

TH Frag Bidco Limited

Group Strategic Report (continued) For the Year Ended 28 February 2021

Principal risks and uncertainties (continued)

Liquidity risk

The Group seeks to mitigate liquidity risk by closely managing cash flows and monitoring strong weekly KPIs.

After a thorough review of the future operations of the business and commercial and financial impacts of COVID-19 the financial statements have been prepared on a going concern basis. The Directors' assessment of the Company as a going concern is disclosed within the accounting policies.

Future developments

During the coming year the Group will further invest in its people, sites and infrastructure while continuing to create significant social value through its associated social programmes.

Directors' statement of compliance with duty to promote the success of the Group

In accordance with Section 172 of the Companies Act 2006 (S172) the Directors, collectively and individually, confirm that during the year ended 28 February 2021, they have acted in good faith and have upheld their 'duty to promote the success of the company' to the benefit of its members, with consideration for its wider stakeholders. Section 172 describes a diverse range of stakeholders whose interests are said to feature in the 'success of the Company'; comments on each of these areas are provided below:

As a Group with a leading technology position in the recycling industry, we are acutely aware of the potential impact that our decisions may have on certain stakeholders, including our employees, customers and suppliers, as well as our Shareholders. Our customers gain from more than just environmental and financial benefits from our scrap metal recycling and waste management services. We help our partners to comply with Social Value Act 2012 requirements and support their good business ethics, by delivering reportable social value, that is both qualitative and quantitative. We are increasing recycling rates, reducing CO2 emissions and diverting waste from landfill by continually investing in machinery and infrastructure to refine our recycling processes, thereby supporting our ambition of delivering growth and return for Shareholders.

How we foster relationships with suppliers, customers and others

Recycling Lives has established long-term, trusted relationships with suppliers and customers alike; sharing our expertise and experience alongside excellent service and competitive pricing and/or rebates. In particular, we strongly support British manufacturing, working closely with our customers in this sector to deliver services that support their efficiency and environmental commitments and 'just in time' tactics. By sourcing scrap directly from industry and demolition sources we have developed a reputation for the production of consistently high-quality metals and materials for export and reuse.

Impact of operations on the community and the environment

Recycling Lives conducts its operations in accordance with the strict standards of ISO 14001 for Environmental Management. The core of our operations - recycling metals - create environmental value by ensuring valuable resources and commodities remain in use.

As part of the Recycling Lives family, the Group's operations intrinsically support the work of Recycling Lives Charity (charity no: 1116562), which delivers programmes to rehabilitate offenders, support the homeless and redistribute food to communities; allowing us to support the delivery of life-changing charitable programmes and creation of social value.

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Directors' Report (continued) For the Year Ended 28 February 2021

Statement of Streamlined Energy and Carbon Reporting (SECR)

In accordance with the Streamlined Energy & Carbon Reporting requirements (SECR) introduced in April 2019, the Group's statement of energy use (including electricity, gas, and transport), emissions and our chosen intensity metric are presented below.

	kHh	TCO2e
Total Electricity*	287,903	67.12
Total Gas	287,871	58.65
Total Fuels for the purpose of transport	256,219	929.61
Total Energy	831,993	1,055.38

*excluding energy from 100% renewable sources which have zero carbon emissions.

Total £'000 Turnover *	138,781
TCO2e per £'000 Turnover	0.008

* per Recycling Lives Limited and Recycling Lives Metal & Waste Limited (formerly Metal & Waste Recycling Limited)

SECR Methodology

Below is a brief outline of the methodology used to produce the various figures for the Group.

Data Collection

Data was collected across the Group as follows:

Utility Data: This was collected from the third party utility broker in the form of kWh consumption summary reports.

Fuels: These were collected from the nominal totals for the financial year in £, then converted to litres using the average price per litre (March 20 – Feb 21).

Carbon Conversion

To perform the carbon conversion, we utilized the Government conversion factors for company reporting of greenhouse gas emissions found here: Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK (www.gov.uk).

To report the greenhouse gas emissions associated with an organization's activities, the carbon emissions need to be converted into 'activity data' such as:

- distance travelled
- litres of fuel used
- tonnes of waste disposed

The conversion factor spreadsheets provide the values to be used for such conversions, and step by step guidance on how to use them.

A new set of conversion factors are published each year, together with a methodology paper explaining how the conversion factors are derived, and a paper explaining the major changes in the latest year's factors. All of which can be found following the link above.

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Directors' Report (continued) For the Year Ended 28 February 2021

Statement of Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Intensity

The energy intensity metric utilised this year for the Group is TCO₂e per £'000 Turnover.

Action Taken

The Group engage a third party, who aim to source predominantly from 100% renewable sources which have zero carbon emissions. Post year end the Group have also engaged in an environmental, social and governance project with third party experts.

Matters covered in the Strategic Report

In accordance with section 414C(11) of the Companies Act, certain matters required to be detailed in the Directors' Report are detailed in the Strategic Report where the Directors consider them to be of strategic importance to the Group.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Events after the reporting period

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 November 2021 and signed on its behalf.



C J Chambers
Director