



The Reconomy Sustainability Report

2016 – 2017



Contents

- 04 “Setting the Standard”
A foreword from Paul Cox
- 06 Leading the Market
- 08 The Reconomy Way of Thinking
- 10 Surpassing Performance Targets
- 12 Why We’re Different
- 14 Reconomy’s Sustainability Road Map
- 16 Our People
- 18 Our Partners
- 20 Our Planet
- 22 Our Profitability

“Setting the Standard”

A foreword from Paul Cox, Managing Director of Reconomy



On behalf of myself and the Board of Directors at Reconomy, welcome to this third edition of our Sustainability Report. I would like to pass on my sincere thanks to everyone that has made this another landmark year for the company.

The Reconomy family has expanded considerably over the last 18 months, following the integration of our colleagues from Countrywide Waste Management and the acquisition of the Network Waste team. This rapid expansion, together with the upselling of services to existing clients and the attraction of new business, allowed us to increase turnover to £87.4m in 2015. We remain on track for further growth with a current run-rate set to achieve £125m revenue by the end of 2016.

Despite this fantastic success, the waste industry remains rooted in a period of unprecedented change and uncertainty. Continuing fluctuations in commodity pricing means that for some manufacturers it is now cheaper to buy new materials rather

than use recycled equivalents. As I'm sure you can appreciate, this is having a massive impact on recycling volumes and demand for recycled goods.

In spite of this, Reconomy remains committed to promoting the principles of a circular economy, where all waste is treated as a reusable resource, retaining both an inherent value and a purpose within the wider marketplace.

Because of our diverse portfolio of clients, Reconomy finds itself in the unique position of being able to find innovative outlets and reuses for waste. We are able to act as a conduit between businesses from entirely different industries, and are setting the standard in forging partnerships that deliver practical alternatives to sending waste to landfill.

We will continue to educate our clients and the wider business community about the benefits of adopting circular economy principles.

Paul Cox,
Reconomy Managing Director

Leading the Market

Reconomy is the UK's market leader in outsourced recycling and resource management services. We help our clients to recycle, process and dispose of waste in a responsible, sustainable and cost-effective way, optimising their environmental and financial performance.

From our offices in Telford, Shropshire, we co-ordinate approximately 12,000 waste movements every week and annually manage 3m tonnes of waste.

We help thousands of UK businesses to maximise the recycling or reuse of their waste, as well as reduce their carbon

footprint, in order to meet their corporate social responsibility targets for waste management and sustainability. In 2015 we successfully diverted 93% of all the waste we managed away from landfill, helping to meet government objectives, preserve the environment and make significant cost savings for our clients.

Our nationwide service operates across four key sectors:



House Building



Construction



Infrastructure



Business & Industry

Our client-base is exceptionally broad and we work with businesses of all sizes – from SMEs through to international blue chip companies operating in the UK.

Our objective is to deliver change across the business community by transforming attitudes towards waste minimisation and management, all on behalf of our clients. In support of circular economy principles,

we aim to stimulate and facilitate the reuse or recycling of materials wherever possible and maximise opportunities for landfill diversion – forming unique cross-industry partnerships in the process.

Owned by Bregal Capital, a private equity firm with fund investments in excess of £3bn, Reconomy is committed to pioneering long-term improvements within the waste industry.

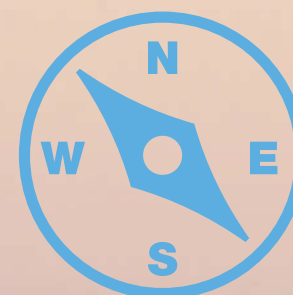


The Reconomy Way of Thinking



Our Vision

Our vision is to deliver a best practice approach to sustainability improvement, enhancing the performance of our clients and enabling them to win more work.



Our Mission

We will realise our vision by implementing our mission; establishing integrated partnerships with our suppliers, investing in service innovations and building a business platform which supports continual growth.

