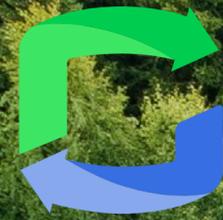


Reconomy
Group

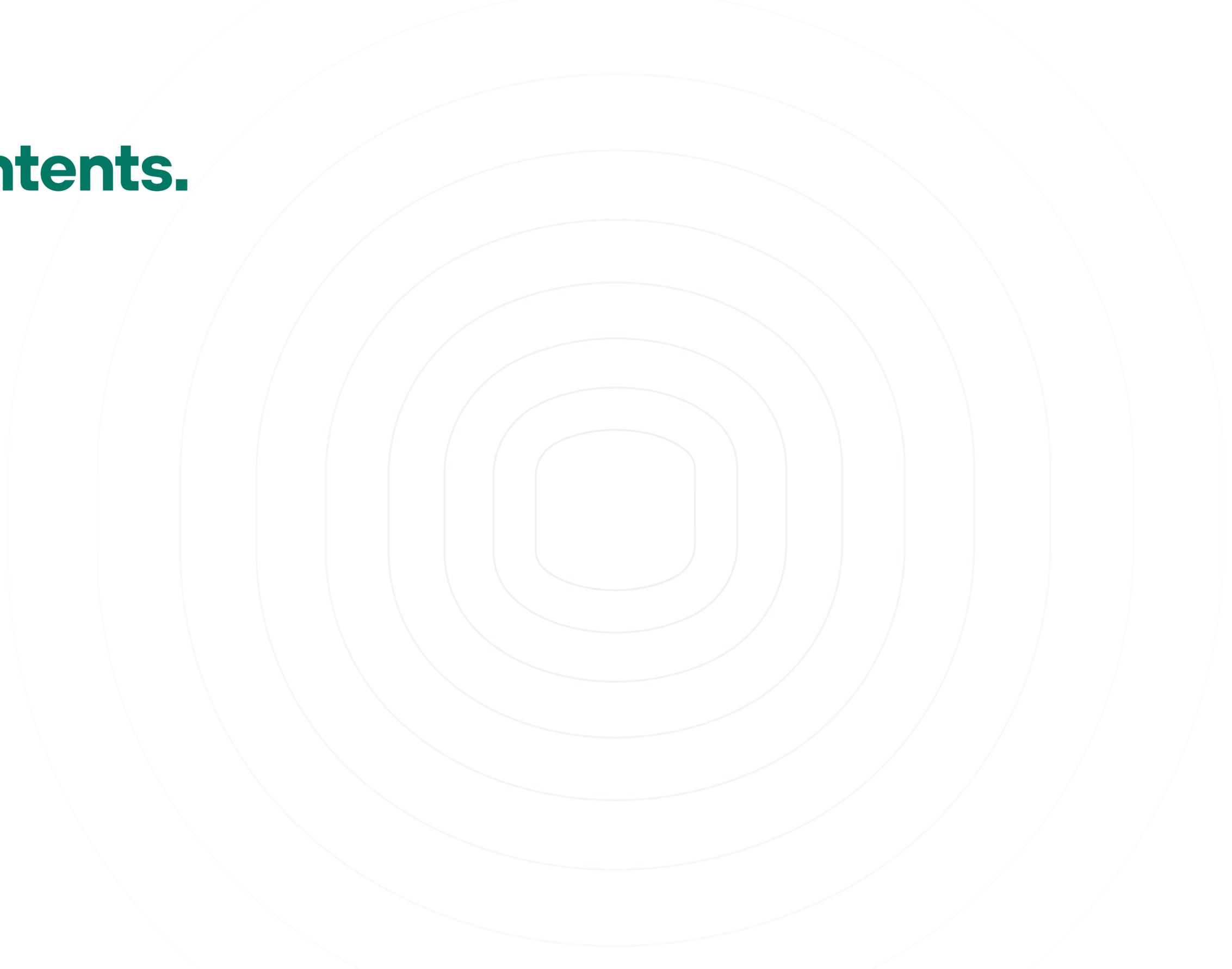


2021 Sustainability Report

Recycle | Comply | Re-use

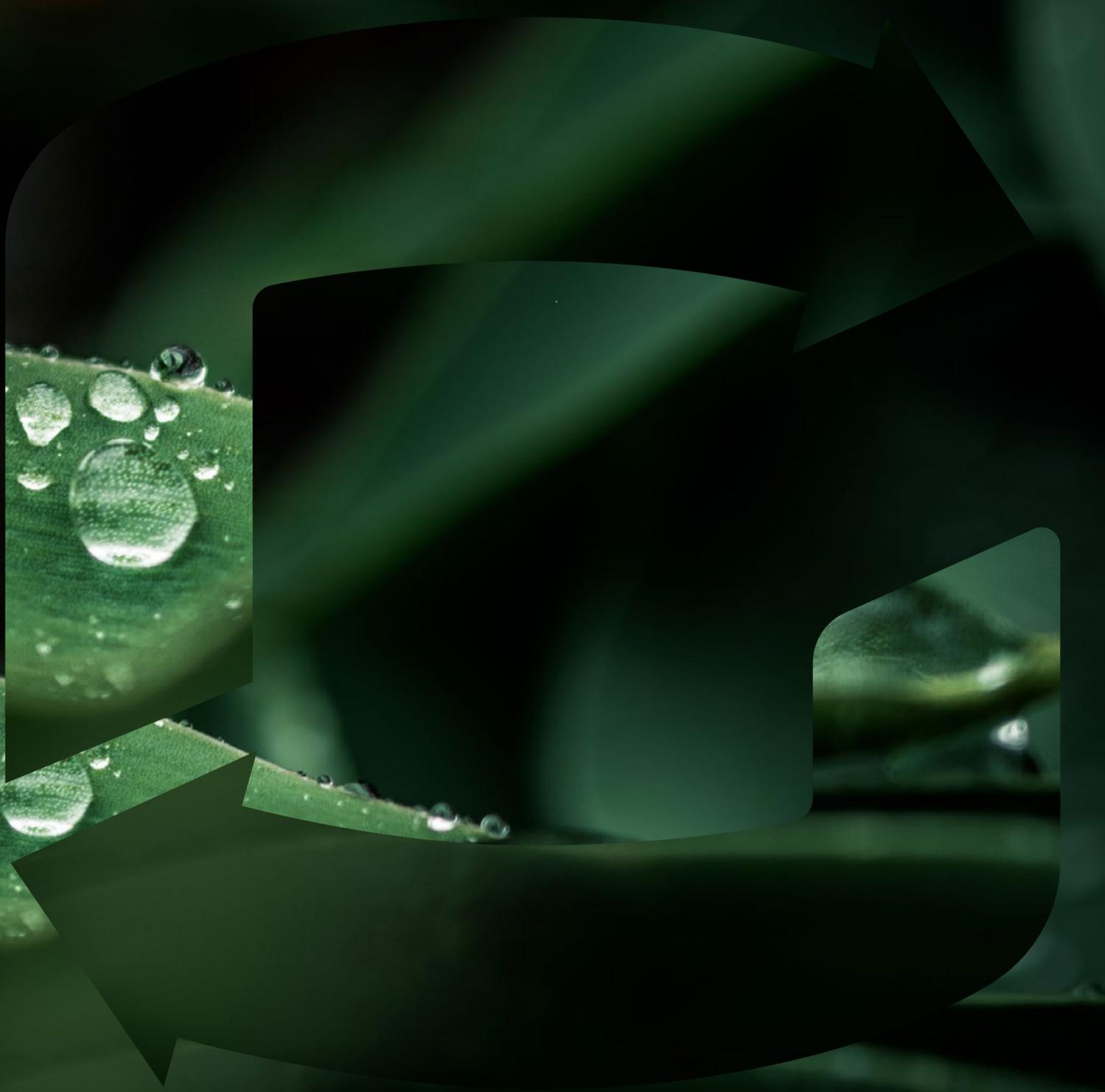


Contents.



01

Foreword.



Who we are

Reconomy Group is an innovative, tech-led provider of circular economy-focused services, with the purpose of creating a truly sustainable world by conserving finite resources. Enabling businesses around the world to improve their ESG outcomes, Reconomy Group delivers services through **three main verticals**:

Our verticals



Recycle

Using technology, innovation, data and specialist expertise to enable our customers to achieve zero waste and create sustainable value.



Comply

Solving increasingly complex environmental regulatory challenges using data, expert local knowledge and thought-leadership to drive business accountability across the globe.



Re-use

Providing intelligent technology platforms and agile, circular logistics to deliver the best global sustainable omnichannel pre-retail and returns experience to our customers and their consumers.

Our values

Our five core values are our moral compass;

1

Respect:

We harness the power of diversity and inclusion in our business, trust those we work with, and value everyone's contribution.

2

Integrity:

We operate with honesty, transparency and fairness in all we do.

3

Agility:

We quickly adapt to change, embracing new ways of doing things in our drive for sustainability.

4

Responsibility:

We act with empathy and accountability, putting the people, businesses and communities we serve at the centre of what we do.

5

Excellence:

We champion innovation, and use our energy, expertise and resources to make a positive difference to the environment.

Sectors we serve



Construction



Facilities management



Housebuilding



Infrastructure



Leisure and hospitality



Manufacturing



Retail and wholesale



Transportation and logistics

02

Welcome.



Welcome to Reconomy Group.

2021 has been a year of significant growth and change for Reconomy Group and it is important to reflect on the scale of what we have achieved in recent times.



Reconomy started out as an outsourced waste and resource management provider in the UK in 1994, helping businesses through a value-added approach that implemented best practice, on-site segregation and high recycling rates. However, as the world has changed, so have we. Consistently strong year-on-year organic growth and strategic acquisitions to broaden our overall capability led to the creation of Reconomy Group as it is today, providing services across three verticals – Recycle, Comply and Re-use – to holistically manage the full resource circle and help leading brands across the world improve their ESG outcomes.

I am proud of our continued sustainability achievements in 2021 and pleased that core targets such as the reduction in carbon intensity of our operations, generation of social and local economic value and the diversity of our workforce are showing strong positive trends. Reconomy Group is always looking to go much further though, demonstrated by our recent commitment to the UN Global Compact and Science Based Targets initiative (SBTi).

In 2021 we were also obviously still dealing with the effects of the COVID-19 pandemic. I recognise that this has been a very challenging time for our employees and their families, adapting to changes at work and at home. I would like to thank all our employees for their commitment and tireless effort, ultimately resulting in delivering continuity of service for our customers as well as a robust business performance. We have also continued to innovate through this period, with new technological solutions for customers and expanded benefit provision for our people.

“ OUR COLLECTIVE PASSION IS TO HELP CUSTOMERS EMBRACE THE CIRCULAR ECONOMY AND CONFIDENTLY FACE THE CHALLENGES OF TODAY AND TOMORROW.

Following the experiences of the past two years, employee wellbeing, diversity and inclusion will remain sharply in focus for Reconomy Group. We are a family and will continue to communicate regularly across the Group and listen to the needs of all our people, creating a workplace where everyone can flourish.

As we go forward, we will also continue to focus on a strategy of technology-enablement, dynamic and accurate data for customers and dedicated service propositions for a broad range of industries. All of this is underpinned by the pursuit of the highest levels of performance across the three areas of our sustainability strategy – environmental, social, and business.

The exponential growth we have continued to enjoy in 2021 brings with it the necessity to ensure that our strategies and targets are consistently deployed across Reconomy Group, with high levels of engagement from over 3,000 employees servicing 80+ countries. However, the scale and global footprint we have developed puts Reconomy Group in the position to help even more businesses across the world embrace positive change and continue to pursue our purpose of creating a truly sustainable world by conserving finite resources.

Paul Cox
CEO Reconomy Group



Reconomy Group at a glance.

Business growth

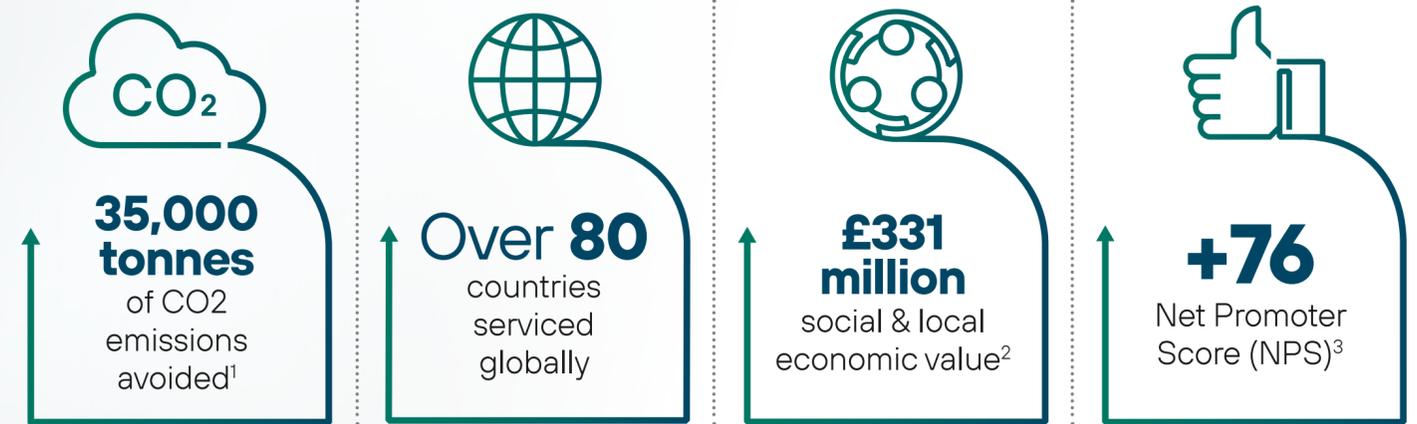
Our passion, innovation and customer-focus has seen Reconomy Group grow exponentially - with our annual revenue more than doubling during 2021.

