



2013


Sustainability

REPORT

Reconomy- leading the waste management sector







about **Reconomy**

Reconomy is one of the UK's market leaders in outsourced waste management and recycling services providing an all-encompassing waste management service that looks to enhance the environmental and financial performance of our customers.

Our nationwide operations extend to four main business sectors; Construction, Housing, Infrastructure and the wider Business & Industry sectors, helping thousands of organisations to recycle, process or otherwise dispose of every category of waste in a sustainable and cost-efficient manner.

Owned by **Bregal Investments**, a private equity firm with fund commitments of more than £3bn based in central London, Reconomy is renowned for being a market leading provider of waste management services providing a tailored solution to meet customer needs.

Reconomy has a well established reputation for removing the administrative burden of waste from customers, enabling them to focus on more strategic elements of the waste process and detailed KPIs that drive waste reduction and improve business performance.

Our core business philosophy remains focused on the **on-site segregation** of waste to encourage greater recycling and **landfill diversion**. In doing this, Reconomy provides customers with the ability to utilise waste as a resource and, where possible, increase recycling measures and implement a closed-loop process where waste is re-introduced back into the value chain.

Where this is not possible, reduced costs of disposal for segregated waste can still be realised, promoting landfill diversion and environmental gains to achieve government targets and directives together with improved bottom line performance.

In our approach, we actively support and drive waste reduction techniques taking organisations through a strategic process that brings about cultural change. Customers can then work up through the waste hierarchy and focus on long term improvement initiatives.

Our focus on **long term gain**, rather than short term "quick wins" is a key differentiator and a prime factor in establishing long term relationships with our prestigious and enviable client base of some of the UK's most established and well-known brands.

2012 Performance Highlights

Reconomy has continued to grow from strength to strength despite a backdrop of tough economic conditions.

This growth can be attributed to a strong resilience and focus on Reconomy's core business offering alongside a dedicated team that has worked hard to adapt to the changing market and continue to deliver tangible added value to its customers.

A revenue uplift of 24% is evident with a further increase in the volume of waste handled across the group. A 1% decrease in our landfill diversion data can be seen which is largely due to the HMRC waste clarification in 2012, which led to an increase in the accuracy of supplier reported data for waste sent to landfill.

| | 2011 | 2012 |
|-------------------------|---------------|--------------|
| Revenue | £38.1m | £47.1m |
| Sales growth | 5% | 24% |
| Waste handled per annum | 1.51 m tonnes | 1.65m tonnes |
| Landfill Diversion Rate | 93% | 92% |

Housing Highlights

- **5%** increase market share in 2012.
- Approximately **42%** of all on-site, build phase waste in the housing sector is handled by Reconomy.
- **9** out of the top **10** housebuilders put their trust in Reconomy.

Infrastructure Highlights

- Approximately **4%** increase in market share.
- Key customer development with May Gurney, Enterprise plc, Balfour Beatty Utilities & Morrison Utility Services.
- A significant pipeline of opportunities for 2013.

Construction Highlights

- Approximately **2%** of all CD&E waste is handled by Reconomy.
- **1%** increase in market share in 2012.
- Strengthened relationships with UKs' largest construction companies.

Business & Industry Highlights

- New regional contract wins of National Trust, Marley Eternit and Norland Managed Services driving continued growth.
- A focussed approach to the sector delivering a unique approach to scheduled services.

Foreword from Paul Cox, Managing Director



On behalf of Reconomy, I am delighted to introduce our first publicised sustainability report that describes our continued progress in driving sustainability measures within both our internal operations and external customers throughout the last 12 months.

An independent sustainability study into Reconomy's operations was commissioned in June 2012 to assess specific value creation opportunities for both our internal operations and our external customers.

This study has been the catalyst for our current sustainability improvement programme which looks to build upon the recommendations made, and address the wider sustainability issues faced by Reconomy, both now, and in the future.

What is clear is that our own operations have a significantly lesser impact on sustainability in comparison to the impact of our customers. This is principally why our core focus within our sustainability agenda will remain structured and focussed around the larger influence we are able to manage on behalf of our customers.

The construction sector and its related industries is the largest waste generating industry in the UK and we are committed to providing a service that enables our customers to deliver on their sustainability goals and business objectives.



In this report, we explore how our initiatives have begun to help our customers achieve their often individualistic goals, and how we ourselves have implemented business process improvements that ensure we continue to lead the way and demonstrate best practice when it comes to sustainability principles and innovation.