Reconomy continues to set new standards for the waste industry, exceeding the needs and expectations of our stakeholders. By developing our people's knowledge, skills and approach, we will ensure that our employees want to work for us and our clients want to work with us.



Our Core Values

We are committed to employing and developing the very best people, who collectively believe in our core values, which are:



Empathy:

We always try to put ourselves in our clients' shoes.



Collaboration:

Working together is the best way to achieve our common goals.



Integrity:

Our people strive to do the right thing, whilst doing things right.



Professionalism:

We always seek to apply the right behaviours to any given situation.



Ownership:

We allow our people to lead by example and take action to deliver results.



Empowerment:

Through encouragement and support our employees will achieve more.

Surpassing Performance Targets

Review of 2015

In 2015 Reconomy achieved a 34% year on year increase in turnover, from £65m to £87.4m.

This incredible achievement was the result of sustained organic growth, credited to the retention and expansion of key client accounts, the attraction of new business, and the acquisition of two long-established and highly successful waste management businesses.

Reconomy proudly boasts a 93% landfill diversion figure and we remain committed to working towards our goal of reaching 95% diversion by the end of 2016. This is despite experiencing an increase in volumes of waste that are mandated to go to landfill, as there are currently no alternative options available.



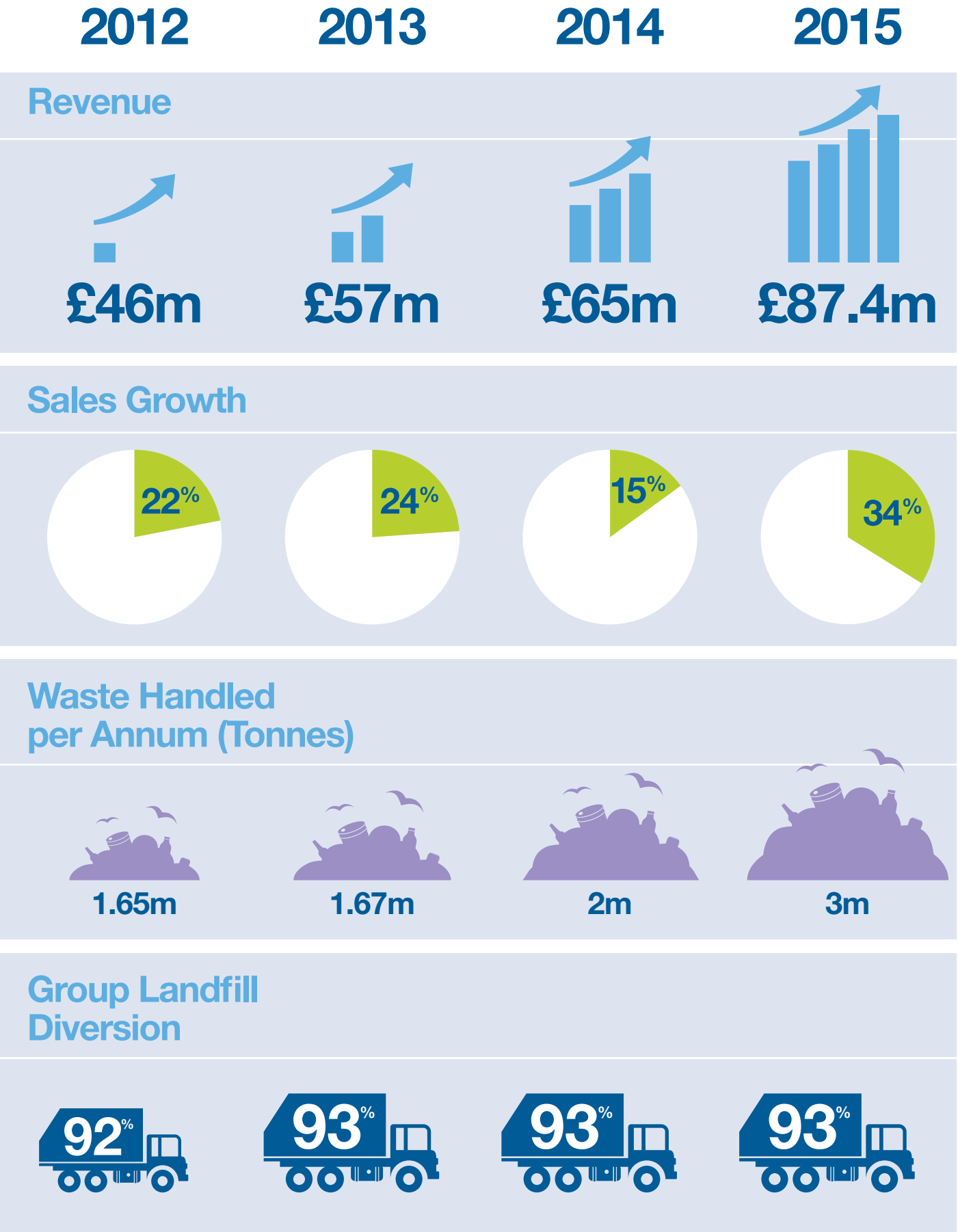
Expanding our Business Portfolio

In January 2015, Reconomy acquired Countrywide Waste Management Limited and its subsidiary, MT Waste Management Limited. Both businesses have been fully integrated into the Reconomy group of companies.

In October 2015, Reconomy further added to its business portfolio with the acquisition of Kings Lynn-based Just Hire Limited, trading as Network Waste. Due to Network Waste's established regional market share, loyal clientele and knowledge of the social housing sector, they continue to operate as a separate entity, whilst being able to draw upon Reconomy's wider knowledge and expertise.



Year on Year Highlights



Why We're Different

Unlike many traditional waste management service providers, which will dispose of a client's waste 'no questions asked', at Reconomy we are continually seeking a more forward-thinking approach. Not only do we explore every opportunity to reuse or recycle waste in order to divert it away from landfill, we will also proactively work with our clients in order to minimise the amount of waste they generate in the first place. We achieve this in a number of ways:

Service-led Approach:

We work closely with our clients to develop a waste management solution that meets their specific requirements. We also provide on-site support and training via our team of highly experienced Site Liaison Officers (SLOs).

Intelligence Gathering:

Through the Reconomy Portal, our industry-leading online reporting platform, clients have complete visibility of how their waste streams are managed from creation to disposal, keeping them up-to-date and in control.

Industry Knowledge:

Our people have years of industry expertise, helping to ensure our clients are compliant with all relevant waste management legislation – giving them peace of mind.

Price Leadership:

We co-ordinate approximately 12,000 waste movements every week. Because we collectively place a consistent volume of business through our supply chain partners we are able to proactively negotiate the best value for our clients.

Single Point of Contact:

On behalf of our clients we are able to manage multiple regionally-based suppliers across numerous sites, all via one single point of contact. This helps to streamline our clients' administrative processes, saving them both time and money.

Innovation:

Because of our experience and expertise, we are continuously exploring new and improved methods of managing our clients' waste in order to maximise efficiency, cost control and environmental performance.

Sector Insight

House Building:

- Reconomy increased its house building revenue by 21.1% in 2015
- We continue to develop relations with national housebuilders, widening our geographic coverage and broadening our service offering
- Ongoing demand for new housing developments is expected to drive further growth during 2016 and 2017.

Construction:

- Despite a sector-wide decline in output, Reconomy recorded an against-trend increase in core revenue of 6% during 2015
- The 2015 acquisition of Countrywide Waste Management and Network Waste resulted in the acquisition of several new construction client accounts, increasing sector revenue by 49% against 2014
- New construction clients include: Dawnus, Bouygues UK and Lendlease.

Infrastructure:

- Reduced output by key clients led to an 8% drop in revenue during 2015
- Increased sector activity is forecast for 2016 and 2017, which we believe will result in increased opportunities for growth and expansion.

