group's resilience. We will be integrating the results into the Group's wider planning, decision-making and strategy development. The results of this will be reported in the 2023 Annual Report and Accounts.

Risk Management

Developing a robust process

Renew consider the impact of climate-related risks as part of the Group's wider risk management review process. This Group's risk register is reviewed twice yearly and updated accordingly. Further information on how we identify, monitor, and manage risks can be found on pages 68 to 71.

Whilst developing our climate risk map (page 79), we used a specific methodology to determine magnitude and likelihood of each risk, as seen in the risk map above. This was a different approach to the identification, monitoring and management of our wider risks at Group level, chosen due to the unpredictable and novel nature of climate-related risks, which are often longer-term than other risks. For our climate risk identification process, this approach was both suitable and useful. However, over time, we want to improve the integration of our climate-related risk register into our wider enterprise risk management.

In FY23 we will be focusing on adopting an Enterprise Risk Management (ERM) approach to enable us to integrate stronger consideration for sustainability issues into our risk management facilities. As we progress in the adoption of an ERM approach, we will seek to streamline our register of eleven climate-related risks into our refreshed risk management approach. As part of this project, we will develop a clearer long-term definition of the role of the audit and risk committee in overseeing the management and monitoring of climate-related risks or opportunities.

Risk mapping process

To identify our climate-related risks, we took a structured approach to ensure that the Group's climate risk register is representative of each of our subsidiaries.

The information obtained through our process allowed us to prioritise our top eleven risks against each of the four risk categories: physical, transition, liability and transboundary. We then assessed the magnitude and likelihood of each issue to determine which topics present the greatest threat or opportunity to Renew Holdings in terms of the potential financial impact on key resources and relationships such as our people, assets and stakeholder relationships.

Magnitude ratings reflect the possible financial, reputational, or human impact a risk may pose. The likelihood assessment reflects the probability of the issue having a significant impact on the Group.

Our risk map

Our risk map illustrates the magnitude and likelihood for each of the eleven identified material climate-related risks for Renew Holdings, classified according to our four overarching risk categories. By visually mapping our risks we can begin to analyse trends to allow us to better understand where we should be focusing our attention and resources.

As seen in the risk map below, transition risks have emerged as the risk category where Renew has the greatest exposure. This suggests that areas such as rising energy costs and supply chain disruption present the biggest risks, and actions to mitigate these should be prioritised.

Metrics and Targets

As outlined above, we use a suite of magnitude and likelihood metrics to assess our climate-related risks. Our approach to magnitude is linked to internal thresholds around assets at risk, and we consider this both at a subsidiary and a Group level. Thresholds are discussed in absolute financial terms or in percentage terms, where relevant to the size of the subsidiary.

Our approach to likelihood is based on a scale related to industry intelligence, including precedence of occurrence. Over time, we intend to harmonise the magnitude and likelihood scale with our wider ERM system. Once this has been completed, we will be able to assign key metrics to the mitigation processes developed against our risks, to track progress. The opportunities that we have identified are at an earlier stage of development, and we are currently working to assign financial values to each of these key areas.

Emissions reporting

Renew Holdings have been reporting Scope 1, 2 and limited scope 3 emissions since the introduction of the Streamlined Energy and Carbon Reporting (SECR) regulations in 2020. This has focused the Group's awareness of carbon over the past two years and ability to substantiate our overall environmental impact.

Renew will be reflecting on our metrics and targets to ensure that we manage our climate-related risks and opportunities effectively in FY23. In addition, as we build our capacity to measure and monitor Scope 3 emissions across our operations and look to embed climate risks into our new ERM framework, we will also evaluate which formal metrics and indicators will best help us to monitor our progress.

We will also look to set dedicated KPIs and targets against any initiatives to realise climate-related opportunities.

Our full SECR report can be read on page 60.

Starting to plan for our transition to net zero

We have commenced an internal review of our existing energy and climate related asset use, emissions, and policy in line with net zero best practice.

We are seeking to develop our targets and commitments on net zero into a net zero carbon road map which will include interim steps to reach our stated 2040 target. We will be looking at our existing culture to assess our key strengths and weaknesses in the business and developing an improved framework supported by clear metrics.

Reporting in 2023

As a Group we are not required to comply with the full TCFD reporting requirements as part of our 2022 reporting. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

Where we have not fulfilled the reporting requirements this year, as we are not required to, we will ensure these areas are reported fully as part of our 2023 TCFD disclosure.

As a Group we are not required to comply with the TCFD reporting requirements in 2022. We have undertaken the TCFD work outlined in this section in preparation for the Group to report fully under TCFD in 2023.

Risk process

A cross-subsidiary workshop was conducted with several tasks designed to assess the impacts climate change may have on each of the ten subsidiaries.

↓

Through detailed research from a wide range of industry resources, and survey responses from workshop attendees, a long list of risks that may be disruptive to Renew Holdings was refined and prioritised. eleven key risks were identified.

↓

Ratings were assigned for the magnitude each of the risks.

Ratings were assigned for the likelihood for each of the risks.

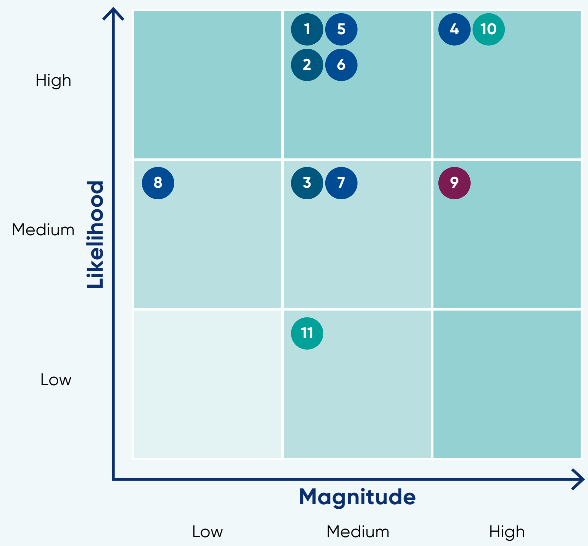
↓

Weightings given to the different stakeholder inputs from the survey responses to provide a balanced objective of the risks from across the business.

↓

Cumulative risk ratings are given for magnitude and likelihood for each of the eleven key risks. Each risk is then mapped on a matrix to help visualise the risks that have the greatest impact on Renew Holdings overall.

Climate related risk map



Risk category

- Physical
- Transition
- Liability
- Transboundary

1. Extreme heat
2. Floods and storms
3. Drought
4. Energy costs and availability
5. New energy technologies
6. Policy and regulation
7. Product and service design
8. Cost of carbon
9. Contractual/legal disputes
10. Supply chain disruption
11. Capital and insurance

Providing strong leadership

The members of the Board bring a range of expertise on issues of performance, strategy and governance, which supports the success of the Group. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience to deliver the Group's long-term strategy.

Creating the right culture through our governance framework

The Group's core values and governance framework form the structure for embedding our culture. As a Group we have a set of Group Minimum Requirements ("GMRs") which each of our subsidiaries is required to comply with.

The GMRs cover all aspects of the business operations and ensure we maintain high standards across all areas, including, health and safety, financial control, ESG, information technology and human resources.

Playing to our strengths

Considering all our stakeholders

The Board carefully considered all of its stakeholders in the decisions it made during the year. The Board is conscious its decisions have wide reaching consequences for a range of stakeholders and seeks to ensure these consequences are fully understood as part of any decision making process.

Board performance evaluation

The Board understands the importance of self-evaluation and undertakes an annual performance review of its members and Committees. The results of the review form the basis of the annual Board improvement plans.

Skills and experience

The Board regularly reviews the range of skills and experience of its members through its annual Board performance evaluation process. Identified skills or experience gaps form the basis of future recruitment plans. More details of the Board's skills and experience can be found on pages 82 and 83.

The Board seeks to ensure that its range of skills and experience is aligned with both its current and future requirements.

Leadership

During the year David Forbes stepped down as Chairman and from the Board. Following a process to identify the skills and experience required of a prospective Chairman, the Board appointed David Brown, previously the Group's Senior Independent Director and Chair of the Remuneration Committee, as the Group's Chairman.

During the year the Group appointed a new Non-executive Director to the Board.

Board recruitment

The Board undertakes a rigorous recruitment process supported by external specialist advisors to identify potential Board candidates that have the necessary skills and experience to complement the existing team.

Recruitment interviews are held by the Chairman and a Non-executive Director. Further meetings are held to introduce potential candidates to the rest of the Board.

How the Board adds value

The Board adds value by providing advice to the executive team and presenting challenge as appropriate. The Board works on behalf of the Group's shareholders and brings a wide range of experience and assistance across a broad range of topics.

Shareholder engagement activities

During the year the Board undertook a programme of shareholder engagement including results road-shows, one-to-one meetings and consultation regarding changes to remuneration for the Executive Directors.

Diversity

In recent years the Board has worked hard to improve its diversity profile. The Group has increased its gender and diversity profile through the recruitment of three new Non-executive Directors since 2019. Work continues to further diversify the Board, understanding the benefits that a well rounded Board offers.

How the Board works together

The Board, led by the Chairman, usually meets at least nine times a year in person unless this is not practicable. The Board reflects on the results of the period presented, reviews progress of agreed strategic implementation goals and discusses points raised by the executive team. The Board discusses, supports and challenges the executive team as necessary.

Outside of the formal Board meetings the Board provides additional support as required.

Succession planning

The Board undertakes an annual succession planning process and more frequently as situations dictate. Succession planning is undertaken by the Group's Nomination Committee, chaired by David Brown.

Board meetings held in the year

12

Board site visits

2

Board activities throughout the year

March 2022
Board engagement visit to Carnell Support Services including innovation presentation

June 2022
Results of the Board performance evaluation were discussed and action plans agreed

June 2022
Board engagement visit to Shepley Engineers and West Cumberland Engineering

August 2022
Announcement of new Non-executive Director, Liz Barber

September 2022
Board review of the Group's Strategic Plan for the next 3 years

A leadership with proven experience

David Brown
Chairman

Appointment date:
Non-executive Director from April 2017, Chair since May 2022.

Experience:
40 years of experience in the transport sector with a proven track record in leading multi-site and multi-discipline commercial and public sector organisations with significant turnovers and large workforces. Former Managing Director of Surface Transport at Transport for London and over 10 years' experience as the former CEO of The Go-Ahead Group PLC.

External appointments:
Non-executive director for EPM Transport Solutions.

Skills brought to the Board:
Proven leadership of large organisations including a decade of running a FTSE 250 PLC. Strategic decision making including mergers and acquisitions combined with international expansion experience and operating at a high political level within publicly accountable bodies.

Number of Board meetings attended:
12 out of 12.

Sector experience:
Multi-discipline transport sector, highways, infrastructure, and SaaS.

Paul Scott
Chief Executive

Appointment date:
As Chief Executive from 1 October 2016, previously as Group Engineering Services Director from 21 July 2014.

Experience:
A qualified engineer who has been with the Group for over 21 years. Having directly led subsidiaries through substantial growth in line with the Group strategy, Paul's responsibilities gradually developed into a wider Group role before being appointed as the CEO.

External appointments:
None.

Skills brought to the Board:
Strong experienced leadership capability with a track record of compliant delivery. Proven capability in terms of developing a culture to support the execution of our agreed growth strategy.

Number of Board meetings attended:
12 out of 12.

Sector experience:
Highly experienced across the UK infrastructure sectors that remain our strategic focus.

Sean Wyndham-Quin
Chief Financial Officer

Appointment date:
Appointed to the Board on 8 November 2017. Appointed Chief Financial Officer on 29 November 2017.

Experience:
Previously served as a partner at SPARK Advisory Partners, a business he co-founded in early 2012. Prior to that Sean worked for Brewin Dolphin and Ernst & Young where he qualified as a Chartered Accountant.

External appointments:
None.

Skills brought to the Board:
Track record in advising boards on strategy, corporate governance and mergers and acquisitions. Experience in financial modelling, forecasting and business planning.

Number of Board meetings attended:
12 out of 12.

Sector experience:
A broad range of experience across a number of sectors including support services and construction.

A Audit and Risk Committee

R Remuneration Committee

N Nomination Committee

Chair

Andries Liebenberg
Executive Director

Appointment date:
Appointed as Executive Director on 31 March 2016.

Experience:
Previously managing director of Renew subsidiary AmcoGiffen, Andries has been with the Group for over eleven years. Prior to this Andries worked internationally in Africa and the UK overseeing multi-million pound multidisciplinary fast track construction projects and long-term framework agreements.

External appointments:
None.

Skills brought to the Board:
Experienced in strategic business management including mergers and acquisitions.

Number of Board meetings attended:
12 out of 12.

Sector experience:
Multidisciplinary infrastructure project delivery with a bias towards rail, energy and environmental sectors.

Shatish Dasani
Senior Independent Director

Appointment date:
Non-executive Director from February 2019. Senior Independent Director since May 2022.

Experience:
A Chartered Accountant with over 25 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. He was previously the chief financial officer of Forterra plc and chief financial officer of TT Electronics plc and has also been alternate non-executive director of Camelot Group plc and public member at Network Rail plc.

External appointments:
Chair of UNICEF UK. Non-executive director and audit committee chair at SIG plc and Speedy Hire plc.

Skills brought to the Board:
Strategy development and execution, performance improvement, financial management, corporate finance, mergers and acquisitions.

Number of Board meetings attended:
12 out of 12.

Sector experience:
Building materials, industrial, business services and infrastructure.

Stephanie Hazell
Non-executive Director

Appointment date:
Non-executive Director from 1 March 2020.

Experience:
Over 20 years' relevant experience working in high-profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of director, strategy and corporate development.

External appointments:
Non-executive director at NSMP Limited and Neos Networks. Senior advisor to Shell Renewables and Energy Services.

Skills brought to the Board:
Infrastructure, strategy, business development and M&A experience.

Number of Board meetings attended:
11 out of 12.

Sector experience:
Utilities and telecoms.

Liz Barber
Non-executive Director

Appointment date:
Non-executive Director from 1 November 2022.

Experience:
A Chartered Accountant, Liz was the CFO then CEO of Kelda Group/Yorkshire Water. Previously partner at EY LLP where she was head of audit for the north region and previously independent non-executive director and audit committee chair at KCOM PLC from 2015 until 2019.

External appointments:
Non-executive director and audit committee chair at Cranswick plc and holds several senior non-executive positions at Leeds University. A non-executive director of HICL plc and chair of the Yorkshire and Humber Climate Commission.

Skills brought to the Board:
Infrastructure, strategy, business development, financial management and sustainability.

Number of Board meetings attended:
N/A

Sector experience:
Utilities, in particular water infrastructure.

Building on good governance

David Brown
Chairman

Dear Shareholder,

Throughout the year, the Group's successful management of the ongoing economic challenges has been supported by its strong governance processes. The Board of Renew has continued to uphold the highest standards of corporate governance and continues to comply with the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018 to the extent considered appropriate for a company of this size. In many areas we exceed and continue to improve on the requirements of the Code where we are able to. Details of how Renew complies with the Code or an explanation as to why it does not is included on the following pages.

The Board has been focused on improving the diversity of the Board during the year with the appointment of an additional Non-executive Director. We continue to work on developing the Board's diversity to strengthen our leadership. The Board also supports the Group's diversity forum and its work to develop diversity in the wider workforce.

Shareholder engagement

The rest of the Board and I continue to welcome the views of all our shareholders. During the year we have communicated with our shareholders through the delivery of our results information, and at the Company's Annual General Meeting ("AGM").

We also engaged with our major shareholders on the changes to Executive Director remuneration that were introduced earlier this year following recommendations made in an external review by PwC into executive remuneration.

I have initiated a series of one-to-one meetings with key shareholders upon becoming Chairman, a process which is ongoing.

Outside of our regular shareholder events, I can be contacted by email at chairman@renewholdings.com.

Future focus

The Board is focused on ensuring that the business continues to grow in a sustainable manner leading to its long-term success and believes that adopting good governance processes contributes to that aim.

The Board recognises also that it has an integral role to play in setting the Group's values and culture and part of this involves positive interaction with the subsidiary companies of Renew with such things as site visits. The Board continues to remain committed to the issues of diversity on the Board and across the wider Group and ensuring that succession plans are in place. The Board will also oversee the developing response to climate change and the overall importance of its ESG activities as we move through 2023.

David Brown
Chairman
28 November 2022

Board induction process

The Board has a robust induction process led by the Chief Executive Officer. New Board members are provided with:

- a comprehensive set of documents to facilitate their understanding of the Group including, amongst others, minutes of previous meetings, overview of Committees and their membership, the Group's three year Strategic Plan, details of the Group's subsidiary businesses, organisation charts and details of the executive team;
- detailed meetings with the Chief Executive Officer to outline how the business operates based around the Group's Strategic Plan and covering in detail areas such as health and safety, risk management, strategy and culture;
- an introduction to the senior team; and
- a site visit to a Group subsidiary business shortly following their appointment.

Whilst the core elements of the on boarding process are the same for all new Board members, the process is also flexible to take account of a new member's Board experience. This approach ensures the process fits the needs of each new member.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders.

→ Read more about how we manage risk to ensure the successful delivery of our strategy on pages **68 to 71**
→ Read more about our strategy on pages **34 to 39**
→ Read more about our business model on pages **24 and 25**

Principle 2: Seek to understand and meet shareholder needs and expectations.

Individual shareholders

Members of the Board have dialogue with individual shareholders during the year and the Chairman addresses shareholders at the Group's Annual General Meeting ("AGM") where questions are invited. Notice of the Group's AGM is provided to shareholders at least 21 days in advance of the meeting. Where resolutions at the AGM are dealt with by show of hands, the results of proxy votes are also announced by the Company Secretary.

Financial and other information about the Group is available via the Company's website: www.renewholdings.com.

Shareholders can find a link to the website of Link Group for details of their shareholding.

Shareholders wishing to contact the Company directly should address communication to the Group's Company Secretary, Sean Wyndham-Quin, by email to info@renewholdings.com or by post to Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB.

Institutional shareholders

The Chief Executive Officer and Chief Financial Officer communicate with institutional investors frequently through formal meetings immediately following the Group's interim and preliminary financial results as well as through capital markets presentations and informal briefings. It is the intention of the Directors to understand the objectives and concerns of its institutional shareholders through both direct communications and through analyst and broker briefings.

During the year the Group's Chairman consulted with our major shareholders on the recommendations of the external PwC report into executive remuneration undertaken at the end of 2021. Following this period of consultation, changes to remuneration were implemented to ensure that our approach to executive remuneration continues to be managed appropriately and reflects the interests of our key stakeholders.

The Chairman has also initiated a series of one-to-one meetings with the Group's key shareholders.

The Chief Financial Officer is responsible for informing the Board of the views and concerns of its major shareholders. The Board makes itself available to meet with institutional investors as required to discuss matters as they arise.

Shareholder engagement activities

December	Preliminary results roadshow
January	Annual General Meeting
May	Interim results roadshow

→ Read more about how we engage with our shareholders on pages **26 to 33**

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

→ Read more about how we engage with our stakeholders on pages **26 to 33**
→ Read more about our sustainability progress and ambitions on pages **56 to 67**

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

→ Read more about how we identify and manage risk on pages **68 to 71**

Internal controls

The Directors acknowledge that they have overall responsibility for the Group's system of internal control and for reviewing and monitoring its effectiveness. The system of internal control is designed to manage and mitigate, rather than eliminate, the risks to which the Group is exposed and therefore provides a reasonable, but not absolute, assurance against a company failing to meet its business objectives or against material misstatement or loss. The Group operates a risk management process, which is embedded in normal management and governance processes. There is a system of self-examination of risk areas and controls by subsidiaries and departments within the Group. Where significant risks are identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks are reported.

The Group operates a series of controls which include the annual strategic planning and budgeting process; short, medium and long-term cash monitoring achieved by means of daily, weekly and monthly forecasts which are compared against budget and previous forecasts; clearly defined capital investment guidelines and levels of authority; and a clear organisational structure within which individuals' responsibilities are identified and monitored. These results and processes are monitored, updated, reviewed and considered by the Board.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation. continued

Internal controls continued

The Group has established a series of Group minimum requirements in a number of financial, commercial and operational areas with which each business within the Group must comply. The senior management team monitors and reviews compliance with these requirements on a regular basis. Due to the size and nature of the Group, the Board does not consider that a separate internal audit function is necessary. For the last 16 years and including 2022, the Group has carried out a programme of internal audit conducted by the Group Commercial Director and by members of the various subsidiaries' finance teams. This system of peer review promotes best practice as well as ensuring that Group minimum requirements, along with procedures and internal controls, are being complied with.

The reports from these internal audits are made available both to the Board and to the external auditor. Senior management and employees play a critical role in the identification of risk. Employees are often the first to become aware of risk and the effective communication between employees and senior management is considered key in this area.

Principle 5: Maintain the Board as a well functioning, balanced team led by the Chair.

Independence of Non-executive Directors

The Board adopts the principles of the QCA Corporate Governance Code 2018 regarding tenure of the Board and seeks to balance experience and the need to refresh the Board. In assessing the continued independence of Directors, where they have served more than nine years, the Board considers their independence of judgement and ability to continue to challenge the Board.

Renew complies with the provision of Board independence as the Group has at least two independent Non-executive Directors.

D A Brown	Non-executive Chairman Independent
S D Dasani	Non-executive Director Independent
S A Hazell	Non-executive Director Independent
L Barber	Non-executive Director Independent
P Scott	Chief Executive Officer
S C Wyndham-Quin	Chief Financial Officer
A P Liebenberg	Executive Director

Board Committees

The Board operates with a number of Committees. Shatish Dasani, the Senior Independent Non-executive Director, acts as Chair of the Audit and Risk Committee, David Brown acts as Chair of the Nomination Committee and Stephanie Hazell chairs the Remuneration Committee. The Board delegates clearly defined powers to its Remuneration, Nomination and Audit and Risk Committees. Each of the Board's Committees has carefully drafted terms of reference.

Remuneration Committee

→ Read more about the Remuneration Committee's key responsibilities and activity during 2022 on pages **97 to 104**

Nomination Committee

→ Read more about the Nomination Committee's key responsibilities and activity during 2022 on pages **95 and 96**

Audit and Risk Committee

→ Read more about the Audit and Risk Committee's key responsibilities and activity during 2022 on pages **92 to 94**

General Purposes Committee

The Board forms a General Purposes Committee from time to time as it deems necessary. This Committee comprises any two of the Executive Directors as determined by the Board to consider individual business matters, which have been specifically delegated to it by the Board.

Board and Committee meetings

The Board met formally 12 times in the year ended 30 September 2022 with all Directors in attendance other than on one occasion.

Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Board effectiveness

Board composition

The Board comprises the independent Non-executive Chairman, the Chief Executive Officer, two Executive Directors and three independent Non-executive Directors.

The Board comprises four independent Non-executive Directors and three Executive Directors.

Time commitment

Directors are expected to commit as much time as is necessary to fully undertake their duties. Board members are expected to attend all Board meetings and Committee meetings as well as any additional meetings as requested.

→ Brief biographies of the Directors can be viewed on pages **82 and 83**
→ Read more about how our Board works on pages **80 and 81**

Principle 6: Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities.

→ Brief biographies of the Directors can be viewed on pages **82 and 83**

The members of the Board bring a range of expertise on issues of performance, strategy and governance, which are vital to the success of the Group. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience.

Senior Independent Director

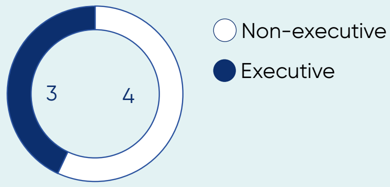
Shatish Dasani is the Senior Independent Director and undertakes a key role in supporting the Chairman in the effective running of the Board.

Company Secretary

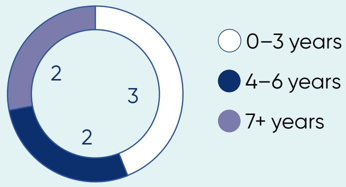
Sean Wyndham-Quin is responsible for assisting the Board in discharging its statutory duties and responsibilities as well as liaising with the Group's shareholders and other stakeholder groups. He is assisted by Louise Jones, the Assistant Company Secretary.

Our Board

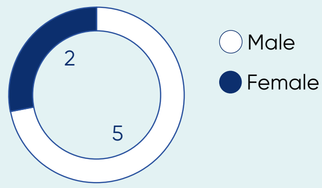
Members



Length of tenure



Diversity



External advisors
For the appointment of new Non-executive Directors, a specialist executive search agency will be engaged.

Professional development
Appropriate training, briefings and inductions are available to all Directors on appointment and subsequently as necessary, considering existing qualifications and experience. The Board members have many years of relevant experience and each is responsible for ensuring their continuing professional development to maintain their effective skills and knowledge.

Independent advice
Procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
The Chairman and fellow members of the Board are responsible for making sure Board members are updated with information concerning the state of the business and its performance, and information necessary for them to effectively discharge their duties and responsibilities, in a timely manner.

Every year Board members are required to complete a questionnaire to evaluate both the Board as a whole and its individual members providing an opportunity for comment and suggestions for improvements. The responses to the surveys are provided to the Chairman who prepares a report and actions are shared with the Board. The last formal Board review was undertaken in 2022.

It is the ambition of the Board that the evaluation of the Board will be externally facilitated every three years to assess the Board and its Committees to ensure they are equipped to support the Group's evolving requirements. The Board took the view that an external review was not appropriate during 2022 due to the change in Chair and this will be reviewed again in 2023.

Succession planning
Continuity of leadership is recognised as a critical factor in maintaining both short-term and longer-term business success. Succession planning and management are key to delivering this continuity. Each year the Board carries out its annual review of succession planning at both Board and subsidiary business level as part of its strategic review process.

Board
The Nomination Committee considers succession planning for the Board each year, considering the challenges specific to the required role. The Chairman is responsible for overseeing the process of succession planning for the Board.

During the year, David Forbes resigned as Chairman and Director of Renew, after almost 11 years on the Board. The Board would like to thank David for his outstanding contribution to the transformation of the Group during his tenure.

David Brown, previously Senior Independent Director and Chair of the Remuneration Committee, was appointed as Non-executive Chairman of Renew and Chair of the Company's Nomination Committee. David joined the Board in 2017 and has made a significant contribution to the development of the strategy and success of the Group over this period.

Shatish Dasani, currently Chair of the Audit and Risk Committee, has additionally assumed the responsibilities of Senior Independent Director.

