



2014-2015

SUSTAINABILITY REPORT



Reconomy

leading the waste management sector

Reconomy is the UK's market leader in outsourced recycling and resource management services delivering innovative solutions that optimise the environmental and financial performance of our customers.

“Our nationwide operations cover four key business sectors of Construction, Housing, Infrastructure and the wider Business & Industry sectors”

We help thousands of organisations to drive efficient recycling strategies that manage waste as a resource allowing them to reduce disposal costs, increase landfill diversion and ultimately minimise waste.

Owned by Bregal Capital, a private equity firm with fund investments in excess of £3bn, Reconomy is renowned for providing a tailored solution that meets the needs of its customers enabling them to win more work.



“Our core business philosophy remains focussed on the on-site segregation of waste to encourage greater recycling and landfill diversion”

In achieving this, Reconomy can utilise its unique network of cross sector partnerships that promote waste as a resource and looks to (where possible) increase recycling measures to implement closed-loop processes where waste is reintroduced back into the value chain.

Our ability to forge cross sector partnerships and open novel reuse opportunities that promote circular economy initiatives, whilst delivering cost savings, remains a key differentiator and puts Reconomy at the forefront of the changing face of the waste industry.





Our Vision

To deliver stakeholder value by enhancing the sustainability performance of our clients enabling them to win more work.
To create a working environment that is ready for growth and exceeds the needs and expectations of our stakeholders enabling us to deliver success.

Our Mission

Reconomy will pioneer a best practice approach to delivering sustainability performance improvements for our customers.

We will do this through our integrated supplier partnerships, investment in product innovation and continual development of our employees.

Setting the standards for the waste industry, Reconomy will develop our people's knowledge, skills and approach to ensure our employees want to work for us and our customers want to work with us.

Our Values

Empathy - putting yourself in the customer shoes

Collaboration - working together to achieve a common goal

Integrity - doing the right things, whilst doing things right

Professionalism - applying the right behaviours to any given situation

Ownership - leading by example and taking action to deliver results

Empowerment - encouraging and supporting employees to deliver

Revenue

£38.2m

Sales Growth

5%

22%

24%

Waste Handled
per annum

1.15m
tonnes

1.65m
tonnes

1.67m
tonnes

Group Landfill
Division

93%

92%

93%

2011

2012

2013

£57m

£46m

2013 Performance Highlights

Another year of high growth saw Reconomy featured in the CIWM Waste's 50 Fastest growing waste companies in the UK.

Our 2 year CAGR (Compound Annual Growth Rate) is now at 23% which is testament to a loyal customer base and a continued focus on creating an industry leading customer experience.

Our group Landfill Diversion Rate has also seen a 1% increase in line with our annual target.

We have also been featured in the CIWM top 10 fastest growing waste companies in the UK.

2013 Housing Highlights

18% increase
in year on year sales

Market Share growth from
38% to 40%

Successful launch of Sustain-a-bale, an innovative on-site baling product driving increased waste reduction and landfill diversion

2013 Construction Highlights

18% increase
in year on year sales

1% increase
in Market Share to 5%

New customer relationships
with Morgan Sindall, Carillion
Enterprise Joint Venture

2013 Infrastructure Highlights

24% increase
in year on year sales

1.6% increase
in market share to 11%

New customer relationships with
tRILIO® (Skanska/Morrison JV) and new
innovations in the use of stabilisation
techniques to increase landfill
diversion and reduce the use
of primary aggregates

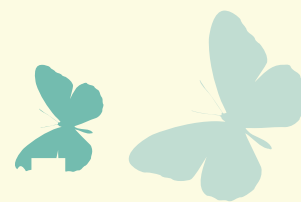
2013 Business & Industry Highlights

20% increase
in year on year sales

Maintained existing market share

New contract win with Hotel
Chain Travelodge, forged new
relationships in the charity sector
with the British Heart Foundation
and a healthy pipeline of
opportunities for 2014

The challenging and changing face of the waste industry



“As the waste industry enters a widely accepted transitional period, Reconomy look to explore the challenges currently faced by the waste industry and the implications for those operating within it”

Legislative drivers and waste targets continue to drive a step change in increased standards of performance, attitude and collaboration as waste operators look to maximise the opportunities being presented to the waste sector.