This puts us in a position to help even more businesses and brands across the world embrace positive change and continue to pursue our purpose.

Diversification

Diversification of the business has helped to insulate the business from the full impacts of COVID-19.

In numbers



In 2021 we have...



86%

renewable energy used
in Group-wide offices

Environmental values

Our sustainability strategy has delivered...

100%

renewable energy used
in UK offices



27%

reduction in carbon intensity
against turnover (v2020)



560

trees, shrubs and
whips planted at the
Group Headquarters



0.47

Carbon intensity in
2021⁶

Over

50%

employees completed sustainability
learning pathways with Supply Chain
Sustainability School



97%

of all waste managed diverted
from landfill (compared to 96% in 2020)

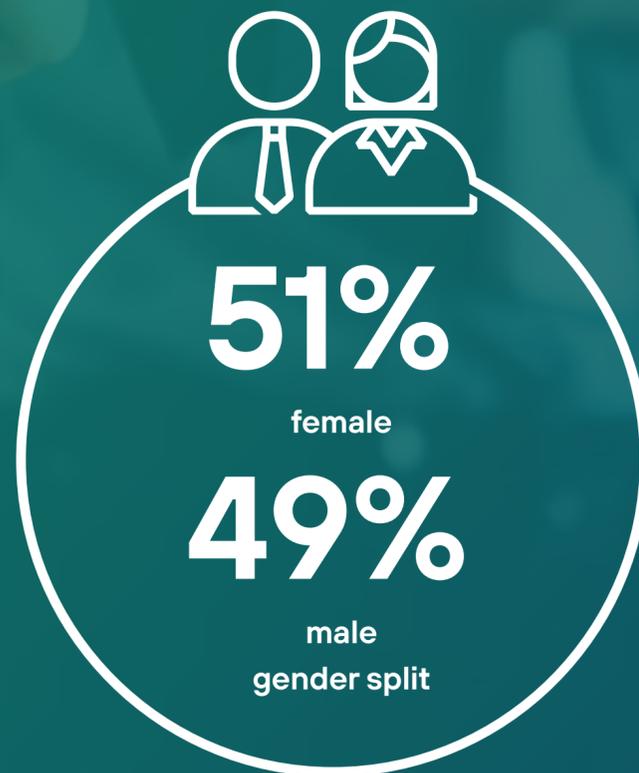
Social values

Our sustainability strategy has delivered...



Business values

Our sustainability strategy has delivered...



03

**Our three
verticals.**



Providing critical links to enable a circular economy

We have developed our overall capability to stay ahead of the needs of our customers as they embrace ESG and work toward a sustainable future.

Our unique technology-enabled services across our three verticals – Recycle, Comply and Re-use – serve to create a single, global sustainability platform that helps leading brands across the world to ultimately conserve finite resources.

Reconomy Group designs bespoke solutions using our vast experience supporting businesses of all sizes across many industries. We understand that your resource management and sustainability strategy can't be effective if the constituent parts are operated in isolation.

That's why our three verticals have been developed to provide a single, seamless solution with comprehensive data and increased management control whilst retaining unrivalled specialist expertise across the globe – turning your sustainability ambitions into genuine competitive advantage and long-term value.



Recycle



Comply



Re-use

Learn a bit more about our leading brands in each vertical



Our all-star Recycle line-up

Mission: Using technology, innovation, data and specialist expertise to enable our customers to achieve zero waste and create sustainable value.



Reconomy and **Reconomy Trade** work with businesses across all sectors to help solve specific waste and resource management challenges and support with rapid response waste and recycling services across the UK.



SkipHireUK and **Collect My Waste** provide 24/7 nationwide online waste removal services for domestic and small business customers.



Eurokey is an internationally operating provider of material reprocessing services for many different kinds of plastics, metals, card, paper and more – including closed-loop supply and reclamation.



EcoVend takes recycling to the next level, offering cutting edge reverse vending machines that collect, sort, and analyse recyclables. The range of innovative machines fulfil a variety of applications in support of a holistic circular economy strategy.



WasteSource provides scalable waste collection, recycling and disposal services to the retail and hospitality sectors through an accredited network.



ACM Environmental and **EcoTec** specialises in commercial waste management across a range of sectors. EcoTec is a range of recycling equipment that minimises waste landfilling and incineration.



AWS Nationwide offers specialist tool, equipment and plant hire rental services with the added dimension of waste management expertise.

Early in 2022 we welcomed 2 new businesses to Recycle:



Casepak operates two state-of-the-art UK facilities that provide specialist sortation services for mixed recyclables, producing TEEP compliant outputs.



Webb's Training is a well-established commercial training company, providing top quality training for industry, construction, local authorities and all types of other large organisations.

Our world-leading **Comply** specialists

Mission: Solving increasingly complex environmental regulatory challenges using data, expert local knowledge and thought leadership to drive business accountability across the globe.



Valpak inspires businesses to do all they can to reduce their environmental impact, through the use of leading data science and expertise to simplify compliance. Since the UK Packaging Waste Regulations were introduced, Valpak has provided simple and innovative environmental compliance solutions to over 4,000 customers. Valpak continues to innovate and grow, now offering additional services to cover wider areas of sustainability, including carbon management, energy management, international compliance, packaging analysis, EPR support and data management – helping companies to meet environmental objectives, mitigate costs and ensure compliance in the UK and across the globe.



Reverse Logistics Group (RLG) is a strategic partner for manufacturers, retailers, and governmental organisations, which monitors legislation and product data to fulfil compliance requirements for customers. RLG also has vast experience in working with stakeholders to develop sophisticated and efficient Deposit Return systems (DRS), helping many countries to improve resource recovery rates. RLG delivers its services to more than 80 countries, providing Reconomy Group with a truly global footprint.



NOVENTIZ*

Noventiz provides tailored solutions to help customers, primarily in Germany, meet all compliance needs. They offer a specialist dual system for sales and transport packaging, ensuring material that is subject to system participation and placed on the market by customers is professionally collected from private end consumers, sorted and reused as much as possible. Noventiz is based in Cologne, Germany, was founded in 2007 and joined the Reconomy Group family in late 2020.

DASHBOARD

Data Availability

KPI: Product

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Customers Satisfaction

Our innovative global Re-use brands

Mission: Providing intelligent technology platforms and agile, circular logistics to deliver the best global sustainable omnichannel pre-retail and returns experience to our customers and their consumers.



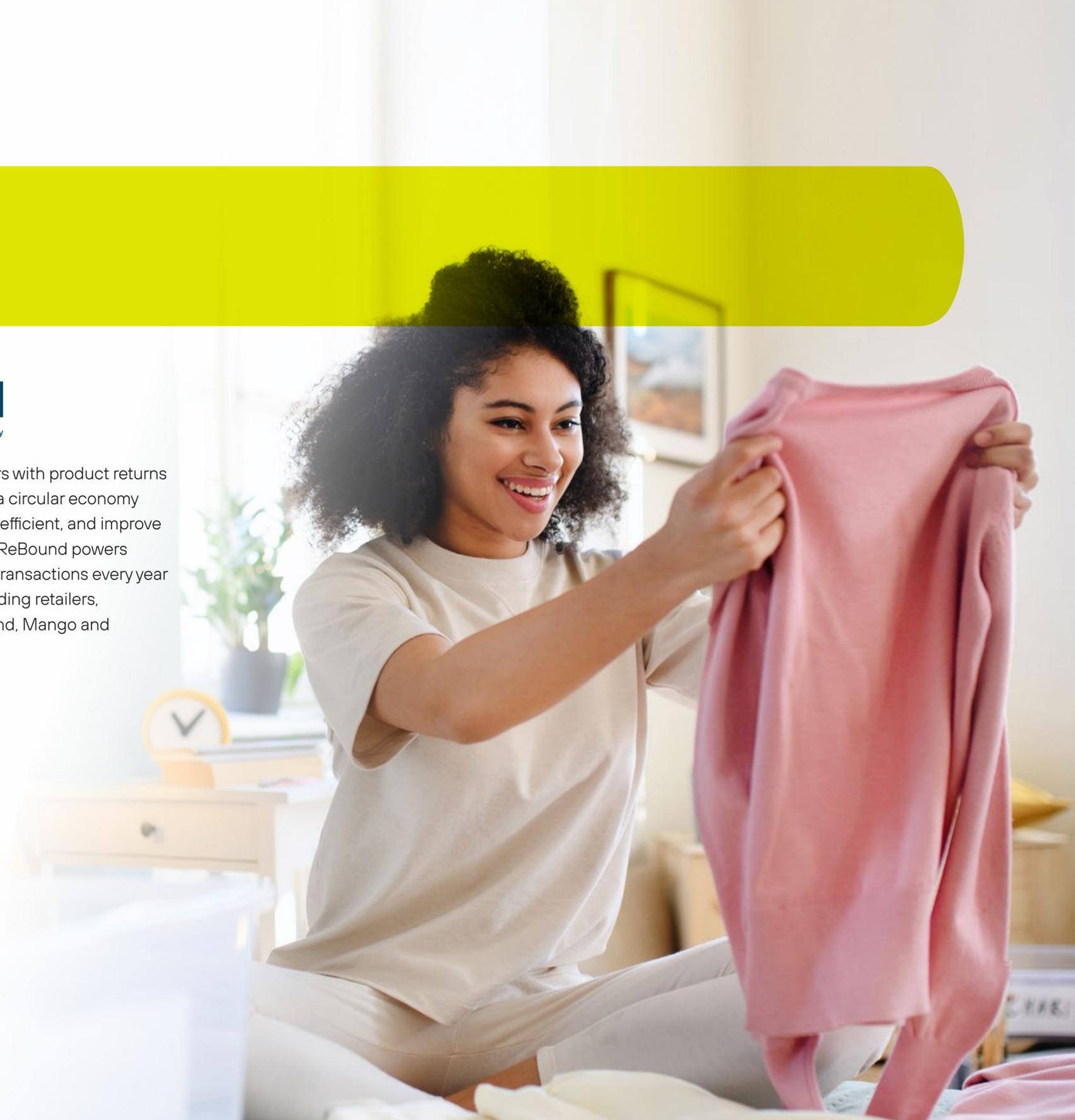
Cycleon offers IT and logistics to enable a seamless omnichannel returns service that allows customers to reduce their environmental impact and make more informed decisions. With a global platform and logistics network, Cycleon optimizes the returns process each step of the way, providing a seamless experience. Transparency is critical when it comes to sustainable operations within Cycleon's network, with detailed reporting on several metrics enabling better visibility of the areas that are doing well, as well as identifying areas for improvement.



Advanced Supply Chain Group offers a unique intelligent supply chain model that unlocks new, sustainable opportunities for customers, removing complexity, reducing costs and increasing speed to market. ASCG's Nominated Carrier Scheme (NCS) provides a sustainable and cost-effective solution for managing its customers' inbound supply chains. As nominated carrier, ASCG manages all inbound deliveries / collections from its customers' suppliers. Collections are consolidated with other suppliers' stock, and trailer fill is further maximised using ASCG's optimisation software reducing vehicles required, fuel usage and CO2 emissions.



ReBounce provides retailers with product returns and logistics solutions for a circular economy that are sustainable, more efficient, and improve the customer experience. ReBounce powers millions of product return transactions every year for some of the world's leading retailers, including ASOS, River Island, Mango and PrettyLittleThing.



04

Our global locations.

Locations

Key:

- Recycle
- Comply
- Re-use



05

**Sustainability
Strategy.**



Sustainability strategy.

Environmental stewardship, especially when it comes to the way we use resources, is at the core of Reconomy Group's thinking. We are driven to end waste for good, by bringing about a fundamental re-thinking of how society uses and consumes.

We hold the conviction that continuous innovation is rooted in the willingness to listen and evolve. This is the approach from which we manage operations and conduct relationships across our value chain. We believe it makes us a better company to work for, do business with, and invest in.