Stephanie Hazell, currently Non-executive Director, has been appointed as Chair of the Remuneration Committee.

Liz Barber was appointed as Non-executive Director on 1 November 2022.

Senior management
The executive level succession framework, which addresses senior management succession in the Group's subsidiary businesses, forms part of the subsidiary budget and strategic planning process and is reported to the Board on an annual basis.

→ Read more about our Board performance evaluation process and how the Board works together on pages **80 and 81**

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.
The Board monitors and promotes its corporate culture assisted by its senior management team which plays a vital role in disseminating the Company's shared values with its employees. Within our subsidiary businesses, monthly management meetings are attended by at least one member of the senior management team. Regular Executive Management Committee meetings are held with the involvement of all the Managing Directors and the senior management team. In conjunction with annual events, including the Senior Managers' Conference, the Board can assess the Group's culture on an ongoing basis.

To better understand our corporate culture, value and behaviours, during the year the Board visited two of the Group's subsidiary businesses. The visits involved business presentations and meeting employees from across the businesses.

→ Read more about our culture on pages **54 and 55**
→ Read more about our core values on page **55**

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

Roles and responsibilities

Chairman
The Board, run by Chairman David Brown, is responsible for Group strategy, results, direction, risk management and business performance. The Board is ultimately responsible for overseeing the success of the Group.

Chief Executive
Chief Executive Paul Scott oversees the management of the business supported by his executive team with responsibility for delivery of the Group's strategic direction and management of its day-to-day performance.

The Senior Independent Director
Shatish Dasani is the Senior Independent Director and undertakes a key role in supporting the Chairman in the effective running of the Board.

Chief Financial Officer and Company Secretary
Sean Wyndham-Quin is responsible for assisting the Board in discharging its statutory duties and responsibilities as well as liaising with the Group's shareholders and other stakeholder groups.

Appropriate training, briefings and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

Procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Board and Committee meetings

The Board met 12 times during the year. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Board Committees

The Board delegates clearly defined powers to its Remuneration, Nomination and Audit and Risk Committees. Each of the Board's Committees has carefully drafted terms of reference.

Remuneration Committee

→ Read about the Remuneration Committee's responsibilities and activity during 2022 on pages **97 to 104**

Nomination Committee

→ Read about the Nomination Committee's responsibilities and activity during 2022 on pages **95 and 96**

Audit and Risk Committee

→ Read about the Audit and Risk Committee's responsibilities and activity during 2022 on pages **92 to 94**

The Board is responsible for ensuring thorough corporate governance is applied throughout its business and will be continuing to work towards improving its governance framework throughout 2023.

→ Read more about how we manage risk on pages **68 to 71**

Understanding our business

As part of the Board's commitment to undertake at least two site visits per year, during 2022 the Board visited the Shepley and Carnell subsidiary businesses. The visits included site tours, displays of their specialist equipment and meetings with the senior management teams.

These Board visits are an important part of the Board's engagement programme and provide the Board with an opportunity to meet a wide cross-section of employees across the businesses.

Board and Committee meetings

The Directors attended the following meetings in the year ended 30 September 2022:

	Main Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
D M Forbes*	9/9	2/2	3/3	3/3
D A Brown	12/12	3/3	5/5	4/4
S A Hazell	11/12	3/3	4/5	4/4
S D Dasani	12/12	3/3	5/5	4/4
L Barber**	–	–	–	–
L Hardy***	2/2	–	1/1	1/1
P Scott	12/12	–	–	–
S C Wyndham-Quin	12/12	–	–	–
A P Liebenberg	12/12	–	–	–

* David Forbes was a Board member for nine meetings
** Liz Barber was appointed to the Board as a Non-executive Director on 1 November 2022
*** Louise Hardy was appointed to the Board as a Non-executive Director on 9 December 2021 and resigned from the Board on 10 March 2022.

Principle 10: Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders.

Board and Committee meetings

The Board met formally 12 times in the year ended 30 September 2022 with all Directors in attendance except for on one occasion.

Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Committee reporting

→ Read about the Remuneration Committee's responsibilities and activity during 2022 on pages **97 to 104**

→ Read about the Nomination Committee's responsibilities and activity during 2022 on pages **95 and 96**

→ Read about the Audit and Risk Committee's responsibilities and activity during 2022 on pages **92 to 94**

Shareholder engagement

→ Read more about how we deliver value for our stakeholders on pages **26 to 33**

The Chief Financial Officer and Company Secretary, Sean Wyndham-Quin, is the primary contact for all investor relations queries and can be contacted by email at info@renewholdings.com or by post at Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB.

Shareholder voting

The table on pages 90 and 91 shows the votes cast at the 62nd Annual General Meeting of Renew Holdings plc which was held at Principal York Hotel on 26 January 2022 at 11.00am.

Details on how to vote on the resolutions at the Annual General Meeting and how to ask questions of the Board of Directors were included in the Notice of Meeting.

Working together

Our Board evaluation process

As part of the Board's commitment to continuous improvement, a Board performance evaluation process is undertaken annually. The evaluation looks at how the Board members feel they perform as individuals as well as how they interact with the rest of the Board. The Board performance evaluation takes the form of an online questionnaire with the anonymised results reviewed by the Chairman. Areas for further discussion or action are agreed at subsequent Board meetings. The last Board performance evaluation took place in 2022.

Timeline for the 2023 Board performance evaluation process

January 2023	Board performance evaluation survey distributed to Board members electronically.
February 2023	Board performance evaluation survey responses received.
March 2023	Confidential survey responses collated for Chairman's review.
May 2023	Key areas for discussion outlined at the Board meeting and an action plan agreed.
June 2023+	The Board will work through the areas raised in the Board performance evaluation process.

2022 Annual General Meeting voting results

	Voting for	Voting against	Voting withheld
Ordinary resolution 1			
To receive, approve and adopt the Company's audited financial statements for the year ended 30 September 2021 and the reports of the Directors and auditor thereon.	50,510,278	6,002	274,658
Ordinary resolution 2			
To declare a final dividend for the year ended 30 September 2021 of 11.17p per Ordinary Share in the capital of the Company to be paid on 4 March 2022 to shareholders who appear on the register at the close of business on 28 January 2022.	50,523,624	92	267,222
Ordinary resolution 3			
To re-elect David Forbes as a Director of the Company. Mr Forbes retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	50,496,983	21,487	272,468
Ordinary resolution 4			
To re-elect Andries Liebenberg as a Director of the Company. Mr Liebenberg retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	50,493,490	22,531	274,917
Ordinary resolution 5			
To re-elect Louise Hardy as a Director of the Company. Ms Hardy was appointed as a Director during the year and, in accordance with the Company's Articles of Association, retires as a Director and offers herself for re-election.	50,510,375	7,146	273,417
Ordinary resolution 6			
To approve the Remuneration report for the year ended 30 September 2021.	50,101,922	192,226	496,790
Ordinary resolution 7			
To appoint Ernst & Young LLP as auditor of the Company.	50,258,925	241,375	290,638
Ordinary resolution 8			
To authorise the Audit and Risk Committee of the Board of Directors of the Company to determine the remuneration of the auditor.	50,492,967	11,721	286,250

	Voting for	Voting against	Voting withheld
Ordinary resolution 9			
THAT the Directors of the Company (the "Directors") be and are generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the capital of the Company ("Shares") or grant rights to subscribe for or to convert any security into Shares ("Rights") up to an aggregate nominal amount of £2,628,758 such authority to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 April 2023 (unless renewed, varied or revoked by the Company prior to or on such date) but, in each case, save that the Company may make offers and enter into agreements before this authority expires which would, or might, require Shares to be allotted or Rights to be granted after this authority expires and the Directors may allot such Shares or grant such Rights pursuant to any such agreement as if this authority had not expired.	50,413,700	76,540	300,698
Special resolution 10			
THAT, subject to the passing of resolution 9, the Directors of the Company (the "Directors") be empowered to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority given by resolution 9 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such power to be limited: (A) in connection with an offer by way of rights issue or other pre-emptive issue to holders of Ordinary Shares in the capital of the Company in proportion (as nearly may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates, or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and (B) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £394,313, such power to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 April 2023 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would or might require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.	50,415,764	76,640	298,534
Special resolution 11			
THAT, subject to the passing of resolution 9 above, the Directors of the Company (the "Directors") be empowered in addition to any authority granted under resolution 10 to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority given by resolution 9 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such power to be: (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £394,313; and (B) used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such power to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 April 2023 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would or might require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.	49,920,782	585,072	285,084

Continuing progress on embedding risk management

Shatish Dasani
Chair of the Audit and Risk Committee

"The role of the Audit and Risk Committee is to protect the interests of shareholders by ensuring the integrity of the Group's financial reporting and by monitoring the ongoing effectiveness of the Group's internal controls."

Key responsibilities and terms of reference

- Monitor the integrity, clarity and completeness of the financial statements, the half year report and any other announcements relating to the Group's financial performance or position
- Review and challenge, where necessary, the appropriateness of accounting policies, key accounting judgements and sources of estimation
- Keep under review the adequacy and effectiveness of the Group's internal control and risk management systems
- Evaluate the effectiveness of the Group's internal audit process
- Review the policies and process for identifying and assessing business risks and managing their impact on the Group
- Review the Group's systems and controls for preventing bribery, fraud and ensuring compliance with relevant legal and regulatory requirements
- Ensure that the Group has adequate whistleblowing policies and procedures
- Review the effectiveness and independence of the external auditor, negotiate and agree its remuneration and make recommendations to the Board in respect of its appointment

Focus in the reporting year

- Overseeing transition to new external auditor
- Embedding risk management and strengthening the control environment
- Review of finance organisation
- IT related risks including cyber security
- Review process and controls around parent Company guarantees

Priorities for 2023

- Delivery of the internal audit programme
- Continued focus on risk management and internal controls
- Business continuity planning and cyber risk
- ESG reporting

Membership

Shatish Dasani (Committee Chair)
David Brown
Stephanie Hazell
Liz Barber (with effect from 1 November 2022)

Meeting attendance[1]

David Forbes[2]	2
Shatish Dasani	3
David Brown	3
Stephanie Hazell	3

1. There were three meetings held during the year ended 30 September 2022.
2. David Forbes was a committee member for two meetings.

Introduction

Dear Shareholder,

I am pleased to present the Audit and Risk Committee report for the financial year ended 30 September 2022. The role of the Audit and Risk Committee is to protect the interests of shareholders by ensuring the integrity of the Group's financial reporting and by monitoring the ongoing effectiveness of the Group's internal controls. The Committee is appointed by the Board, comprises independent Non-executive Directors and provides independent monitoring, guidance and challenge to the Executive Directors. The Audit and Risk Committee report sets out the responsibilities of the Committee, its composition and the work undertaken during the year.

Responsibilities and terms of reference

The terms of reference are approved by the Board and are available for review on the Company website (www.renewholdings.com). The principal responsibilities of the Committee are set out above.

Committee composition

The Audit and Risk Committee consists of all four Non-executive Directors and is chaired by me as Senior Independent Non-executive Director with recent and relevant financial experience. The Board believes that the members have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and as a Committee has competence in the sector within which the Group operates.

Summary of activity

The Audit and Risk Committee formally met on three occasions since the date of the last report. The Chief Executive Officer, the Chief Financial Officer and the Executive Director attend Committee meetings by invitation to ensure that the Committee is fully informed of material matters within the Group. The external auditor attended all of the meetings and on one of these occasions also met separately with the Audit and Risk Committee without any of the Executive Directors present.

During the period to the date of this report, the principal activities of the Committee were as follows:

- oversee the transition to Ernst & Young LLP as the Group's new auditor, appointed on 26 January 2022, to audit the financial year beginning 1 October 2021;
- review the Group's financial statements and preliminary results announcements including consideration of significant financial reporting issues and matters of judgement inherent within the above;
- review the content of the Annual Report and Accounts to ensure it provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- monitor and review the Group's internal control and risk management systems;
- consider the external auditor's audit plan, scope and coverage of audit work, internal quality procedures and independence and agree the audit fee;
- review the structure and staffing of the finance organisation across the Group; and
- review the process and controls around the issue of parent Company guarantees.

The Financial Reporting Council's Audit Quality Review (AQR) team carried out an inspection of the audit of the financial statements for the year ended 30 September 2021 conducted by KPMG. The review concluded that there were limited improvements required in specific areas of audit evidence and documentation. The Audit Committee reviewed the report and discussed the findings with KPMG, the newly appointed auditors Ernst & Young and the company's CFO. It concluded that there were no changes required in the processes and information provided by the company arising from the inspection.

Significant financial reporting risks and judgement areas considered

The following judgement areas and significant estimates were considered by the Committee in the review and approval of the 2021/22 financial statements:

Revenue recognition and valuation of contract balances

In accordance with IFRS 15, the Group makes assessments as to the stage of completion of a contract in order to determine the amount of revenue it is able to recognise. The Committee has critically reviewed the process adopted to make these assessments and discussed key contract issues with exposure to recognition risks with management. It also considered the work undertaken by the external auditor in relation to key contract judgements.

Risk management and internal control

The Committee has undertaken a review of the Group's financial, operational and compliance controls and is satisfied that these remain appropriate for the Group.

A rolling programme of internal financial audits is carried out to review the processes and procedures used in the Group's financial management. Undertaken by senior members of the finance team, the findings include recommendations for corrective or preventive action. Results of the internal audits are reviewed with the business and the Audit and Risk Committee. Each subsidiary is audited at least once every three years and agreed actions are monitored to ensure that they are completed on a timely basis.

External auditor tender process

The QCA Code 2018 does not require mandatory rotation of auditors; however, in line with best practice, KPMG LLP resigned as the Group's audit firm at the conclusion of the 2021 audit process. In preparation for this, during 2021 the Committee undertook a process to identify a new auditor resulting in the appointment of Ernst & Young LLP at the conclusion of the Group's 2022 Annual General Meeting.

Ernst & Young LLP has audited the Group's accounts for the year ended 30 September 2022. With input from management, the Committee was satisfied with the external audit team's knowledge of the business, that the scope of the audit was appropriate and that all significant accounting judgements had been challenged robustly.

The use of the external auditor for performing non-audit services is only permitted where the service is not prohibited by the FRC Ethical Guideline and where the external auditor is best placed to provide the service. In this case, the engagement needs to be authorised in line with the policy agreed by the Committee which is summarised below.

Policy on the provision of non-audit services

- Provision of certain non-audit services by the Group's Auditor is prohibited and must not be provided under any circumstances.
- Fees for permissible non-audit services should not exceed 70% of the average audit fees paid in the last three consecutive financial years with effect from 1 January 2020.
- A register is kept of all permitted non-audit services provided by the Auditor and the fees agreed.
- Any individual engagement with a fee exceeding £10,000 or where the cumulative fee for the calendar year would exceed 25% of the audit fee should be approved by the Chair of the Audit and Risk Committee.
- Any individual engagement with a fee exceeding £25,000 or where the cumulative fee exceeds 40% of the audit fee should be approved by the Audit and Risk Committee.
- Permissible non audit services are generally assurance related. Audit related services are those non-audit services specified in the FRC Ethical Standard 2019 that are largely carried out by members of the audit engagement team, and where the work involved is closely related to the work performed.

Fees of external auditor

During the financial year, the Group external auditor's fees were £864k (2021: £893k). The Committee confirms that no non-audit services were undertaken by the Group's auditor, EY LLP, in the period.

Whistleblowing policy

During the year the Group reviewed its whistleblowing policy to ensure any fraud, misconduct or wrongdoing by employees or officers of Renew is reported and appropriately dealt with. The policy clearly sets out the procedure and protection for whistleblowers and includes contact details for an independent third-party whistleblowing helpline.

2023 and beyond

We are committed to providing the highest levels of oversight to the Group's reporting and control processes. In 2023, the Committee will continue to focus on risk management and the control environment, business continuity planning, cyber risk and ESG reporting.

Approval

The Audit and Risk Committee report was approved by the Board on 29 November 2022 and signed on its behalf by:

Shatish Dasani
Chair of the Audit and Risk Committee
28 November 2022

Continued
Board development

David Brown
Chair of the Nomination Committee

> "It is the Board's view that a diverse membership enhances the quality of debate and decision making to the benefit of all stakeholders. The Board is keen for its membership to reflect its wider workforce and the communities in which the Group operates."

Key responsibilities and terms of reference

- Review the structure, size and composition of the Board and its Committees
- Review skills, knowledge, experience and diversity of the Board
- Review time commitments and external directorships
- Succession planning for Directors and senior executives
- Keep under review the leadership needs of the organisation, both Executive and Non-executive
- Leadership talent development
- Board performance evaluation
- Committee effectiveness and terms of reference

Focus in the reporting year

- Appointment of a new Non-executive Director to the Board
- Succession planning for the Board, executive and senior management across the business
- Undertook a process for the identification and appointment of a replacement Chairman
- Reviewed skills, knowledge, experience and diversity of the Board

Priorities for 2023

- Continue to develop the Group's approach to diversity and inclusion
- Onboarding of new Non-executive Director
- Continued QCA Corporate Governance Code compliance
- Board, executive and senior management succession planning
- Annual Board performance evaluation

Membership

David Brown (Committee Chair)
Shatish Dasani
Stephanie Hazell
Liz Barber (with effect from 1 November 2022)

Meeting attendance[1]

David Forbes[2]	
Shatish Dasani	
David Brown	
Stephanie Hazell	
Louise Hardy[3]	

1. There were four meetings held during the year ended 30 September 2022.
2. David Forbes was a committee member for three meetings.
3. Louise Hardy was a committee member for one meeting.

Introduction

Dear Shareholder,

As Chair of the Nomination Committee, I am pleased to present my report on the Committee's activities during the year.

Board changes

During the year ended 30 September 2022 a number of Board changes took place.

Louise Hardy was appointed as a Non-executive Director on 9 December 2021 and subsequently resigned on 10 March 2022 to take up a non-executive director position at another listed company.

David Forbes resigned as Chairman and Director of Renew, after almost 11 years on the Board. The Board would like to thank David for his outstanding contribution to the transformation of the Group during his tenure.

After due process, I was appointed as Non-executive Chairman of Renew and Chair of the Company's Nomination Committee. I previously held the position of Senior Independent Director and Chair of the Remuneration Committee.

Shatish Dasani, Chair of the Audit and Risk Committee, has additionally assumed the responsibilities of Senior Independent Director.

Stephanie Hazell, Non-executive Director, has been appointed as Chair of the Remuneration Committee.

On 15 August 2022 we were pleased to announce the appointment of Elizabeth Barber as Non-executive Director, effective from 1 November 2022.

Board effectiveness

During the year the Committee undertook its annual Board performance evaluation process to assess the performance and effectiveness of the Board and its Committees. The results of this process have informed the Board's plans for 2023.

Board composition and succession planning

The Committee has reviewed the composition of the Board and its Committees to ensure they continue to have the appropriate balance of skills and experience necessary to support the delivery of the Group's long-term strategy. Over the last three years the Board has continued to develop its range of skills and experience through the appointment of three Non-executive Directors.

Succession planning for the Board members and senior executives is reviewed on an annual basis as part of the Group's strategic planning process. Succession for all identified roles is reviewed for the short, medium and long term and the results of this underpin the development of individuals at both Group and subsidiary business level.

During the year the Group continued its leadership development programme, Renew Inspiring Senior Executives ("RISE"), which will support the development of senior management talent across the Group. Since the start of the RISE programme in November 2021, 28 employees have taken part and we continue to roll out the programme to help develop the leadership of the future.

Diversity and inclusion

It is the Board's view that a diverse membership enhances the quality of debate and decision making to the benefit of all stakeholders. The Board is keen for its membership to reflect its wider workforce and the communities in which the Group operates.

The appointment of new members to the Board considers the Board's diversity requirements as part of the overall recruitment requirements.

Over recent years we have worked to improve the diversity of the Board in its widest sense with three new appointments. The Group works to support an inclusive culture across the business and this will continue to be an area of focus during 2023 as we seek to ensure our workforce better represents the diversity of the communities in which we operate. Diversity remained a focus throughout the year and, as part of this, the Committee undertook a recruitment process to appoint a new Non-executive Director. On 15 August 2022 we were pleased to announce the appointment of Elizabeth Barber as Non-executive Director, effective from 1 November 2022.

Gender pay gap

The Board is committed to treating all employees equally. The Group as a holding company is not required to report its gender pay profile; however, it is very much aware that the engineering sector has traditionally been male dominated and therefore the Group is fully committed to promoting gender diversity in all areas of its workforce and during the year developed both Group and subsidiary diversity and inclusion forums. Over the year the forums have looked at many aspects of diversity and inclusion across the businesses including how we attract and retain a more diverse workforce. We will be working with our subsidiaries to further develop our diversity road map including improving our gender pay profile through 2023.

Assessment of independence of the Non-executive Directors

The committee undertakes an annual assessment of the independence of our Non-executive Directors. The committee was satisfied all the Non-executive Directors remained independent in the period.

Time commitments and external appointments of Non-executive Directors

The Committee reviewed the Non-executive Directors' time commitments and external appointments during the year and confirms that the Non-executive Directors have sufficient time to be able to fulfil their Group responsibilities. The Committee did not identify any instances of overboarding.

Retirement by rotation

Paul Scott, Shatish Dasani and Liz Barber will retire from the Board by rotation at the Group's AGM in 2023 and offer themselves for re-election.

2023 and beyond

The Nomination Committee will continue to focus on ensuring the Board retains the appropriate set of skills, experience and diversity that is required to execute the Group's long-term Strategic Plan, supporting the continued success of the Group.

David Brown
Chair of the Nomination Committee
28 November 2022

STRATEGIC REPORT
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Supporting continued growth

Stephanie Hazell
Chair of the Remuneration Committee

> "The Committee continues to ensure that our remuneration policies are appropriate for the Company at its current stage of development, align management and shareholders and continue to support our long-term business strategy, culture and values."

Key responsibilities and terms of reference

- Determine and agree with the Board the framework and policy for the remuneration packages, including bonuses, incentive payments and share options or share awards of the Executive Directors and members of the Executive Management
- Review and approve the design of all share incentive plans and performance related pay schemes for approval by the Board and shareholders as applicable
- Determine targets and awards made under share incentive plans and performance related pay schemes
- Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives
- Ensure that the contractual terms and payments made on termination are fair to the individual and the Company and that failure is not rewarded

Focus in the reporting year

- Ensured continued compliance with best practice and the QCA Corporate Governance Code 2018
- Set targets for the 2021 LTIP award and 2022 annual performance related bonus
- Approve the 2021 annual performance related bonus payout and vesting of the 2018 LTIP award
- Approved the 2022 Directors' remuneration report
- Reviewed Board and senior management remuneration
- Considered the suitability of introducing a share ownership scheme
- Aligned base salaries of the Executives over the next two financial years with FTSE AIM and similar small and medium companies from the same sector following the external PwC report commissioned in 2021
- Implemented a malus and clawback mechanism on the short-term bonus award

Priorities for 2023

- Ensure continued compliance with the QCA Corporate Governance Code 2018 and continue to develop best practice disclosures
- Review the wider workforce pay to ensure an appropriate response to the cost of living increases

Membership

Stephanie Hazell (Committee Chair)
Shatish Dasani
David Brown
Liz Barber (with effect from 1 November 2022)

Meeting attendance[1]

Stephanie Hazell
Shatish Dasani
David Brown
David Forbes[2]
Louise Hardy[3]

1. There were five meetings held during the year ended 30 September 2022.
2. David Forbes was a committee member for three meetings.
3. Louise Hardy was a committee member for one meeting.

Introduction

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report (the "Remuneration report") for the financial year ended 30 September 2022.

The Remuneration report sets out the details of the Remuneration Committee including its terms of reference, the Company's remuneration policy and changes made during 2022, remuneration for the year ended 30 September 2022 and proposed remuneration for the year ending 30 September 2023.

The auditor is not required to report to the shareholders on the Remuneration report. The Remuneration report will be presented at the Annual General Meeting on 1 February 2023 and will be the subject of an advisory vote.

During the year the Committee reviewed the Group's remuneration policy alongside the findings of the external 2021 PwC remuneration policy review, referred to in last year's Annual Report. The Committee continues to ensure that our remuneration policies are appropriate for the company at its current stage of development, align management and shareholders and that it continues to support our long-term business strategy, culture and values.

Corporate governance

As an AIM company, whilst we are not required to prepare this Remuneration report in accordance with the UK Corporate Governance Code 2018, we follow it to the fullest extent considered relevant/appropriate for an AIM listed company of our size. The Remuneration Committee will continue to ensure that this report provides disclosures that meet best practice for AIM listed companies.

Over the last year the Committee has continued to ensure it remains closely aligned with the QCA Remuneration Committee guidance.

Remuneration Committee

During the year the Chair of the Remuneration Committee changed from David Brown, who became Chairman of the Group, to Stephanie Hazell and also comprises David Brown, Shatish Dasani and Liz Barber. The Committee held five meetings during the financial year to discuss remuneration arrangements.

At the 2022 Annual General Meeting, votes on the advisory resolution relating to the Remuneration report were cast as follows:

In favour	50,101,922	(98.6 per cent)
Against	192,226	(0.4 per cent)
Withheld	496,790	(1.0 per cent)
Total votes cast	50,790,938	(100 per cent)

Engagement with shareholders

We encourage our shareholders and representative bodies to engage with the Remuneration Committee at any time. This helps inform the committee's decision making process.

The Remuneration Committee typically consults with major shareholders when any significant change in the structure or scale of Directors' remuneration is being considered and will continue to do so where appropriate. During the year the Committee wrote to the Group's major shareholders in March 2022 to seek their support for the proposed changes in respect of our approach to executive remuneration for 2022.

No material matters have been raised by shareholders relating to Directors' remuneration during the year.

Terms of reference

The Remuneration Committee's terms of reference include:

a. to determine and agree with the Board the framework and policy for the remuneration packages, including bonuses, incentive payments and share options or share awards of the Executive Directors and members of the Executive Management;

b. to review and approve the design of all share incentive plans and performance related pay schemes for approval by the Board and shareholders as applicable;

c. to determine targets and awards made under share incentive plans and performance related pay schemes;

d. to determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives; and

e. to ensure that the contractual terms and payments made on termination are fair to the individual and the Company and that failure is not rewarded.

Non-executive Directors do not have any personal interests in the matters to be decided by the Committee other than as shareholders, nor any potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Company. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no Director is present or takes part in discussions concerning their own remuneration.