Our sustainability report is the key driver in assessing our main focus for sustainability goals and is focussed fundamentally around Environmental, Social and Governance principles (ESG).

If you have any comments surrounding this report, we would welcome your feedback which can be sent to sustainability@reconomy.com

On behalf of the board of Reconomy (UK) Ltd.

Paul Cox
Managing Director
August 2013



What sustainability means to us...

Reconomy is committed to embedding Environmental, Social and Governance (ESG) principles into the heart of our business operations to create added value for our customer base.

Sustainability principles have played a key role in our business operations since our inception, with landfill diversion, waste segregation and recycling at the very core of what we do.

As the waste industry evolves and customer driven demands/KPIs incorporate a greater need for sustainability and social responsibility, Reconomy must ensure it leads the way in providing innovative and tangible value added solutions to deliver our customer objectives.

In June 2012, Reconomy undertook a detailed sustainability review, conducted by external consultants Spring Associates (www.spring-associates.com), to assess the impact of its business operations and develop ways in which to embed sustainability into our core business principles to add value to both our own business and those of our customers.

The key objective of the study was to create a long-term sustainability "road map" for Reconomy that allows a progressive approach to achieving pre-determined goals over the coming months and years.

A Director led project group has been put in place to deliver our sustainability objectives and ensure the improvement programme is delivered.



Our sustainability road map

Achieving our Sustainability Road Map

4 Key Outcomes

9 Overall Goals

12 Core Targets

The Reconomy Sustainability Road-Map brings together our existing initiatives, policies and strategies and sets a number of new challenges both now and in the future.

Our activity will be focused around
4 Key Outcomes

1 People



2 Partners

3 Planet



4 Profit

Reconomy 

Nine Overall Goals

Each of the four outcomes set a number of specific goals to achieve, each of which act as the catalyst for change:

People



- 1** Provide our employees with an increased understanding of sustainability issues and how it impacts our customer decisions.
- 2** Ensure a safe working environment for our staff and ensure that companies working on our behalf represent Reconomy in a safe, professional and responsible way.

Partners



- 3** Raise industry standards through supplier relationship management that delivers greater landfill diversion potential to our customers.
- 4** Continue to lead and pioneer changes within the waste industry.

Planet



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

Profit



- 7** Invest in R&D to develop industry leading technologies that drive waste optimisations and reduction.
- 8** Provide efficiency and resource savings driven by internal sustainable improvements to our business operations.
- 9** Provide an annually measured Net Promoter Score to deliver customer focussed process improvements that drives long term customer value and retention.



Twelve Core Targets

Each of our goals can be further broken down into specific targets, each with its own measure of achievement:



1

People

1 To implement a sustainability training initiative throughout the organisation for all employees by 2014 (tailored training specific to employee job roles).

2 Achieve an annual zero accident statistic rating (based on RIDDOR statistics).



2

Partners

3 Incorporate environmental objectives and goals within our internal supplier benchmarking procedures to drive closed loop processes by 2014.

4 Continue involvement in the industry leading electronic duty of care (edoc) project to drive waste improvements across the sector.



3

Planet

5 A 1% increase in landfill diversion from **92%** in 2012.

6 Achieve a group landfill diversion rate of **95%** by 2016.

7 Increase the Supply of Recycled Aggregates by **10%** by 2015.

8 Enhance relationships with local community partners to drive employee engagement levels and sustainable value.



4

Profit

9 Launch an innovative new product relating to compactable waste streams to the Housing market in 2013.

10 Monitor business travel and expenditure to be able to set improvement targets by 2014.

11 Introduce sustainable travelling policies i.e. stimulate the use of public transport by 2014.

12 Achieve a **10%** increase in Customer Satisfaction (Net Promoter Score) by 2013.

A blue pushpin is pinned into a colorful, detailed map. Overlaid on the map is a solid blue silhouette of the world, showing the continents. The pushpin is positioned over the North Atlantic region. The background is a soft-focus view of the map's surface, showing various colors and patterns.