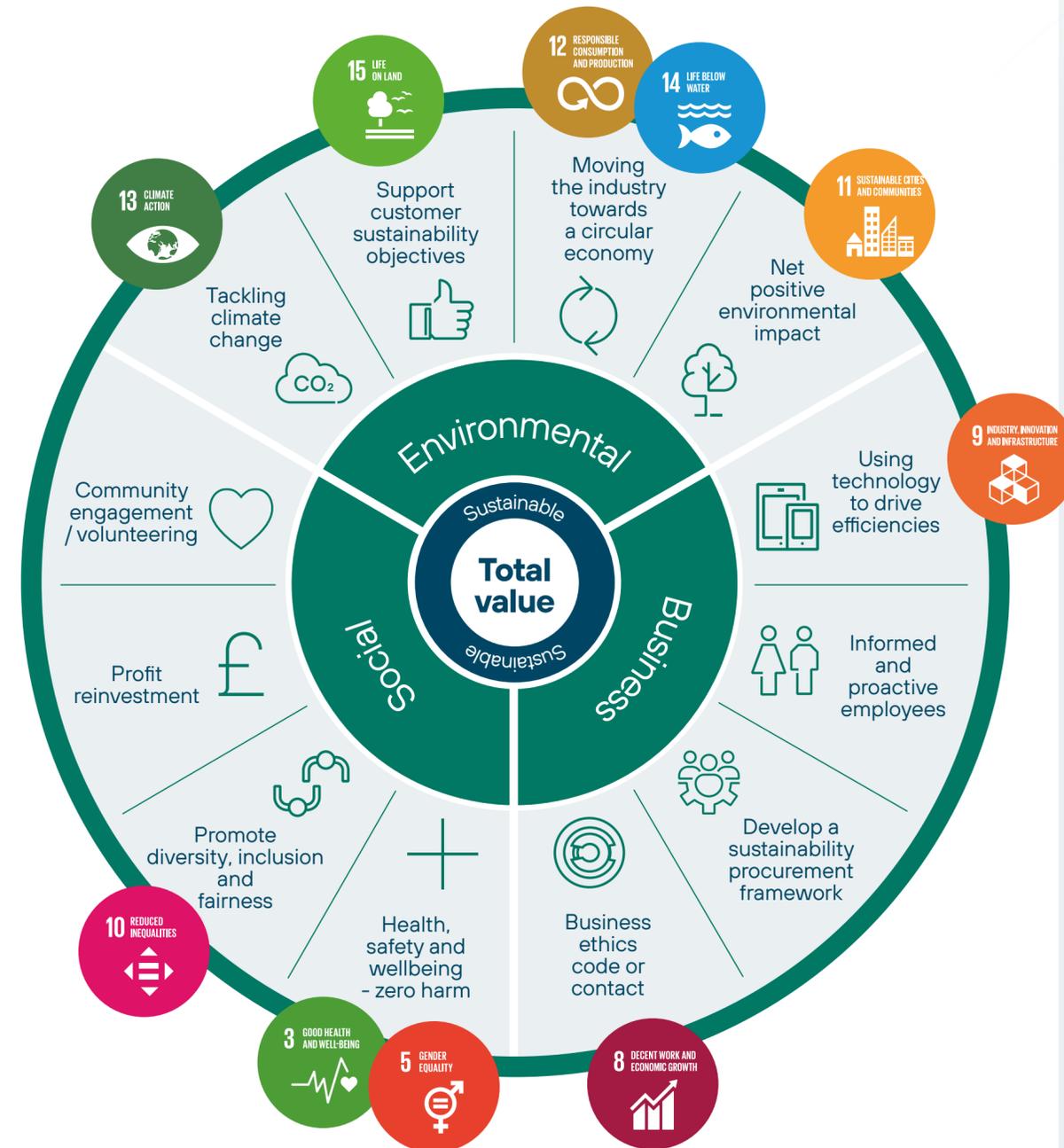
We track and measure progress with objectives and targets, and report verified performance in our annual sustainability report¹⁰. Due to the intensity of growth in 2021, including five major acquisitions that have propelled Reconomy Group into becoming a truly global business, we will use this as our new base year. Therefore, disclosure of our performance as a Group will commence in 2022.

Our sustainability strategy is aligned with the UN's Sustainable Development Goals, (SDGs) to help frame the priorities of stakeholders in relation to the biggest challenges and opportunities we face today.

Since 2018, we have generated more than £1.7 million of social value across the communities in which we work. We have measurably contributed to several SDGs, including Responsible Consumption & Production (12), Climate Action (13), Good Health & Well-being (3), Gender Equality (5), Reduced Inequalities (10) and Decent Work & Economic Growth (8). We have continued to support SDG 12 through significant waste reduction, material reuse and recycling, and the development and encouragement of a circular economy.

This is being supported by our commitment to expanding our network of social enterprises and charities to increase reuse and recycling. We're advancing SDG 13 by focusing on reducing our operational carbon, setting Science Based Targets, and taking action to reduce carbon across our supply chain, starting with measuring our scope 3 emissions.

Despite new challenges posed by the pandemic, we have made significant inroads on SDG 3, 5, and 8 through initiatives such as implementing a BUPA helpline and wellbeing training, increasing employment opportunities, and working to improve equal representation across our workforce.



Our top 5 SDGs



Other SDGs we contribute to



Sustainability objectives and targets.

Building on previous target achievements, our refreshed sustainability strategy, and given the significant growth of the business, we have developed a set of targets and objectives for the Group.

The aim of these targets, supported by a suite of KPIs, is to deliver the Group's sustainability strategy and our stated aim to lead sustainability in our sectors.

Our Sustainability Steering Group monitors progress and reports on outcomes quarterly to the Board. We will publicly report on progress in our next Annual Sustainability Report and verify as many target outcomes as possible.

Environmental

Aim	Objective	2022 target
Tackling climate change	Measure and reduce our Scope 1 and 2 carbon	Reduce carbon intensity on 2021 levels by 12%.
	Measure, report and reduce full Scope 1, 2 & 3 carbon	Set and submit 1.5°C targets to SBTi
Net positive impact	Move industry towards a circular economy	Measure and then increase tonnage reused / circular v total
	Aim for net positive environment	Using Group template all businesses to have an environmental net positive plan in place
	Continue to work towards zero waste and reduce recovery rates	Measure and reduce % recovered
	Work with customers and suppliers to reduce materials used (minimise waste)	Tonnes waste avoided v turnover (to normalise)

Social

Addressing the skills gap and supporting employment	Maintain an effective intern / work experience programme	Ringfenced funded apprenticeships and interns for care leavers and opportunities for hard-to-reach groups
	Help break down barriers to employment - focus on care leavers and hard-to-reach Groups	Generate £2million of social value through RSVP
	Promote Diversity, Inclusion (D&I) and Fairness	Undertake D&I survey and develop action plan based on results
Building community relationships	Involve all employees in our volunteering programme – at least 1 day paid per year	40% of staff volunteering
	Total value of community investment - cash, volunteer hours and materials / services	Aim for 1% of profit before tax

Business

Improve the customer experience	Increase customer satisfaction scores (NPS)	Achieve average NPS score of +65 across Group
	Have an employee Sustainability engagement and training programme	75% of people to complete at least 1 training module
Developing our supply chain	Implement the Group sustainable procurement Policy (based on ISO20400)	Fully implement the sustainable procurement framework
	Monitor the percentage of our supply chain that are SMEs (Small & Medium size Enterprises) and measure spend	80% of supply chain to be SME
	Identify and increase the number of voluntary, community and social enterprises in our supply chain	2% of preferred suppliers to be VCSE
Governance and Ethics	Benchmark our sustainability strategy	Continuous improvement of EcoVadis assessment score across Group



06

**Engaging
with our
stakeholders.**



Engaging with our stakeholders.

Investors

Providing clear, transparent information to our investors demonstrates that we are managing a profitable, responsible business. Examples of recent engagement include:

- 2022 materiality assessment
- Quarterly ESG reports to the main Board
- Contribution to annual ESG KPIs via the World Favour Platform
- ESG is covered in updates at the AGM where we demonstrate progress
- Sharing good practice with other portfolio companies.

Customers

To identify our customers' needs and understand where we can add value, we have undertaken materiality interviews and our customers were surveyed to ask what is important and what matters to them.

- 2022 materiality assessment
- Engagement of customer sustainability professionals
- Review meetings where appropriate
- Addressing customer feedback through our Net Promotor Score (NPS).

Supply chain partners

Working closely with our supply chain partners gives us the best opportunity to deliver excellent customer service. Examples of recent engagement include:

- 2022 materiality assessment
- Face to face and virtual Sustainability and Compliance Assessments
- Annual Supplier Sustainability Declarations
- Dedicated Supply Chain Managers
- 100% Preferred and approved suppliers are signed-up to a code of conduct.

Employees

Frequently connecting with our people enables us to share the progress and future vision of the business, as well as to gain feedback on how we can improve the employee experience. Examples of recent engagement include:

- 2022 materiality assessment – what matters employee survey
- Employee check-in surveys to check on how our people are feeling and how we are doing
- Communicating the action plan following surveys – covering what has been asked for, answered and actioned
- Manager team briefings and department meetings
- Regular virtual business updates with Q&A sessions.

Community members

Contributing to our local communities boosts our culture of giving back and gives a platform to our sustainability objective of supporting hard-to-reach groups. Examples of recent engagement are:

- Understanding and supporting the community needs of local charities such as foodbanks, homelessness charities and Air Ambulance
- Annual support, giving and volunteering, once their needs have been assessed, for children's charity 4 Steps to a Smile
- Regular meetings and steering groups with The National House Project to assess and deliver strategic support
- Volunteering in the community with customers.

Governance and regulatory

Actively involved in the consultation and practical application of environmental compliance regulations, we are at the forefront of changing policy requirements. Examples of recent engagement are:

- 2022 materiality assessment
- Senior representative as active member of the Government's Advisory Committee on Packaging
- Active participation in several Government and industry working groups to improve regulation and reporting regimes
- Defra Government consultations – Single Use Plastics placed on the market (POM) Primary and Shipment POM Data, Impact of Basel Action Proposals on WEEE/UEEE, Fibre-composite Cups De-minimis Scoping, Carrier Broker Dealer reform and Waste Tracking.

NGOs and trade associations

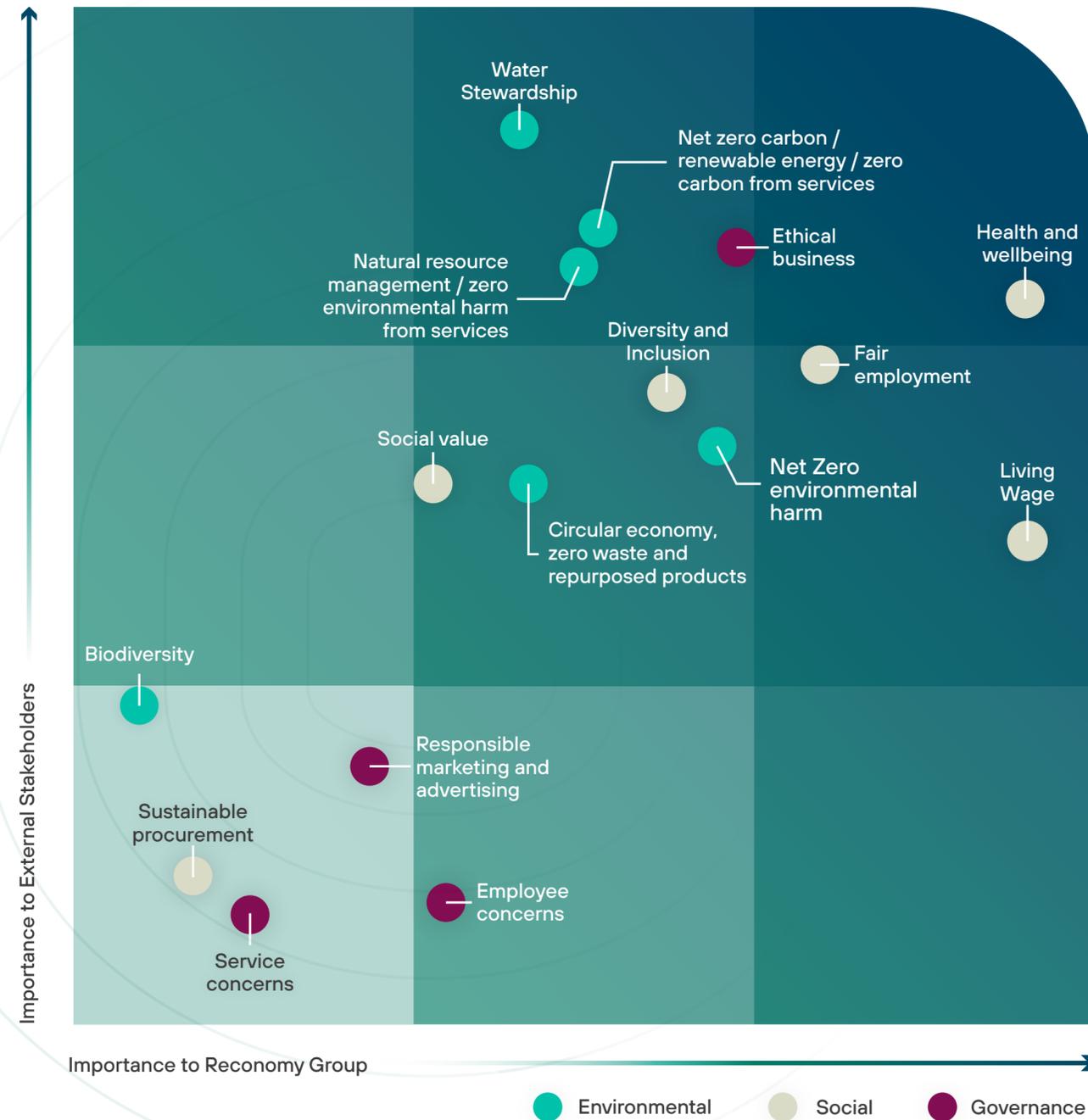
Collaborating with third-sector groups help us to understand both the urgent and important issues affecting our services or the markets in which we operate. Examples of recent engagement include:

- 2022 materiality assessment
- Speaking at webinars to raise awareness
- Skills sharing, providing expertise
- Engaging with key industries by working closely with relevant Trade Associations and other bodies
- WRAP (Waste and Resources Action Programme) contributor – Household/Non-Household, Quantify Benefits Circular Economy
- UKRI (UK Resource and Innovation) / Oakdene Hollins (Research Consultancy), ReLondon, British Glass and NEPO (North East Purchasing Organisation).