Remuneration policy

The Company's remuneration policy is that the remuneration packages of the Executive Directors should be sufficiently competitive to attract, retain and motivate those Directors to achieve the Company's long-term strategic objectives, including the creation of sustainable shareholder returns, without making excessive payments. The annual performance related bonus rewards Executive Directors for delivering our short-term financial and operational goals. The long-term focus of our strategy is supported through our LTIP under which performance is tested over three years.

The remuneration and employment terms of the Executive Directors are determined by the Remuneration Committee by comparison with salaries paid to, and terms agreed with, directors in similar companies in the same sector and of a similar size and after a review of the performance of the individual. For guidance, the Remuneration Committee refers to published survey data. The Executive Directors determine the terms and conditions of Non-executive Directors.

There are four main elements to the remuneration packages of the Executive Directors and other senior executives:

- basic salary and benefits;
- annual bonus awards;
- long-term equity incentive plans; and
- pension arrangements.

Basic salary and benefits

Basic salaries are reviewed annually by the Remuneration Committee and are adjusted where the Committee believes that adjustments are appropriate to reflect performance and changed responsibilities. The benefits for Executive Directors include car allowances and certain medical cover for Directors and their immediate family. The Company also has a permanent health insurance policy to provide cover for the Executive Directors.

How this links to the Group's strategy – This enables the Group to attract, retain and motivate the best candidates to deliver the Group's strategic objectives.

Annual bonus awards

It is the Company's policy to provide a bonus incentive scheme for Directors linked directly to the financial performance of the Group. The Executive Directors' bonuses are related to the performance of the Group as a whole, including the health and safety performance of the Group. All performance criteria are subject to approval by the Remuneration Committee at the beginning of the year and all payments are made only when approved by the Remuneration Committee. Details of the annual bonus scheme for the year under review and the following year are set out in the following pages.

How this links to the Group's strategy – The bonus award incentivises Executive Directors to drive the in-year performance of the business and rewards strong performance, thereby driving longer-term shareholder returns.

Long Term Incentive Plans

The Remuneration Committee implemented a Long Term Incentive Plan ("LTIP") which was approved at an extraordinary general meeting ("EGM") held on 25 January 2012. The LTIP has been designed so as to comply with ABI guidelines in all material respects.

The performance criteria to be achieved by the Company in respect of the LTIP are as follows.

Vesting of one-half of the options is dependent on absolute growth in the Company's total shareholder return ("TSR") and the other half is dependent on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee.

The constituents of the comparator group are reconsidered by the Remuneration Committee each year. All TSR calculations are based on the average of the opening or closing share price over a 30 day period prior to the commencement and end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to have grown by more than 25 per cent. For aggregate TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There is no vesting if aggregate TSR growth over the three year performance period is 25% or less.

The relative TSR target requires the Company's TSR performance over the three year period to be better than the median TSR performance of the comparator group. There is no vesting if the relative TSR is less than the median of the TSR comparator group. If the Company's relative TSR performance is in the top decile of the TSR comparator group, then 100% of this portion of the LTIP will vest. Relative TSR performance between the median and the top decile will result in the LTIP vesting on a straight-line basis.

In the event of a material correction of any accounts of the Company used to assess satisfaction of any performance conditions or in the event of a participant's gross misconduct, options may be reduced, adjusted or cancelled as determined by the Remuneration Committee. To the extent that options have already been exercised, the Remuneration Committee may (having considered all the circumstances) require the participant to return any shares received, or the amounts of any proceeds of the sale of such shares (net of tax).

The Remuneration Committee is empowered to grant a maximum number of LTIP options over 10p Ordinary Shares equivalent in value to 150 per cent of basic salary per financial year. The options may be granted with an exercise price equal to their nominal value, or as nil-cost options. The Company also has the ability, but not the obligation, to provide a cash alternative to participants equal to the net benefit of their LTIP option. This simplifies the settlement process, reducing complexity and cost to both the Company and the participant, and reducing dilution to shareholders all whilst preserving the overall economic effects of the LTIP award.

At the discretion of the Remuneration Committee, the LTIP rules allow for the amount of dividends paid during the vesting period that are applicable to the number of shares over which the option has become exercisable, to be paid to the LTIP participants once the LTIP has vested. This payment can be made as either a cash payment or in the form of additional shares.

How this links to the Group's strategy – The LTIP scheme closely aligns a material part of an Executive Director's remuneration with the delivery of the Group's long-term strategy and shareholder returns.

Pension arrangements

Under their terms of engagement, the Executive Directors are entitled to receive an annual pension contribution of 15% of their basic salary or an equivalent cash amount. The Remuneration Committee believes that these payments are broadly in line with senior management in other comparable public companies. During 2023 this will be reviewed to ensure alignment between the executive pension contributions and the average employee for any new pension arrangements.

Executive Director minimum shareholding requirement

The Executive Directors are required by the Committee to build up and hold a minimum of 100% of their basic annual salary equivalent value in Ordinary Shares in the Group before they are permitted to sell any shares. In exceptional circumstances and at the sole discretion of the Remuneration Committee, or if shares are sold to cover a tax liability that arises as a result of an exercise of an LTIP, this requirement may be waived.

How this links to the Group's strategy – This aligns the financial interests of the Executive Directors with those of the Group's shareholders.

Discretion

The Committee applies the exercise of discretion very carefully when considering the total amounts earned under the annual performance related bonus and LTIP, including the overall performance of the Group, health and safety performance and any exceptional factors.

When determining the future vesting of any LTIP awards, the Committee will carefully consider whether any discretion is required to ensure outcomes are fair and appropriate.

Remuneration for the year ended 30 September 2022

During 2022, the Group's remuneration policy operated as intended by the Committee. Full details of the relevant targets and performance achieved are set out on pages 97 to 104.

External remuneration policy review

Renew Holdings has grown considerably in both scale and complexity during the tenure of the existing Executive Directors. There have been numerous large and successful acquisitions which have added complexity to the business. The growth in share price over the last five years, as at 15 March 2022, has been 84% with a similar corresponding improvement in operating profit growth. The external review of the Group's remuneration policy undertaken by PwC LLP at the end of 2021, referred to in last year's Annual Report, noted that the base salaries of both the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") were positioned at the lower quartile in a comparison against FTSE AIM and small and medium companies that have a market capitalisation similar to that of Renew. When compared against sector specific companies in the Company's relative TSR peer group the position was also concerning where, on all aspects of pay, the remuneration at Renew was below the lower quartile in particular with regard to base salary.

The Committee, having carefully considered the matter, wrote to the Group's major shareholders in March 2022 to set out the proposed changes in respect of our approach to executive remuneration for 2022. Following a period of consultation, and with major shareholder support, the Committee intends to increase the base salaries of the Executives to £350,000 in 2022 and £385,000 in 2023 for the CEO, £270,000 in 2022 and £295,000 in 2023 for the CFO and £255,000 in 2022 and £280,000 in 2023 for the Executive Director. These pay proposals, which were planned prior to the inflationary effect on industry wages taking hold, will be awarded provided that the performance of the business and the individuals continues to present strong performance over the next two years. Whilst the planned increases do not fully address the shortfall against the external market, they do address some of the imbalance. The base pay of the CEO and CFO, at the proposed 2023 levels, will still remain in the lower quartile against their sector peers and will move to between the lower quartile and median for the market cap comparator companies, bearing in mind that the comparators will inevitably be higher by 2023.

The Remuneration Committee also considered other aspects of the Company's approach to remuneration for our Executives in order to identify areas where changes aligned to developing market practice and shareholders' expectations could be made. Having reviewed these areas, the Committee introduced a malus and clawback mechanism on the short-term bonus award which is comparable to that which already exists on the Long Term Incentive Plan to more closely align with best practice in this area. In the event of a material correction of any accounts of the Company used to assess satisfaction of any performance conditions or in the event of a participant's gross misconduct, the short-term bonus may be reduced, adjusted or cancelled as determined by the Remuneration Committee. To the extent that the short-term bonus has already been paid, the Remuneration Committee may (having considered all the circumstances) require the participant to return any monies received (net of tax).

The above changes to remuneration policy are designed to ensure that our overall approach to remuneration reflects the Group's growth and supports our aims of ensuring that the Executive Management of the Company is provided with appropriate remuneration to encourage enhanced performance, support long-term shareholder interests and ensure retention of the Executives.

The Committee recognises and appreciates the hard work and contribution of the Executive Directors throughout the full financial year. The Committee believes that the 2022 pay outcomes are appropriate in the context of aligning the Executive Directors' interests with those of our stakeholders at this time.

Service contracts and letters of appointment

The Company's policy is for all of the Executive Directors to have rolling service contracts that provide for a 12 month notice period.

The fees of Non-executive Directors are determined by the full Board within the limits set out in the Articles of Association. The Non-executive Directors are not eligible for bonuses, pension benefits, share options or other benefits. The Directors are indemnified to the full extent permitted by statute under the Articles of Association. All Non-executive Directors are subject to re-election by shareholders at least every three years.

The service contracts of the Directors who served during the year ended 30 September 2022 and were in post on that day include the following terms:

Directors	Executive/Non-executive	Date of contract	Unexpired term	Notice period (months)
D A Brown	Non-executive	2 April 2017	Rolling one month	1
S D Dasani	Non-executive	8 February 2019	Rolling one month	1
S A Hazell	Non-executive	1 March 2020	Rolling one month	1
P Scott	Executive	1 July 2014	Rolling one year	12
A P Liebenberg	Executive	31 March 2016	Rolling one year	12
S C Wyndham-Quin	Executive	8 November 2017	Rolling one year	12

Directors' remuneration

Information is provided below for Directors who served during the financial year and as at 30 September 2022.

	Notes	Salary/fees £000	Bonuses and taxable benefits £000	LTIP £000	Benefits £000	Total emoluments 2022 £000	Increase from previous year %	Total emoluments 2021 £000
Executive Directors								
P Scott	1,2,3,4,5	**354**	**372**	**1,123**	**69**	**1,918**	90	1,010
A P Liebenberg	2,3,4,5	**253**	**271**	**807**	**52**	**1,383**	86	745
S C Wyndham-Quin	2,3,4,5	**273**	**287**	**843**	**54**	**1,457**	89	772
						4,758		2,527
Non-executive Directors								
D A Brown	6	**73**	**–**	**–**	**–**	**73**	55	47
S D Dasani		**57**	**–**	**–**	**–**	**57**	21	47
S A Hazell		**52**	**–**	**–**	**–**	**52**	11	47
D M Forbes	6	**63**	**–**	**–**	**–**	**63**	(19)	78
L Hardy	7	**14**	**–**	**–**	**–**	**14**	–	–
						5,017		2,746

Notes:

1. The highest paid Director for 2022 was P Scott who received emoluments of £1,918,000 (2021: £1,010,000).
2. Bonuses were earned by P Scott, A P Liebenberg and S C Wyndham-Quin during the current financial year and will be paid in the year ending 30 September 2023.
3. Details of the LTIP options exercised during the year can be found in the Directors' remuneration report.
4. Benefits include car allowances and certain medical cover for the Director and immediate family.
5. Executive Directors received payments amounting to 15 per cent of their basic salary, in lieu of Company pension contributions. These were paid through the payroll and taxed as salary and are included in benefits above.
6. D M Forbes resigned as a Non-executive Director on 17 May 2022. D A Brown replaced D M Forbes as Chairman from 17 May 2022.
7. L Hardy was appointed as a Non-executive Director on 9 December 2021 and resigned on 10 March 2022.

Total single remuneration figure for 2022 (£000)

The total single remuneration figure for our Executive Directors for the year ended 30 September 2022 is shown below.

	2022 £000	2021 £000
Chief Executive Officer, P Scott	**1,918**	1,010
Executive Director, A P Liebenberg	**1,383**	745
Chief Financial Officer, S C Wyndham-Quin	**1,457**	772

The increase in the single total remuneration figure has been primarily driven by an increase in the value of the LTIP payments received between 2021 and 2022, as can be seen in table below setting out the Chief Executive's historical remuneration. The LTIP scheme which vested in 2022 achieved 100% of the relative and absolute TSR measurements, reflecting the group's record results for the year, TSR growth of 117.3% over the three years of the scheme and relative TSR performance in the upper quartile. This demonstrates the strong alignment between management and shareholders that our LTIP scheme drives.

Annual bonus awards

The Company provides a bonus incentive scheme for Executive Directors, the level of which is determined by targets in generating operating profit and health and safety performance.

Operating profit target

At the beginning of the current financial year, the Remuneration Committee agreed a target for operating profit before exceptional items for the Group. In this year, if the Group met that target then the Executive Directors were entitled to receive an annual bonus equal to 100% of their salary. The level of over and under performance results in the level of annual bonus to be varied on a straight-line basis, with the maximum bonus of 130% of salary being paid if the performance exceeds the target by 30% with no bonus being payable if performance was 50% or more below target. Any bonus payable in excess of 100% of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out in this report. However, the Remuneration Committee can in exceptional circumstances, and at its discretion, make the payment in cash. The Remuneration Committee make such adjustments to the target and/or results to remove distortions such as acquisitions and disposals during the year and other items as they believe are necessary. At the beginning of the year ended 30 September 2022 the Remuneration Committee agreed a target for operating profit before exceptional items for the Group of £53,971,000. The operating profit before exceptional items for the Group was £58,773,000 and therefore exceeded this target by 8.9%. Accordingly, under the terms of the scheme, the Executive Directors are entitled to receive an annual bonus equal to 108.8% of salary.

Health and safety target

The annual bonus award includes a review of health and safety performance over the reporting period. The Committee is able to use its discretion to reduce bonus payments in line with performance. The Group maintained its health and safety performance during the year and therefore no reduction in annual bonus award was necessary.

Annual bonus awards continued

Health and Safety target continued

As part of the 2021 PwC review of the Group's remuneration policy, and to align with developing market practice and shareholders' expectations, the Committee introduced a malus and clawback mechanism on the short-term bonus award which is comparable to that which already exists on the Long-Term Incentive Plan.

Long Term Incentive Plan

The market price of the Company shares at 30 September 2022, being the last trading day of the month, was 570p and the range of market prices during the year was between 562p and 874p.

Information is provided below for Directors who served during the financial year and as at 30 September 2022.

Pursuant to the Long Term Incentive Plan ("LTIP"), the Board has granted options to the Executive Directors as set out in the following table:

Number of Ordinary Shares under option	Exercisable between 18 Feb 2023 and 17 Feb 2030	Exercisable between 15 Dec 2023 and 14 Dec 2030	**Exercisable between 16 Dec 2024 and 15 Dec 2031**
LTIP options			
P Scott	118,269	89,785	**59,535**
A P Liebenberg	84,907	65,267	**43,278**
S C Wyndham-Quin	88,702	68,702	**45,556**

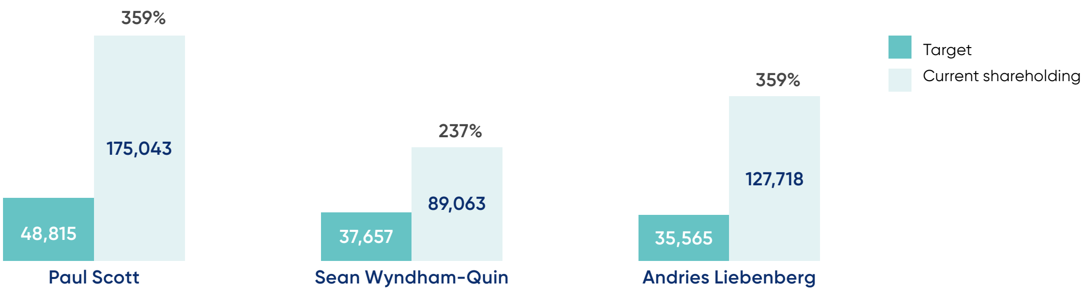
The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period. For consistency with previous years, the close of market on the Friday following the Group's preliminary results announcement was used as a valuation point for the LTIP grant.

During the year, options awarded on 3 December 2018 amounting to 319,972 shares in aggregate, vested in accordance with their vesting conditions. This represents 100% of the relative TSR measure and 100% percent of the absolute measure in accordance with the scheme rules. These options were subsequently exercised on 15 December 2021, and 129,653 shares were issued to P Scott, 93,079 shares to A P Liebenberg and 97,240 shares to S Wyndham-Quin.

Shareholding requirement percentage of salary

Executive Directors are encouraged to build up and hold their personal shareholding as soon as possible to ensure their financial interests are aligned with those of our shareholders. The shareholding guidelines require Executive Directors to hold Ordinary Shares equal in value to 100 per cent of their salary as set out in the graphs below.

Shareholding requirement % of salary as at 30 September 2022



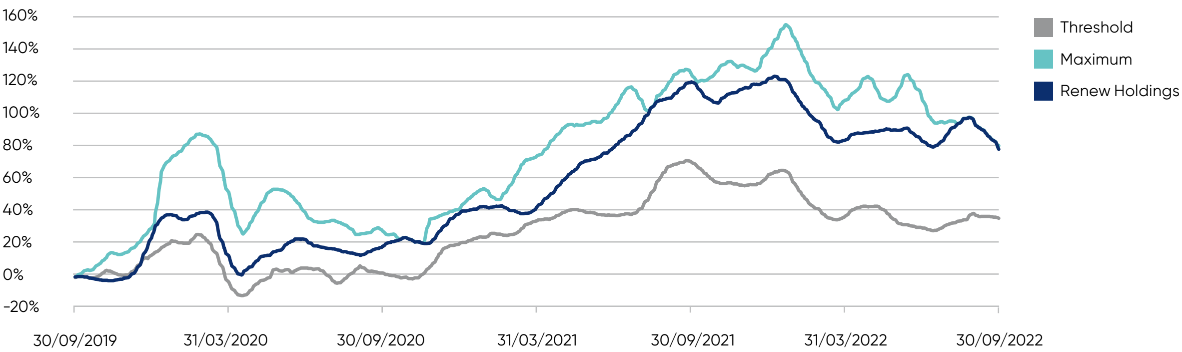
Notes

The current shareholding as a percentage of salary has been calculated using the Group Chief Executive's, Chief Financial Officer's and Rail Director's full base salaries for the year ended 30 September 2022 of £350,000, £270,000 and £255,000 respectively.

The value of the Ordinary Shares shown above has been based on the average share price between the period 30 September 2021 and 1 October 2022, being £7.17.

Unvested LTIP shares do not count towards satisfaction of the shareholding requirement, but the Board notes that, in addition to the shareholdings, the Executive Directors also have an interest in the unvested share options detailed above.

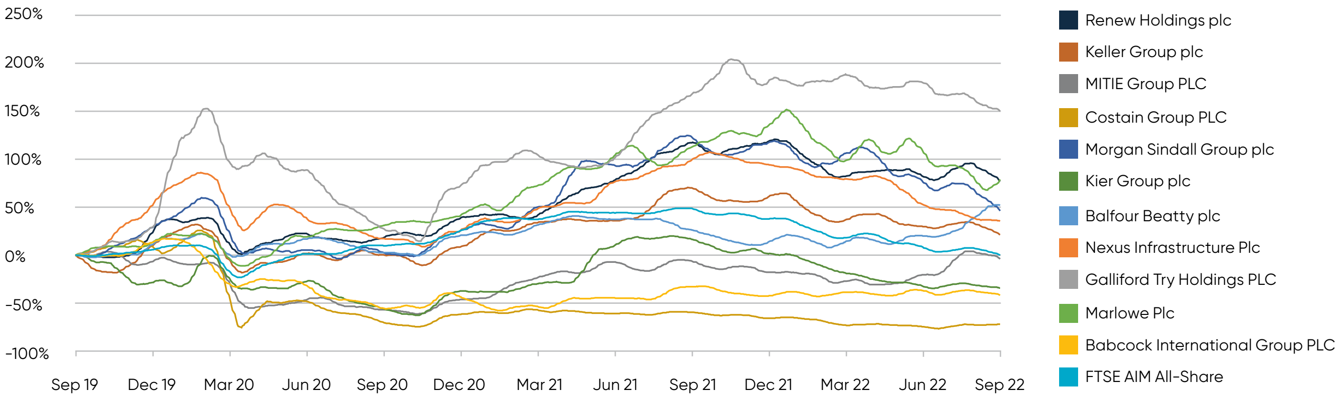
Renew Holdings TSR performance vs comparator group



In addition, and in accordance with the rules of the LTIP payments of £40,620, £29,161 and £30,465 were made to P Scott, A P Liebenberg and S Wyndham Quin in shares respectively representing dividends accrued during the vesting period on the shares vested as detailed above. As a consequence of the LTIP vesting P Scott made a gain on exercise of options of £1,037,224, A P Liebenberg made a gain on exercise of options of £744,633 and S C Wyndham-Quin made a gain on exercise of options of £777,920.

Total shareholder return ("TSR") performance graph 2019–2022

The graph below shows a comparison of Renew Holdings plc's cumulative TSR against that achieved by AIM for the last three financial years to 30 September 2022. The chart shows cumulative TSR over the same period for the Group's TSR comparator businesses.



Chief Executive Officer historical remuneration

The table below shows the remuneration of the Chief Executive Officer over the five year period to 30 September 2022.

The increase in the single total remuneration figure has been primarily driven by an increase in the value of the LTIP payments received between 2021 and 2022, as can be seen in table below setting out the Chief Executive's historical remuneration. The LTIP scheme which vested in 2022 achieved 100% of the relative and absolute TSR measurements, reflecting the group's record results for the year, TSR growth of 117.3% over the three years of the scheme and relative TSR performance in the upper quartile. This demonstrates the strong alignment between management and shareholders that our LTIP scheme drives.

Chief Executive Officer's remuneration over the last five years

The total remuneration figure includes the performance related bonus and LTIP awards.

Year ended 30 September	Group Chief Executive	Single total remuneration figure £000	Annual performance related bonus £000	Long-term incentive vesting £000
2022	Paul Scott	1,918	372	1,123
2021	Paul Scott	1,010	359	274
2020	Paul Scott	833	270	208
2019	Paul Scott	797	309	127
2018	Paul Scott	663	163	155

Chief Executive Officer pay ratio

The table below sets out the ratio of the Chief Executive Officer to the equivalent base salary pay for the lower quartile, median and upper quartile of the Group's employees (calculated on a full-time basis). The ratios have been calculated in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

Year ended 30 September	Method option	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2021	A	13:1	10:1	7:1
2022	**A**	**13:1**	**10:1**	**7:1**

1. "Option A" methodology was selected on the basis that it provides the most robust and statistically accurate means of identifying the median, lower quartile and upper quartile colleagues.
2. The workforce comparison is based on actual payroll data for the period 1 October 2021 to 30 September 2022.
3. Part-time workers have been included by calculating the full-time equivalent value of their base pay.
4. Leavers, joiners and employees on reduced pay (due to sick pay, maternity leave, etc.) have been included.
5. For the year ended 30 September 2022 base salary pay increases were implemented to align the executive base remuneration following recommendations outlined in the external PwC remuneration report undertaken in 2021.

Directors' pension information

No Director has pension entitlements under the Group's defined benefit pension scheme arrangements. The Group has established individual stakeholder plans for each employee who elects to join, into which the Group makes contributions. P Scott, A P Liebenberg, and S C Wyndham-Quin received a sum equivalent to 15% of their basic salary in lieu of pension contributions from the Company. Under the terms of engagement, the Executive Directors are entitled to receive an annual pension contribution of 15% of their basic salary or an equivalent cash amount.

Directors' remuneration report continued

Directors' pension information continued

The Remuneration Committee believes that these payments are broadly in line with senior management in other comparable public companies. During 2023 this will be reviewed to ensure alignment between the executive pension contributions and the average employee for any new pension arrangements.

Directors' share interests

Those Directors serving at the end of the year and their immediate families had interests in the share capital of the Company at 30 September 2022 as follows.

	30 September				
Ordinary Shares of 10p each	**2022**	2021	2020	2019	2018
D A Brown	**12,920**	7,042	7,042	7,042	7,042
S D Dasani	**19,000**	15,000	15,000	5,000	5,000
S A Hazell	**7,868**	4,476	4,476	–	–
P Scott	**175,043**	101,565	74,739	47,412	47,412
A P Liebenberg	**127,718**	74,941	55,025	33,371	33,371
S C Wyndham-Quin	**89,063**	33,909	13,993	11,628	11,628

External appointments

The Chief Executive Officer and Chief Financial Officer did not have any external appointments during the year ended 30 September 2022.

Payments to former Directors and payments for loss of office

There were no payments made to former Executive Directors or payments for loss of office during the year ended 30 September 2022 (2021: £nil).

Employee share ownership scheme

During the year the Committee reviewed the benefits of introducing an employee share ownership scheme to allow the Group's employees to share in the success of the Company. The Committee debated the suitability of such a scheme and for reasons relating to the Group's devolved business model, it was agreed such a scheme would not be suitable in the short term but that this would be reviewed annually.

Remuneration for the year ending 30 September 2023

Non-executive Directors

Fees

The fees in the table below were effective from 1 October 2021:

	2022 £000	2021 £000
Chairman	**100**	100
Non-executive Director	**50**	50
The following additional fees apply:		
Senior Independent Director	**5**	5
Committee Chair	**5**	5

There was no increase in the Non-executive Director and Chairman fees from the prior year.

Executive Directors

Basic salary and benefits

The executive basic salaries were increased to £385,000 for the CEO, £295,000 for the CFO and £280,000 for the Executive Director as explained earlier in this report. There will be no additional cost of living adjustment and there have been no material changes in the benefits which the Executive Directors are entitled to receive.

Annual bonus awards

The structure of the annual bonus scheme for the year ending 30 September 2023 is the same as for the previous year as set out above, in all material respects, except for the targets.

Operating profit target

Executive Directors will therefore be entitled to receive a cash bonus of 100% of their basic salary if the Group achieves target operating profit and a maximum of 130% of their basic salary if the Group achieves 130% of target operating profit. No bonus will be paid if the Group achieves 50% or less of target operating profit. Any bonus payable in excess of 100% of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out earlier in this report. The operating profit target for the year ended 30 September 2023 will be stated in the 2023 Annual Report and Accounts.

Health and safety target

The annual bonus award will include a review of health and safety performance over the reporting period. The Committee will use its discretion to reduce bonus payments in line with performance in a manner that is fair to the individual and the Company.