Business & Industry:

- Reconomy increased its Business & Industry revenue by 129% in 2015



Reconomy's Sustainability Road Map

Our 4Ps Approach

Reconomy has developed a step-by-step approach for improving the environment in order to benefit our people, our partners and our planet, whilst also providing opportunities to maximise our profitability.

People

Central to everything that we do, our people make us the business that we are and share in all our successes.

Partners

Raising industry standards can only be achieved by nurturing and developing mutually beneficial partnerships.

Planet

We all have a responsibility to protect the environment by working within the limited resources that our planet makes available to us.

Profitability

By continuing to innovate and plan for the future we will maximise every opportunity for sustainable business growth.

Our People



Objectives

- Drive staff development throughout the organisation by implementing a “people first” approach across our business
- Maintain a safe working environment for our staff and ensure companies working on our behalf represent Reconomy in a safe, professional and responsible manner.

Short-term Targets

- Deliver 4,000 staff development and training hours per annum
- Accredit our internal customer satisfaction training programmes with the Institute of Customer Service (ICS)
- Implement an internal sustainability workshop for all employees.

Long-term Targets

- Achieve Supply Chain Sustainability School GOLD Membership
- 90% of all senior managers to be accredited with the Institute of Leadership and Management (ILM) programme.

Employee Growth

We are proud of our Shropshire heritage and believe it offers the perfect infrastructure for our continued business development. To enable our growth into a £200m turnover company within the next three years, we intend to attract the best possible business professionals to the area.

During 2015 over 50 new recruits joined the Reconomy team, fulfilling roles across a range of departments and requiring varying skill sets. In just the first quarter of 2016, a further 38 new starters joined our ranks – demonstrating the speed of our growth.

Personal Development

We are committed to developing our employees in order to maximise their career opportunities. In 2015 Reconomy's in-house Training Academy delivered over 3,500 training hours, including 1,500 hours of Institute of Leadership and Management (ILM) accredited training, benefiting all levels of the business - from junior administrators to senior managers.

Our internal Leadership and Management Programme has also been responsible for fast-tracking 100% of all participants into supervisory or managerial roles within the last 12 months. Plans are already in place to run the programme again in 2016 and expand the scope to include apprenticeship programmes, providing entry level opportunities to school/college leavers and those in long-term unemployment.

Health and Safety

We are proud to maintain an enviable position of being well below the waste industry's average standard for accidents and we will continue to maintain and improve upon that position.



Our Partners



Objectives

- Incorporate environmental objectives and goals within our internal supplier chain, benchmarking procedures to drive 'closed loop' initiatives
- Continue to lead and pioneer changes within the waste industry.

Short-term Targets

- Preferred suppliers to achieve a minimum or average verifiable landfill diversion figure of at least 90%
- Introduce a Supply Chain Charter, gaining sustainability commitment from key suppliers
- Introduce an annual supplier forum to create a feedback loop for suppliers to discuss challenges and share best practices.

Long-term Targets

- All Reconomy preferred suppliers to achieve PAS 402 certification
- All preferred suppliers to achieve 100% landfill diversion.



Partnering with our Suppliers

In 2015 we conducted 196 visits to supply chain partners in order to assess their performance, environmental credentials, and their health and safety compliance. Across all those visited, an overall average accreditation score of 84% was achieved.

This is helping Reconomy to raise standards of service across our supply chain, which directly benefits our clients and the waste industry as a whole. The process is clearly having a positive effect, as based upon

2015 data, 97% of all the waste movements that we co-ordinated were delivered on time within our customer driven KPIs.

Reconomy continues to grow its tiered supply chain in order to meet increased service level demands as we approach our next growth target of £200m turnover. We now work with a total of 1,143 supply chain partners nationwide, consisting of preferred suppliers, approved suppliers and compliant suppliers.

The Reconomy Portal

The Reconomy Portal, which is our industry-leading online reporting platform, stores all information and data relating to waste movements, volume, invoicing and disposal destinations. The portal is regularly accessed by over 90% of Reconomy's top 150 supply chain partners.