07

**What matters
most?**





What matters most?

Materiality helps us identify and prioritise issues that matter most to stakeholders. This can provide valuable information on where the market is going, and how we can effectively meet shifting customer expectations and regulatory requirements.

Following several major acquisitions, we conducted our first materiality assessment across all verticals, to help us understand what issues matter most to stakeholders across Reconomy Group. The results are being used to help inform the evolution of our strategy and reporting practices across our three verticals of **Recycle, Comply,** and **Re-use.**

The materiality assessment took the form of an online survey and a series of in-depth interviews. The online survey assessed the views of a broad range of internal and external stakeholders of the business, including employees, customers, suppliers, NGOs, trade associations, and regulators. Interviews were undertaken with key customers from each of our three verticals. The online survey received 565 responses in total across all stakeholder groups.

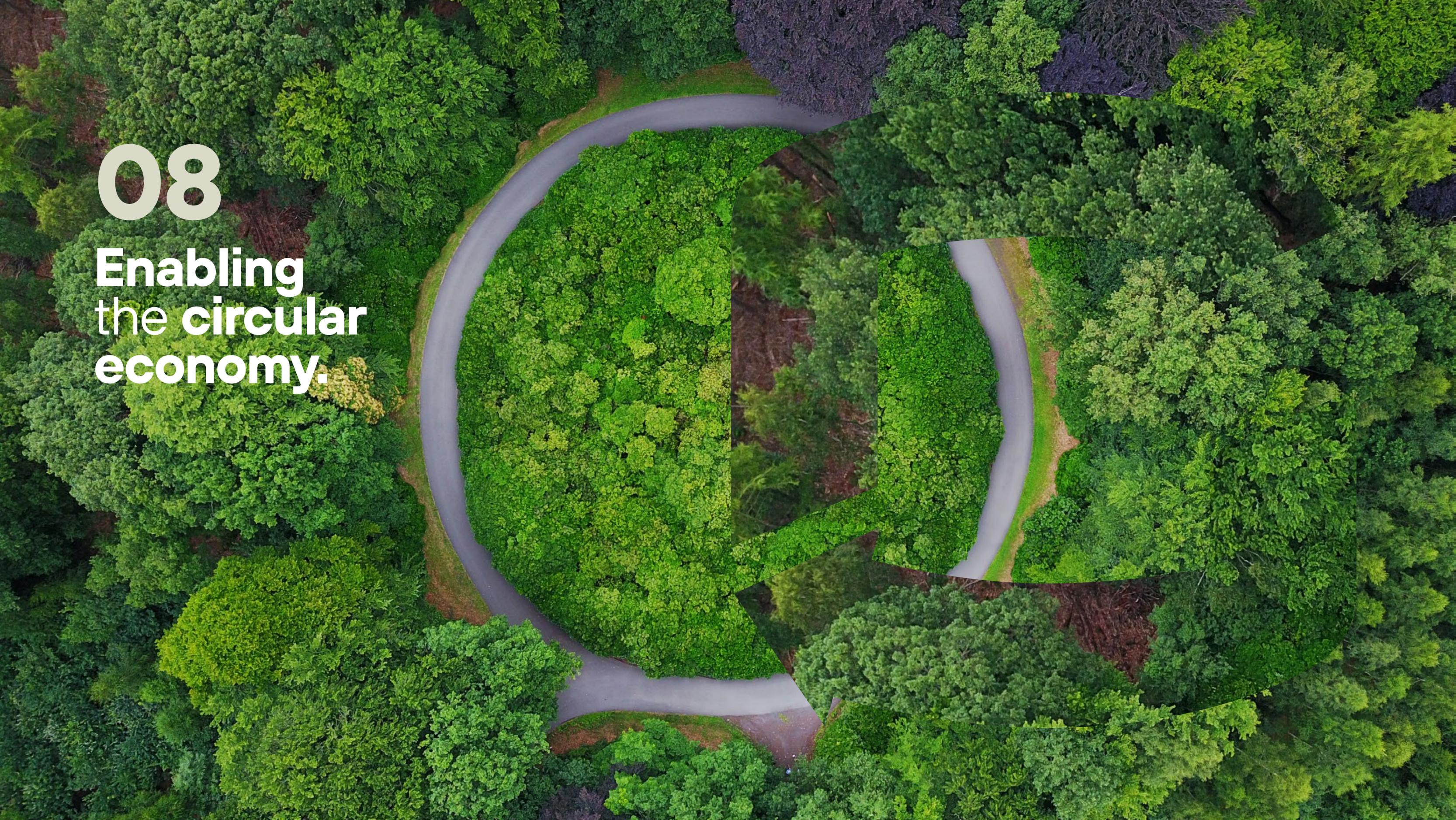
To ensure changing conditions inform the evolution of our strategy and reporting practices, Reconomy Group is committed to repeating a materiality assessment every 3-years, with the next assessment due in January 2025.

We have identified the following 11 issues as most important:

- Health and wellbeing
- Net zero carbon / renewable energy / zero carbon from services
- Natural resource management / zero environmental harm from services
- Water stewardship
- Ethical business
- Fair employment
- Diversity and Inclusion
- Net Zero environmental harm
- Circular economy, zero waste and repurposed products
- Living wage
- Social value.

08

**Enabling
the circular
economy.**



Enabling the circular economy.

Our planet has reached a tipping point. Society is more aware than ever of the potential for the environment to impact all our lives, as well as the risks posed by environmental destruction and a changing climate. That said, we have also never been more aware of the opportunities presented by developing strategies and solutions for a sustainable future.

Reconomy Group's purpose, **to create a sustainable world by conserving finite resources**, has never been more aligned with the needs of stakeholders and wider society. This has prompted us to reflect on our current position, and how we can make the best use of our capabilities as a business to create long-term value for customers and society.

As companies are rethinking how products are designed, made, and disposed of, there is a growing need for services that can help businesses adopt a 'full circle' approach to managing their resources. Recognition of this opportunity has led to a reimagining of Reconomy Group's purpose: as a provider of services that enable a circular economy across new verticals of Recycle, Comply, and Re-use. Across these verticals is an ethos that waste is only the wrong blend of resources that have ended up in the wrong place, and ultimately can be conserved. Together, Reconomy Group businesses are driven to help our customers adopt a more holistic, regenerative, and strategic approach to their resource cycle via a comprehensive solution suite, **REVOLVE**.



REVOLVE

A practical example of Reconomy Group's unique capabilities:

REVOLVE combines knowledge, products, and services from across the Group into a single holistic package and helps businesses to evolve and attain their sustainability goals faster and more cost-effectively. This is achieved through the seamless collaboration of all Group companies in a single unified model which delivers bundled benefits without the dilution of expertise.

REVOLVE

One goal. One plan.
Big savings.

1
Consult

2
Equip

3
Collect

Review

6

Comply

5

Process

4

1 Consult

Conducting multi phased audits and deep dive analysis to support the redesign of business plans and structure.

2 Equip

Installing the appropriate recycling equipment such as reverse vending machines and other new technologies.

3 Collect

Implementing a total waste management solution, with scheduled and ad-hoc services. This also includes sustainably managing product returns for online retailers.

4 Process

Reprocessing plastics and other types of business waste materials to realise its commercial and environmental value.

5 Comply

Market-leading PRN, WEEE and battery compliance schemes as well as EPR consultancy and data insight to keep customers ahead of the curve.

6 Review

Provision of dedicated account managers to provide reports specific the customer's business. This includes progress to zero waste and net zero carbon.

Recycle case study

St George's school adopts reverse vending with EcoVend

St. George's Secondary School in Kent is one of the first schools in the UK to install a reverse vending machine. The machine incentivises increased recycling by dispensing house points or a 5p drink discount for every plastic bottle or can deposited. Moreover, the machine provided a visible symbol of the school's commitment to sustainability, and helped to trigger conversations on waste management, pollution, and the circular economy. The machine is covered in facts and figures promoting environmental stewardship and care.

WE'RE REALLY FORTUNATE TO HAVE THE MACHINE IN OUR SCHOOL. IT'S GOOD TO SEE MODERN TECHNOLOGY USED SO EFFICIENTLY TO ENGAGE YOUNG PEOPLE WITH RECYCLING. WE TALK A LOT ABOUT RECYCLING IN SCHOOL, BUT TO ACTUALLY HAVE SOMETHING THAT MAKES IT A LITTLE BIT MORE FUN AND ENGAGING, THAT'S INTERACTIVE AND INFORMATIVE HELPS TEACH OUR STUDENTS AS TO WHAT PLASTIC DOES TO THE PLANET WHEN NOT DISPOSED OF PROPERLY

Matt Lillie
Head Teacher



The circular economy gives us a system to tackle the greatest challenges of today: **climate change, biodiversity loss, resource depletion, waste generation and pollution.**

It requires a complete overhaul of how we manage resources, the way we make and use goods, and what we do with an item afterwards. And without carbon savings from avoiding emissions and pollution from material that ends up as waste—the world will fail to meet its climate target of 1.5°C.

A circular future needs logistics networks that can not only deliver products to doors but connect unwanted items to new uses. This is vital if we are to keep resources and consumables in the value chain. Through our Re-use vertical, we hope to close the logistics and returns gap in the circular economy.

Supply chain transparency is an essential part of a circular economy, which requires a joint effort and visibility between all stakeholders in the value chain. Reconomy Group connects companies and regulators with critical technologies for data visibility. Our Comply vertical helps companies to keep up with fast-moving regulation in environmental compliance, such as Extended Producer Responsibility (EPR), which is shifting the cost burden of hard-to-recycle materials back onto manufacturers.

It has also resulted in a multi-year growth strategy that has included a series of major acquisitions as we seek to broaden our capabilities and capacity. Newly global operations strengthen capabilities of the company, but also come with the increased responsibility of addressing our own environmental impact.

The circular economy can help fast-track the achievement of at least 10 of the 17 SDGs. As a provider of services that enable a circular economy, we can help drive contributions to 6 on energy, 8 on economic growth, 11 on sustainable cities, 12 on sustainable consumption and production, 13 on climate change, 14 on oceans, and 15 on life on land.



09

**Environmental
value.**

Environmental value.

Acting on climate change

Through the Reconomy Environmental Action Plan (REAP), we will continually seek out ways to cut our carbon and have a positive impact on the environment. We will also lead our sectors by working with clients and suppliers alike to reduce materials and carbon usage, as well as develop circular solutions.

The Climate emergency we face requires decisive action and Reconomy has taken responsibility to reduce its operational impact and to support customers and suppliers to do the same. Carbon reduction is core and key to our sustainability strategy. Reconomy has committed to submitting to the SBTi and voluntarily disclosing to CDP.



REAP – Our pathway to Net Zero carbon

Our carbon strategy sits within the Reconomy Environmental Action Plan (REAP) and focuses on a target of net zero carbon across the Group by 2028 for our operations, with our customers, and our suppliers.

REAP includes a Carbon Reduction plan and actions to reduce direct and indirect carbon usage. We have a governance structure and leads in each business to measure, set targets, collaborate and to act. As the business continues to grow, we are also developing our mitigation proposal to achieve net zero by 2028.

As Reconomy Group had grown significantly, we invested in the Achilles Carbon Reduce management system to help us to collate, manage and set targets.