Long Term Incentive Plan

The Remuneration Committee has made annual awards under the LTIP since it was set up in 2012 and will do so again this year. Each award has been made as soon as practicable after the publication of the Company's annual results, or in circumstances where the rules are being amended at the Company's AGM then shortly after that meeting. It is expected that the next award will be announced shortly after the publication of the Group's annual results. Awards for each participant in the scheme are limited in amount to 150 per cent of that participant's basic salary.

Approval

The Directors' remuneration report was approved by the Board on 29 November 2022 and signed on its behalf by:

Stephanie Hazell
Chair of the Remuneration Committee
28 November 2022

Directors' report

The Directors present their report and the audited accounts for the year ended 30 September 2022.

Principal activities

For the year ended 30 September 2022 the principal activity of the Group continued to be as contractors in Engineering Services and Specialist Building. The main activities are carried out in the United Kingdom. More details of these activities, the year's trading and future developments are contained in the Chairman's statement, the Chief Executive's review, the Strategic report and the Financial review. A list of the Group's subsidiaries as at 30 September 2022 is listed in Note S to the Company's financial statements.

Results and dividends

The Group profit for the year after tax and after accounting for discontinued operations was £37,665,000 (2021: £30,463,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 11.33p (2021: 11.17p) giving a total for the year of 17.00p (2021: 16.00p).

Business review

Information that fulfils the business review requirements applicable to the Group can be found in this report, the Chief Executive's review and the Strategic report.

Derivatives and other financial instruments

The Group's financial instruments include bank loans, cash and short-term deposits and obligations under leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk.

Interest rate risk

Interest bearing assets comprise cash and bank deposits and earn interest at floating rates. The Group's bank loan, revolving credit facility and overdraft facility bear interest at floating rates.

Liquidity risk

The Group's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in both current and deposit accounts and, when necessary, to establish appropriate levels of borrowing facilities to provide short-term flexibility.

Foreign currency risk

The Group has no foreign currency risk exposure. The Group does not use derivative financial instruments in its management of foreign currency risk.

Credit risk

The Group's principal financial assets are bank balances, cash, contract assets and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its contract assets and trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and its assessment of the current economic environment.

Payment of creditors

The Group recognises the importance of good relationships with its suppliers and sub-contractors and has established the following payment policy:

(a) agree payment terms in advance of any commitment being entered into;

(b) ensure suppliers are made aware of these terms by inclusion of the terms of payment on the order or contract; and

(c) ensure that payments are made in accordance with the terms of the contract or order providing that the presented documentation is complete and accurate.

Employees

The Directors recognise the need for communication with employees at every level. All employees have access to a copy of the Annual Report and Accounts which, together with staff briefings, internal notice board statements and newsletters, keeps them informed of the Group's progress.

The Group continues to be committed to the health, safety and welfare of its employees and to observe the terms of the Health and Safety at Work Act 1974, and all other relevant regulatory and legislative requirements.

It is the policy of the Group that there shall be no discrimination or less favourable treatment of employees, workers or job applicants in respect of race, colour, ethnic or national origins, religious beliefs, sex, sexual orientation, disability, political beliefs, age or marital status. Full consideration will be given to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and wherever possible to retrain employees who become disabled, so that they can continue their employment in another position. The Group engages, promotes and trains staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress.

Health and safety management

Paul Scott, the Chief Executive Officer, was the designated Director of Health and Safety with Group responsibility for safety and environmental management throughout the year. Health, safety and environmental management issues and reports are reviewed at every Group Board meeting with the Head of Department in attendance when necessary.

The Executive Management Committee, chaired by the Chief Executive Officer, discusses and progresses policy, legislative changes, best practice, training needs, inspections, audits (internal and external), performance measurement and statistical information. All topics are discussed with a specific focus on improvement.

Control at business level remains with subsidiary Managing Directors who are required to appoint a Director who is responsible for safety and environmental matters. Health, safety and environmental issues are discussed as the first agenda item at monthly Board meetings. Each business safety and environmental meeting encourages open communication between all employees and is a key part of the Group's efforts to gather and disseminate good practice for inclusion in business based management systems. Our safety and environmental standards are contained within bespoke business safety and environmental management systems. This system is based on Group activities and provides specific standards, procedures, information, forms and advice which accommodate changes in legislation expected during the coming financial year.

Health and safety management continued

Management advice is provided by the Group Safety, Health, Environmental and Quality ("SHEQ") Director.

Group companies operate under certified management systems for SHEQ. These systems ensure compliance with all relevant legal, client and Group requirements whilst having proactive leadership and worker participation at their core.

Group companies employ their own competent professional SHEQ advisors, each holding formally recognised qualifications and professional body memberships. Lead advisors in each company liaise directly with the Group SHEQ Director on common issues. Group companies also maintain memberships with organisations such as the Royal Society for the Prevention of Accidents ("RoSPA") along with relevant trade organisations and locally based safety groups.

All Group companies maintain a training matrix and plan identifying SHEQ training requirements for all personnel. Formal training is augmented by the provision of regular briefings into work methods, risk assessments, toolbox talks and SHEQ alerts.

Group Minimum Requirements ("GMRs") require each business to report and record all injuries, diseases, dangerous occurrences and "near-miss" events. These events are investigated, based on actual and potential severity, to determine root cause and to prevent recurrence. Incident statistics and causal trends are collated and evaluated on an ongoing basis allowing performance to be measured and the determination of any necessary system amendments. A system of SHEQ alerts ensures lessons learnt and changes to working practices are rapidly transmitted across our businesses, workforce and contractors.

The Group measures a number of leading and lagging SHEQ performance indicators including: senior manager tours, SHEQ advisor site support and assurance visits, near-miss report ratio against hours worked, diversion of waste from landfill, carbon emissions and Lost Time Incident Frequency Rate ("LTIFR").

Sustainability

The Group's Sustainability report is on pages 56 to 67.

Directors

The Directors of the Company who served, or were appointed, during the year and their brief biographical details are set out below.

Non-executive Directors

David Brown – Director, was appointed to the Board on 3 April 2017 and became Chairman on 17 May 2022. David was former Managing Director of Surface Transport at Transport for London and former CEO of The Go-Ahead Group PLC. David is a director of EPM Transport Solutions. David has 40 years of experience in the transport sector with a proven track record in leading multi-site and multi-discipline commercial and public sector organisations with significant turnovers and large workforces.

David Forbes – Director, was appointed to the Board as a Non-executive Director in June 2011 and as Chairman in January 2018. David resigned as Chairman and as a Director on 17 May 2022. He qualified as a Chartered Accountant in 1984 and has over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited.

Shatish Dasani – Director, was appointed to the Board as a Non-executive Director in February 2019. He is currently chair of UNICEF UK. Non-executive Director and Audit Committee Chair at SIG plc and Speedy Hire plc. Shatish is a Chartered Accountant with over 25 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. Previously he was the chief financial officer of Forterra plc and TT Electronics plc and has also been alternate non-executive director of Camelot Group plc and public member at Network Rail plc.

Stephanie Hazell – Director, was appointed to the Board as a Non-executive Director in March 2020. Stephanie is currently non-executive director at NSMP Limited and Neos Networks and senior advisor to Shell Renewables and Energy Services. Stephanie has over 20 years' relevant experience working in high-profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of director, strategy and corporate development.

Louise Hardy – Director, was appointed as a Non-executive Director in December 2021 and resigned in March 2022. Louise is currently non-executive director of Crest Nicholson Holdings Plc, Balfour Beatty and Severfield Plc. A Chartered Civil Engineer, Louise's experience was gained across a variety of roles in both the public and private sector including European project excellence director at AECOM and infrastructure director at Laing O'Rourke. Louise Hardy resigned as a Non-executive Director on 10 March 2022.

Elizabeth (Liz) Barber – Director, was appointed as a Non-executive Director on 1 November 2022. Liz is currently non-executive director and audit committee chair at Cranswick plc and holds several senior non-executive positions at Leeds University. A non-executive director of HICL plc and chair of the Yorkshire and Humber Climate Commission. A Chartered Accountant, Liz has previously been CFO then CEO of Kelda Group/Yorkshire Water, partner at EY LLP where she was head of audit for the north region and independent non-executive director and audit committee chair at KCOM PLC from 2015 until 2019.

Executive Directors

Andries Liebenberg – Director, was appointed to the Board on 31 March 2016. Andries was previously managing director of Renew's largest business, Amalgamated Construction Limited, and has been with the Group over eleven years.

Paul Scott – Director, was appointed to the Board as Engineering Services Director on 21 July 2014 and as Chief Executive on 1 October 2016. Paul has been with the Group for 21 years, serving as managing director of Shepley Engineers Limited, the Group's nuclear services business, prior to assuming the Group-wide Engineering Services role.

Sean Wyndham-Quin – Director, was appointed to the Board on 8 November 2017 and as Chief Financial Officer on 29 November 2017. Previously, he served as a partner at SPARK Advisory Partners, a business he co-founded in early 2012. Prior to that he worked for Brewin Dolphin and Ernst & Young where he qualified as a Chartered Accountant.

Paul Scott, Shatish Dasani and Liz Barber retire by rotation at the 2023 Annual General Meeting ("AGM") and offer themselves for reappointment. The Board recommends their reappointment as it considers that they continue to perform their roles well and bring considerable strategic, financial and management experience to the Group's business.

The Articles of Association provide that each Director shall be indemnified by the Company against losses, costs and expenses they may sustain or incur in connection with the performance of their duties of office, to the fullest extent permitted by law. The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its Directors.

Disclosable interests

As at 30 September 2022, the Company has been notified of the following disclosable interests in the voting rights of the Company:

	Number of Ordinary Shares	Percentage of issued share capital
Octopus Investments Nominees Limited	15,607,162	19.8%
Investec Wealth & Investment Limited	5,905,025	7.5%
Charles Stanley Group PLC	5,386,620	6.8%
Rathbone Brothers PLC	3,268,817	4.1%
Hargreaves Lansdown	2,738,887	3.5%
Polar Capital LLP	2,580,762	3.3%
Canaccord Genuity Group Inc.	2,385,660	3.0%

Directors' interests

The beneficial interests of the Directors (and their immediate family members) in the shares of the Company and options for shares as at 30 September 2022 are set out on pages 102 to 104. No Director has any interest in any other Group company.

Details of the Directors' remuneration and service contracts appear on pages 100 and 101.

Share capital

As at the date of this report, the total number of shares in issue (being Ordinary Shares of 10p each) is 78,862,743. During the year, the Company has not bought back any of its own shares. 181,409 new Ordinary Shares of 10p each were issued at nominal cost during the year to satisfy the exercise of share options and executive incentive scheme share awards.

Forward-looking statements

This Annual Report contains certain forward-looking statements. These statements are made by the Directors in good faith, based on the information available to them up to the time of approval of this report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Group's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

Going concern

The Directors have considered the Group's current and future prospects, risks and uncertainties in assessing the appropriateness of the going concern assumption. The Group closely monitors its funding position and facilities throughout the year, including compliance with banking covenants to ensure the group has sufficient funds to continue operations. The group's going concern period under review is the period to 31 December 2023.

In November 2022, the group renegotiated its committed revolving credit facility to extend the facility to November 2026 and to increase the total facility to £80.0m. There was no change in key banking covenants arising from this renegotiation. The RCF and overdraft were undrawn as at 30 September 2022 and remain undrawn. The group's budgets across the going concern period show that the group is expecting to remain compliant with all banking covenants through the going concern period.

The Directors considered the impact of a severe downside scenario by modelling a decline in market conditions resulting in significantly lower than forecast sales. The Directors consider such a reduction in revenues to be remote.

The model has been reverse stress tested to determine the extent to deterioration of cash flows that would lead to the Group breaching the level of available facilities. The Directors consider that such a significant deterioration of cash flow is implausible.

On consideration of the group's budgets and stress testing, the Directors believe that the group has sufficient resources to continue as a going concern through the period to 31 December 2023. As such, the Directors consider that the going concern basis for the 2022 financial statements is appropriate. The Directors have reviewed budgets which consider the Group's future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities, as well as the risks and uncertainties relating to the Group's business activities.

The following factors were considered relevant:

- the current order book and pipeline of potential future framework orders;
- the Group's liquidity and its bank facilities which are committed until November 2026, including both the level of those facilities and the covenants attached to them; and

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for the going concern period and therefore have prepared the financial statements on a going concern basis.

Section 172(1) statement

As required by Section 172 of the Companies Act 2006, the Directors confirm that, during the year, they continued to act in such a way as to promote the success of the Company for the benefit of all its stakeholders. Our full Section 172(1) statement can be read on page 23.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm the following:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

As detailed on page 94 the Audit Committee recommended, and the Board approved, the proposal that Ernst & Young LLP be appointed as auditor of the Company at the AGM following the resignation of KPMG in early 2021. Ernst & Young LLP has expressed its willingness to hold office as auditor and a resolution to appoint Ernst & Young LLP as the Company's auditor will therefore be proposed to shareholders at the AGM.

Approval

The Board approved the Report of the Directors on 28 November 2022.

By order of the Board

Sean Wyndham-Quin
Company Secretary
28 November 2022
Company number 650447

Statement of Directors' responsibilities

in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS") and applicable law and they have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'Reduced Disclosure Framework' ("FRS 102").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- in respect of the Group financial statements, state whether they have been prepared in accordance with UK-adopted IAS subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and a Directors' report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Renew Holdings plc

Opinion

In our opinion:

- Renew Holdings plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renew Holdings plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2022 which comprise:

Group	Parent company
Group income statement for the year then ended	Balance sheet as at 30 September 2022
Group statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Group statement of changes in equity for the year then ended	Related notes A to S to the financial statements including a summary of significant accounting policies
Group balance sheet as at 30 September 2022	
Group cash flow statement for the year then ended	
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management's going concern assessment process, including associated controls;
- Obtaining management's going concern assessment, including the cash forecast and covenant calculation for the going concern period through to 31 December 2023. We tested the assessment, including the covenant calculations, for clerical accuracy;
- Checking the consistency of information used in management's assessment with the annual plan and information obtained from other areas of the audit;
- Reading the financing agreements, including the post year end re-financing agreement, to verify the nature of facilities, repayment terms, covenants, and understanding the relevant terms and conditions. We assessed their continued availability to the Group through the going concern period and ensured completeness of covenants considered in management's assessment and validated that the covenants were calculated in-line with the underlying financial arrangements;
- Assessing the appropriateness of the key assumptions in management's base and severe-but-plausible scenario, which included the likelihood of revenue growth, by comparing these to year-to-date performance and industry benchmarks alongside consideration of historical forecasting accuracy;
- Evaluating the amount and timing of mitigating factors under the Group's control that could preserve cash, if required;
- Considering the appropriateness of management's reverse stress test scenario, to understand the conditions under which there would be a liquidity shortfall or a breach of a financial covenant during the going concern period and whether these conditions have no more than a remote possibility of occurring;
- Performing independent sensitivity analysis testing considering how potential labour and supply shortages, rising inflation, and climate risk may materially impact the going concern assessment. We considered third-party data, including industry reports, to incorporate indicators of contradictory evidence, including market growth expectations and performance of the industry; and
- Reviewing the Group's going concern disclosures included in the Annual Report and Accounts to assess whether they were appropriate and in conformity with the reporting standards.

Conclusions relating to going concern continued

The results from both management's evaluation and our independent sensitivity analysis indicate that the Group will maintain sufficient liquidity throughout the going concern assessment period. The reverse stress testing whereby a decline in performance is severe enough to cause a liquidity shortfall or covenant breach is considered remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 9 components. • The components where we performed full or specific audit procedures accounted for 95% of Profit before tax from continuing operations, 99% of Revenue and 99% of Total assets.
Key audit matter	• Inappropriate recognition of revenue and valuation of contract assets/liabilities.
Materiality	• Overall Group materiality of £2.5m which represents 5% of profit before tax from continuing operations.

An overview of the scope of the parent company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the Group financial statements. We consider size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 30 reporting components of the Group, we selected 14 components covering entities, all within the United Kingdom, which represent the principal business units within the Group.

Of the 14 components selected, we performed an audit of the complete financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 9 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 95% (2021: 96%) of the Group's profit before tax from continuing operations, 99% (2021: 94%) of the Group's revenue and 99% (2021: 92%) of the Group's total assets. For the current year, the full scope components contributed 82% of the Group's profit before tax from continuing operations, 66% of the Group's revenue and 71% of the Group's total assets. The specific scope component contributed 13% of the Group's profit before tax from continuing operations, 33% of the Group's revenue and 28% of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 16 components that together represent 5% of the Group's profit before tax from continuing operations, none are individually greater than 3% of the Group's profit before tax from continuing operations. For these components, we performed other procedures, including analytical review, review of minutes of board meetings, testing of consolidation journals, and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Renew Holdings plc. The Group has determined that the effects of climate change fall into four risk categories: physical, transition, liability, and transboundary.

These effects are referenced on pages 59-61 in the sustainability report and on pages 72 to 79 in the Taskforce for climate-related disclosures report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained during the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the Group's disclosures in the financial statements and conclusion that no issue identified would impact the carrying value of assets with indefinite and long lives or have any other impact of the Group financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

While the Group has stated its commitment to the aspirations to achieve net zero carbon by 2040, the Group is currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters include those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. We identified one key audit matter below; this matter was addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on this matter.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inappropriate recognition of revenue and valuation of contract assets/liabilities		

Risk

Inappropriate recognition of revenue and valuation of contract assets/liabilities

Refer to the Audit and Risk Committee report (page 92); Accounting policies (page 118); and Notes 2 and 17 of the Group Financial Statements (pages 123 and 134).

The Group has reported revenues of £816.3m (2021: £775.6m), contract asset balances of £110.3m (2021: £89.3m), and contract liability balances of £8.1m (2021: £11.6m).

Across the Group, revenue is recognised through the completion of performance obligations which vary in length. As a result of this we have identified two components to this risk dependant on contract type:

Reimbursable/Target Cost contracts performed at or near the year end: the risk is focused on cut-off, with a risk that revenue is over or under stated in the current year depending on business performance either through error or management bias.

Fixed Price contracts in progress at year end: there is estimation uncertainty around the amount of revenue to recognise at the year-end for any incomplete contracts. This assessment requires management to estimate the stage of completion of contract activity, assess costs to complete, and estimate revenue for any unagreed variations. Forecasting is subjective and is an area that could lead to misstatement of revenue and contract assets/liabilities either through error or management bias.

Our response to the risk

We performed walkthroughs of each revenue stream and evaluated the design and implementation of key controls. This included observation of a sample of contract review meetings.

We performed correlation analysis over the full population of transactions in the year to verify whether revenue transactions followed the expected path from revenue recognition to cash collection.

We inspected board minutes and performed inquiries of management to assess the nature and terms of significant or unusual contracts.

In assessing the nature and terms of the contracts, we ensured there was consistent application of accounting across the Group, including whether the method to determine percentage of completion was appropriate.

We stratified our population for testing depending on the type of contract:

Reimbursable/Target Cost

For a sample of contracts, we read the signed contract (including variation orders, where applicable), and identified the key terms to ensure the accounting was appropriate and the contract categorisation was correct.

We performed cut-off testing pre and post year-end by agreeing costs and/or invoices to supporting evidence, including timesheets and/or the latest certification, for a sample of contracts. Additionally, where possible, we agreed to subsequent cash receipts.

We also assessed whether contract assets/liabilities included disallowable costs, claims, or other adjustments and, where relevant, whether it was appropriate to recognise a 'pain/gain' share. We tested a sample of contracts with these features.

Fixed Price

For a sample of contracts, we:

- Obtained the signed contract (including variation orders, where applicable), and read the key terms to ensure the accounting was appropriate and the categorisation was correct;
- Reperformed the percentage of completion calculation ensuring the methodology was consistent and appropriate. We agreed total revenue and margin recognised to management's internal reporting;
- Tested a sample of incurred costs and costs to come by vouching to purchase order or quotation in order to assess the appropriateness of the percentage of completion;
- Performed sensitivity analysis to evaluate how a range of possible scenarios would impact on the project margin and therefore the revenue recognised in the year; and
- Assessed historical forecasting accuracy/post-year end variation schedules to determine whether there was a risk that the estimate made by management could be misstated.

Our assessment also included an assessment of any unagreed revenue recognised by considering against the criteria of IFRS 15. We also considered any claims or other adjustments impacting the value of revenue or contract assets recorded.

Testing Summary

We performed full and specific scope audit procedures over this risk area in 13 locations, which covered 99% of the Group's revenue.

Key observations communicated to the Audit Committee

We did not identify any evidence of material misstatement in the revenue recognised or valuation of contract assets or liabilities.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £2.5m (2021: £2.0m), which is 5% (2021: 5%) of profit before tax from continuing operations. We believe that profit before tax from continuing operations provides us with the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Parent Company to be £1.5m (2021: £1.8m), which is 1.0% (2021: 2.0%) of Parent Company net assets.

During the course of our audit, we reassessed the initial materiality and increased the final materiality from our original assessment at the planning stage of £2.2m. This increase reflects our assessment based on the actual results for the current year.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

Based on our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 75%) of our planning materiality, namely £1.25m (2021: £1.5m). We have set performance materiality at this percentage due to this being our first year as auditor of the Group.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.1m to £0.7m (2021: £0.1m to £1.8m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.1m (2021: £0.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report set out on pages 1–108, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 108, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of directors continued

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant which are directly relevant to specific assertions in the financial statements, are those that relate to the reporting framework (UK adopted International Accounting Standards for the Group and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" for the Parent Company, the Companies Act 2006, and the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018) and the relevant tax compliance regulations in the jurisdictions in the UK.
- We understood how Renew Holdings plc is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures, and the Company Secretary. We corroborated our inquiries through our review of minutes of meetings of the Board of Directors, Nomination Committee, and the Audit and Risk Committee, which we also observed in attendance. We also considered the results of our audit procedures across the Group.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included testing manual journals recorded at the component and consolidation level, understanding unusual and one-off transactions, and where relevant, corroborating the basis of accounting judgements and estimates with employees outside of the finance functions or with external legal counsel. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Specific inquiries were also made with the component management to confirm the details of any instances of non-compliance with laws and regulations.

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

Use of our report

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

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
28 November 2022

Group income statement

for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2022 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2022 £000	Total 2022 £000	Before exceptional items and amortisation of intangible assets 2021 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2021 £000	Total 2021 £000
Revenue: Group including share of joint ventures*		**849,048**	**–**	**849,048**	790,995	–	790,995
Less share of joint ventures' revenue*		**(32,772)**	**–**	**(32,772)**	(15,356)	–	(15,356)
Group revenue from continuing activities	2	**816,276**	**–**	**816,276**	775,639	–	775,639
Cost of sales		**(693,336)**	**–**	**(693,336)**	(666,454)	–	(666,454)
Gross profit		**122,940**	**–**	**122,940**	109,185	–	109,185
Administrative expenses		**(68,184)**	**(8,527)**	**(76,711)**	(57,985)	(10,070)	(68,055)
Other operating income	15	**3,655**	**–**	**3,655**	–	–	–
Share of post-tax result of joint ventures	15	**362**	**(267)**	**95**	11	–	11
Operating profit	3	**58,773**	**(8,794)**	**49,979**	51,211	(10,070)	41,141
Finance income	5	**16**	**–**	**16**	19	–	19
Finance costs	5	**(573)**	**–**	**(573)**	(836)	–	(836)
Other finance income – defined benefit pension schemes	5	**33**	**–**	**33**	428	–	428
Profit before income tax		**58,249**	**(8,794)**	**49,455**	50,822	(10,070)	40,752
Income tax expense	7	**(11,330)**	**1,782**	**(9,548)**	(11,096)	2,427	(8,669)
Profit for the year from continuing activities		**46,919**	**(7,012)**	**39,907**	39,726	(7,643)	32,083
Loss for the year from discontinued operations	4			**(2,242)**			(1,620)
Profit for the year attributable to equity holders of the parent company				**37,665**			30,463
Basic earnings per share from continuing activities	9	**59.52p**	**(8.89)p**	**50.63p**	50.51p	(9.72)p	40.79p
Diluted earnings per share from continuing activities	9	**59.30p**	**(8.87)p**	**50.43p**	50.09p	(9.63)p	40.46p
Basic earnings per share	9	**59.52p**	**(11.74)p**	**47.78p**	50.51p	(11.78)p	38.73p
Diluted earnings per share	9	**59.30p**	**(11.70)p**	**47.60p**	50.09p	(11.68)p	38.41p

* Alternative performance measure, please see Note 30 for further details.

Group statement of comprehensive income

for the year ended 30 September

	Note	2022 £000	2021 £000
Profit for the year attributable to equity holders of the parent company		**37,665**	30,463
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	28	**347**	(25,672)
Movement on deferred tax relating to the pension schemes		**(240)**	9,026
Total items that will not be reclassified to profit or loss		**107**	(16,646)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**–**	(8)
Total items that are or may be reclassified subsequently to profit or loss		**–**	(8)
Total comprehensive income for the year attributable to equity holders of the parent company		**37,772**	13,809

Group statement of changes in equity

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity £000
At 1 October 2020	7,856	66,378	3,896	1,316	821	40,180	120,447
Transfer from income statement for the year						30,463	30,463
Dividends paid						(10,354)	(10,354)
New shares issued	12					647	659
Recognition of share based payments					258		258
Exchange differences				(8)			(8)
Actuarial movement recognised in pension schemes						(25,672)	(25,672)
Movement on deferred tax relating to the pension schemes						9,026	9,026
At 30 September 2021	7,868	66,378	3,896	1,308	1,079	44,290	124,819
Transfer from income statement for the year						37,665	37,665
Dividends paid						(13,281)	(13,281)
New shares issued	18						18
Recognition of share based payments					658		658
Vested share option transfer					(362)	362	–
Reclassification on closure of overseas subsidiaries				(1,308)			(1,308)
Actuarial movement recognised in pension schemes						347	347
Movement on deferred tax relating to the pension schemes						(240)	(240)
At 30 September 2022	**7,886**	**66,378**	**3,896**	**–**	**1,375**	**69,143**	**148,678**

Group balance sheet

at 30 September

	Note	2022 £000	2021 (restated*) £000
Non-current assets			
Intangible assets – goodwill	10	**138,445**	139,698
– other	10	**22,385**	29,241
Property, plant and equipment	11	**17,834**	16,254
Right of use assets	12	**15,519**	17,247
Investment in joint ventures	15	**5,538**	5,708
Retirement benefit asset	28	**2,230**	661
Deferred tax assets	7	**2,899**	2,301
		204,850	211,110
Current assets			
Inventories	13	**2,613**	2,078
Assets held for resale	14	**1,250**	1,250
Trade and other receivables	16	**164,590**	157,416
Current tax assets		**–**	1,382
Cash and cash equivalents	18	**20,218**	881
		188,671	163,007
Total assets		**393,521**	374,117
Non-current liabilities			
Lease liabilities	21	**(8,640)**	(9,421)
Retirement benefit obligation	28	**(1,049)**	(152)
Deferred tax liabilities	7	**(7,568)**	(8,067)
Provisions	22	**(338)**	(441)
		(17,595)	(18,081)
Current liabilities			
Borrowings	20	**–**	(14,609)
Trade and other payables	19	**(212,684)**	(201,690)
Lease liabilities	21	**(5,884)**	(6,180)
Current tax liabilities		**(595)**	–
Provisions	22	**(8,085)**	(8,738)
		(227,248)	(231,217)
Total liabilities		**(244,843)**	(249,298)
Net assets		**148,678**	124,819
Share capital	24	**7,886**	7,868
Share premium account	25	**66,378**	66,378
Capital redemption reserve	25	**3,896**	3,896
Cumulative translation adjustment	25	**–**	1,308
Share based payments reserve	25	**1,375**	1,079
Retained earnings	25	**69,143**	44,290
Total equity		**148,678**	124,819

* Reclassification from accruals to provisions (please see accounting policy Note 1).