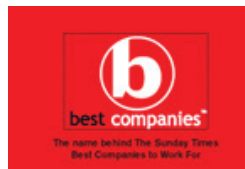
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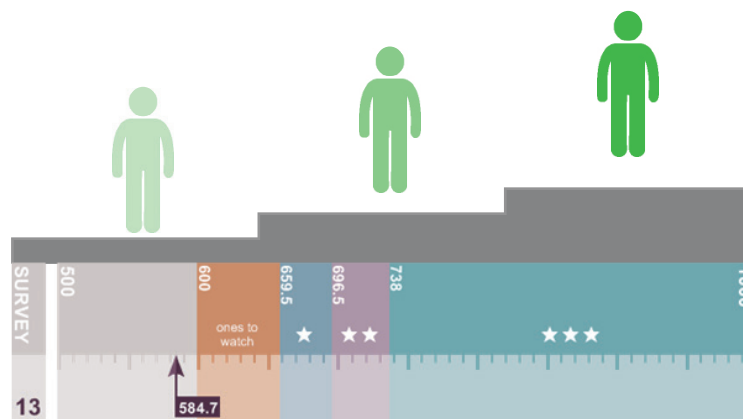
People

Achieving Our Vision

Achievements to Date



In 2012, Reconomy took part in the Times Online Employee Engagement survey - a nationally recognised survey to benchmark employee engagement levels with other industry leading organisations.



Reconomy's strongest performing factor within the survey was **"Giving something back"**, which details the extent to which employees feel the organisation has a positive impact on society.

Resulting Actions



In April 2013, Reconomy appointed an internal training department at its head office facility to manage the strategic delivery of its company wide employee development programme.

People remain at the heart of any business and Reconomy are no different. A key focus for Reconomy moving forward will be the development of our people to ensure we continue to lead the waste industry and deliver an exceptional customer experience. The appointment of a new HR and Training Manager supported by an internal Learning and Development Team are testament to this drive and commitment.

Human Resource & Training Strategy

Formed in June 2013 the internal Human Resource and Training Team is tasked with creating a vibrant culture within Reconomy and implementing a formal HR Strategy.

The team will play a crucile role in delivering on-going training, reward and recognition and employee engagement initiatives that both inspire employees and help deliver longer term improvements in customer satisfaction.

A critical element to this plan will also focus on the recruitment of high calibre employees at all levels of the business to drive continued business performance improvements.





People

Ensuring a Safe Working Environment Achievements to Date

Reconomy is proud to boast an extremely enviable Health and Safety record.

2013 targets are to achieve a zero accident rating (zero accident reporting will be based on RIDDOR statistics only. Non-reportable accidents will be excluded from this calculation.)

| | | 2011 | 2012 |
|--------|--|-----------|-----------|
| | | Full year | Full Year |
| RIDDOR | Deaths | 0 | 0 |
| | Major injuries | 0 | 0 |
| | Recordable over-3-day | 0 | n/a |
| | Reportable over-7-day | n/a | 0 |
| | Reportable disease | 0 | 0 |
| | Reportable dangerous occurrences (near misses) | 0 | 0 |



Resulting Actions

Reconomy has introduced an on-site health and safety review process with our preferred supply base.

This measure forms part of a comprehensive Supply Chain Appraisal process conducted by Reconomy and is intended to drive H&S improvements, monitor KPI's and drive continual improvement across the health and safety spectrum to ensure a zero accident rating is achieved.

"Throughout 2013, Reconomy will start to report Supplier and Waste Facility Accident Statistics within the Reconomy Portal."





Partners

Supply Chain Management Achievements to date

The Reconomy Supplier Scorecard is an integral part of the Reconomy offering giving customers assurance that Reconomy regularly measure and monitor the performance of its supply chain to drive service improvements for its customers.

From a supplier perspective, it provides greater transparency of selection and enables knowledge share, best practice and continuous improvement programmes to drive performance standards.

The scorecard is devised to cover

4 key operational areas of Supplier performance:

- 1** Operational Performance
- 2** Administration
- 3** Compliance & Health and Safety
- 4** Innovation



Innovation

Achievements to date:

The first project of its kind in Europe, the new Electronic Duty of Care (edoc) system is set to transform the current paper-based waste transfer note (WTN) system, helping businesses to save up to 50% of the costs associated with the creation, storage and retrieval of WTNs which need to be completed every time they dispose of waste or hand it over to a contractor.

The **four year** programme is being co-financed by the European Commission (LIFE+) and delivered by the Environment Agency in partnership with the Chartered Institution of Wastes Management (CIWM), Northern Ireland Environment Agency (NIEA), **Reconomy (UK) Ltd**, WRAP (Waste & Resources Action Programme) and the Welsh Government. It is also fully supported by the Scottish Environment Protection Agency and Defra.

As well as reducing the administrative burden and cost to businesses of complying with the legal duty of care around waste transferral, it will also ensure more accurate recording of information which will be stored online. Edoc will make it easier to collate and analyse data about the quantity and type of waste being produced, allowing businesses to self-audit and see where there is room to improve efficiency and cut down on waste.