The acquisition of five new businesses in 2021 increased the absolute carbon footprint of the Group. Our carbon footprint has been assessed for all businesses that have been acquired by the Group for at least nine months of 2021. Therefore, most of our businesses are measured and reported on in our 2021 Group Carbon Footprint (*available in Appendix 1*).

We continue to achieve a reduction in carbon compared with the previous size of the Group and will maintain a 12% Science Based carbon reduction target for our Scope 1 and 2 emissions. We have sent a letter of commitment to the SBTi and will set Science Based Targets for the Group (including all companies acquired in 2021) in 2022. Performance reporting will commence in the second Group Annual Sustainability Report.

The Group has fully assessed its indirect Scope 3 carbon using the GHG Protocol. A screening exercise identified the key sources of carbon from areas such as goods and services, operational supply chain and products processed. There are plans in place to improve the quality of this data and to work with our value chain to reduce the carbon impact. For example, the Supplier Sustainability Charter has been implemented across the Group. Part of this Charter, and the associated activities to implement it, is to target carbon reduction in supplier operations.

In the first year that the Group was audited by Achilles it was recommended for ISO14064 GHG emissions reporting.

Looking forward to 2022, we will be introducing additional sustainable procurement principles to ensure, along with other ethical requirements, our procurement is sustainable and low carbon. We also aim to further develop our carbon mitigation plans to ensure remaining annual direct operational carbon emissions are mitigated so that we can still achieve our 1.5°C Science Based Targets.

Net zero carbon



Recycle case study

Closing the loop for London Zoo

Our mission was to divert at least 95% of waste away from landfill for ZSL London Zoo and ZSL Whipsnade Zoo, which each year generates 22 different waste streams, including hundreds of tonnes of herbivore 'Zoo Poo'. ACM teamed up with ZSL on a six-year contract and set goals to reduce waste to landfill with immediate effect. Herbivores at ZSL London Zoo alone, produce over 520 tonnes of 'zoo poo' every year. ACM is tackling this waste stream with the installation of state-of-the-art compactors that store the waste before it is taken and turned into a natural fertiliser that is passed on to local farmers. Other waste is sorted at source, collected, compacted and diverted from landfill.



**100%
diversion
from
landfill**



Reuse - **74.19%**
Recycling - **13.97%**
Recovery - **11.84%**



Company vehicle and business miles

Fuel use makes a significant impact on the Group's carbon footprint.

We have taken a strategic decision to move to a fully electric fleet by 2028. Over the course of the next few years, and as the charging infrastructure improves, we will move our vehicles to a hybrid and electric fleet. Currently the transition to a lower carbon fleet is 63% complete.

Where we have control or influence with our transport suppliers, we ensure efficient logistics routing alongside promoting the transition to low carbon alternative transport.

Office energy

In addition to energy reduction activities such as LED lighting and insulation, our policy is to use 100% sourced renewable energy across the Group and at present, we have achieved this at 86% of our main locations. Many of our offices and sites already utilise energy generated by solar panels. In 2022 we will undertake a survey of all our UK locations to investigate the suitability for installing solar energy generation.



Re-use case study

ReBound help ASOS go paperless

ReBound has played a pivotal role in enabling the fashion giant to eliminate paper during the returns process. Through the removal of all paperwork from their parcels, we have helped ASOS save 64 million paper inserts—or 8450 trees every year. Using standard emission factors, ASOS calculated the carbon reduction to be 312 tonnes!



Net Zero Heroes

In 2021 a team of passionate Reconomy Group employees was established to support with embedding environmental best practice across all our teams, whilst also raising awareness of important behaviours that we can all adopt in our working and personal lives.

The Net Zero Hero team has three main objectives:

- Improve and increase sustainability engagement
- Identify more sustainable options for direct procurement
- Reduce our direct environmental impact and make positive changes.

The team is part of the Group Sustainability Governance structure and reports to the Vertical Sustainability Steering Groups.

As part of a wider COP26 campaign, the team supported with the planning and roll out of a Sustainability Challenge which aimed to reduce the carbon footprint of participating employees.

The idea was to make simple switches for a month, and this resulted in most people permanently sticking with the switches they had made. The senior leadership supported the initiative, with many of them getting involved themselves.

The Green Fast challenge, as it was called, included challenges ranging from going vegan, cutting down on food and plastic waste, and stopping using cars for short distances. Each team member who got involved reported on their progress, shared updates via our intranet and externally published blogs. One team member went meat-free for 11 days, with each day reducing their carbon usage by 7.72KG, the equivalent of driving 20 miles.

Environmental volunteering

Beach clean

Plastic has been found in the deepest and most remote parts of the ocean. As part of the Million Mile Campaign, we deployed a team of volunteers who organised a litter pick on Stokes Beach in Hampshire, UK, to raise awareness of the impact of plastic pollution on ocean environments, wildlife, and local beaches. Combing the beach for discarded waste and recyclables, materials were collected, sorted, and disposed of properly. The initiative also contributed to the Great British Spring Clean, an annual campaign to keep public and green spaces free from litter and pollution.

“ GONE ARE THE DAYS WHEN THE CENTRAL GOVERNMENT WOULD FUND LITTER PICKING, THEREFORE IF WE WANT TO IMPROVE THE ENVIRONMENT AND MAKE A DIFFERENCE, IT'S UP TO US ALL TO GET OUT THERE AND DO SOMETHING ABOUT IT. BECAUSE OF COVID, THE LAST YEAR AND A HALF HAS BEEN DIFFICULT. TAKING PART IN SOMETHING LIKE A LITTER PICK ALLOWS PEOPLE TO GET OUT INTO THE FRESH AIR AND BE WITH OTHER PEOPLE, WHILST REMAINING SOCIALLY DISTANCED.

Andy Butler

Strategic Development Director at Reconomy

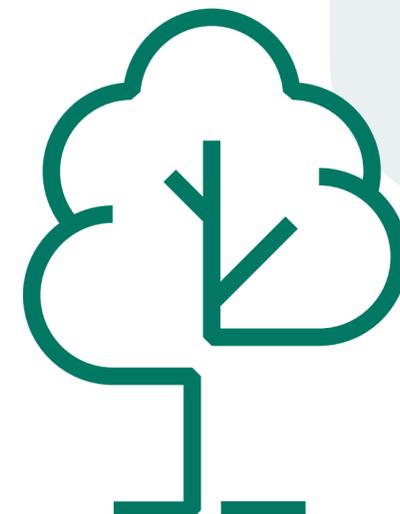




Protecting Biodiversity

We have taken the opportunity to plant 560 trees, hedgerows, and shrubs at our Head Office in Telford. In addition to the multitude of benefits that trees have, we also wanted to improve the biodiversity of the area and give our people a green space to use. Additional wildlife habitats such as bird boxes and bug hotels were also introduced. We were pleased to celebrate the Queen's Jubilee by planting these trees for The Queen's Green Canopy, supporting the planting of native woodland in the UK to improve the environment and contribute to climate mitigation.

As part of our commitment to restoring the environment, 16 Reconomy Group employees volunteered their time to assist with the planting of native trees and hedgerow whips, with the help of local expertise to ensure 'right tree, right place' and give the saplings the best chance of flourishing for years to come. Over the next 40 years these trees will sequester an estimated 150 tonnes of carbon dioxide and improve the air quality in the surrounding area.



“ WE ARE ALL LOOKING FORWARD TO SEEING HOW THE TREES AND HEDGEROWS WE HAVE PLANTED DEVELOP OVER THE COMING YEARS. NOT ONLY WILL THIS PROVIDE A PLACE FOR NATURE, BUT ALSO HELP CAPTURE AND STORE CARBON.

Diane Crowe
Head of Group Sustainability



In 2021 we have:

- Set Science Based Targets for Scopes 1-3¹²
- Fully assessed our indirect carbon Scope 3 from suppliers
- Calculated our Group carbon footprint¹³
- Audited our Group carbon footprint through Achilles and the Carbon Reduce Programme
- Been recommended for ISO14064 GHG emissions reporting
- Protected biodiversity for example by planting 560 trees, hedgerow whips and shrubs and introduced additional habitats such as bird boxes and bug hotel at Reconomy Group UK Head Office. Commissioning HMP to make bird boxes and bug hotels for us to donate to be used on customer estates.
- Worked with customers to design out and reduce waste and continue to improve and offer circular options for residual materials and returns
- Implemented the Supplier Sustainability Charter with suppliers and have preferred suppliers that are targeting carbon reduction in their operations.



In 2022 we will:

- Voluntarily disclose our emissions through CDP in April 2022
- Continue to reduce our energy use and generate or purchase 100% renewable energy across the Group by 2025 (currently 86%)
- Move to a hybrid and then electric car fleet by 2028 – currently the transition is 63% complete
- Ensure efficient logistics routing while transiting to low carbon alternative transport directly and by using our influence with our transport suppliers
- Introduce additional sustainable procurement principles and ensure our procurement is sustainable and low carbon
- Propose to mitigate annual direct operational carbon emissions to 2028.



Re-use case study

Investment in new EPC 'A' rated Sheffield facility

In June 2021, Advanced Supply Chain Group opened its 5th UK site in Smithywood, Sheffield. The 350,000 ft warehouse facility enabled the expansion of services to ASCG's growing customer list and create additional processing ability post-COVID. The sites impact on the environment was carefully thought through, with many considerations made to reduce environmental impact. In addition to the property being EPC 'A' rated, 20% of the building's energy comes from low and zero carbon technology sources, including solar PV. ASCG also oversaw the installation of 8 rapid electric car charging points and 10 fast car charging points and introduced a bike-to-work scheme for all employees. A zero to landfill policy is also in operation across the facility.

10

Social value.



Social value.

Looking after our people

Our people and our culture are the key to our success and will continue to be as the business grows and expands. It is important to us that employees are fulfilled in their working lives and beyond.



Culture

The culture within Reconomy Group champions family values. This is reflected in the way we work together and how we treat our people. The golden thread at the centre of our culture is enablement – every person has the right to reach their potential and in order to do so, must feel they can be their authentic self at work.

Talent acquisition

As the business grows, so does our requirement for talent. Alignment to our organisational behaviours and values is a fundamental part of the selection process, to sustain and nurture our culture. These attributes are valued on par with skills and experience, therefore those individuals who may not have had equal access to education and opportunities are not excluded from working with us. This is explored objectively via several methods, including electronic question and answer assessments, psychometric assessments, and interview feedback.

Annually, Reconomy Group offers a paid internship programme to those in education or recent leavers. As part of this, three placements are ring fenced for care leavers. Not only does this programme provide additional resources, it also gives us valuable insight into the next generation of workers – what is important to them and how attractive we are as a business to them – helping us continue to be an employer of choice. This programme has proven hugely successful, with many interns securing full-time employment following the placement either with Reconomy, or in other businesses.

Diversity and inclusion

Reconomy has developed a Group-wide Diversity and Inclusion Statement, outlining the Group's strategic commitment to diversity, inclusion and fairness. During 2022, Reconomy Group will undertake a diversity and inclusion survey to establish a roadmap for continued improvements to be made. In 2021, we introduced hybrid working as an initiative to support employees wanting a better work-life balance. This change has been particularly welcomed by employees with families, especially working parents who have felt the benefit of not having to juggle childcare and the commute to work five days a week.

We signed the Menopause Workplace Pledge and have committed setting up a working party in 2022, to better understand how we can support women who are experiencing the menopause.

Mental health and wellbeing

We care about the health and wellbeing of our employees and are committed to listening and learning how we can do better. The impact of the COVID-19 pandemic on working conditions globally has emphasised the importance of adequate mental health support systems. Our existing support, through our staff-run Mental Health First Aiders programme, did not have the capacity or capability to meet increased demand in response to new challenges. We listened to feedback from our people on how we could do a better job at meeting their needs and therefore opted to set up BUPA helpline benefits, providing 24/7 support from medical professionals directly to staff and their immediate families.

- The BUPA Employee Assistance Programme (EAP) provides practical help and support for employees and their families across several different areas, including; 24/7 health and wellbeing advice on money management, consumer rights, landlord disputes, family and relationships, careers and training advice
- Healthy minds/mindfulness podcasts
- Webinars

We are committed to providing our employees with the resources to safeguard their overall health and wellbeing – something we review with our employees via quarterly check-in surveys. During 2022, the Group-wide mental health and wellbeing strategy will develop further to include partnering with an external wellbeing consultancy, further bolstering the support for employees.

“ THE SUPPORT OFFERED THROUGH THE BUPA EAP IS EXCELLENT, MAKING US FEEL LIKE RECONOMY CARES ABOUT OUR HEALTH AND WELLBEING OUTSIDE OF WORK. THE RANGE OF SUPPORT AVAILABLE FOR PHYSICAL AND MENTAL HEALTH IS REALLY USEFUL AND REASSURING.