Approved by the Board and signed on its behalf by:

D A Brown
Chairman
28 November 2022

Group cashflow statement
for the year ended 30 September

	Note	2022 £000	2021 £000
Profit for the year from continuing operating activities		**39,907**	32,083
Share of post-tax trading result of joint ventures	15	**(95)**	(11)
Impairment and amortisation of intangible assets	10	**8,109**	6,463
Research and development expenditure credit		**(1,353)**	–
Defined benefit pension scheme G.M.P. equalisation/past service deficit	3	**–**	2,805
Depreciation of property, plant and equipment and right of use assets	11,12	**10,136**	10,504
Profit on sale of property, plant and equipment	3	**(830)**	(649)
Increase in inventories		**(534)**	(405)
Increase in receivables		**(7,455)**	(15,289)
Increase in payables and provisions		**10,986**	3,996
Current and past service cost in respect of defined benefit pension scheme	28	**23**	61
Cash contribution to defined benefit pension schemes	28	**(315)**	(560)
Charge in respect of share options	25	**657**	258
Finance income	5	**(16)**	(19)
Finance expense	5	**540**	408
Interest paid		**(573)**	(836)
Income taxes paid		**(7,595)**	(7,335)
Income tax expense	7	**9,548**	8,669
Net cash inflow from continuing operating activities		**61,140**	40,143
Net cash outflow from discontinued operating activities		**(3,977)**	(976)
Net cash inflow from operating activities		**57,163**	39,167
Investing activities			
Interest received		**16**	19
Dividend received from joint venture	15	**265**	60
Proceeds on disposal of property, plant and equipment		**1,514**	1,263
Purchases of property, plant and equipment		**(5,056)**	(4,042)
Acquisition of subsidiaries net of cash acquired		**–**	(33,343)
Net cash outflow from investing activities		**(3,261)**	(36,043)
Financing activities			
Dividends paid	8	**(13,281)**	(10,354)
Issue of share equity		**18**	659
New loan		**18,000**	10,000
Loan repayments		**(22,373)**	(18,752)
Repayments of obligations under lease liabilities		**(6,693)**	(7,410)
Net cash outflow from financing activities		**(24,329)**	(25,857)
Net increase/(decrease) in continuing cash and cash equivalents		**33,550**	(21,757)
Net decrease in discontinued cash and cash equivalents		**(3,977)**	(976)
Net increase/(decrease) in cash and cash equivalents		**29,573**	(22,733)
Cash and cash equivalents at beginning of year		**(9,355)**	13,396
Effect of foreign exchange rate changes on cash and cash equivalents		**–**	(18)
Cash and cash equivalents at end of year	32	**20,218**	(9,355)
Bank balances and cash		**20,218**	881
Bank overdraft		**–**	(10,236)
Cash and cash equivalents at end of year		**20,218**	(9,355)

Notes to the accounts

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). The financial statements are presented in sterling since this is the currency in which the majority of the Group's transactions are denominated.

Accounting estimates and judgements

In the preparation of these financial statements the Board has made certain judgements and estimates which impact the measurement of various assets and liabilities in the Group balance sheet, the value of transactions recorded in the Group income statement and the movements in equity as shown in the Group statement of changes in equity. The actual financial outcomes may ultimately differ from that which is indicated by these judgements and estimates. Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made.

The Board has determined that the following areas are those in which estimates and judgements have been made and where material impacts could arise in the financial statements were such estimates and judgements to be varied.

a) Revenue
The recognition of revenue is based on a series of judgements and estimates made by management.

Changes in these judgements and estimates may have a material impact on the revenue recognised. Management must assess the performance obligations under each contract and the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The most significant estimate management must make relates to estimates of the total expected costs of a contract, which is required in order to apply its revenue recognition policy.

Management has determined that revenue attributed to performance obligations is recognised over time based on the percentage of completion, as the work performed under the Group's contracts is bespoke to the customer and the group has a right to payment for work performed. The percentage of completion is calculated using an input method, based on the costs incurred to date as a percentage of the total costs expected to satisfy the performance obligation. Estimates of revenues, costs and the extent of progress toward completion are revised if circumstances or conditions change. Any resulting increases or decreases in estimated revenues or costs are reflected in the percentage of completion calculation in the period in which the circumstances that give rise to the revision become known.

Estimates in determining the recognition of revenue on construction contracts over time: construction contract revenue is recognised in accordance with the stage of completion of the contract where the contract's outcome can be estimated reliably. The principal method used to recognise the stage of completion is the input method using cost incurred to date as a percentage of estimated total costs to complete. The Group has control and review procedures in place to regularly monitor and evaluate the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to the expected financial outcome.

(i) Basis of accounting and preparation

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention.

Going concern
The Directors have considered the Group's current and future prospects, risks and uncertainties in assessing the appropriateness of the going concern assumption. The Group closely monitors its funding position and facilities throughout the year, including compliance with banking covenants to ensure the Group has sufficient funds to continue operations. The Group's going concern period under review is the period to 31 December 2023.

In November 2022, the Group renegotiated its committed revolving credit facility to extend the facility to November 2026 and to increase the total facility to £80.0m. There was no change in key banking covenants arising from this renegotiation. The RCF and overdraft were undrawn as at 30 September 2022 and remain undrawn.

The Group's budgets across the going concern period show that the Group is expecting to remain compliant with all banking covenants through the going concern period.

The Directors considered the impact of a severe downside scenario by modelling a decline in market conditions resulting in significantly lower than forecast sales. The Directors consider such a reduction in revenues to be remote.

The model has been reverse stress tested to determine the extent of deterioration of cash flows that would lead to the Group breaching the level of available facilities. The Directors consider that such a significant deterioration of cash flow is implausible.

On consideration of the Group's budgets and stress testing, the Directors believe that the Group has sufficient resources to continue as a going concern through the period to 31 December 2023. As such, the Directors consider that the going concern basis for the 2022 financial statements is appropriate. The Directors have reviewed budgets which consider the Group's future development, performance and financial position, including cash flows, liquidity position and borrowing facilities, as well as the risks and uncertainties relating to the Group's business activities.

1 Accounting policies continued

(i) Basis of accounting and preparation continued

Going concern continued

The following factors were considered relevant:

- The current order book and pipeline of potential future framework orders.
- The Group's liquidity and its bank facilities which are committed until November 2026, including both the level of those facilities and the covenants attached to them.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for the going concern period and therefore have prepared the financial statements on a going concern basis.

Prior year restatement

In the prior year, £6.0m of provisions were incorrectly recorded as accruals. This has resulted in previously reported trade and other payables reducing by £6.0m and previously reported provisions increasing by £6.0m. This reclassification impacts the balance sheet only. There is no impact to any other primary statement or note to the financial statements. The impact at the beginning of the prior period (1 October 2020) would be to increase provisions and reduce accruals by £6.0m.

Adopted IFRSs effective in the year

The standards and interpretations that are applicable for the first time in the Group's financial statements for the year ended 30 September 2022 have had no effect on these financial statements.

(ii) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired are included in the Group income statement and balance sheet using the acquisition method of accounting. The results of undertakings acquired/disposed of are included from the date the Group obtains/loses control as defined in IFRS 10. Business combinations are accounted for under IFRS 3 Business Combinations using the purchase method. The Group's interests in joint ventures are accounted for using the equity method. Under this method the Group's share of the profits less losses of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying value is reduced to £nil, following which no further losses are recognised.

(iii) Revenue

Revenue, which excludes intra-group revenue and Value Added Tax, is recognised as performance obligations are satisfied over time on contracts pertaining to the Engineering Services and Specialist Building Segments of the Group. This revenue reflects the amount of consideration which the Group expects to be entitled to in exchange for the satisfaction of these performance obligations. Variable consideration is estimated and included in the transaction price to the extent that management has assessed that it is highly probable that its inclusion will not result in a significant reversal in future periods. Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate contract or a modification to the existing contract.

The Engineering Services segment encompasses businesses in the rail, environmental, infrastructure and energy sectors. The nature of the deliverables and performance obligations within these businesses is, however, consistent with a typical contract containing a single performance obligation for the provision of engineering services. This is because revenue is earned from the maintenance of infrastructure assets, with a high volume of relatively short duration contracts, the terms of which are usually governed by larger framework agreements.

The Specialist Building segment earns revenues from the refurbishment of private residential assets and the construction, renovation and refurbishment of science facilities. Revenues in this segment are earned from a low volume of high value contracts, each of which is governed by a separate contract with the customer. A typical contract contains a single performance obligation for the provision of construction services.

Revenue attributed to performance obligations is recognised over time based on the percentage of completion, as work performed under the contract is bespoke to the customer and as the Group has a right to payment for work performed. The percentage of completion is calculated using an input method, based on the costs incurred to date as a percentage of the total costs expected to satisfy the performance obligation. Estimates of revenues, costs and the extent of progress toward completion are revised if circumstances or conditions change. Any resulting increases or decreases in estimated revenues or costs are reflected in the percentage of completion calculation in the period in which the circumstances that give rise to the revision become known.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract by an in-house or external survey of the work.

Variable consideration arises from pain/gain sharing arrangements in addition to contract variations where not stated in the contract. Variable consideration is estimated, and where necessary, constrained to ensure that it is highly probable that a significant reversal of revenue will not arise.

Losses are recorded in full when the unavoidable costs of fulfilling a contract exceed the economic benefits.

Any revenues recognised in excess of amounts invoiced are recognised as contract assets within current assets. Any payments received in excess of revenue recognised are recognised as contract liabilities within current liabilities.

1 Accounting policies continued

(iv) Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the "Chief Operating Decision Maker"), monitors in making decisions about operating matters. Such components are identified on the basis of information that is provided internally in the form of monthly management account reporting, budgets and forecasts to formulate allocation of resources to segments and to assess performance.

Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile. Segment results show the contribution directly attributable to each segment in arriving at the Group's operating profit. Segment assets and liabilities comprise those assets and liabilities directly attributable to each segment. Group eliminations represent such consolidation adjustments that are necessary to determine the Group's assets and liabilities.

(v) Intangible assets

a) Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For the purpose of such impairment reviews, goodwill is allocated to the relevant cash-generating unit (CGU), or group of CGUs, which is expected to benefit from synergies of the combination. A goodwill impairment loss is recognised in the income statement for the amount by which the carrying value of the related CGU, or group of CGUs, exceeds the recoverable amount, which is the higher of a CGU's fair value less costs of disposal or its value in use.

On disposal of a subsidiary undertaking, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

b) Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of intangible assets is amortised over their expected useful lives. These intangibles relate to customer relationships and contractual rights and are amortised over the period over which the Board has determined that future cash flows are likely to arise from these relationships and rights. The useful life of these assets is dependent on the intangible asset recognised . The useful lives of these assets range between five and ten years.

(vi) Property, plant and equipment

Property, plant and equipment is recorded at cost less provision for impairment if required. Depreciation is provided on all property, plant and equipment, other than freehold land. Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	- no depreciation charge
Freehold buildings	- fifty years
Plant, vehicles and equipment	- three to ten years

Right of use assets are depreciated from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

(vii) Impairments

Goodwill arising on acquisitions and other assets that have an indefinite useful life and are therefore not subject to amortisation,are reviewed at least annually for impairment. Other intangible assets and property, plant and equipment are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of any asset is less than its carrying amount, a loss on impairment is recognised. Recoverable amount is the higher of the fair value of the asset less any costs which would be incurred in selling the asset and its value in use. Value in use is assessed by discounting the estimated future cash flows that the asset is expected to generate. For this purpose, assets are grouped into cash generating units which represent the lowest level for which there are separately identifiable cash inflows. Impairment losses in respect of goodwill are not reversed in future accounting periods. Reversals of other impairment losses are recognised in income when they arise.

(viii) Inventories

Inventories comprise raw materials and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete,slow moving and defective inventories.

(ix) Trade receivables

Trade receivables do not carry any interest and are initially recognised at their fair value and then at amortised cost.

(x) Contract assets

Any revenues recognised in excess of amounts invoiced are recognised as contract assets.

(xi) Trade payables

Trade payables on normal terms are not interest bearing and are initially recognised at their fair value and then at amortised cost.

1 Accounting policies continued

(xii) Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which the consideration has been received, or consideration is due, from the customer.

(xiii) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts. Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

(xiv) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle that obligation and where the amount can be reliably estimated.

(xv) Leasing accounting policy

The Group has relied upon the exemption under IFRS 16 to exclude the impact of low-value leases and leases that are short-term in nature (defined as leases with a term of 12 months or less). Costs on those leases are recognised on a straight-line basis as an operating expense within the income statement. All other leases are accounted for in accordance with this policy.

The Group has various lease arrangements for properties (e.g. office buildings and storage facilities), vehicles, and other equipment including plant and machinery. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right of use asset with respect to all such lease arrangements in which it is a lessee.

A right of use asset is capitalised on the balance sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right of use asset at inception. Right of use assets are are depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term and are assessed in accordance with IAS 36 "Impairment of Assets" to determine whether the asset is impaired and to account for any loss. The lease liability is initially measured at the present value of lease payments as outlined above and is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease payments comprise fixed lease rental payments. Lease liabilities are classified between current and non-current on the balance sheet.

Since the discount rate implicit in the leases could not be readily determined, the key estimate applied by management relates to the assessment of the discount rate adopted by the Group. This discount rate is determined by reference to the Group's current borrowing facilities.

If an underlying asset is re-leased by the Group to a third party and the Group retains the primary obligation under the original lease, the transaction is deemed to be a sub-lease. The Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to lessor accounting in IFRS 16 by reference to the right of use asset in the head lease (and not the underlying asset of the head lease). After classification lessor accounting is applied to the sublease.

(xvi) Defined benefit pension schemes

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to the income statement. The Group determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/(liability) taking account of changes arising as a result of contributions and benefit payments. This is recognised in the income statement. Movement in actuarial measurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs. Pension scheme surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the Group balance sheet.

Pension buy-in

Accounting for a buy-in of a defined benefit scheme does not meet the criteria of a settlement event in accordance with IAS 19 Employee Benefits as the Group retains an obligation to fund pension liabilities of the scheme in the event of insurer default. As such, actuarial gains and losses associated with the buy-in are recognised in other comprehensive income.

(xvii) Defined contribution pension plans

Contributions to defined contribution pension plans are charged to the income statement as incurred.

1 Accounting policies continued

(xviii) Taxation

The tax charge is composed of current tax and deferred tax,calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also dealt with in equity.

Current tax is based on the profit for the year. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

The Group offsets deferred tax assets and liabilities if, and only if, income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

(xix) Foreign currencies

Translation of foreign currency transactions
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. The exchange differences arising are recognised in the income statement.

Translation of overseas operations
The income statements of overseas subsidiary undertakings are translated at the average rate of exchange ruling throughout the financial year. The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from this policy and arising on the retranslation of the opening net assets are taken directly to reserves, being accumulated in the separate component of equity headed "Cumulative translation adjustment".

(xx) Financial instruments

Financial assets are classified within the "amortised cost" category according to IFRS 9. The Group has no derivative financial assets or hedging instruments. Non-derivative financial assets include trade and other receivables and contract assets, as defined by IFRS 15. Neither of these two categories contain a significant financing element and, as such, expected credit losses are measured under IFRS 9 using the simplified impairment approach. This approach requires expected lifetime losses to be recognised upon the initial recognition of the asset. At initial recognition, the Group measures a non-derivative financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures trade and other receivables and contract receivables at amortised cost.

(xxi) Share based payments

IFRS 2 "Share Based Payment" requires a fair value to be established for any equity-settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(xxii) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of Ordinary Shares outstanding in the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding for the effects of all dilutive potential Ordinary Shares, which comprise share options granted to employees.

(xxiii) Rental income

Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(xxiv) Finance income and expense

Finance income comprises interest income on funds invested that are recognised in income or expense. Interest income is recognised as it accrues in income or expense, using the effective interest method. Finance expense comprises interest expense on borrowings and the unwinding of the discount on provisions that are recognised in income or expense. All borrowing costs are recognised in income or expense using the effective interest method.

(xxv) Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the income statement. Any future movement on items previously classified as exceptional will also be classified as exceptional.

2 Segmental analysis

The Chief Operating Decision Maker ("CODM") is responsible for the overall resource allocation and performance assessment of the Group. The Board approves major capital expenditure and assesses the performance of the Group and its progress against the strategic plan through monitoring key performance indicators. The Board also determines key financing decisions such as raising equity, all loan or bank borrowing arrangements and the granting of security over the Group's assets. As such the Group considers that the Board is the CODM.

Operating segments have been identified based on the internal reporting information provided to the CODM. From such information Engineering Services and Specialist Building have been determined to represent operating segments. Following the identification of the operating segments the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets and markets operated within each operating segment it is not appropriate to aggregate the operating segments for reporting purposes and therefore both of the identified operating segments are disclosed as reportable segments. The information received by the CODM shows results both pre and post exceptional items. The Group had one customer within the Engineering Services sector which represented 42.3% (2021: 43.0%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

The segments are:

- Engineering Services, which comprises the Group's engineering activities which are characterised by the use of the Group's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mechanical and electrical engineering applications;
- Specialist Building, which comprises the Group's building activities which are characterised by the use of a supply chain of subcontractors to carry out building works under the control of the Group as principal contractor; and
- Central activities, which include the leasing and sub-leasing of some UK properties and the provision of central services to the operating subsidiaries.

On 31 October 2014, the Group entered into a contract to dispose of part of its Specialist Building segment, Allenbuild Limited. Following a strategic review during the financial year ended 30 September 2018, the Board decided to close Lovell America Inc, which was completed in the previous financial year.

The results of these businesses are shown as discontinued operations.

(a) Business analysis

Revenue is analysed as follows:

	Group including share of joint ventures 2022 £000	Less share of joint ventures 2022 £000	Group revenue from continuing activities 2022 £000	Group revenue from continuing activities 2021 £000
Engineering Services	**778,917**	**(32,772)**	**746,145**	691,207
Specialist Building	**70,125**	**–**	**70,125**	84,425
Segment revenue	**849,042**	**(32,772)**	**816,270**	775,632
Central activities	**6**	**–**	**6**	7
	849,048	**(32,772)**	**816,276**	775,639

Analysis of profit on ordinary activities before taxation from continuing activities

	Before exceptional items and amortisation of intangible assets 2022 £000	Exceptional items and amortisation of intangible assets 2022 £000	2022 £000	Before exceptional items and amortisation of intangible assets 2021 £000	Exceptional items and amortisation of intangible assets 2021 £000	2021 £000
Engineering Services	**59,123**	**(8,376)**	**50,747**	51,526	(9,070)	42,456
Specialist Building	**1,679**	**–**	**1,679**	1,613	–	1,613
Segment operating profit	**60,802**	**(8,376)**	**52,426**	53,139	(9,070)	44,069
Central activities	**(2,029)**	**(418)**	**(2,447)**	(1,928)	(1,000)	(2,928)
Operating profit	**58,773**	**(8,794)**	**49,979**	51,211	(10,070)	41,141
Net financing costs	**(524)**	**–**	**(524)**	(389)	–	(389)
Profit on ordinary activities before income tax	**58,249**	**(8,794)**	**49,455**	50,822	(10,070)	40,752

2 Segmental analysis continued

(a) Business analysis continued

Balance sheet analysis of business segments

	2022			2021		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Engineering Services	343,239	(231,877)	111,362	300,665	(195,758)	104,907
Specialist Building	66,057	(64,080)	1,977	72,971	(65,313)	7,658
Central activities	214,365	(179,025)	35,339	206,776	(194,522)	12,254
Group eliminations	(230,140)	230,140	–	(206,295)	206,295	–
Group net assets	393,521	(244,843)	148,678	374,117	(249,298)	124,819

Other information

	2022			2021		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	8,822	8,224	7,123	9,919	8,546	6,463
Specialist Building	51	203	–	110	197	–
Central activities	1,799	1,709	–	1,233	1,761	–
	10,672	10,136	7,123	11,262	10,504	6,463

(b) Geographical analysis

Group revenue for both financial years is derived from continuing activities in the UK.

All of the Group's non-current assets are deployed in the UK.

3 Operating profit

	2022 £000	2021 £000
Operating profit is arrived at after charging/(crediting)		
Auditor's remuneration – audit services	864	893
Auditor's remuneration – non audit services	–	–
Depreciation of owned assets	4,149	4,392
Depreciation of assets held as leases	5,987	6,112
Rental income	(226)	(172)
Profit on sale of property, plant and equipment	(830)	(649)

During the year, the following services were provided by the Group's auditor:

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the financial statements	201	281
Fees payable to the Company's auditor and its associates for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	663	612
	864	893

3 Operating profit continued

Exceptional items and amortisation of intangible assets

	2022 £000	2021 £000
Defined benefit pension scheme guaranteed minimum pension equalisation	–	1,107
Amco defined benefit scheme past service cost deficit	–	1,698
Aborted acquisition costs/acquisition costs	**418**	802
Total losses arising from exceptional items	**418**	3,607
Amortisation of intangible assets (see Note 10 and Note 15)	**7,123**	6,463
Impairment of intangible asset (see Note 10)	**1,253**	–
Total exceptional items and amortisation charge before income tax	**8,794**	10,070
Taxation credit on exceptional items and amortisation	**(1,782)**	(2,427)
Total exceptional items and amortisation charge	**7,012**	7,643

Last year's Annual Report reported that on 20 November 2020 the High Court handed down a further judgement in the Lloyds Bank case regarding equalising guaranteed minimum pension benefits. The judge found that pension schemes did have a liability to pay top-ups to members who transferred out in the past. The effect of this for the schemes had been estimated by the actuaries as an additional liability of £1,107,000.

Last year the Amco defined benefit scheme recognised an actuarial estimate of £1,698,000 additional liabilities from extending the Barber window to be in line with recent legal advice received by the Trustee as part of a potential "buy-in" transaction to remove the scheme's investment and funding risk. This legal advice indicates that the scheme may not have equalised normal pension age ("NPA") as previously assumed in the early 1990s, and that the NPA for members in service in May 1991 may be 60 for a higher proportion of their service.

During the year the Company incurred £418,000 of costs on an unsuccessful acquisition opportunity. Last year's acquisition costs related to the acquisitions of J Browne Group Holdings Ltd and Rail Electrification Ltd on 26 March 2021 and 28 May 2021 respectively.

The Board has separately identified the charge of £7,123,000 (2021: £6,463,000) for the amortisation of the fair value ascribed to certain intangible assets, other than goodwill, arising from the acquisitions of Giffen Holdings Ltd, QTS Group Ltd, Carnell Group Holdings Ltd, J Browne Group Holdings Ltd and Rail Electrification Ltd. Further details are given in Note 10 and Note 15.

The Directors have made a full provision of £1,253,000 against Britannia's goodwill carrying value following the decision to wind down that company's operations.

4 Loss for the year from discontinued operations

	2022 £000	2021 £000
Revenue	–	–
Expenses	**(2,242)**	(1,620)
Loss before income tax	**(2,242)**	(1,620)
Income tax charge	–	–
Loss for the year from discontinued operations	**(2,242)**	(1,620)

On 31 October 2014, the Board reached an agreement to sell Allenbuild Ltd to Places for People Group Ltd.

As a term of the disposal Renew Holdings plc retained both the benefits and the obligations associated with a number of Allenbuild contracts which resulted in the requirement for an additional £3,353,000 (2021: £1,620,000) accrual. This was as a result of the settlement of historical claims during the financial year and a subsequent internal reassessment of the likely costs required to settle other known contractual disputes. This expense was offset by the recycling of the foreign currency translation reserve of £1,308,000.

5 Finance income and costs

Finance income

Finance income of £16,000 (2021: £19,000) has been earned during the year on bank deposits.

	2022 £000	2021 £000
Finance costs		
On bank loans and overdrafts	**(124)**	(225)
Other interest payable	**(449)**	(611)
	(573)	(836)

Other finance income – defined benefit pension schemes		
Interest on scheme assets	**3,461**	3,204
Interest on scheme obligations	**(3,428)**	(2,776)
Net pension interest	**33**	428

Further information on the defined benefit pension schemes is set out in Note 28 to the accounts.

6 Employee numbers and remuneration

	2022 Number	2021 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	**3,857**	3,630
At 30 September:	**3,959**	3,696
Production	**2,362**	2,247
Administrative	**1,597**	1,449
	3,959	3,696

Cost of staff, including Executive Directors, during the year amounted to:

	2022 £000	2021 £000
Wages and salaries	**192,895**	169,134
Social security costs	**21,029**	18,293
Other pension costs	**9,186**	8,274
Share based payments	**658**	258
	223,767	195,959

6 Employee numbers and remuneration continued

Directors' emoluments

	2022 £000	2021 £000
Aggregate emoluments	**5,017**	2,746
Highest paid Director: aggregate emoluments	**1,918**	1,010

	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2022 £000	Total emoluments 2021 £000
Executive Directors						
P Scott	**354**	**372**	**1,123**	**69**	**1,918**	1,010
A P Liebenberg	**253**	**271**	**807**	**52**	**1,383**	745
S C Wyndham-Quin	**273**	**287**	**843**	**54**	**1,457**	772
					4,758	2,527
Non-executive Directors						
D A Brown	**73**	**–**	**–**	**–**	**73**	47
S D Dasani	**57**	**–**	**–**	**–**	**57**	47
S A Hazell	**52**	**–**	**–**	**–**	**52**	47
D M Forbes	**63**	**–**	**–**	**–**	**63**	78
L Hardy	**14**	**–**	**–**	**–**	**14**	–
					5,017	2,746

Directors' share options

Pursuant to the Long Term Incentive Plan ("LTIP"), the Board has granted options to the Executive Directors as set out in the following table.