The portal is the first point of communication for all new order instructions passed to our supply chain partners, enhancing working relationships with our supply chain and providing a superior level of service delivery to our clients.



Our Planet



Objectives

- Deliver a complete reduction in waste sent to landfill across all operating divisions, promoting the use of recycled materials wherever possible
- Provide support and opportunities within our local communities through key partnerships that drive sustainable improvements.

Short-term Targets

- Achieve a group landfill diversion rate of 95%
- Improve Reconomy's reporting data, providing insight into the percentages of waste recycled, reused or sent as a feedstock for renewable energy generation
- Report Reconomy's own waste data on the Reconomy Portal and target 100% landfill diversion from all waste
- Increase the supply of recycled aggregates by 10% per annum
- Enhance relationships with local community partners to drive employee engagement levels.

Long-term Targets

- Promote a 'best-in-class' mentality towards the handling of all waste streams
- Recycle 70% of all waste handled
- Reuse 20% of all waste handled
- Convert 10% of all waste to 'Energy from Waste' (EFW)
- Recycle 60% of all aggregates produced
- All employees to spend two days per annum on community-based volunteering works (source: Bregal Sustainability Gap Analysis exercise).

Office Upgrades

When Reconomy occupied its new Telford offices in 2015, the company partnered with heating specialists iRed Heating, who installed electric radiant heating panels throughout the building. Per winter period, this has reduced energy usage by 176,000Kw/h and CO₂ by 81,345kg – producing a saving for the company in excess of £21,000.

Corporate Charity Donations

In partnership with our many clients, throughout 2015 Reconomy aided numerous charities and regional community projects by donating free skips, containers and other services. In support of these good causes, all waste disposal costs were absorbed by Reconomy thereby helping to minimise project costs and enhance fundraising efforts.

Staff Fundraising

In addition to corporate charity donations, many of our employees partook in regular fundraising activities, in support of both local and national charities. During 2015 Reconomy's employees raised and donated over £5,000 towards good causes. Some of the numerous ways in which our employees sought to raise money included:

- Marathons and fun runs
- Participation in local dragon-boat racing events
- Office dress down days
- Innovative fundraising competitions.



Our Profitability

Objectives

- Provide efficiency and resource savings, which are driven by internal sustainable improvements to our business operations
- Provide an annually measured Net Promoter Score (NPS) to deliver customer-focused process improvements that drive long-term customer value and retention.

Short-term Targets

- Monitor business travel and expenditure to be able to set improvement targets to reduce CO₂ emissions
- Achieve a consistent NPS score of 30% and an Institute of Customer Service (ICS) UK Customer Satisfaction Index score of 70%.

Long-term Targets

- Introduce sustainable travelling policies - i.e. stimulate the use of public transport
- Achieve ICS Service Mark Accreditation
- Achieve ISO9001 Quality Assurance Certification.

Innovative Approach

In 2015 Reconomy pioneered the development of a volume reduction system suitable for construction site use. This followed extensive research, which identified that packaging and other light mixed waste was, in most instances, accounting for a disproportionate amount of our clients' waste volume – in some cases up to 50%.

Our system, called Sustain-a-bale®, operates by compacting low density materials to minimise the amount of space that these frequently bulky, yet lightweight, waste streams occupy.

Sustain-a-bale has offered an improved alternative to disposing of packaging and light mixed waste in skips, which delivers poor utilisation. Consequently, through the use of our Sustain-a-bale system, clients have been able to reduce volumes of light mixed waste, and their associated movement / disposal costs, by as much as 50%.





Contact Us

For more information, or if you require any further assistance, please don't hesitate to get in touch.

Reconomy

Kelsall House
Stafford Court
Stafford Park 1
Telford
Shropshire TF3 3BD

Phone

0800 834 133

Email

enquiries@reconomy.com

www.reconomy.com