Anon

Reconomy Employee

Supporting a culture of learning

Leading change in the waste industry, Reconomy Group was the first specialist contractor to partner with the Supply Chain Sustainability School (SCSS) in 2018 to raise awareness on topics such as modern slavery in the supply chain. We continue to use our extensive resources to raise awareness and increase engagement with our people and suppliers. Reconomy Sustainability Learning Pathways provide e-learning to all members of staff, equipping them with tools to develop more sustainable thinking and working practices.

2022 will see the launch of Waste Coaches, a business-wide development initiative aimed at building the capability of our employees across a multitude of areas, such as industry, sectors we serve, and the services we provide.

Reconomy has a leadership standard training programme, which all supervisors and managers can complete – the programme not only develops manager capability, but also includes the importance of sustainability in management practice, within our organisation. This helps to ensure sustainability is central to ‘business as usual’, through leadership behaviour and approach.

All recruitment opportunities are offered internally first. With an average of three promotions per month, we are committed to upskilling our people and supporting them with career development. Objectives and key results structures are put in place, derived from the overall business strategy, and reviewed on a regular basis to identify development needs and career development opportunities.



Modern slavery

Reconomy Group is committed to ensuring that there is no modern slavery or human trafficking in any part of our business and we require and support our suppliers to do the same. Raising the awareness of modern slavery is crucial to rooting out and eradicating it. To that end, modern slavery is core to the Group's induction programme and our Modern Slavery E-learning training is mandatory for all staff, with refreshers required annually. Additional training is given to key operational employees.

Reconomy Group continues to be a member of the Waste & Recycling Modern Slavery Working Group chaired by the Slave-Free Alliance. **The purpose of this group is to:**

- Raise awareness and share best practice to mitigate risks relating to modern slavery within the industry
- Reduce supplier audit fatigue
- Save costs by working collaboratively on shared projects.

Much of our activity in 2021 has been focussed on raising awareness of the modern slavery and human rights risks in the sector and extending our network. This has included coverage in specialist press for the sector and speaking on a webinar panel alongside thought leaders on this topic. In 2021, Reconomy ran an update on Modern Slavery and Labour Exploitation in the Waste and Recycling sector webinar for our suppliers.

With Hope for Justice, we provided updates on the Modern Slavery Act, how to spot the signs of slavery within the supply chain and introduced the changes we had made to include more about modern slavery in our compliance assessment process. Our Supply Chain Sustainability Compliance Assessment has been reviewed and updated and includes robust questions about supplier activities to protect against and eradicate modern slavery.

We also used the opportunity to promote the Tackling Modern Slavery in Waste and Recycling Toolkit developed by the IPHR (Indirect Procurement Human Rights) Working Group and aimed at waste and recycling companies and the businesses that use those services.

Reconomy Group is an active member of the IPHR Waste & Recycling Working Group which consists of businesses from across several industries joining forces to make the sector as inhospitable to exploiters as possible and help prevent businesses from being exploited.



Reconomy Social Value Programme

We are proud of our culture that emphasises giving back to the communities we operate in. Central to our sustainability strategy, we run the award-winning Reconomy Social Value Programme (RSVP).

Along with local community engagement, this programme has two main strands; 'Breaking Barriers' for hard-to-reach groups to enter employment, and 'Bridging Gaps' in partnership with the National House Project for young adults leaving care.

All Reconomy employees are given the opportunity to organise and participate in a day of paid volunteering activity each year. This can include skills sharing (such as business mentoring), supporting local schools, charity work, or participating in environmental initiatives. We also encourage our employees to support local communities through in-kind donations and fundraising efforts.

Breaking barriers

Creating opportunities for hard-to-reach groups

We have partnered with RMF FreshStart to deliver a programme for people looking to get into employment, which has been proven to reduce reoffending rates. We work with prison leavers, care leavers, ex-military personnel and the long-term unemployed, to bolster their ability to be independent and lead stable and fulfilling lives. The programme manages the training and recruitment process, with RMF performing risk assessments and developing the candidate according to employer needs. Through this programme, we provide employment and stability for people who need it, and people in the waste and constructions industries, which have faced costly labour shortages in recent years.

IT'S VERY MUCH EMPLOYMENT-LED TRAINING RATHER THAN TRAINING FOR THE SAKE OF TRAINING, WHERE PEOPLE ARE JUDGED ON THEIR ABILITY AND NOT ON THEIR PAST. RECONOMY IS A VERY PROACTIVE COMPANY AND I'M SURE WE CAN MAKE A MASSIVE DIFFERENCE WORKING TOGETHER.

Dara McCarthy
Operations Manager, RMF FreshStart

Bridging gaps

Empowering young people leaving care

Central to the Reconomy Social Value Programme is our partnership with the National House Project. Reconomy has been working with the National House Project since 2018, as its first official commercial partner. During this time, we have also partnered with City of Wolverhampton Council to support its first House Project and have been hugely impressed by the enthusiasm and dedication shown by the young adults involved. Through our continued association with the National House Project, and as signatories to the Care Leavers Covenant, we offer practical support, training and work experience opportunities to care-experienced adults, helping them to secure their first job or progress their careers.

YOUNG PEOPLE WORK TOGETHER AS A TEAM, THEY DESIGN THE PROJECT, THEY CREATE THE RULES AND THE TERMS OF REFERENCE, AND THEY BUILD A COMMUNITY OF SUPPORT BY WORKING WITH EACH OTHER WHICH GOES WITH THEM INTO THEIR ADULT LIVES. WITH RECONOMY'S SUPPLY CHAIN HAVING A FOOTPRINT IN EACH AND EVERY LOCAL AUTHORITY THERE IS A REAL OPPORTUNITY FOR THE SUPPLY CHAIN TO WORK WITH PROJECTS AT A LOCAL LEVEL.

Mark Warr
National Housing Project CEO

In-kind donations and fundraising

CASE STUDY: Saying thanks to the NHS

In 2021, Reconomy Group donated £14,600 to turn the disused courtyards at the Princess Royal Hospital in Telford into an enjoyable outdoor space for patients, staff, and visitors alike. In honour of Captain Sir Tom Moore, the centenarian who raised an astounding £30 million for the NHS during the COVID-19 pandemic, our new hospital gardens at Telford now carries his name.

“ CAPTAIN SIR TOM MOORE WALKED HIS WAY INTO THE NATION’S HEARTS BY DOING LAPS OF HIS GARDEN; HIS THOUGHTFULNESS FOR OTHERS WAS A BEACON WHEN THE COUNTRY FIRST WENT INTO LOCKDOWN AND THE NHS FIRST FACED COVID-19. IT SEEMS FITTING THAT THE CREATION OF TWO GARDENS IN SHROPSHIRE’S TWO ACUTE NHS HOSPITALS, WHICH HE SUPPORTED SO WONDERFULLY, SHOULD BE NAMED AFTER HIM.

Julia Clarke

Director, Telford and Shrewsbury NHS Trust



Launching our Community Interest Company

The Reconomy Social Enterprise provides our customers with the opportunity to drive up recycling and reuse of specific materials and items that are difficult to recycle. We are developing a network of social enterprises and charities, making it easier for our customers to access these organisations and to generate social value. Our Community Interest Company (CIC) also supports employability for people from hard-to-reach groups across our value chain.

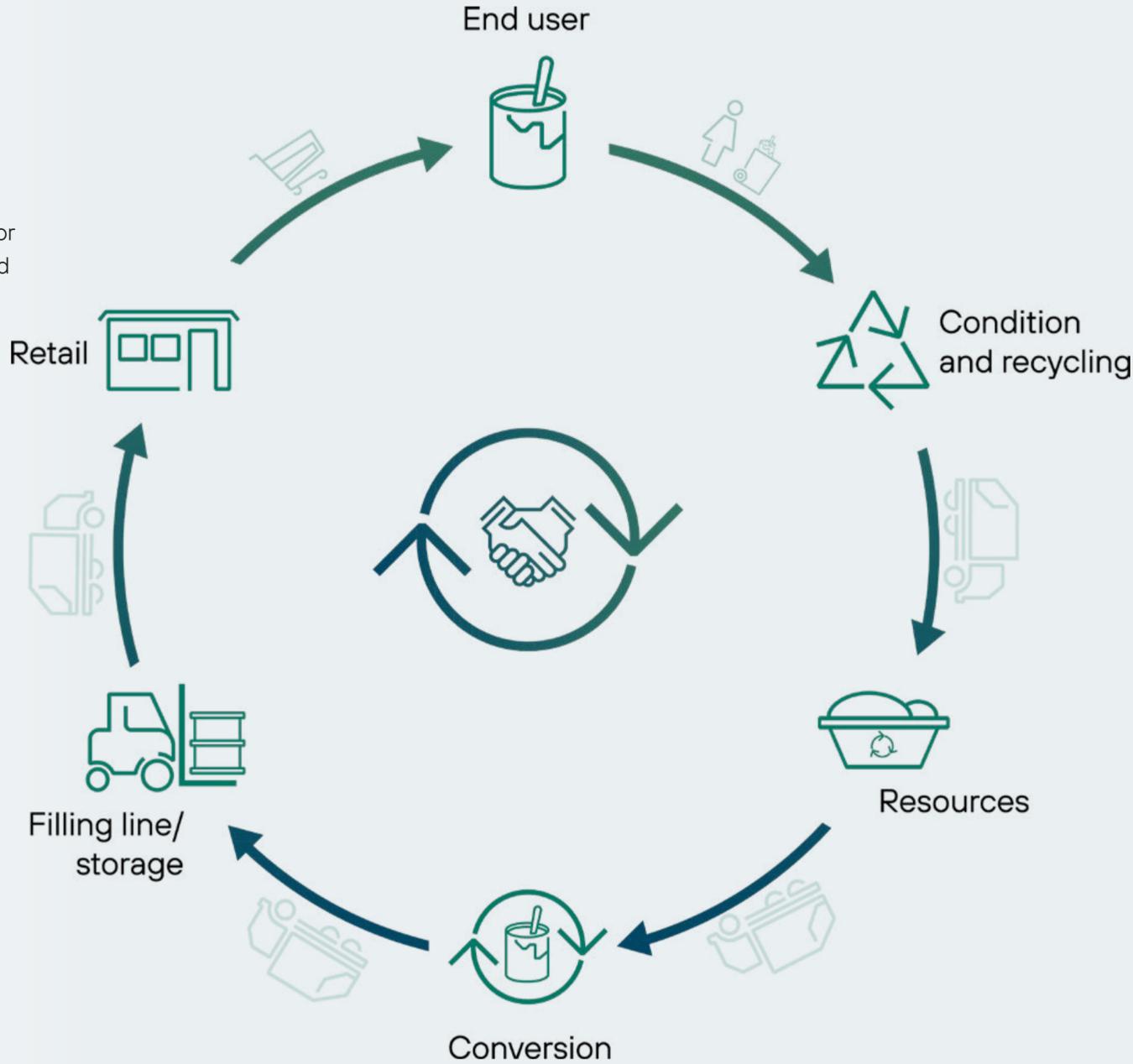
Profits are invested with our partner charity The National House Project, thereby supporting and having a direct positive impact on young adults leaving care.

Building our network of Social Enterprises

Here are some examples:

Paint recycling

We worked with a social enterprise to transform the way paint is consumed and disposed of. In 2021, we helped to implement a UK-wide take-back scheme for paint cans, involving major paint manufacturers and decorators. In partnership with our supply chain we produced recycled paint products (minimum 65%), which helped our customers embrace closed-loop solutions that save on resources and carbon emissions. We use our logistics network to collect waste paint from companies and local authorities in the UK for recycling and resale, providing comparable quality to leading paint brands. At the same time, one of our supply chain partners involved was able to create employment opportunities for hard-to reach groups in paint recycling, contributing to social value objectives.



Wood recycling in the community



For over a decade, Reconomy Group has been working with a social enterprise that is made up of a network of 30 social enterprises in the UK, helping disadvantaged individuals while reducing carbon emissions through more efficient resource use.

Together we recycled wood into new products while providing employment opportunities for hard-to-reach groups in local communities.

Innovation and social value

In the hyperconnected world of today, we recognise that social innovation is just as important as technological innovation, in developing new and effective solutions to solve social and environmental challenges. We believe this is an important aspect of being a sustainable and responsible business.

Tackling COVID-19 waste

PPE recycling

The COVID-19 pandemic has created a huge waste burden, resulting in the use of an estimated 129 billion facemasks and 65 billion plastic gloves each month, which have ended up in landfill or littered on parks, beaches, and public spaces.

Reconomy Group partnered with, and joined the #ReclaimTheMask campaign to provide a fully transparent, closed-loop recycling solution for all types of PPE to customers, including the option of fully recycled bins for collection.