The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period.

Number of Ordinary Shares under option

	Exercisable between 18 Feb 2023 & 17 Feb 2030	Exercisable between 15 Dec 2023 & 14 Dec 2030	Exercisable between 16 Dec 2024 & 15 Dec 2031
LTIP options			
P Scott	**118,269**	**89,785**	**59,535**
A P Liebenberg	**84,907**	**65,267**	**43,278**
S C Wyndham-Quin	**88,702**	**68,702**	**45,556**

During the year £658,000 (2021: £258,000) was charged to the income statement with a corresponding credit to the share based payments reserve in accordance with IFRS 2.

7 Income tax expense

(a) Analysis of expense in year

	2022 £000	2021 £000
Current tax:		
UK corporation tax on profits of the year	**(10,692)**	(8,719)
Adjustments in respect of previous period	**(193)**	25
Total current tax	**(10,885)**	(8,694)
Deferred tax – defined benefit pension schemes	**(87)**	601
Deferred tax – other temporary differences	**1,424**	(576)
Total deferred tax	**1,337**	25
Income tax expense in respect of continuing activities	**(9,548)**	(8,669)

7 Income tax expense continued

(b) Factors affecting income tax expense for the year

	2022 £000	2021 £000
Profit before income tax	**49,455**	40,752
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**(9,396)**	(7,743)
Effects of:		
Expenses not deductible for tax purposes	**(1,705)**	(837)
Timing differences not provided in deferred tax	**1,721**	1,476
Change in tax rate	**25**	(1,590)
Adjustments in respect of previous period	**(193)**	25
	(9,548)	(8,669)

Deferred tax has been provided at a rate of 25% (2021: 25%) following the decision that the UK corporation tax rate should increase to 25% (effective from 1 April 2023 and substantively enacted on 24 May 2021). The deferred tax asset and liability at 30 September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary timing differences (2021: 25%). The Group has available further unused UK tax losses of £23.7m (2021: £25.3m) to carry forward against future taxable profits. A substantial element of these losses relates to activities which are not forecast to generate the level of profits needed to utilise these losses. A deferred tax asset has been provided to the extent considered reasonable by the Directors, where recovery is expected to be recognisable within the foreseeable future. The unrecognised deferred tax asset in respect of these losses amounts to £5.9m (2021: £5.2m).

(c) Deferred tax asset

	2022 £000	2021 £000
Defined benefit pension scheme	**262**	38
Other temporary differences	**2,590**	1,170
Future tax losses	**47**	1,093
	2,899	2,301

(d) Deferred tax liabilities

	2022 £000	2021 £000
Defined benefit pension scheme	**(783)**	(231)
Accelerated capital allowances	**(782)**	(52)
Fair value adjustments	**(6,003)**	(7,784)
	(7,568)	(8,067)

(e) Reconciliation of deferred tax asset

	2022 £000	2021 £000
As at 1 October	**2,301**	2,164
Origination of temporary differences	**374**	331
Change of deferred tax rate	**–**	457
Reclassification of opening accelerated capital allowances as a liability	**–**	(689)
Reclassification of opening pension scheme asset as a liability	**–**	(253)
Defined benefit pension schemes – income statement	**(74)**	394
Defined benefit pension schemes – SOCI	**298**	(103)
At 30 September	**2,899**	2,301

7 Income tax expense continued

(f) Reconciliation of deferred tax liability

	2022 £000	2021 £000
As at 1 October	**(8,067)**	(14,252)
Acquisition of subsidiary undertaking	**–**	(2,754)
Origination of temporary differences	**(731)**	–
Arising on fair value adjustments	**1,781**	675
Change of deferred tax rate	**–**	(2,016)
Reclassification of opening accelerated capital allowances as a liability	**–**	689
Reclassification of opening pension scheme asset as a liability	**–**	253
Defined benefit pension schemes – income statement	**(13)**	207
Defined benefit pension schemes – SOCI	**(538)**	9,131
At 30 September	**(7,568)**	(8,067)

8 Dividends

	2022 Pence/share	2021 Pence/share
Interim (related to the year ended 30 September 2022)	**5.67**	4.83
Final (related to the year ended 30 September 2021)	**11.17**	8.33
Total dividend paid	**16.84**	13.16

	£000	£000
Interim (related to the year ended 30 September 2022)	**4,472**	3,800
Final (related to the year ended 30 September 2021)	**8,809**	6,554
Total dividend paid	**13,281**	10,354

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the income statement. The Directors are proposing that a final dividend of 11.33p per Ordinary Share be paid in respect of the year ended 30 September 2022. This will be accounted for in the 2022/23 financial year.

9 Earnings per share

	2022			2021		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**46,919**	**59.52**	**59.30**	39,726	50.51	50.09
Exceptional items and amortisation	**(7,012)**	**(8.89)**	**(8.87)**	(7,643)	(9.72)	(9.63)
Basic earnings per share – continuing activities	**39,907**	**50.63**	**50.43**	32,083	40.79	40.46
Loss for the year from discontinued operations	**(2,242)**	**(2.85)**	**(2.83)**	(1,620)	(2.06)	(2.05)
Basic earnings per share	**37,665**	**47.78**	**47.60**	30,463	38.73	38.41
Weighted average number of shares ('000)		**78,825**	**79,125**		78,655	79,304

The dilutive effect of share options is to increase the number of shares by 299,750 (2021: 649,000) and reduce basic earnings per share by 0.18p (2021: 0.32p).

10 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2020	124,691	50,104
Additions	15,007	12,508
At 1 October 2021	139,698	62,612
Additions	–	–
At 30 September 2022	**139,698**	**62,612**
Impairment losses/amortisation:		
At 1 October 2020	–	27,042
Charge for year	–	6,329
At 1 October 2021	–	33,371
Charge for year	1,253	6,856
At 30 September 2022	**1,253**	**40,227**
Carrying amount:		
At 30 September 2022	**138,445**	**22,385**
At 30 September 2021	139,698	29,241
At 30 September 2020	124,691	23,062

The carrying amounts of goodwill allocated to cash generating units ("CGUs") are as follows:

	2022 £000	2021 £000
Britannia Construction Ltd	**–**	1,253
V.H.E. Construction PLC	**1,796**	1,796
Seymour (C.E.C.) Holdings Ltd and its subsidiary	**4,017**	4,017
Shepley Engineers Ltd and its subsidiaries	**633**	633
Amco Group Holdings Ltd and its subsidiaries	**25,691**	25,691
Lewis Civil Engineering Ltd and its subsidiaries	**6,556**	6,556
Clarke Telecom Ltd	**11,143**	11,143
QTS Group Ltd and its subsidiaries	**57,800**	57,800
Carnell Group Holdings Ltd	**19,409**	19,409
J Browne Group Holdings Ltd and its subsidiaries	**11,400**	11,400
	138,445	139,698

J Browne Group Holdings Ltd and its subsidiaries

Goodwill of £11,400,000 arose on acquisition on 26 March 2021 and was reviewed for impairment one year after the acquisition and then on an ongoing basis as required by IFRS 3.

Other intangible assets valued at £12,236,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from April 2021.

Rail Electrification Ltd

Goodwill of £3,607,000 arose on acquisition on 28 May 2021 and was reviewed for impairment one year after the acquisition and then on an ongoing basis as required by IFRS 3.

Other intangible assets valued at £272,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from June 2021.

Amortisation charges in respect of intangible assets with a finite life are recorded within administrative expenses in the income statement. The amortisation policy is disclosed in the accounting policies and approximates to a period of thirteen years.

10 Intangible assets continued

Rail Electrification Ltd continued

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cash flows based on conservative estimated growth rates according to management's view of longer term prospects for each CGU. The CGUs are deemed to be the subsidiaries to which the goodwill relates. Management used growth rates deemed to be appropriate to each CGU after reviewing the particular market conditions related to the sector in which each CGU operates. A perpetual growth rate range of 2-5% (2021: 2-5%) per annum has been used. The range of discount rates used within each CGU is 12-14% (2021: 10-12%). The Board considers the rates appropriate as, based on publicly available information, they represent the rates that a market participant would require for these assets. The Board has chosen the discount rates having taken into account the cost of funds to the Group and the risks associated with the markets in which the CGUs operate. Other than changes to the discount rates the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. The valuation of the cash generating units indicates sufficient headroom such that any reasonably possible change to key assumptions is unlikely to result in an impairment in related goodwill.

There has been an impairment recorded in respect of the carrying amount of goodwill recognised in relation to Britannia of £1,253,000. This follows the decision to wind down that company's operations. Britannia is part of the Engineering Services segment. The recoverable amount, being the value in use, is estimated to be £nil as at 30 September 2022.

11 Property, plant and equipment

	Freehold land and buildings £000	Leasehold improvements £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 October 2020	6,135	411	33,196	39,742
Additions	446	–	3,596	4,042
Disposals	–	–	(4,182)	(4,182)
Transfer from right of use assets	–	–	2,650	2,650
Acquisition of subsidiary	–	–	573	573
At 1 October 2021	6,581	411	35,833	42,825
Additions	412	103	4,542	5,057
Disposals	(736)	(145)	(862)	(1,743)
Transfer from right of use assets	–	–	4,716	4,716
At 30 September 2022	**6,257**	**369**	**44,229**	**50,855**
Depreciation:				
At 1 October 2020	696	70	24,170	24,936
Charge for year	293	135	3,964	4,392
Disposals	–	–	(3,935)	(3,935)
Transfer from right of use assets	–	–	1,178	1,178
At 1 October 2021	989	205	25,377	26,571
Charge for year	242	145	3,762	4,149
Disposals	(223)	–	(883)	(1,106)
Transfer from right of use assets	–	–	3,407	3,407
At 30 September 2022	**1,008**	**350**	**31,663**	**33,021**
Net book value:				
At 30 September 2022	**5,249**	**19**	**12,566**	**17,834**
At 30 September 2021	5,592	206	10,456	16,254
At 30 September 2020	5,439	341	9,026	14,806

The Group enters into hire purchase (leasing) contracts for its fleet of vans. Under the terms of these contracts, the legal title over the vans automatically transfers to the Group at the end of the lease term for no additional costs. The "transfers from right of use assets" shown in the above movements table relate to those vans subject to these arrangements for which the Group has obtained legal title during the year.

12 Right of use assets

	Freehold land and buildings £000	Leasehold improvements £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 October 2020	8,185	–	17,062	25,247
Additions	2,340	–	4,880	7,220
Disposals	–	–	(402)	(402)
Transfer to Plant, vehicles and equipment	–	–	(2,650)	(2,650)
Acquisition of subsidiary	289	–	209	498
At 1 October 2021	10,814	–	19,099	29,913
Additions	1,006	–	4,609	5,615
Disposals	–	–	(71)	(71)
Transfer to Plant, vehicles and equipment	–	–	(4,716)	(4,716)
At 30 September 2022	**11,820**	**–**	**18,921**	**30,741**
Depreciation:				
At 1 October 2020	1,947	–	5,819	7,766
Charge for year	1,991	–	4,121	6,112
Disposals	–	–	(34)	(34)
Transfer to Plant, vehicles and equipment	–	–	(1,178)	(1,178)
At 1 October 2021	3,938	–	8,728	12,666
Charge for year	2,086	–	3,901	5,987
Disposals	–	–	(24)	(24)
Transfer to Plant, vehicles and equipment	–	–	(3,407)	(3,407)
At 30 September 2022	**6,024**	**–**	**9,198**	**15,222**
Net book value:				
At 30 September 2022	**5,796**	**–**	**9,723**	**15,519**
At 30 September 2021	6,876	–	10,371	17,247
At 30 September 2020	6,238	–	11,243	17,481

13 Inventories

	2022 £000	2021 £000
Raw materials	**2,613**	2,078

All inventories are pledged as security for liabilities.

14 Assets held for resale

	2022 £000	2021 £000
Property	**1,250**	1,250

This office property has been actively marketed but disposal has been delayed by current market conditions.

The building is carried at net realisable value based on an annual independent third party valuation.

15 Investment in joint ventures

The Group, through the acquisition of J Browne Holdings Ltd, has the following interest in the joint ventures. These joint ventures perform engineering services which is a key segment of the Group.

	Country of incorporation	Principal activity	Percentage of shares held
Blackwater Plant Hire Ltd	England and Wales	Engineering	50%
Cappagh Brown Utilities Ltd	England and Wales	Engineering	50%
Enisca Browne Ltd	Northern Ireland	Engineering	50%

15 Investment in joint ventures continued

a) Movement in year

	Goodwill £000	Other intangible asset £000	Reserves £000	Total £000
At 1 October 2020	–	–	–	–
On acquisition of JBC (see Note 33)	3,812	1,820	259	5,891
Amortisation		(134)		(134)
Dividend received			(60)	(60)
Equity accounted share of net profit			11	11
At 1 October 2021	3,812	1,686	210	5,708
Amortisation		(267)		(267)
Dividend received			(265)	(265)
Equity accounted share of net profit			362	362
At 30 September 2022	**3,812**	**1,419**	**307**	**5,538**

b) Summarised financial information related to equity accounted joint ventures

The following summarises financial information related to equity accounted joint ventures in aggregate. The financial information of each joint venture is not significant by size and has been combined. These joint ventures do not have coterminous financial periods with the Group and as such, financial statements as at 30 September 2022 have been prepared for the Group's purposes by the joint ventures.

	2022 £000	2021 £000
Non-current assets		
Property, plant and equipment	**3,442**	1,296
Current assets		
Inventories	**352**	233
Trade and other receivables	**16,209**	12,207
Current tax assets	**331**	110
Cash and cash equivalents	**8,471**	6,200
	25,363	18,750
Total assets	**28,805**	20,046
Non-current liabilities		
Lease liabilities	**(2,999)**	(1,094)
	(2,999)	(1,094)
Current liabilities		
Trade and other payables	**(24,953)**	(18,516)
Current tax liabilities	**(239)**	(16)
	(25,192)	(18,532)
Total liabilities	**(28,191)**	(19,626)
Net assets reported by equity accounted joint ventures (100%)	**614**	420
Revenue (100%)	**65,544**	30,712
Cost of sales	**(57,656)**	(27,624)
Gross profit	**7,888**	3,088
Administrative expenses	**(7,259)**	(3,060)
Profit before taxation	**629**	28
Taxation	**95**	(6)
Net profit after tax (100%)	**724**	22

Administrative expenses include management charges of £7,310,000 (2021: £3,470,000). The Group's share of the management charge income is £3,755,000 (2021: £1,735,000). In 2021 this was netted off administrative expenses in the Group Accounts.

15 Investment in joint ventures continued
c) Results of equity accounted joint ventures (50%)

	2022 £000	2021 £000
Group share of profit before tax	315	14
Group share of tax	48	(3)
Group share of profit after tax	**362**	11

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	46,552	57,839
Contract assets	110,317	89,335
Receivables from other related parties	3,903	1,972
Other receivables	870	359
Prepayments and accrued income	2,948	7,911
	164,590	157,416

The Directors consider that the carrying amount of trade, contract assets and other receivables approximates to their fair value.

The Group has a variety of credit terms depending on the customer. These terms generally range from 30 to 60 days.

Included in trade and other receivables are debtors with a carrying value of £3.7m (2021: £3.2m) which are past due at the reporting date for which the Group has not provided. These amounts are recorded within trade receivables above and are assessed for expected credit losses using the simplified approach. However, no provision has been recognised as the probability of default on these items is considered negligible. The Group does not hold any collateral over these balances. £0.8m (2021: £1.0m) of these balances relate to certified retentions. The average age of these receivables is 348 days (2021: 365 days).

Ageing of past due but not impaired receivables:

	2022 £000	2021 £000
30-180 days	929	679
180-365 days	562	449
Greater than 1 year	2,236	2,034
	3,727	3,162

17 Contract assets and contract liabilities

	2022 £000	2021 £000
Contracts in progress at the balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	46,486	57,776
Amounts due from construction contract customers included in contract assets	110,317	89,335
	156,803	147,110
Amounts due to construction contract customers included in contract liabilities	(8,062)	(11,614)
	148,741	135,496

Contract asset ageing analysis:

	2022 £000	2021 £000
Due within one year	151,358	144,065
Due after more than one year	5,445	3,045
	156,803	147,110

Contract assets relate to revenue earned from the provision of engineering and construction services which have not yet been billed to customers. Amounts previously recognised as contract assets are reclassified to trade receivables when they are invoiced to the customer. As such, the balance of the contract asset account varies and depends on the number, stage of completion and invoicing of these services at the end of the year.

17 Contract assets and contract liabilities continued

Amounts due after more than one year relate to retentions held by the customer which are predominantly settled 12 months after the contract has achieved practical completion certification.

There was no significant impairment losses recognised on any contract asset in the reporting period (2021: £nil).

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period is £11.6m (2021: £6.1m). Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is £nil (2021: £nil).

18 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank	**20,208**	869
Cash in hand	**10**	12
	20,218	881

19 Trade and other payables

	2022 £000	2021 £000
Contract liabilities	**8,062**	11,614
Trade payables	**61,999**	49,398
Other taxation and social security	**20,957**	22,926
Other payables	**5,752**	5,906
Accruals and deferred income	**115,914**	111,846
	212,684	201,690

20 Borrowings

	2022 £000	2021 £000
Bank overdraft and loans repayable:		
Within one year	**–**	14,609

In the year, the Group utilised £18.0m of the revolving credit facility to support the Group's operations. This was repaid during the year from cash generated from operations.

The QTS acquisition was partially funded by a £35m loan from HSBC. During the year £4.4m (2021: £8.8m) of loan instalments were made with the last repayment having been made on 31 March 2022. The bank loans are secured by a fixed and floating charge over the Group's UK assets. Post year end the Group renegotiated its facilities and now has committed debt facilities of £80.0m in the form of a revolving credit facility with HSBC UK Bank plc, National Westminster Bank plc and Lloyds Banking Group plc which is committed until November 2026.

21 Lease liabilities

	2022 £000	2021 £000
As at 1 October	**15,601**	15,394
Additions	**5,615**	7,616
Accretion of interest	**293**	318
Payments	**(6,985)**	(7,728)
As at 30 September	**14,524**	15,601
Current	**5,884**	6,180
Non-current	**8,640**	9,421
	14,524	15,601

It is the Group's policy to lease certain of its plant, vehicles and equipment under finance leases. The average outstanding lease term is 3 years (2021: 3 years). For the year ended 30 September 2022, the average effective borrowing rate was c.3.25% (2021: c.3.00%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

21 Lease liabilities continued

Following the adoption of IFRS 16 "Leases" from 1 October 2019 lease liabilities include both finance lease liabilities and liabilities associated with right of use assets. The present value of minimum lease payments can be split:

	Finance lease £000	Right of use £000	**Total 2022 £000**	Total 2021 £000
Within one year	2,479	3,405	**5,884**	6,180
Within two to five years	2,772	5,868	**8,640**	9,421
	5,251	9,273	**14,524**	15,601

All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured on the asset to which the lease relates.

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments:

	2022 £000	2021 £000
Within one year	**6,251**	6,426
Within two to five years	**9,086**	9,727
Total	**15,337**	16,153

22 Provisions

	Property obligations £000	Insurance provisions £000	Other provisions £000	Total £000
At 1 October 2021	452	5,977	2,750	9,179
Utilised in the year	(114)	(642)	–	(756)
At 30 September 2022	**338**	**5,335**	**2,750**	**8,423**
Non-current liabilities	338	–	–	338
Current liabilities	–	5,335	2,750	8,085
At 30 September 2022	**338**	**5,335**	**2,750**	**8,423**

Property obligations represent commitments on leases for properties where the Group expects outflows to occur at the end of the lease.

The insurance provision relates to claims arising from past events such as accidental damage which is not covered by third party insurance. The provision is valued based on historical rates of claim and costs to settle these claims. The settlement of claims made against the Group is expected to occur over the next few years. The provision is not discounted as the impact would be immaterial.

Other provisions are in respect of a legal matter, the outcome of which cannot be assessed with a high degree of certainty. A liability is only recognised where, based on the Group's view or legal advice, it is considered probable that an outflow of resource will be required to settle a present obligation that can be measured reliably.

23 Other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The disclosures below provide information about the contractual terms of the Group's interest bearing deposits, loans and borrowings.

Interest rate profile of financial assets and liabilities

		Financial assets/(liabilities)		
	Fixed rate interest rate %	**Fixed rate £000**	**Floating rate £000**	**Total £000**
2022				
Assets				
Sterling	**–**	**–**	**20,208**	**20,208**
Dollar	**–**	**–**	**–**	**–**
		–	**20,208**	**20,208**
Liabilities				
Sterling	**3.25**	**(14,524)**	**–**	**(14,524)**
		(14,524)	**–**	**(14,524)**

23 Other financial instruments continued

Interest rate profile of financial assets and liabilities continued

	Fixed rate interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2021				
Assets				
Sterling	–	–	438	438
Dollar	–	–	431	431
		–	869	869
Liabilities				
Sterling	3.0	(15,601)	(14,609)	(30,210)
		(15,601)	(14,609)	(30,210)

The interest bearing assets accrue interest at prevailing market rates. Generally the Group holds deposits which are repayable on demand.

The sterling interest bearing liabilities accrue interest at a rate which is linked to SONIA.

The maturity of the fixed rate financial liabilities is disclosed in Note 21. The fixed rate liabilities have a weighted average period of 3 years (2021: 3 years).

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Group's financial assets and liabilities.

Financial risks

The Group has exposure to a number of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, guidelines and authorisation procedures which are outlined in the Corporate governance statement. The key financial risks resulting from financial instruments are credit, liquidity, currency and market risk.

a) Credit risk
Credit risk is the risk of loss if a customer fails to meet its financial obligations and results primarily from the Group's trade and other receivables. The degree to which the Group is exposed to this risk depends on the individual financial situation of each specific customer. The Group assesses the credit worthiness of every customer prior to entering into any contract and requires appropriate evidence of financial capability on a case by case basis. The Group reviews trade and other receivables for impairment on a regular basis and information relating to the ageing of receivables is provided in Note 16. The Group does not use any form of invoice discounting or debt factoring.

b) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cashflow forecasts and budgets. The Board has considered the cashflow forecasts for the next twelve months which show that the Group expects to operate within its working capital facilities throughout the year.

The Board aims to maintain a strong capital base so as to ensure investor and market confidence and to sustain the future of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company as disclosed in Note 24 and reserves as disclosed in Note 25. The Group arranges loans and short term overdraft facilities and hire purchase facilities as the Board deems necessary. The Group does not have any derivative or non-derivative financial liabilities other than those disclosed in Notes 20 and 21 and the retirement benefit obligations disclosed in Note 28. An analysis of the maturity profile for finance lease liabilities is given in Note 21.

c) Market risk
Market risk is the risk that changes in market prices will affect the Group's income or the carrying amount of its holding of financial instruments. The principal risk relates to interest rates where the Group's risk is limited to the rates applying to its interest bearing short-term deposits and its bank loan. A reduction in market interest rates could lead to a reduction in the Group's interest income and a reduction in its interest costs. Consequently a 1% decrease in market interest rates would reduce annual finance costs by £10,000 for every £1m of outstanding loan.

The Group's hire purchase financial liabilities are all at fixed rates of interest.

24 Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid:		
78,862,743 (2021: 78,681,334) Ordinary Shares of 10p each	**7,886**	7,868

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 15 December 2021 181,409 Ordinary Shares were issued pursuant to the Group's Long Term Incentive Plan.

Share options

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the Long Term Incentive Plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2022, there were 709,081 options outstanding under the scheme. On 15 December 2021, options to subscribe for a further 167,350 Ordinary Shares were granted. During the year 319,116 options were exercised and nil did not vest. No options lapsed during the year.

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependent on absolute growth in the Company's Total Shareholder Return ("TSR"), and the other half is dependent on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

25 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
At 1 October 2020	66,378	3,896	1,316	821	40,180
Transfer from income statement for the year					30,463
Dividends paid					(10,354)
Recognition of share based payments				258	
New shares issued					647
Exchange differences			(8)		
Actuarial movement recognised in pension schemes					(25,672)
Movement on deferred tax relating to the pension schemes					9,026
At 1 October 2021	66,378	3,896	1,308	1,079	44,290
Transfer from income statement for the year					37,665
Dividends paid					(13,281)
Recognition of share based payments				658	
Vested share option transfer				(362)	362
Reclassification on closure of overseas subsidiaries			(1,308)		
Actuarial movement recognised in pension schemes					347
Movement on deferred tax relating to the pension schemes					(240)
At 30 September 2022	**66,378**	**3,896**	**–**	**1,375**	**69,142**

25 Reserves continued

There is no available analysis of goodwill written off against reserves in respect of subsidiaries that were acquired prior to 1989 and therefore, in accordance with the guidance of IAS 36, the Directors are not able to state this figure.

Capital redemption reserve

This reserve represents the combined impact of share buy-backs and cancellations in previous years.

Cumulative translation reserve

This reserve represents the foreign exchange movement on translating the opening net assets of Lovell America, Inc., the Group's discontinued U.S. subsidiary. The amount accumulated in this reserve through OCI was recycled to the income statement in the year, on closure of Lovell America, Inc.

Share based payments reserve

Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Board's estimate of shares that will eventually vest.

£658,000 (2021: £258,000) has been charged to administrative expenses in accordance with IFRS 2. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 319,116 options were exercised and nil options did not vest during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK Government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2022 were as follows:

Date of grant	20 February 2020	14 December 2020	15 December 2021	Total
Awards outstanding at 30 September 2022				
– Directors and employees	299,570	242,161	167,350	709,081
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	548.00p	522.00p	800.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.61 years	2.79 years	2.79 years	
Expected volatility	27%	38%	38%	
Risk free interest rate	0.46%	(0.09)%	0.45%	
Value per option	519.0p	495.0p	712.0p	

Movement in the year:

	2022 Number	2021 Number
Outstanding at 1 October	**860,857**	864,696
Granted during the year	**167,350**	242,161
Exercised during the year	**(319,126)**	(126,280)
Lapsed during the year	**–**	(119,720)
Outstanding at 30 September	**709,081**	860,857

26 Capital and leasing commitments

With regard to the leases held by the Group as lessor, the Group recognised £226,000 (2021: £172,000) of rental income in the income statement for 2022, relating to sub-letting of surplus premises.