The edoc programme is currently gathering pace with the project due for completion in 2014.

Since inception in Jan 2011:

- **59%** suppliers have demonstrated an improved performance score
- **71%** of those that improved have demonstrated a **10%** or higher improved performance score

Resulting Actions:

In 2013, Reconomy will continue to incorporate a greater focus on sustainability practices of its suppliers. In addition to implementing or extending existing sustainability and environmental practices, a KPI of achieving a verifiable **90%** landfill diversion across the supply chain will be implemented.



Partners

Social Engagement Achievements to date



The Prince's Trust Leadership Group

Helping change young lives in the Midlands



“

The support provided by Reconomy has been extremely welcomed in getting this community interest project off the ground and we continue to look at mutually beneficial ways in which we can develop this on-going relationship.

”



In 2012, Reconomy joined forces with the Prince's Trust in a local initiative to help unemployed young people prepare for a career and find work by developing their skills and improving their confidence and motivation.

Team Challenge, a 12 week personal development programme sponsored by Reconomy and delivered by Wolverhampton College in partnership with the Prince's Trust, involves young people leading two residential community projects which include a range of outdoor activities alongside work experience and employability training.

For 2013, Reconomy will be supporting Telford's Exotic Zoo as it opens its new Education Centre at Donnington. Community focused and offering a range of animal and environmental education and skills services, the centre will offer national curriculum based school visits along with animal assisted therapy learning for hard to reach and vulnerable young people.

“The Exotic Zoo will comprise of an indoor rain forest and classroom based learning facility for a truly interactive experience for visitors. As well as parties and educational shows, we also offer animal displays for larger and more corporate style events.”

“The support provided by Reconomy has been extremely welcomed in getting this community interest project off the ground and we continue to look at mutually beneficial ways in which we can develop this on-going relationship.”

Scott Adams Education Officer
Exotic Zoo



Planet Reducing Waste to Landfill

Introduced in 2008 by the Waste Resources Action Programme (WRAP), the Construction Industry's "Halving Waste to Landfill" programme measures the amount of waste diverted from landfill across the sector, which has continued to be an instrumental yardstick for an organisations sustainability progress.

| | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|
| Total Waste Handled Across All Operating Divisions | | | |
| Landfill Diversion Rate | | 93% | 92% |
| Total Waste Handled | | 1,157,495 | 1,653,358 |
| Halving Waste To Landfill Commitment | | | |
| Landfill Diversion Rate | 92% (88%) | 93% (90%) | 91% (90%) |
| Total CD&E Waste | 573,017 | 1,051,977 | 1,058,430 |
| Supply of Aggregate | | | |
| Primary Supply | tbc | tbc | 189,480 |
| Secondary Supply | tbc | tbc | 122,726 |

As such, Reconomy have encapsulated this measure within its online reporting providing an annualised figure across its whole operations.

Achievements to date:

- Reconomy's existing Landfill Diversion figure is **92%** across all our operating divisions.
- Our "Halving Waste to Landfill" figure is **91%**. This is 1% above the industry average.
- For the majority of customers Reconomy achieve **100%** landfill diversion with our "core" product offering.

Reconomy constantly strive to achieve "best in class" waste handling of all hazardous and technical waste streams to provide the optimum results to clients and achieve zero waste to landfill.



Resulting Actions

- To proactively push the increased use of recycled aggregate content across all our operating divisions.
- To increase our overall landfill diversion rate by **1%** by **2013**.
- To increase our overall landfill diversion rate to **95%** by **2016**.
- To increase the supply of secondary/recycled aggregate by **10%** by **2015**.



Planet

Sustainable improvements to internal business operations

Whilst Reconomy accept that the largest influence in our business operations is the impact we can have over our customers, there are still a number of best practice changes that we can introduce to our operations to drive continual improvements.

Within the 2012 Sustainability review, Reconomy received high praise for its current business operations and sustainability measures already implemented as part of its wider **ISO14001** accreditation.

However, a number of “quick wins” were identified to enable some wider longer term changes to take place.

“42% of our energy is from renewable sources”



Achievements to date:

The Switch to Green Energy

Since the review, Reconomy has switched its energy provision to a “green” energy tariff. We are pleased to report that **42%** of our energy now comes from renewable sources.

Reconomy Supplier Scorecard

A gap analysis was undertaken to assess the improvements that can be made in our Supplier Scorecard Review process. The scorecard is used as a key assessment of our suppliers and is used to determine the supplier status of an organisation.