“ IT IS FANTASTIC TO HAVE ESTABLISHED THIS PARTNERSHIP WITH TEAM AT #RECLAIMTHEMASK AND TO COLLABORATE ON SUCH AN IMPORTANT INITIATIVE. FOR ANY BUSINESS OPERATING TODAY, PPE IS LIKELY TO BE A SIGNIFICANT PROBLEM. TO SAY THAT WE CAN TAKE CARE OF IT – WHILST ALSO ENSURING IT IS PROCESSED IN AN ENVIRONMENTALLY FRIENDLY WAY – IS A REAL POSITIVE FOR OUR CUSTOMERS.

Mike Benton

Operations Director at Reconomy



“ THE HARROWING STATISTICS WE SAW RELATING TO PPE WASTE IN OUR NATURAL ENVIRONMENTS SHOOK US INTO ACTION – WE’RE DETERMINED TO DIVERT AS MUCH OF THIS MATERIAL AS POSSIBLE AWAY FROM BECOMING TRASH, LANDFILLS OR INCINERATION. WORKING WITH RECONOMY WAS AN INTEGRAL PART OF REACHING AS MANY CONTRIBUTORS AS POSSIBLE. THIS IS AN ISSUE WE ALL NEED TO FACE, WORKING TOGETHER TO BRING THE SOLUTION TO THE MANY.

Izzie Glazzard

Marketing Manager, #ReclaimTheMask Campaign

Hard-to-recycle electronic waste Working with UK prisoners to increase recycling

Hard-to-recycle electronic waste is a problem that affects all of us. In an initiative that used social innovation to solve an environmental issue, we engaged with the HMP work programme to prevent excess stock belonging to one of our customers from heading to landfill. Instead, we educated prisoners enrolled in the work programme, while maximising resource recovery from 100,000 units of hard-to-recycle WEEE and batteries, reducing carbon and cost for the retailer in question. The items contained valuable materials that needed to be extracted properly to avoid harmful chemicals from leeching into the environment or out of landfills. The benefits of this new approach have convinced this customer to backhaul and consolidate products that are not waste to save on carbon and cost.

RLG Impact Series: ODN@WIAMY Project

The COVID-19 pandemic has made access to computers more important than ever. For children during lockdown, the transition to digital learning has significantly disadvantaged those without access to computer equipment at home.

This led to Re-use vertical brand, RLG's, CCR Poland launching ODN@WIAMY or 'let's refurbish', an initiative that collected computer equipment from entrepreneurs and companies to be refurbished and donated to schools and children in need. To raise awareness of recycling methods and the circular economy, educational material and games were also provided along with the devices. Using our expertise, RLG ensured that any devices beyond repair were properly recycled. In the UK, Reconomy Group worked with a Midlands-based Schools charity to get over 60 laptops to young people during the pandemic.



Refurbishing electronics for school children in Malawi

UK Comply vertical brand, Valpak, has continued to partner with the Turing Trust to provide refurbished computer equipment to schools in Malawi. Since its inception, the Turing Trust has worked with 172 different schools, with the first 10 years of work seeing 55,000 children across Africa gain access to computers. Students are taught to repair the equipment themselves, and the value of extending the life of equipment. When equipment is beyond repair, it is sent to an ISO-accredited recycling facility—just as it would be in the UK.

WORKING WITH THE TURING TRUST TO PROVIDE IT EQUIPMENT, PLAYS AN IMPORTANT ROLE IN IMPROVING AFRICAN STUDENTS' CAREER PROSPECTS. WHILST VALPAK OFTEN WORKS WITH LOCAL UK CHARITIES, IT ALSO HELPS IF WE, AS A COMPANY, HAVE A GLOBAL PERSPECTIVE TOO.

James Beard

Head of Recycling Services, Valpak

3 shipments of equipment were sent in 2021, resulting in:

33 tonnes of CO2 avoided

2,160 students taught IT skills.

The project achieved:

20% increase in students going to university

University is associated with a **39% increase** in earning potential

IT equipment **lifespan extended** by 5 years.

11

Business value.



Business value.

Technology to support the circular economy

Innovative and transparent digital solutions can help enable the transition to a truly sustainable world in which our planet's finite resources are conserved for many generations to come.

The financial performance of our business is underpinned by a culture of continuous innovation. We know that being a leader in responsible business means ensuring that we remain both competitive and sustainable.

In 2021, we have continued to develop new processes and data applications that improve the sustainability performance of both ourselves and our customers. We believe that with the right technology, companies can access the information they need to capture and make changes necessary to safeguard against future risks and build resilience when faced with challenges.

Our belief is that these tools can equip businesses, ourselves included, to make smarter decisions that consider people, planet, and the economy. Through a focus on continuous innovation in digital technologies, we hope to enable greater visibility and direction in this fast-moving space.



Reconomy was presented with the prestigious **Queen's Award for Enterprise** in 2021 for demonstrating excellence in the field of innovation. This included the end-to-end digitisation of its waste management services and the development of unique and exclusive supply chain integrations through its digitalXchange.

Working with our customers to develop effective solutions is a core element of our approach. High performance in sustainability demands bespoke solutions.

The solutions we deliver often meet a need for high levels of customisation, using a combination of digital tools and in-house expertise. Major contractor and UK Recycle brand Reconomy's customer, Balfour Beatty said: "Reconomy has been an integral part of driving our digitalisation process and our new PunchOut catalogue is another positive step. We look forward to continuing our working relationship with Reconomy whilst developing our fully digital solution".

Technology and innovation are drivers of growth for our business, as customers seek to increase efficiencies and reduce waste, while navigating increasingly complex environmental regulatory requirements. Growing the technology-side of the businesses, and increasing the focus on innovation, has allowed us to keep up with these emerging challenges and expand into new markets in recent years, such as reverse logistics, sustainable supply chains, and extended producer responsibility (EPR) packaging compliance.



The Lord-Lieutenant of Shropshire Mrs Anna Turner JP., presents the **Queen's Award for Enterprise** to Reconomy Group CEO Paul Cox in Telford on 29th November 2021.



Recycle case study

Redrow: 'Reduce the Rubble' Project

In 2020 Redrow launched its Reduce the Rubble initiative to learn more about the waste produced during the housebuilding process and uncover ways to 'design it out' in the future. Redrow's 'Reduce the Rubble' initiative was a UK-first in that it sought to drill down and identify every single component of waste generated during the housebuilding process, with precise waste types and weights captured and logged. The project was driven in part by customer attitudes, with a Redrow survey identifying that 64% of its consumers were more likely to buy from a company that was actively looking, or already had, reduced its levels of waste.

Responding to a changing landscape

Reconomy Group supports its customers' sustainability journeys by keeping at the forefront of regulatory and societal change. Our experts monitor and anticipate trends to deliver great outcomes for people and the planet.



Comply case study

At the forefront of Deposit Return Systems (DRS)

As more and more countries across Europe and beyond look to adopt Deposit Return Systems (DRS) as part of their circular economy strategies, Reconomy Group is using its unique capability, technology and expertise to allow operators to reduce costs, increase beverage container return rates and ultimately drive resource conservation. Through our Comply division, we are engaging with all stakeholders to shape the solutions for this important legislative area.

Circularity Scotland Limited, the Scheme Administrator for Scotland's DRS planned for launch August 2023, has selected Reconomy Group company, RLG, as the preferred implementation partner to deliver a state-of-the-art and future-proof IT solution to manage the scheme.

Supporting Tesco with packaging data

Tesco has over 200,000 product lines that require data to be gathered and analysed for compliance with the UK Packaging Waste Regulations. Valpak calculated Tesco's UK data submissions, including identifying the raw data required, performing weighing exercises, conducting extensive data collection and analysis, and reporting the results to the Environment Agency. Valpak expertise and intelligence helped Tesco establish new areas on which to focus their own resources. Valpak now help Tesco with packaging data compliance internationally.

Insights Platform adds EPR and Plastic Packaging Tax tabs

Valpak's Insights Platform extracts information from our environmental product information centre (EPIC) database, the largest concentration of packaging data in the UK, numbering over 33 million SKU (stock keeping unit). Keeping up with rapidly changing regulations, we have added EPR and plastic packaging data tabs to our leading insights platform. This will enable our customers to search our database and - by allowing them to understand the impact of their packaging - identify areas for improvement, reduce cost and tangibly increase sustainability. It is also a useful benchmarking tool, allowing data to be used to advocate for and inform Government consultations.

THE INSIGHT PLATFORM HAS BEEN DEVELOPED WITH TESCO STORES LTD AND AS SUCH HAS BEEN DEVELOPED TO RUN QUICK, USEFUL REPORTS ON PACKAGING DATA, TURNING INFORMATION INTO VALUABLE INSIGHT. TESCO HIGHLY RECOMMEND THIS TOOL TO ANYONE LOOKING TO GET SIGNIFICANTLY INCREASED VALUE FROM THEIR PACKAGING DATA.

Tesco



Comply case study

Re-Volt – powering our way across the UK

Valpak's award-winning Re-Volt scheme is the UK's first zero-carbon battery collection service. Re-Volt is innovative, free of charge, and convenient for businesses. What's more, our network of zero-carbon collections is expanding year-on-year, which means even more of our existing national network of free collections is switching to carbon-free.

"In the UK, we throw away over 600 million batteries each year, with more than 20,000 tonnes ending up in landfill. Recycling this hazardous waste responsibly is the right thing to do for the environment and helps us to meet the UK's national targets on battery recycling. However, we are always looking for ways to achieve our goals with less impact on the environment."

James Nash, Commercial Manager



100%

of those companies surveyed believe that using the Insight Platform has helped to inform their decisions about packaging

IN SECONDS, THE INSIGHT PLATFORM CAN REPORT BACK ON WHICH SUPPLIERS GENERATE THE GREATEST VOLUME OF NON-RECYCLABLE PACKAGING OR ESTIMATE LIKELY COSTS UNDER NEW PLASTIC PACKAGING TAX OR EPR REGULATIONS.

Phil Crum
Valpak Head of Data Insights



Comply case study

Navigating international regulatory challenges: ASOS

ASOS is caught under an increasing volume of legislation, including the Packaging, WEEE & Batteries legislation both in the UK, the EU and worldwide. As the fashion retailer has grown exponentially, so has compliance and data reporting requirements from operations around the world. With ASOS obligated to make more than 300 submissions across multiple territories every year, using Valpak's International Data Insights has been crucial to ensuring accurate and timely data submissions and full compliance with legislation. The customer benefited from regular communication with experienced and knowledgeable staff; time and resource savings; increased accuracy of submissions and the removal of administrative burdens.



Comply case study

E-waste in India

With 3.2 million tons in 2019, the country is the third largest e-waste producer worldwide, according to the Global E-waste Monitor 2020. RLG India started working with the German Federal Ministry for Economic Cooperation and Development (BMZ) on the 'E Safai' project. It contains a series of online and on-ground campaigns and aims to raise awareness of the safe and sustainable handling of e-waste. This includes the integration of the informal sector into the formal ecosystem with a goal of reaching 1000 informally employed workers, 80,000 students, 200,000 people through office clusters, 1,500 through bulk consumers, 15,000 people in Resident Welfare Associations (RWAs) and create more than 1,000 employment opportunities in the collection, dismantling and recycling sectors by bringing on board four dismantlers in India.

Online Take Back Scheme facilitates clothes donation during lockdown

The COVID-19 pandemic introduced new challenges for clothes donation. An upsurge in online shopping and continued store closures introduced new barriers to donating used clothing. At the same time, the demand for second hand clothing has increased significantly due to increased vulnerability as a result of pandemic. Using Valpak's data portal, UK Re-use brand, ReBound, launched its Online Take Back Scheme that encourages shoppers to donate unwanted items to charity online.

We have partnered with the Salvation Army to launch our 'take back' portal. Most retail take back schemes rely on access to physical stores, which make it difficult for shoppers in remote locations to participate, and with many in-store donation initiatives closed as a result of the COVID-19 pandemic, shoppers cannot reach drop-off points easily. This has been provided as a service to retail customers, enabling shoppers to easily donate unwanted items to the Salvation Army safely during lockdown.



59%
of customers

would donate their items if companies made it easier for them to do so
(Ellen Macarthur, 2018)



Digitising the waste industry

Reconomy Group has continued to invest in digitisation, delivering a variety of new client solutions over the last year.

Our commitment to innovation has delivered terrific results for our customers — improving convenience, boosting productivity by up to 40%, yielding valuable insight, driving positive environmental impact, and easing compliance and regulatory burden.



The Reconomy Portal

The industry-leading Portal by Reconomy has received further investment and development in 2021. Customers can directly monitor all of their compliance data as documentation as well as the performance of their various locations. The Portal has been further enhanced with clear carbon reporting using recognised industry data, allowing customers to continuously monitor the impact of their resource management and progress toward their own Science Based Targets.