The future minimum sub-lease receipts expected to be received under non-cancellable operating leases which all relate to land and buildings are as follows:

	2022 £000	2021 £000
Receivables under non-cancellable operating leases:		
Under one year	**165**	172
Two to five years	**662**	67
More than 5 years	**90**	–
	917	239

The Group had capital commitments at 30 September 2022 of £3,123,000 (2021: £3,953,000).

27 Guarantees

Under the terms of the Group's banking agreement, security over the Group's UK assets has been granted to the Group's bankers.

The Company has given guarantees and entered into counter-indemnities in respect of bonds relating to certain of the Group's own contracts. The Company has also given guarantees in respect of certain contractual obligations of its subsidiaries.

Performance guarantees are treated as a contingent liability until such time as it becomes probable that payment will be required under its terms.

Liabilities have been recorded based on the Directors' best estimate of uncertain contract positions, known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of the success of claims and actions and no liability is recorded where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. The Group also has contingent liabilities in respect of other issues that may have occurred, but where no claim has been made and it is not possible to reliably estimate the potential obligation (see Note 1xiv).

28 Employee benefits: retirement benefit obligations

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, the Lovell Pension Scheme and the Amco Pension Scheme. Both schemes have been closed to new members and to further benefits accrual for many years.

IAS 19 "Employee Benefits"

The Directors have adopted the accounting required by IAS 19. The Directors have discussed the assumptions used in determining the actuarial valuations set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2022 shows a surplus of £2,230,000 based on the assumptions set out below. The Amco scheme shows a deficit of £1,049,000 based on the assumptions used in its valuation which are similar to those used for the Lovell scheme except where the Directors, in consultation with the scheme's advisors, consider it appropriate to vary them due to the different characteristics of the Amco scheme and its membership profile. The Directors have determined that it is appropriate to recognise the surplus in the Lovell scheme as, having reviewed the rules of the scheme, they are of the view that the employer has an unconditional right to that surplus.

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2022 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, in respect of the Lovell scheme and Capita Employee Benefits (Consulting) Limited in respect of the Amco scheme using the following assumptions:

	As at 30 September 2022	As at 30 September 2021	As at 30 September 2020
Lovell Pension Scheme			
Rate of increase in salaries	**N/a***	4.0%	4.0%
RPI increases to pensions in payment	**4.4%**	4.3%	4.2%
Discount rate	**5.5%**	2.0%	1.5%
Inflation assumption (CPI)	**3.1%**	2.7%	2.1%
Inflation assumption (RPI)	**3.9%**	3.5%	2.9%
Increases in deferred pensions	**3.6%**	3.4%	2.9%

* The Lovell Pension Scheme terminated the salary link with effect from 14 January 2022.

	As at 30 September 2022	As at 30 September 2021	As at 30 September 2020
Amco Pension Scheme			
Rate of increase in salaries	**N/a***	3.0%	2.2%
RPI increases to pensions in payment	**3.8%**	3.5%	2.9%
Discount rate	**5.4%**	1.9%	1.5%
Inflation assumption (CPI)	**3.3%**	3.0%	2.2%
Inflation assumption (RPI)	**4.0%**	3.7%	2.9%
Increases in deferred pensions	**3.3%**	3.0%	2.2%

* The Amco Pension Scheme terminated the salary link with effect from 1 April 2022.

The mortality tables adopted for the valuation of the Lovell scheme are the 95% S2NA tables with future improvements in line with the Continuing Mortality Investigations 2021 model with long-term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year-old male pensioner is forecast to live for a further 22.5 years and the further life expectancy of a male aged 65 in 2042 is 23.9 years.

The mortality tables adopted for the valuation of the Amco scheme are the S3PA mortality tables with future improvements in line with the Continuing Mortality Investigations 2021 model with long-term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year-old male pensioner is forecast to live for a further 22.2 years and the further life expectancy of a male aged 65 in 2040 is 23.5 years.

28 Employee benefits: retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The assets in the Lovell scheme were:

	Value as at 30 September 2022 £000	**Current allocation**	Value as at 30 September 2021 £000	Current allocation	Value as at 30 September 2020 £000	Current allocation
Annuities	**96,351**	**95%**	158,685	97%	87,497	43%
Diversified portfolio	**884**	**1%**	880	1%	114,039	56%
Cash	**3,672**	**4%**	3,362	2%	2,149	1%
Total	**100,907**	**100%**	162,927	100%	203,685	100%

The Trustees of the Lovell Pension Scheme purchased a bulk annuity from Rothesay Life in November 2020 to de-risk the defined benefit scheme obligation. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2011 and 2016.

The Company took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Company, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third party insurer. The only risk remaining will be the counterparty risk of the insurer.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known asa "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies.

The assets in the Amco scheme were:

	Value as at 30 September 2022 £000	**Current allocation**	Value as at 30 September 2021 £000	Current allocation	Value as at 30 September 2020 £000	Current allocation
Annuities	**8,453**	**95%**	6,198	41%	6,738	45%
Diversified portfolio	**–**	**–**	8,426	55%	8,052	53%
Cash	**464**	**5%**	641	4%	317	2%
Total	**8,917**	**100%**	15,265	100%	15,107	100%

During 2013, the Trustees of the Amco scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

The Trustees of the Amco Pension Scheme purchased a bulk annuity from a specialist insurer in April 2022 to de-risk the defined benefit scheme obligation. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2013.

The Company took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Company, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third party insurer. The only risk remaining will be the counterparty risk of the insurer.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies.

28 Employee benefits: retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Scheme funding levels and actuarial valuations

Lovell Pension Scheme

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2021. The scheme showed a surplus of £0.3m compared to a deficit of £0.3m when measured as at 31 March 2018. On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy-in" where the annuity policy remains an asset of the scheme. Following the conclusion of the buy-in, all the scheme's liabilities are now matched within the annuities which has removed the scheme's investment and funding risk. During the year pension obligations and assets fell due to the significant increases in the discount rate. However, whilst additional liabilities due to GMP equalisation fell, the asset held as cash to cover this additional liability remained stable and so there has been an increase in the IAS 19 retirement benefit assets in the Group's accounts for the year ended 30 September 2022. The next triennial valuation is due as at 31 March 2024.

Amco Pension Scheme

The scheme actuary carried out the triennial valuation of the Amco Pension Scheme as at 31 December 2019. The scheme showed a deficit of £0.8m compared to £3.4m when measured as at 31 December 2016. On 8 April 2022, the Trustee of the Amco Group Pension Scheme ("Amco Scheme"), in consultation with the Board, entered into a "buy-in" agreement with a specialist insurer. This transaction will ensure the security of the benefits of the Amco Scheme's pensioners and deferred members and, while the Group remains legally responsible for the scheme, the transaction has eliminated all of the Group's exposure to investment and funding risk in the Amco Scheme. The transaction also improves the long-term security of the members' benefits. As a result of this buy-in, and the previous buy-in that occurred in 2013, all of the Amco Scheme's liabilities are now matched with corresponding annuities. The buy-in will be completed by using Amco Scheme assets plus an additional one-off cash contribution which is expected to be around £1.6m to purchase annuities from the specialist insurer which match pension liabilities, where the annuity policy remains an asset of the Amco Scheme. The next triennial valuation is due as at 31 December 2022.

Recognition of pension scheme's surplus

Having taken legal advice with regard to the rights of the Company under the trust deeds and rules, the Directors do believe there is a right to recognise a pension surplus on an accounting basis for the Lovell scheme. The Directors do not believe that the surplus on an accounting basis will result in a surplus on an actuarial funding basis. However, the Directors are required to account for the plan's surplus as required by IFRS. As the Group has a legal right to benefit from the surplus, under IAS 19 and IFRIC 14, it must recognise the economic benefit it considers to arise from either a reduction to its future contributions or a refund of the surplus. This is a technical adjustment made on an accounting basis. Management does not believe there is an asset ceiling under IFRIC 14 which limits the economic benefit available. There is no cash benefit from the surplus.

Scheme governance

Both the Lovell Pension Scheme and the Amco Pension Scheme have boards of Trustees chaired by an independent professional trustee, Capital Cranfield Trustees Ltd. The Lovell Pension Scheme also has member-elected Trustees who must be members of the scheme. Both Renew Holdings plc for the Lovell Pension Scheme and Amalgamated Construction Ltd for the Amco Pension Scheme have the right to appoint employer-nominated Trustees although neither has elected to do so other than to appoint Capital Cranfield Trustees Ltd.

The Lovell Pension Scheme Trustees are advised by Lane, Clark & Peacock LLP on both actuarial and investment matters. The Lovell Scheme investments are independently managed by BlackRock Asset Management. Annuities purchased in both 2011 and 2016 are held by Legal & General and Just Retirement. Annuities purchased in 2020 are held by Rothesay Life.

The Amco Pension Scheme Trustees are advised by Capita Employee Benefits (Consulting) Ltd on both actuarial and investment matters. The Amco Scheme investments are independently managed by BlackRock Asset Management. Annuities purchased in both 2013 are held by Legal & General. Annuities purchased in 2022 are held by Rothesay Life.

28 Employee benefits: retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Lovell Pension Scheme

	2022 £000	2021 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	162,927	203,685
Interest on scheme assets	3,175	2,978
Employer contributions	21	56
Benefits paid	(8,411)	(8,930)
Actual return on scheme assets less interest on scheme assets	(56,805)	(34,862)
Total fair value of scheme assets carried forward	100,907	162,927
Present value of scheme obligations brought forward	162,266	176,348
Interest on scheme obligations	3,142	2,565
Current and past service costs	23	61
Benefits paid	(8,411)	(8,930)
Guaranteed minimum payment equalisation*	–	1,000
Actuarial movement due to experience on benefit obligation	1,956	(237)
Actuarial movement due to changes in financial assumptions	(58,218)	(10,217)
Actuarial movement due to changes in demographic assumptions	(2,081)	1,676
Total fair value of scheme obligations carried forward	98,677	162,266
Surplus in the scheme	2,230	661
Deferred tax	(781)	(231)
Net surplus	1,450	430
Amount charged to operating profit:		
Current and past service costs	(23)	(61)
	(23)	(61)
Amount credited to other financial income:		
Interest on scheme assets	3,175	2,978
Interest on scheme obligations	(3,142)	(2,565)
Net pension interest	33	413
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	(56,805)	(34,862)
Actuarial movement due to changes in assumptions on scheme obligations	58,343	8,778
Actuarial movement	1,538	(26,084)
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	661	27,337
Current and past service costs	(23)	(61)
Employer contributions	21	56
Guaranteed minimum payment equalisation*	–	(1,000)
Net pension interest	33	413
Actuarial movement	1,538	(26,084)
Net scheme surplus carried forward	2,230	661

* On 20 November 2020 the High Court handed down a further judgement in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. The impact of the additional liabilities amounted to £1,000,000 for the Lovell Pension Scheme which is disclosed separately in the above table.

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arose in relation to many other defined benefit pension schemes.

28 Employee benefits: retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Amco Pension Scheme

	2022 £000	2021 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**15,265**	15,107
Expected return on scheme assets	**286**	226
Employer contributions	**294**	504
Benefits paid	**(727)**	(641)
Actual return on scheme assets less interest on scheme assets	**(6,201)**	69
Total fair value of scheme assets carried forward	**8,917**	15,265
Present value of scheme obligations brought forward	**15,417**	14,385
Interest on scheme obligations	**286**	211
Past service cost and settlements	**–**	1,805
Benefits paid	**(727)**	(641)
Actuarial movement due to changes in financial and demographic assumptions	**(5,010)**	(343)
Total fair value of scheme obligations carried forward	**9,966**	15,417
Deficit in the scheme	**(1,049)**	(152)
Deferred tax	**262**	38
Net deficit	**(787)**	(114)
Amount credited to other financial income:		
Interest on scheme assets	**286**	226
Interest on scheme obligations	**(286)**	(211)
Net pension interest	**–**	15
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**(6,201)**	69
Actuarial movement due to changes in assumptions on scheme obligations	**5,010**	343
Actuarial movement	**(1,191)**	412
Movement in the net scheme (deficit)/surplus during the year:		
Net scheme (deficit)/surplus brought forward	**(152)**	722
Employer contributions	**294**	504
Past service cost and settlements	**–**	(1,805)
Net pension interest	**–**	15
Actuarial movement	**(1,191)**	412
Net scheme deficit carried forward	**(1,049)**	(152)

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arose in relation to many other defined benefit pension schemes.

On 20 November 2020 the High Court handed down a further judgement in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. The impact of the additional liabilities amounted to £107,000 for the Lovell Pension Scheme which is disclosed within past service costs and settlements.

28 Employee benefits: retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Lovell Pension Scheme

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Actual return on scheme assets less interest on scheme assets	**(56,805)**	(34,862)	7,325	27,897	(1,138)
As a percentage of the assets at the end of the year	**(56.3)%**	(21.4)%	3.6%	14.2%	(0.7)%
Total amount recognised in the statement of comprehensive income	**1,538**	(26,084)	(1,482)	3,904	5,076
As a percentage of the obligations at the end of the year	**1.6%**	(16.1)%	(0.8)%	2.3%	3.4%

The Lovell scheme has been in operation for many years and, after taking advice from the Group's pensions advisors, the Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. The surplus for the scheme is accounted for in the individual financial statements of Renew Holdings plc which is legally the sponsoring employer for the plan.

Amco Pension Scheme

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Actual return on scheme assets less interest on scheme assets	**(6,201)**	69	568	1,364	(90)
As a percentage of the assets at the end of the year	**(69.5)%**	0.0%	3.8%	9.0%	(0.6)%
Total amount recognised in the statement of comprehensive income	**(1,191)**	412	(1,293)	(361)	401
As a percentage of the obligations at the end of the year	**(12.0)%**	2.7%	(9.0)%	(2.6)%	3.0%

The Amco scheme's sole employer is the Company's wholly owned subsidiary, Amalgamated Construction Ltd.

Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees. The Group made contributions of £9,186,000 (2021: £8,274,000) into these plans during the year. There are also £654,000 (2021: £660,000) of accruals relating to these plans.

29 Related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Joint ventures in which a subsidiary undertaking is a venturer:

	Sales to related parties		Amounts owed by related parties	
	2022 £000	2021* £000	2022 £000	2021* £000
Cappagh Brown Utilities Ltd	**3,142**	1,084	**3,043**	866
Enisca Browne Ltd	**1,140**	549	**–**	346
Blackwater Plant Hire Ltd	**550**	285	**860**	760
	4,832	1,918	**3,903**	1,972

* The comparatives refer to the 6 months post acquisition trading ended 30 September 2021.

The Group has a related party relationship with its key management personnel who were Directors of the Company during the year: P Scott, AP Liebenberg, SC Wyndham-Quin, DM Forbes, DA Brown, SD Dasani, SA Hazell and L Hardy, whose total compensation amounted to £5,017,000 (2021: £2,746,000) all of which was represented by short-term employment benefits, including £2,773,000 (2021: £682,000) relating to share option benefits, in accordance with IFRS 2. An analysis of this compensation is given in Note 6.

There were no other transactions with key management personnel in the year.

30 Alternative performance measures

Renew uses a variety of alternative performance measures ('APMs') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the financial performance, position and cash of the Group.

The Directors believe that APMs provide a better understanding of the underlying trading performance of the business because they remove the impact of non-trading related accounting adjustments. Furthermore, they believe that the Group's shareholders use these APMs when assessing the performance of the Group and it is therefore appropriate to give them prominence in the Annual Report and Accounts.

The APMs used by the Group are defined below:

Net Cash/(Debt) – This is the cash and cash equivalents less bank debt. This measure is visible in Note 32. The Directors consider this to be a good indicator of the financing position of the Group.

Adjusted operating profit (£58.773m) and adjusted profit before tax (£58.249m) – Both of these measures are reconciled to total operating profit and total profit before tax on the face of the consolidated income statement. The Directors consider that the removal of exceptional items and amortisation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measures are operating profit (£49.979m) and profit before tax (£49.455m).

Adjusted operating margin (6.9%) – This is calculated by dividing operating profit before exceptional items and amortisation of intangible assets (£58.773m) by Group revenue including share of joint venture (£849.048m) both of which are visible on the face of the income statement. The Directors believe that removing exceptional items and amortisation from the operating profit margin calculation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measure is operating profit margin (6.1%) which is calculated by dividing operating profit (£49.979m) from Group revenue from continuing activities (£816.276m).

Adjusted earnings per share (59.52p) – This measure is reconciled to the earnings per share calculation based on earnings before exceptional items and amortisation in Note 9. The Directors believe that removing exceptional items and amortisation from the EPS calculation provides a better understanding of the underlying performance of the Group.

Group Revenue (£849.048m) – This measure is visible on the face of the income statement as Revenue: Group including share of joint ventures.

Group order book, Engineering Services order book and Specialist Building order book – This measure is calculated by the Directors taking a conservative view on secured orders and visible workload through long-term frameworks.

Engineering Services revenue (£778.917m) – This measure is visible in Note 2 part (a) Business analysis as Engineering Services revenue including share of joint venture. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business.

Adjusted Engineering Services operating profit (£59.123m) – This measure is visible in Note 2 part (a) Business analysis as Engineering Services operating profit before exceptional items and amortisation of intangible assets. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business. The GAAP equivalent measure is Engineering Services operating profit (£50.747m) which is also visible in Note 2 part (a).

Adjusted Engineering Services operating profit margin (7.6%) – This is calculated in the same way as adjusted operating profit margin but based on the adjusted Engineering Services operating profit (£59.123m) and the Engineering Services revenue (£778.917m) figures as set out above. The equivalent GAAP measure is Engineering Services operating profit margin (6.8%) which is calculated by dividing Engineering Services operating profit (£50.747m) from Engineering Services revenue from continuing activities (£746.125m).

Organic growth (2%) reflects the Group's revenue growth year on year excluding the impact of any acquisitions made in the current or comparative financial period. For the current financial year the impact of Browne was excluded for FY'22 and FY'21.

31 Reconciliation of net cashflow to net cash/(debt)

	2022 £000	2021 £000
Increase/(decrease) in net cash and cash equivalents	**29,573**	(22,751)
Decrease in bank borrowings	**4,373**	8,752
Increase/(decrease) in net cash from cash flows	**33,946**	(13,999)
Net (debt)/cash at 1 October	**(13,728)**	271
Net cash/(debt) at 30 September	**20,218**	(13,728)

32 Analysis of net cash/(debt)

	At 1 October 2021 £000	Cash flows £000	At 30 September 2022 £000
Cash and cash equivalents	(9,355)	29,573	**20,218**
Bank loans	(4,373)	4,373	**–**
Net cash/(debt)	(13,728)	33,946	**20,218**

32 Analysis of net cash/(debt) continued

Previously, Renew Holdings plc has not included finance lease liabilities within its measure of net debt due to their asset-backed nature. Therefore, whilst IFRS 16 has brought additional lease liabilities onto the balance sheet, the standard has had no effect on the Group's net debt measure, which has been calculated consistently with previous reporting periods.

Alternative measurement of debt

Some stakeholders include leasing commitments within their definition of net debt. The equivalent figures on that basis are:

	2022 £000	2021 £000
Net cash/(debt) (as above)	**20,218**	(13,728)
Finance lease liabilities	**(5,251)**	(4,689)
Net cash/(debt) including finance leases	**14,967**	(18,417)
Other IFRS 16 right of use liabilities	**(9,273)**	(10,912)
Net cash/(debt) including all lease liabilities	**5,694**	(29,329)

33 Acquisition of subsidiary undertaking – J Browne Group Holdings Ltd

On 26 March 2021, the Company acquired the whole of the issued share capital of J Browne Group Holdings Ltd ("J Browne") for a cash consideration of £29.5m plus a net cash and working capital adjustment of £12.0m. The £12.0m represents J Browne's surplus cash held in an escrow account at completion which was subsequently paid to the vendors. The net acquisition cost was funded by a combination of cash and the Group's existing revolving credit facility provided by HSBC UK Bank plc and National Westminster Bank plc.

The provisional values of the assets and liabilities of J Browne at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	2,674	8,726	11,400
– other	–	12,236	12,236
Property, plant and equipment	453	–	453
Right of use assets	176	317	493
Investment in joint ventures	259	5,632	5,891
	3,562	26,911	30,473
Current assets			
Inventories	35	–	35
Trade and other receivables	24,310	–	24,310
Cash and cash equivalents	293	–	293
	24,638	–	24,638
Total assets	28,200	26,911	55,111
Non-current liabilities			
Lease liabilities	–	(244)	(244)
Deferred tax liabilities	–	(2,671)	(2,671)
	–	(2,915)	(2,915)
Current liabilities			
Trade and other payables	(9,976)	–	(9,976)
Lease liabilities	(72)	(73)	(145)
Current tax liability	(575)	–	(575)
	(10,623)	(73)	(10,696)
Total liabilities	(10,623)	(2,988)	(13,611)
Net assets	17,577	23,923	41,500

Goodwill of £11,400,000 arose on acquisition and is reviewed annually for impairment. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets provisionally valued at £12,236,000, which represent customer relationships and contractual rights, were also acquired and are amortised over their useful economic lives in accordance with IAS 38. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from April 2021.

33 Acquisition of subsidiary undertaking – J Browne Group Holdings Ltd continued

Investment in joint ventures

Goodwill of £3,812,000 arose on acquisition and is reviewed annually for impairment. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets provisionally valued at £1,820,000, which represent customer relationships and contractual rights, were also acquired and are amortised over their useful economic lives in accordance with IAS 38. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from April 2021.

Right of use assets

J Browne's statutory accounts are reported under FRS 102. The Group has made an adjustment for operating leases obtained on acquisition whereby the leases are capitalised based on discounted future lease payments together with an equivalent leasing liability to be consistent with IFRS 16 "Leases".

Trade and other receivables includes £12,000,000 held in an escrow account and represents the part of the acquisition self-funded by J Browne.

Fair value adjustments arising from the acquisition

In accordance with IFRS 3, the Board reviewed the fair value of assets and liabilities using information available up to 12 months after the date of acquisition. Fair value has been calculated using Level 3 inputs as defined by IFRS 13.

Deferred tax liabilities

A deferred tax liability has been recognised in relation to the amortisation of other intangible assets.

Goodwill impairment review

The Board has reviewed the goodwill arising on acquisition for impairment as required by IFRS 3. No such impairment was identified.

If the acquisition of JBC had occurred on 1 October 2020, Group revenue would have been approximately £825.1m and profit before tax for the year ended 30 September 2021 would have been approximately £53.4m.

34 Acquisition of subsidiary undertaking – Rail Electrification Limited

On 28 May 2021 QTS Group Limited, a wholly owned Group subsidiary, acquired the whole of the issued share capital of Rail Electrification Limited ("REL") for a cash consideration of £3m plus a net cash and working capital adjustment of £0.6m. £1.32m of contingent consideration has also been provided which is performance related. The acquisition cost was funded entirely by the subsidiary's cash reserves.

The provisional values of the assets and liabilities of REL at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	–	3,607	3,607
– other	–	272	272
Property, plant and equipment	120	–	120
Right of use assets	5	–	5
	125	3,879	4,004
Current assets			
Inventories	19	–	19
Trade and other receivables	800	–	800
Current tax asset	61	–	61
Cash and cash equivalents	1,080	–	1,080
	1,960	–	1,960
Total assets	2,085	3,879	5,964
Non-current liabilities			
Lease liabilities	(1)	–	(1)
Deferred tax liabilities	(31)	(52)	(83)
	(32)	(52)	(84)
Current liabilities			
Borrowings	(250)	–	(250)
Trade and other payables	(658)	–	(658)
Lease liabilities	(6)	–	(6)
	(914)	–	(914)
Total liabilities	(946)	(52)	(998)
Net assets	1,139	3,827	4,966

34 Acquisition of subsidiary undertaking – Rail Electrification Limited continued

Goodwill of £3,607,000 arose on acquisition and is reviewed annually for impairment. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets provisionally valued at £272,000, which represent customer relationships and contractual rights, were also acquired and are amortised over their useful economic lives in accordance with IAS 38. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from June 2021.

Fair value adjustments arising from the acquisition

In accordance with IFRS 3, the Board reviewed the fair value of assets and liabilities using information available up to 12 months after the date of acquisition. Fair value has been calculated using Level 3 inputs as defined by IFRS 13.

Deferred tax liabilities

A deferred tax liability has been recognised in relation to the amortisation of other intangible assets.

Goodwill impairment review

The Board has reviewed the goodwill arising on acquisition for impairment as required by IFRS 3. No such impairment was identified.

If the acquisition of REL had occurred on 1 October 2020, Group revenue would have been approximately £793.6m and profit before tax for the year ended 30 September 2021 would have been approximately £50.9m.

35 Post balance sheet events

Acquisition

On 25 November 2022 the Company announced that it had agreed to acquire the entire issued share capital of Enisca Group Limited, a leading specialist water contractor based in Northern Ireland, for a cash consideration of £15.6m on a cash free, debt free basis. The acquisition was funded by a combination of cash and the Group's existing revolving credit facility. There is no deferred consideration payable. Further information will be included in the Interim Report and Accounts for the six months ended 31 March 2023.

Refinancing

Post the year-end, the Group has refinanced its debt facilities with its existing banking partners, HSBC UK Bank plc and National Westminster Bank plc, and has introduced a new bank into the banking syndicate, Lloyds Banking Group plc. The new facility comprises an £80m secured revolving facility committed until November 2026.