The overall aim is to cascade sustainability throughout our supply chain and drive it further into the agenda of our waste partners. In making our assessment, a number of industry leading sustainability assessment tools were used to ensure we capture the most relevant and recognised sustainability measures for our supply base.

Reducing fleet emissions

A new ecoFLEX fleet of vehicles were procured by Reconomy in 2012, to minimise fleet emissions in our business travel. As a waste broker, Reconomy do not operate a fleet of waste vehicles, but our Key Account Management team and Site Liaison Officers cover each region of the UK.

The investment was coupled with the introduction of new “journey planning software” to ensure employees can maximise their time and minimise mileage and emissions in their role.

2013 targets

Reconomy is exploring options to implement sustainable procurement policies within its business to monitor and measure business travel and stimulate the use of public transport where possible.



Profit

Customer Focussed Improvements

Reconomy's aim is to continually improve the service offered to its customers. In order to achieve this we need to continually innovate and develop ways in which we can improve performance and exceed our customer objectives.

Reconomy has invested time and effort in new product development throughout 2012 to ensure we continue to lead the way in the waste sector. A number of new product trials have been completed to address the growing issue of compactable/lightweight mixed waste on construction sites.

Why is compactable waste an issue?

A vast majority of waste on construction sites falls into the bracket of compactable waste, examples of such are paper, cardboard, shrink wrapping etc. This is typically material used within packaging of products and services used on site.

This bulky but lightweight material can in most instances take up to **50% void space** in a typical skip. This results to unnecessary costs and over reporting of waste volumes.



Achievements to date:

In our new product development trials, Reconomy recorded the following results for compactable waste:

- Waste minimisation of up to **80%**
- Up to **75%** reduction in vehicle and CO2 performance on waste miles.
- Reduced on-site congestion with fewer vehicle movements and deliveries.
- Accurate "actual" weight volumes for environmental reporting.

A major factor within the new product trial is the long term cost benefit it provides to customers as an alternative to the rising cost of landfill tax.

The product trial is now complete with an exclusive roll out of the product to take place throughout 2013.

“ Up to **80%** waste minimisation potential ”



Profit

Steps in Delivering a World Class Customer Service Model

Customer service plays an understated role in achieving differentiation and customer retention. In 2012, Reconomy became members of the Institute of Customer Service (ICS) taking its first major steps to a structured customer satisfaction measurement programme.

Our key aims in joining the ICS were:

- To introduce a formal customer satisfaction metric that could be measured “at least” periodically.
- To measure internal employee perceptions of the service we provide.
- To draw upon the support and expertise of the ICS to implement a Key Action Plan of improvements following each satisfaction survey to bridge any shortcomings that are identified.
- Utilise support and guidance from the ICS to deliver tailored development programmes for each employment group within Reconomy.
- To benchmark our service levels against industry leading organisations and other similar service sector organisations.

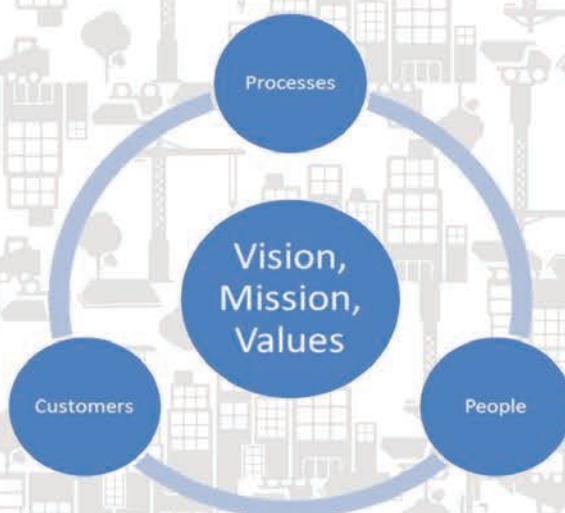
**RECONOMYS'
UKCSI RESULT
68.5%**

2013 Actions:

Reconomy have adopted a balanced scorecard approach to our customer service improvement programme taking a holistic approach to process and service improvements that put the customer at the centre of our decision making processes.

This improvement programme is to be implemented throughout 2013 with a full time team seconded from their existing roles appointed to manage its progress.

- To implement a service improvement action plan to deliver measurable service improvements to our customers.
- To commence the ICS ServeQual Mark Accreditation as a measure of the improvements made throughout 2013.
- Repeat the UKCSI benchmarking survey together with NPS scoring to enable on-going progress reporting on our improvement action plan.





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