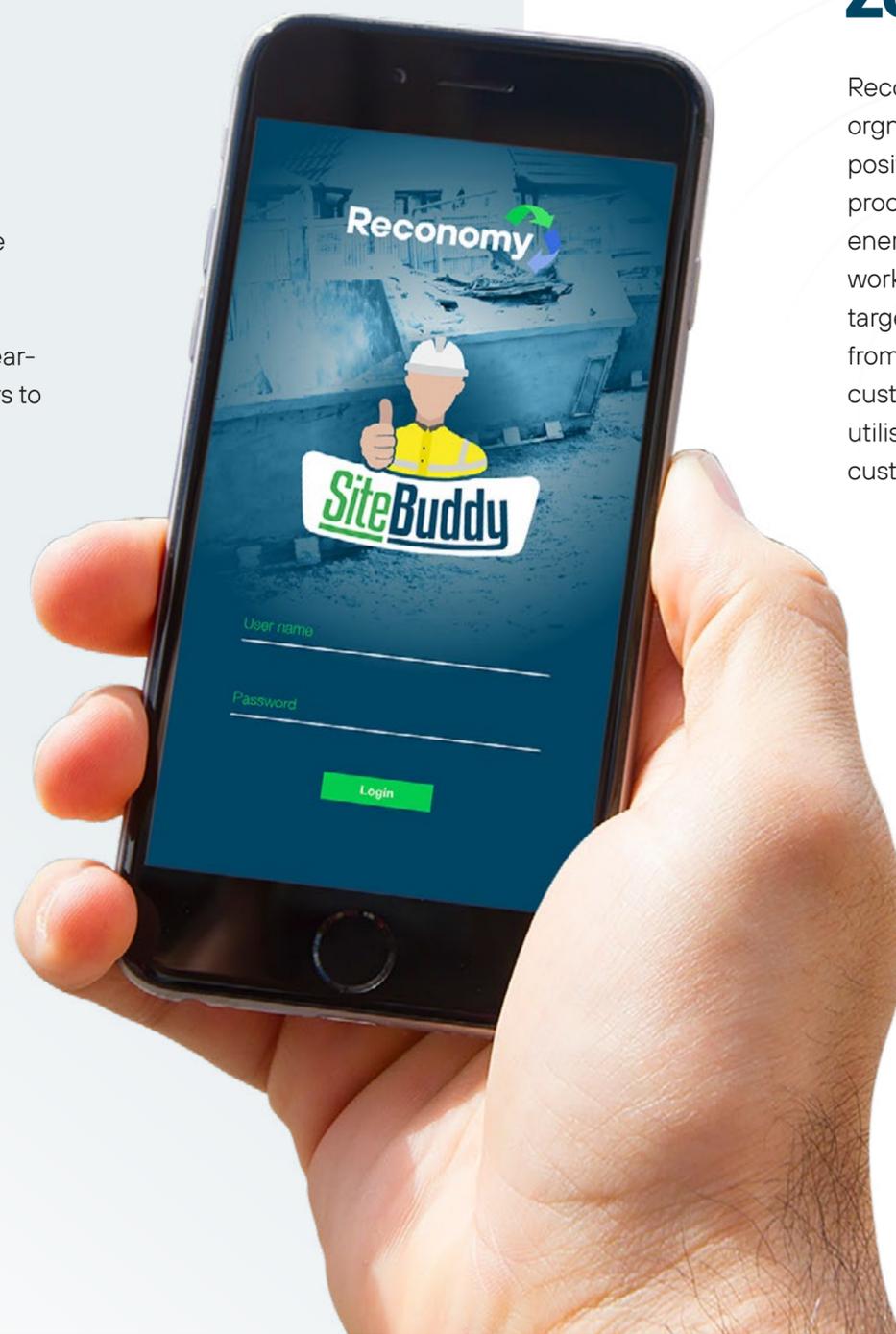
Smartphone apps



Reconomy's Tipping App is used by large contractors and social housing maintenance customers, allowing their drivers to best utilise Reconomy's large network of transfer stations and recycling centres. All data is captured digitally, with documentation transferred in near-real time to the Reconomy Portal for customers to access and analyse, **removing all physical paperwork from the process.** It also automatically routes customers' drivers to a compliant disposal location that is on the way to their next job – resulting in **significantly reduced mileage and carbon footprint.**



SiteBuddy allows on-site personnel to call-off skip and waste container deliveries and exchanges. All compliance data and documentation is transferred digitally to the Reconomy Portal – so there is **no paperwork.** SiteBuddy allows customers to improve the utilisation rate of their waste containers resulting in a **more efficient process that reduces transport mileage.**



Reconomy has developed a tool that quantifies an organisation's various forms of waste management as either a positive figure (associated with reuse and recycling processes) or negative figure (landfill and incineration / energy from waste). The objective is to support companies in working towards the Zero Waste International Alliance's target of 90% or more of discarded resources to be diverted from landfill and incineration. In 2021 we supported our customers to reduce their waste and carbon, as part of REAP, utilising the Zero Waste Index tool to start generating customer-specific indexes that plot a pathway to 1.5°C.



Reconomy has partnered with VWS Software Solutions to drive trade waste automation as part of its digitalXchange supply chain strategy. This exclusive partnership allows Reconomy to offer the only digital integration with a widely used platform for trade waste and recycling companies in the UK. This initiative has helped our suppliers digitise, allowing service providers to increase accuracy and reduce paperwork. We have digitised 50% of our supplier interactions, improving efficiency. We are on track to have digitised 60% of our supplier interactions by 2022.

SMARTWASTE delivered by bre

SmartWaste is BRE's environmental site monitoring and reporting software. SmartWaste assists some of the UK's leading construction companies and contractors in managing their environmental impacts. Through the application of the latest API (Application Programming Interface) technology, Reconomy has linked its customer system with SmartWaste, significantly simplifying the data input process for customers.



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**Ethics and
governance.**

Ethics and governance

Sustainability governance

At a Group level, the Board is responsible for managing our sustainability risks. Oversight is delegated to the Sustainability Leadership Group, and on a day-to-day basis, sustainability risks and opportunities are managed by the Head of Group Sustainability and the leads across each Group business. Each business also contributes to a Quarterly ESG Reconomy Group Board report.

In 2021 Reconomy Group submitted a letter of commitment to the United Nations Global Compact UNGC and Science Based Targets initiative SBTi. In 2022 we will report to the Task Force on Climate Related Financial Disclosure (TCFD) and continue to provide a Streamlined Energy and Carbon Report (SECR) and voluntarily disclose this to CDP. We also use Ecovadis corporately to assess and benchmark, and the Social Value Portal to verify our social value data. We aim to disclose all relevant data and information in our Annual Sustainability Report and business Impact Reports. Vertical Sustainability Steering Groups will support the implementation across the Group of our refreshed Sustainability Strategy.

Sustainability Steering Group

All businesses in the Group, for at least 9 months in 2021, have been part of the Carbon Reduce programme and we have undertaken a full Scope 1, 2 and 3 carbon assessment for the Group. We have measured our carbon assessment (Scope 1,2,3) and set reduction targets that are Science Based using Achilles e-manage.

Businesses have also:

- Aligned or adopted all Group Sustainability Policies
- Used the Social Value KPIs to contribute to local, economic and social value Group target
- Put in place an employee Sustainability engagement and training programmes
- Committed to an EcoVadis assessment in 2022.

Sustainability Risk

As the Group has grown significantly, we have undertaken a materiality assessment with our stakeholders to assess the risk and material issues to the business. In addition, sustainability risk is assessed and reported to the Board. The effects of the global pandemic still affect our value chain including shortages of materials, interrupted supply chains and logistics along with labour shortages. In addition, there are impending changes to legislation which we need to prepare and support our customers



on this along with outcomes from COP26 UN Climate Change Conference and the Intergovernmental Panel for Climate Change mean that the actions we are taking on reducing our impact are increasing important to all our stakeholders. We are now also required to respond to the TCFD. As such we have carried out three TCFD workshops with the Senior Finance team to fully integrate climate to our Group risk management process in preparation for reporting in 2022.

Group Structure Governance Framework

We've grown significantly in the last three years since the Sustainability Strategy was first implemented. We see a need to get and keep our brands on the same page when it comes to impact performance. A new role of Head of Group Sustainability was developed in March 2021, with a key element of the role being to integrate and align the sustainability of new businesses with the Group Strategy. A new purpose and values has been adopted by Reconomy Group in Q1 2022.



Group policies

We have created, or reviewed, 11 key sustainability policies, developed with sustainability leadership across all our global brands. These will be implemented throughout 2022 accompanied by the appropriate awareness, systems, and training. Each will implement the policies and may need to incorporate, review or enhance local processes and procedures. Communication will be key, and each entity has Group and business level communication channels that will be leveraged to ensure everyone is made aware of new policies and the positive impact they will have on their role and our customer service. Training needs will be assessed, and specific and more general training put in place. All entities have management systems that will be reviewed and updated to ensure they take account of these Group policies.

11 key sustainability policies

- Sustainability Policy
- Sustainable Procurement Policy
- Sustainability Supplier Charter
- Modern Slavery Policy
- Environment Policy
- Health and Safety Policy
- Quality Policy
- Anti-Bribery and Corruption Policy
- Business Ethics Code of Conduct
- Whistleblowing Policy
- Diversity and Inclusion Statement.



Re-use case study

ReBounce joins Million Tree Pledge

ReBounce has joined the Million Tree Pledge, with a commitment to plant over 1 million trees by 2030. As part of the pledge, ReBounce must also commit to expanding the initiative by bringing others in. The Million Tree Pledge is a collaborative initiative that brings together companies and communities to plant 1 million trees every year to help along with a transition to a zero emissions society. Trees are planted by local community members, with a focus on employing women.

13

Looking forward.



Looking forward.

“ WE MUST EMBRACE THE FUTURE. NOT FEAR IT.



Thank you for taking the time to read Reconomy Group's Annual Sustainability Report.

Our underlying commitment to you is that Reconomy Group will continue fulfilling its unique position of enabling and facilitating more sustainable and circular solutions. This remains true for both the numerous customers we serve and the many suppliers supporting us on our journey.

With the world running out of resources, the circular economy is of critical importance, and collaboration will be essential in achieving positive outcomes. It is more important than ever that we act – and act as one.

Issues with resource scarcity, supply chain disruptions, and consumer demands in relation to sustainability are increasing calls for business transparency and disclosure across all sectors. This means the commercial benefits of adopting an ethical business model will become even more valuable. Businesses that choose to ignore these calls risk being left behind.

For us, realising our net zero carbon targets remains crucial. As the Group grows, we will not only focus on eliminating our own emissions but also on helping our customers to do the same. We have chosen to voluntarily disclose our carbon emissions and believe that disclosure is going to become more and more vital as our business further expands and we seek to clearly demonstrate our action and purpose.

With so much weight and responsibility resting on all our shoulders, it is easy and understandable to feel anxious about the warnings of climate change. However, I do feel we need to be optimistic and embrace the challenges.



We must not stand idly by and fear the future. Instead, we need to use this fear as a catalyst to act now – as there simply is no more time to waste.

Diane Crowe
Head of Group Sustainability

Appendix.

Carbon 2021

Audited and verified by Achilles to ISO14064

Reconomy Group meets the requirements of Carbon Reduce certification, having measured its greenhouse gas emissions in accordance with ISO 14064 Part 1 2018 and is committed to managing and reducing its emissions in respect of its operational activities of its organisation, excluding Reverse Logistics Group and Noventiz.

Category	2021
Category 1: Direct emissions	232.18
Category 2: Indirect emissions from imported energy	580.70
Category 3: Indirect emissions from transportation	111,616.40
Category 4: Indirect emissions from products used by organisation	6,095.41
Category 5: Indirect emissions from associated with the use of products fromm the organisation	57,811.10
Category 6: Indirect emissions from other sources	0.00
Total direct emissions	232.18
Total indirect emissions	176,103.62
Total gross emissions	176,335.80
Category 1 direct removals	0.00
Certified renewable electricity certificates	0.00
Purchased emission reductions	0.00
Total net emissions	176,335.80
Emissions intensity	
Operating revenue (gross mandatory CO ₂ e / £Millions)	210.73

Footnotes.

- 01** Combination of waste reduction tonnage from 2019-2021 and reduction in tonnage per parcel (returns)
- 02** UK-only
- 03** UK-only
- 04** S&E value since 2018: to date £ 309 M Social and economic value from SME spend. £121M 2021. (SVP verified Reconomy and Valpak)
- 05** Social and Economic Value in 2021 Reconomy and Valpak SVP verified (£128M)
- 06** Scope 1 and 2
- 07** Pure Social Value in 2021 Reconomy and Valpak SVP verified
- 08** Voluntary, Community & Social Enterprise
- 09** Calculated using National TOMS, from 2018 launch of RSVP campaign
- 10** Verified through the Social Value Portal
- 11** Bath University worked the savings out and The Carbon Footprint Company Ltd verified it
- 12** Scope 3 is based on a 2019 baseline and to be reassessed to include recent acquisitions
- 13** Excluding Advanced due to acquisition in Q4 2021 and RLG and Noventiz Scope 3 due to immature systems for scope 3 data collection

**Reconomy
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