Company balance sheet
at 30 September

	Note	2022 £000	2021 (restated*) £000
Fixed assets			
Tangible assets	E	**1,333**	1,856
Investments	F	**236,502**	236,502
		237,835	238,358
Current assets			
Debtors due after one year	G	**2,230**	661
Debtors due within one year	G	**47,567**	55,284
Cash at bank		**48**	48
		49,845	55,993
Creditors: amounts falling due in less than one year	H	**(136,970)**	(163,691)
Net current liabilities		**(87,125)**	(107,698)
Total assets less current liabilities		**150,711**	130,660
Provisions for liabilities and charges	I	**(5,673)**	(6,429)
Net assets		**145,038**	124,231
Capital and reserves			
Share capital	K	**7,886**	7,868
Share premium account		**66,378**	66,378
Capital redemption reserve		**3,896**	3,896
Share based payments reserve		**1,375**	1,079
Profit and loss account		**65,503**	45,010
Equity shareholders' funds		**145,038**	124,231

* Please see accounting policy Note A.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £32,412,000 (2021: £30,477,000).

Approved by the Board and signed on its behalf by:

D A Brown
Chairman
28 November 2022

Company statement of comprehensive income

for the year ended 30 September

	2022 £000	2021 £000
Profit for the year attributable to equity holders of the parent company	**32,412**	30,477
Items that will not be reclassified to profit or loss:		
Movement in actuarial valuation of the defined benefit pension scheme	**1,538**	(26,084)
Movement on deferred tax relating to the pension scheme	**(538)**	9,129
Total items that will not be reclassified to profit or loss	**1,000**	(16,955)
Items that are or may be reclassified subsequently to profit or loss:	**–**	–
Total items that are or may be reclassified subsequently to profit or loss	**–**	–
Total comprehensive income for the year attributable to equity holders of the parent company	**33,412**	13,522

Company statement of changes in equity

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 1 October 2020	7,856	66,378	3,896	821	46,530	125,481
Restated*					(5,335)	(5,335)
At 1 October 2020 (restated)	7,856	66,378	3,896	821	41,195	120,146
Transfer from profit and loss account for the year					30,477	30,477
Dividends paid					(10,354)	(10,354)
New shares issued	12				647	659
Recognition of share based payments				258		258
Movement in actuarial valuation of the defined benefit pension scheme					(26,084)	(26,084)
Movement on deferred tax relating to the pension scheme					9,129	9,129
At 30 September 2021	7,868	66,378	3,896	1,079	45,010	124,231
Transfer from profit and loss account for the year					32,412	32,412
Dividends paid					(13,281)	(13,281)
New shares issued	18					18
Recognition of share based payments				658		658
Vested share option transfer				(362)	362	–
Movement in actuarial valuation of the defined benefit pension scheme					1,538	1,538
Movement on deferred tax relating to the pension scheme					(538)	(538)
At 30 September 2022	**7,886**	**66,378**	**3,896**	**1,375**	**65,503**	**145,038**

* Please see accounting policy Note A.

Notes to the Company accounts

A Accounting policies

(i) Basis of accounting

Renew Holdings plc (the "Company") is a company limited by shares and domiciled in the UK. The accounts have been prepared on the going concern basis and in accordance with FRS 102, under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed the Company's cash flow and operating forecasts and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (for the period ending 31 December 2023.)

Prior year restatement

Insurance provision

In the prior year, £6.4m of provisions were incorrectly recorded as accruals. This has resulted in previously reported creditors falling due within one year reducing by £6.4m and provisions increasing by £6.4m. This reclassification impacts the balance sheet only. There is no impact to any other primary statement or note to the financial statements.

Tangible fixed assets

In the prior year, £1.25m of tangible fixed assets were incorrectly classified as assets held for sale which is not permissible under FRS 102. This has resulted in previously reported current assets reducing by £1.25m and fixed assets increasing by £1.25m. This reclassification impacts the balance sheet only. There is no impact to any other primary statement or note to the financial statements.

Accruals

The opening reserves has been restated to include £5.3m of accruals which had not been recorded. This has resulted in opening reserves decreasing by £5.33m. The prior year creditors amounts falling due in less than one year has been restated to include the unrecorded accrual. Net assets have decreased accordingly.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006. The parent company has taken advantage of the Section 408 exemption not to present its individual profit and loss account as it has prepared group accounts.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.

As the consolidated financial statements of Renew Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- the disclosure required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

A summary of the more important Company accounting policies, which have been applied consistently, is set out below:

(ii) Investments in subsidiaries

Investments in subsidiaries are recorded at cost less provision for impairment.

(iii) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example, land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	- no depreciation charge
Freehold buildings	- fifty years
Plant, vehicles and equipment	- three to ten years

(iv) Leasing commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

A Accounting policies continued

(v) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. In accordance with FRS 102 "The Financial Reporting Standard", deferred tax is not provided on permanent timing differences. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

(vi) Basic financial instruments – trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

(vii) Related party transactions

Interest is neither recognised nor charged on balances outstanding with fellow subsidiaries as they are repayable on demand. Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(viii) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

(ix) Employee benefits

Defined benefit pension scheme

The Company's net asset/(liability) in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any scheme assets is deducted. The Company determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/ (liability) taking account of changes arising as a result of contributions and benefit payments. The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit scheme assets to the extent that it is able to recover the surplus. Changes in the net defined benefit asset/(liability) arising from employee service rendered during the period, net interest on the net defined benefit asset/(liability), and the cost of scheme introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs.

Defined contribution pension schemes

A defined contribution scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised in expense in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

FRS 102 "The Financial Reporting Standard" requires a fair value to be established for any equity-settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight- line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(x) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

B Profit and loss account

The audit fee charged within the profit and loss account amounted to £226,000 (2021: £281,000).

C Employee numbers and remuneration

	2022 Number	2021 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**29**	28
At 30 September:	**29**	28

C Employee numbers and remuneration continued

Cost of staff, including Executive Directors, during the year amounted to:

	£000	£000
Wages and salaries	**5,300**	4,025
Social security costs	**880**	497
Other pension costs	**153**	188
Share based payments	**658**	258
	6,991	4,968

Directors' emoluments

	£000	£000
Aggregate emoluments	**5,017**	2,746
Highest paid Director: aggregate emoluments	**1,918**	1,010

Details of individual Directors' emoluments and pension contributions can be found in Note 6 to the consolidated accounts.

D Dividends

	2022 Pence/share	2021 Pence/share
Interim (related to the year ended 30 September 2022)	**5.67**	4.83
Final (related to the year ended 30 September 2021)	**11.17**	8.33
Total dividend paid	**16.84**	13.16

	£000	£000
Interim (related to the year ended 30 September 2022)	**4,472**	3,800
Final (related to the year ended 30 September 2021)	**8,809**	6,554
Total dividend paid	**13,281**	10,354

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the income statement. The Directors are proposing that a final dividend of 11.33p per Ordinary Share be paid in respect of the year ended 30 September 2022. This will be accounted for in the 2022/23 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:			
At 1 October 2021	701	276	977
Restated*	1,250	–	1,250
At 1 October 2021 (restated)	1,951	276	2,227
Additions	–	39	39
Disposals	(701)	(18)	(719)
At 30 September 2022	**1,250**	**297**	**1,547**
Depreciation:			
At 1 October 2021	201	170	371
Charge for year	4	62	66
Disposals	(205)	(18)	(223)
At 30 September 2022	**–**	**214**	**214**
Net book value:			
At 30 September 2022	**1,250**	**83**	**1,333**
At 30 September 2021	1,750	106	1,856

* Please see accounting policy Note A.

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2021	374,499
Disposals	(12,509)
At 30 September 2022	**361,990**
Provisions:	
At 1 October 2021	137,997
Eliminated on disposal	(12,509)
At 30 September 2022	**125,488**
Net book value:	
At 30 September 2022	**236,502**
At 30 September 2021	236,502

During the year Lovell America Inc. was closed but, since the investment had been fully provided against, there has been no impact on the Company's net book carrying value whilst there has been a £12.5m elimination of investment cost and related provision.

On 26 March 2021, the Company acquired the whole of the issued share capital of J Browne Group Holdings ("J Browne") for a cash consideration of £29.5m plus a net cash and working capital adjustment of £12.0m. The £12.0m represents J Browne's surplus cash held in an escrow account at completion which was subsequently paid to the vendors. The net acquisition cost was funded by a combination of cash and the Group's debt facilities.

Details of subsidiary undertakings are included in Note S.

G Debtors due after one year

	2022 £000	2021 £000
Pension scheme asset (see Note R)	**2,230**	661
Due within one year:		
Trade debtors	**66**	63
Due from subsidiary undertakings	**38,303**	39,295
Corporation tax	**7,669**	9,108
Other debtors	**56**	29
Deferred tax (see below)	**1,136**	959
Prepayments and accrued income	**337**	5,830
	47,567	55,284
	49,797	55,945

Deferred tax

The movement in the deferred tax asset is as follows

	2022 £000	2021 £000
At 1 October	**959**	(8,939)
Charged to the profit and loss account	**715**	769
Charged to the statement of comprehensive income	**(538)**	9,129
At 30 September	**1,136**	959

Deferred tax asset

	2022 £000	2021 £000
Defined benefit pension scheme	**(783)**	(231)
Accelerated capital allowances	**16**	20
Other timing differences	**1,903**	1,170
	1,136	959

H Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank loans and overdraft (secured)	**86,827**	108,147
Trade creditors	**310**	982
Other taxation and social security	**1,255**	3,216
Due to subsidiary undertakings	**40,495**	42,945
Other creditors	**278**	300
Accruals	**7,805**	8,101
	136,970	163,691

The bank loan disclosed above is one of the accounts included in the composite banking arrangement the Group has with HSBC. This arrangement gives the Group a legally enforceable right to set off the balances in these accounts. Furthermore, there is an intention that the Group will settle the year-end balances net, and therefore amounts in these accounts are offset in the Group balance sheet.

I Provisions for liabilities and charges

	Property obligations £000	Insurance provisions £000	Total £000
At 1 October 2021	452	5,977	6,429
Utilised in the year	(114)	(642)	(756)
At 30 September 2022	**338**	**5,335**	**5,673**
Creditors due within one year	–	5,335	5,335
Creditors due after one year	338	–	338
At 30 September 2022	**338**	**5,335**	**5,673**

Property obligations represent commitments on leases for properties where the Company expects outflows to occur at the end of the lease.

The insurance provision relates to claims arising from past events such as accidental damage which are not covered by third party insurance. The provision is valued based on historical rates of claim and costs to settle these claims. The settlement of claims made against the Company is expected to occur over the next few years. The provision is not discounted as the impact would be immaterial.

Under the terms of the Renew Holdings plc's Group banking agreement, security has been granted over the Company's assets.

J Derivatives and other financial instruments

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Company's financial assets and liabilities.

K Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid:		
78,862,743 (2021: 78,681,334) Ordinary Shares of 10p each	**7,886**	7,868

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 15 December 2021 181,409 Ordinary Shares were issued pursuant to the Group's Long Term Incentive Plan.

Share options

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the Long Term Incentive Plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2022, there were 709,081 options outstanding under the scheme. On 15 December 2021, options to subscribe for a further 167,350 Ordinary Shares were granted. During the year 319,116 options were exercised and Nil did not vest. No options lapsed during the year.

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependent on absolute growth in the Company's Total Shareholder Return ("TSR"), and the other half is dependent on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

K Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan continued

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

L Share based payments reserve

Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Board's estimate of shares that will eventually vest.

£658,000 (2021: £258,000) has been charged to administrative expenses in accordance with FRS 102. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 319,116 options were exercised and nil options did not vest during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK Government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2022 were as follows:

Date of grant	20 February 2020	14 December 2020	15 December 2021	Total
Awards outstanding at 30 September 2022				
– Directors and employees	299,570	242,161	167,350	709,081
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	548.00p	522.00p	800.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.61 years	2.79 years	2.79 years	
Expected volatility	27%	38%	38%	
Risk free interest rate	0.46%	(0.09)%	0.45%	
Value per option	519.0p	495.0p	712.0p	

Movement in the year:

	2022 Number	2021 Number
Outstanding at 1 October	**860,857**	864,696
Granted during the year	**167,350**	242,161
Exercised during the year	**(319,126)**	(126,280)
Lapsed during the year	**–**	(119,720)
Outstanding at 30 September	**709,081**	860,857

M Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2022 £000	Total 2021 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	**74**	**–**	**74**	226
Two to five years	**311**	**–**	**311**	384
Five or more years	**–**	**–**	**–**	–
	385	**–**	**385**	610

During the year £229,000 (2021: £283,000) was recognised as an expense in the profit and loss account in respect of operating leases.

The Company had no capital commitments at 30 September 2022 (2021: £nil).

N Contingent liabilities

The Company has guaranteed performance bonds in respect of certain contracts and leasing arrangements in the normal course of business of its subsidiary undertakings.

Under the terms of the Group's banking agreement, security over the Company's assets has been granted to the Group's bankers.

The Company is a participant together with a number of subsidiary undertakings in the Group's banking arrangements, and as a result has risks associated with the financial status and performance of the other companies within the Group.

O Defined contribution pension scheme

The Company operates a defined contribution pension scheme with individual stakeholder pension plans for its employees.

The Company made contributions of £153,000 (2021: £188,000) into these plans during the year. There are also £13,000 (2021: £13,000) of accruals relating to these plans.

P Related parties

The Company has a related party relationship with its key management personnel who were Directors of the Company during the year: P Scott, AP Liebenberg, SC Wyndham-Quin, DM Forbes, DA Brown, SD Dasani, SA Hazell and L Hardy, whose total compensation amounted to £5,017,000 (2021: £2,746,000) all of which was represented by short-term employment benefits, including £2,773,000 (2021: £682,000) relating to share options exercised during the year. An analysis of this compensation is given in Note 6 of the consolidated accounts.

There were no other transactions with key management personnel in the year.

Q Employee benefits: retirement benefit obligations

Defined benefit pension schemes

The Company operates a defined benefit pension scheme, the Lovell Pension Scheme. The scheme has been closed to new members and to further benefits accrual for many years.

The Directors have discussed the assumptions used in determining the actuarial valuation set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2021 shows a surplus of £2,230,000 based on the assumptions set out below.

The Directors have determined that it is appropriate to recognise the surplus as, having reviewed the rules of the Lovell scheme, they are of the view that the employer has an unconditional right to that surplus.

The following disclosures required by FRS 102 have been based on the most recent actuarial valuation as at 30 September 2018 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, using the following assumptions:

	As at 30 September 2022	As at 30 September 2021	As at 30 September 2020
Rate of increase in salaries	**N/a***	4.0%	4.0%
LPI increases to pensions in payment	**4.4%**	3.5%	3.0%
Discount rate	**5.5%**	2.4%	3.7%
Inflation assumption (CPI)	**3.1%**	2.0%	2.0%
Inflation assumption (RPI)	**3.9%**	3.0%	3.0%
Increases in deferred pensions	**3.6%**	2.9%	2.9%

* The Lovell Pension Scheme terminated the salary link with effect from 14 January 2022.

The mortality tables adopted for the valuation of the Lovell scheme are the 95% S2NA tables with future improvements in line with the Continuing Mortality Investigations 2021 model with long-term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year-old male pensioner is forecast to live for a further 22.5 years and the further life expectancy of a male aged 65 in 2042 is 23.9 years.

Q Employee benefits: retirement benefit obligations continued

Defined benefit pension schemes continued

The assets in the Lovell scheme were:

	Value as at 30 September 2022 £000	Current allocation	Value as at 30 September 2021 £000	Current allocation	Value as at 30 September 2020 £000	Current allocation
Annuities	**96,351**	**95%**	158,685	97%	87,497	43%
Diversified portfolio	**884**	**1%**	880	1%	114,039	56%
Cash	**3,672**	**4%**	3,362	2%	2,149	1%
Total	**100,907**	**100%**	162,927	99%	203,685	100%

The Trustees of the Lovell Pension Scheme purchased a bulk annuity from Rothesay Life in November 2020 to de-risk the defined benefit scheme obligation. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2011 and 2016.

The Company took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Company, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third party insurer. The only risk remaining will be the counterparty risk of the insurer.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies.

Scheme funding level and actuarial valuation

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2021. The scheme showed a surplus of £0.3m compared to a deficit of £0.3m when measured as at 31 March 2018. On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy-in" where the annuity policy remains an asset of the scheme. Following the conclusion of the buy-in, all the scheme's liabilities are now matched within the annuities which has removed the scheme's investment and funding risk. During the year there has been a reduction in the FRS 102 retirement benefit assets in the Group's accounts for the year ended 30 September 2022. The next triennial valuation is due as at 31 March 2024.

The scheme rules permit the return of any surplus funds to the Company on the winding up of the scheme.

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Actual return on scheme assets less interest on scheme assets	**(56,805)**	(34,862)	7,325	27,897	(1,138)
As a percentage of the assets at the end of the year	**(56.3)%**	(21.4)%	3.6%	14.2%	(0.7)%
Total amount recognised in the statement of comprehensive income	**1,538**	(26,084)	(1,482)	3,904	5,076
As a percentage of the obligations at the end of the year	**1.6%**	(16.1)%	(0.8)%	2.3%	3.4%

On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in" where the annuity policy remains an asset of the scheme. Following the conclusion of this buy-in all of the schemes liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence there has been a reduction in the FRS 102 retirement benefit asset in the Company's accounts for the year ended 30 September 2021.

On 20 November 2020 the High Court handed down a further judgement in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. The impact of the additional liabilities amounted to £1,000,000 for the Lovell Pension Scheme which is disclosed separately in comparatives in the next table.

Q Employee benefits: retirement benefit obligations continued

Scheme funding level and actuarial valuation continued

The following amounts at 30 September were measured in accordance with the requirements of FRS 102.

	2022 £000	2021 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	162,927	203,685
Interest on scheme assets	3,175	2,978
Employer contributions	21	56
Benefits paid	(8,411)	(8,930)
Actual return on scheme assets less interest on scheme assets	(56,805)	(34,862)
Total fair value of scheme assets carried forward	100,907	162,927
Present value of scheme obligations brought forward	162,266	176,348
Interest on scheme obligations	3,142	2,565
Current and past service costs	23	61
Benefits paid	(8,411)	(8,930)
Guaranteed minimum payment equalisation	–	1,000
Actuarial movement due to experience on benefit obligation	1,956	(237)
Actuarial movement due to changes in financial assumptions	(58,218)	(10,217)
Actuarial movement due to changes in demographic assumptions	(2,081)	1,676
Total fair value of scheme obligations carried forward	98,677	162,266
Surplus in the scheme	2,230	661
Deferred tax	(781)	(231)
Net surplus	1,450	430
Amount charged to operating profit:		
Current and past service costs	(23)	(61)
	(23)	(61)
Amount credited to other financial income:		
Interest on scheme assets	3,175	2,978
Interest on scheme obligations	(3,142)	(2,565)
Net pension interest	33	413
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	(56,805)	(34,862)
Actuarial movement due to changes in assumptions on scheme obligations	58,343	8,778
Actuarial movement	1,538	(26,084)
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	661	27,337
Current and past service costs	(23)	(61)
Employer contributions	21	56
Guaranteed minimum payment equalisation	–	(1,000)
Net pension interest	33	413
Actuarial movement	1,538	(26,084)
Net scheme surplus carried forward	2,230	661

R Subsidiary undertakings

Renew Holdings plc acts as the holding company of the Group. The principal activity of the Group during the year was as contractors in Engineering Services and Specialist Building. The subsidiary undertakings and joint ventures are listed below.

Subsidiary undertakings and joint ventures		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Amco Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Britannia Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Carnell Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Clarke EV Ltd	Owned by Renew Holdings plc	England and Wales	100%
Clarke Telecom Ltd	Owned by Renew Holdings plc	England and Wales	100%
Inhoco 3520 Ltd	Owned by Renew Holdings plc	England and Wales	100%
J Browne Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lewis Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
QTS Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Corporate Director Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Fleet Management Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Nominees Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Property Developments Ltd	Owned by Renew Holdings plc	England and Wales	100%
Seymour (C.E.C.) Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Shepley Engineers Ltd	Owned by Renew Holdings plc	England and Wales	100%
V.H.E. Construction PLC	Owned by Renew Holdings plc	England and Wales	100%
VHE Land Projects Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Group Services	Owned by Renew Holdings plc	England and Wales	100%
YJL Homes Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Pension Scheme Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Amalgamated Construction Ltd	Owned by subsidiary	England and Wales	100%
Amalgamated Construction (Scotland) Ltd	Owned by subsidiary	Scotland	100%
Amco Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Group Ltd	Owned by subsidiary	England and Wales	100%
Amco Giffen Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Engineering Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
Carnell Support Services Ltd	Owned by subsidiary	England and Wales	100%
Envolve Infrastructure Ltd (formerly David Lewis Civil Engineering Ltd)	Owned by subsidiary	England and Wales	100%
Geodur UK Ltd	Owned by subsidiary	England and Wales	100%
Giffen Holdings Ltd	Owned by subsidiary	England and Wales	100%
Giffen Group Ltd	Owned by subsidiary	England and Wales	100%
'Hire One' Ltd	Owned by subsidiary	England and Wales	100%
J Browne Construction Ltd	Owned by subsidiary	England and Wales	100%
J Browne Capital Delivery Ltd	Owned by subsidiary	England and Wales	100%

R Subsidiary undertakings continued

Subsidiary undertakings and joint ventures		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
J Browne Developer Services Ltd	Owned by subsidiary	England and Wales	100%
J Browne Plant Ltd	Owned by subsidiary	England and Wales	100%
Knex Pipelines & Cables Ltd	Owned by subsidiary	England and Wales	100%
Mothersill Engineering Ltd	Owned by subsidiary	England and Wales	100%
Nuclear Decontamination Services Ltd	Owned by subsidiary	England and Wales	100%
Pine Plant Ltd	Owned by subsidiary	England and Wales	100%
P.P.S. Electrical Ltd	Owned by subsidiary	England and Wales	100%
QTS Rail Ltd	Owned by subsidiary	Scotland	100%
QTS Specialist Plant Services Ltd	Owned by subsidiary	Scotland	100%
QTS Training Ltd	Owned by subsidiary	Scotland	100%
Rail Electrification Ltd	Owned by subsidiary	Scotland	100%
Renew Construction Ltd	Owned by subsidiary	England and Wales	100%
Renew Specialist Services Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
VHE (Civil Engineering) Ltd	Owned by subsidiary	England and Wales	100%
VHE Equipment Services Ltd	Owned by subsidiary	England and Wales	100%
VHE Technology Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
West Cumberland Engineering Ltd	Owned by subsidiary	England and Wales	100%
YJL Construction Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
Blackwater Plant Hire Ltd	Owned by subsidiary	England and Wales	50%
Cappagh Brown Utilities Ltd	Owned by subsidiary	England and Wales	50%
Enisca Browne Ltd	Owned by subsidiary	Northern Ireland	50%
Inject-O-Matic Guarantee Ltd	Owned by subsidiary	England and Wales	28.9%

The registered office of Amalgamated Construction (Scotland) Ltd is 5 Carradale Crescent, Glasgow, G68 9LE.

The registered office of Blackwater Plant Hire Ltd and Cappagh Browne Utilities Ltd is Meelin House, Unit 2 Pavillion Business Centre, 6 Kinetic Crescent, Enfield, EN3 7FJ.

The registered office of Enisca Browne Ltd is c/o Enisca Derryloran Industrial Estate, Sandholes Road, Cookstown, County Tyrone, Northern Ireland, BT80 9LU.

The registered office of QTS Group Ltd and its subsidiaries is Rench Farm, Drumclog, Strathaven, Lanarkshire, ML10 6QJ.

The registered office of all other subsidiary undertakings is 3175 Century Way, Thorpe Park, Leeds, LS15 8ZB.

S Post balance sheet events

Acquisition

On 25 November 2022 the Company announced that it had agreed to acquire the entire issued share capital of Enisca Group Limited, a leading specialist water contractor based in Northern Ireland, for a cash consideration of £15.6m on a cash free, debt free basis. The acquisition was funded by a combination of cash and the Group's existing revolving credit facility. There is no deferred consideration payable. Further information will be included in the Interim Report and Accounts for the six months ended 31 March 2023.

Directors, officers and advisors

Directors

D A Brown	(Non-executive Chairman)
P Scott	(Chief Executive Officer)
S C Wyndham-Quin	(Chief Financial Officer)
S D Dasani	(Independent non-executive)
S A Hazell	(Independent non-executive)
L Barber	(Independent non-executive)
A P Liebenberg	(Executive Director)

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor

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Water Lane
Leeds
LS11 5QR

Financial PR

FTI Consulting
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London
EC1A 4HD

Nominated advisor and broker

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

Company Secretary

S Wyndham-Quin

Company number

650447

Registered address

3175 Century Way
Thorpe Park
Leeds
LS15 8ZB

Website address

www.renewholdings.com

Shareholder information

Annual General Meeting	1 February 2023
Results	Announcement of interim results – May 2023
	Preliminary announcement of full year results – December 2023

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Signal Shares is a secure online site where you can manage your shareholding quickly and easily. To register for Signal Shares just visit www.signalshares.com.

Dividend Re-investment Plan

Link's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional shares. For more information please call +44 (0)371 664 0381 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email shareholderenquiries@linkgroup.co.uk or log on to www.signalshares.com.

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 1052686). Find out more at www.sharegift.org or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls typically come from fraudsters operating in "boiler rooms" that are mostly based abroad. If you are offered unsolicited investment advice you should:

- Check the Financial Services Register at www.fca.org.uk to ensure they are authorised.
- Call the FCA Consumer Helpline on 0800 111 6768 or use the share fraud reporting form at www.fca.org.uk/scams.

If you use an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme ("FSCS").

Link's customer support centre

By phone +44 (0)371 664 0300 (calls are charged at the standard geographical rate and will vary by provider). Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. By email Shareholderenquiries@linkgroup.co.uk.

Our subsidiary businesses

Engineering Services

AmcoGiffen
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South Yorkshire
S75 1HT
Tel: 01226 243 413

Clarke Telecom
Unit E
Madison Place
Northampton Road
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M40 5AG
Tel: 0161 785 4500

Envolve Infrastructure
Mwyndy Cross Industries
Cardiff Road
Pontyclun
Rhondda Cynon Taff
CF72 8PN
Tel: 01443 449 200

QTS
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Drumclog
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Tel: 01357 440 222

Seymour Civil Engineering
Seymour House
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Hartlepool
TS24 0UX
Tel: 01429 233 521

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The Old Town Hall
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Whitehaven
Cumbria
CA28 7NU
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South Yorkshire
S75 1HT
Tel: 01226 320 150

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Market Place
Penkridge
Staffordshire
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Tel: 01785 715 472

Browne
Meelin House
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6 Kinetic Crescent
Enfield
EN3 7FJ
Tel: 020 3300 0033

Enisca
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Cookstown
BT80 9LU

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