One of the greatest challenges the industry undoubtedly faces in the coming years is the falling volume of waste produced by businesses and households. This will continue to be driven by policies at both local and central government in addition to broader cultural and sociological changes and new concepts driving a shift in attitudes regarding waste production.

The revised EU Waste Framework Directive (rWFD) required waste prevention programmes be fully introduced by 2013 with such programmes contributing to the vastly reduced amount of waste going to landfill across the UK.

Closed Loop Recycling, The Circular Economy and Cradle to Cradle principles continue to dominate the headlines and grab attention but what do these terms actually mean? And more importantly how are they impacting on the day to day activities being undertaken by traditional waste management companies and their customers?

Simply put, the term “Circular Economy” is a concept that looks to eradicate waste completely by utilising any waste product as a resource. This is achieved through products being designed and manufactured by intention to be reused through disassembly and re-processing.

From a recycling perspective, there is clear evidence of changing perceptions about the ‘value’ of materials and the need to build in end of life costs into the overall life cycle analysis of a product.

But more than this, consumers at all stages of a products life cycle must think about how a product can be put together so it can easily be disassembled to enable components to be reused or recycled.

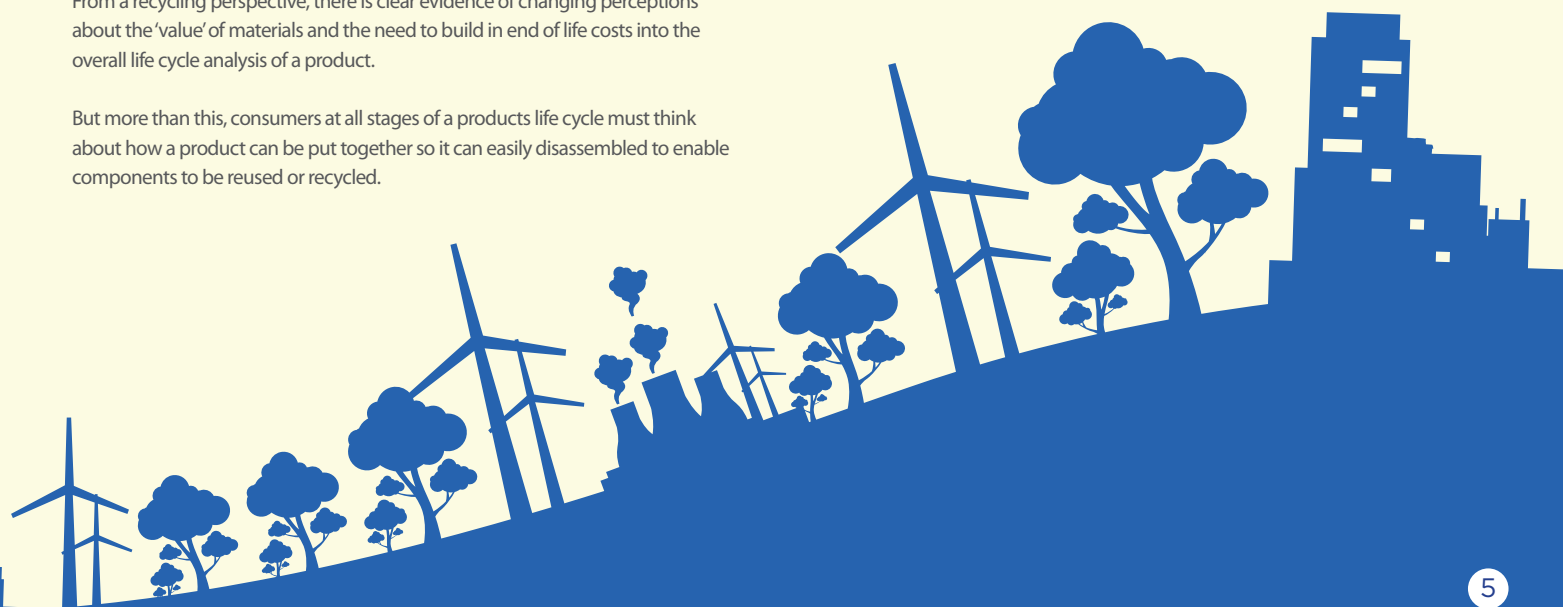
In reality, for many of Reconomy's customers that operate across the construction sector, this often means engaging partners within their supply chain to collaboratively look at waste production at each stage of the construction process and review the waste hierarchy principles to drive waste minimisation. This process could ultimately end up driving:

- Product substitutions to ensure greater recycling at the end of a building life-cycle
- Changes to the design of a building footprint to minimise waste production, or
- Greater on-site segmentation to stimulate the re-use of waste materials that can re-enter the product life-cycle at the end of the value chain, such as plasterboard recycling

Within this approach there are clear challenges for the traditional skip and waste operator, driving a trend of consolidation as smaller operators struggle to compete without the knowledge to drive waste initiatives, the processing capabilities to divert waste from landfill or the ability to optimise value from the waste streams they collect.

Further investment in waste infrastructure to develop new technologies and improved facilities such as transfer stations and Material Recovery Facilities (MRF's) will be required as the industry moves completely away from landfill and towards incineration or Energy From Waste (EFW). But this is only a small part of the emerging trend of cross sector partnerships that could see waste operators shift away from their traditional business models placing more emphasis on the need to up-skill and educate employees to think outside of the box to achieve and exceed customer requirements.

As green principles become the accepted norm across all industry sectors on the sustainability journey the onus is now firmly on the waste sector to raise its contribution to the sustainability road map and ensure it takes a front seat in its transition, rather than accepting the role of passenger.





Foreword

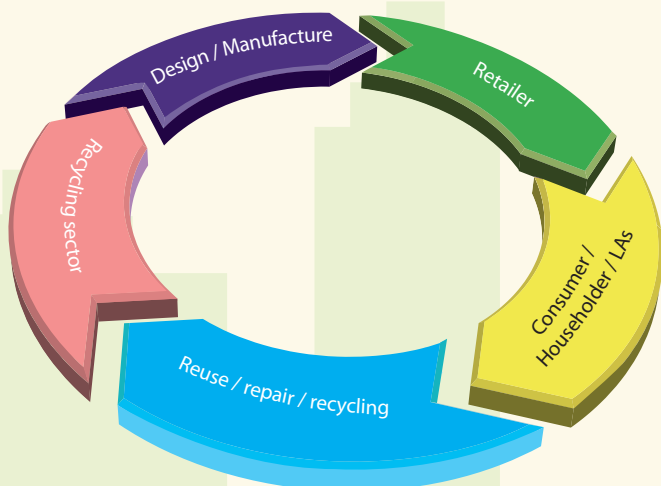
from Paul Cox, Managing Director

Welcome to the second annual sustainability report from Reconomy. This document looks to chart the progress of our sustainability journey and re-evaluate the ever changing priorities we are faced with both now and in the future.

Our initial report in 2013 set out the fundamental approach to sustainability for Reconomy and the importance of initiating an environmentally led resource management approach with our customers.

In doing this we feel we have not only focussed on delivering tangible added value to our customers through our People, Partners, Planet and Profit approach, but we have also continued to position ourselves as a thought leader in the waste industry.

As businesses realise the importance of adopting new and more challenging initiatives and the beneficial cost implications it can bring – Reconomy are proud to be at the forefront of this change as we look to raise the capabilities of the industry driven through increasing client expectations.



As the waste industry looks to embrace a circular economy movement we are faced with a strong possibility the term “waste”, will itself become obsolete from the vast majority of company marketing communications as businesses re-position themselves as “resource management businesses” adopting a Resource Efficient Business Model (REBM).

Yet the power of words is not enough alone. To truly embrace the Resource Revolution, businesses must embrace new ways of working to exploit the commercial opportunities within a “circular economy” approach. There is a need to break away from the traditional ways of doing things and explore more cross-sector partnerships with different clients.

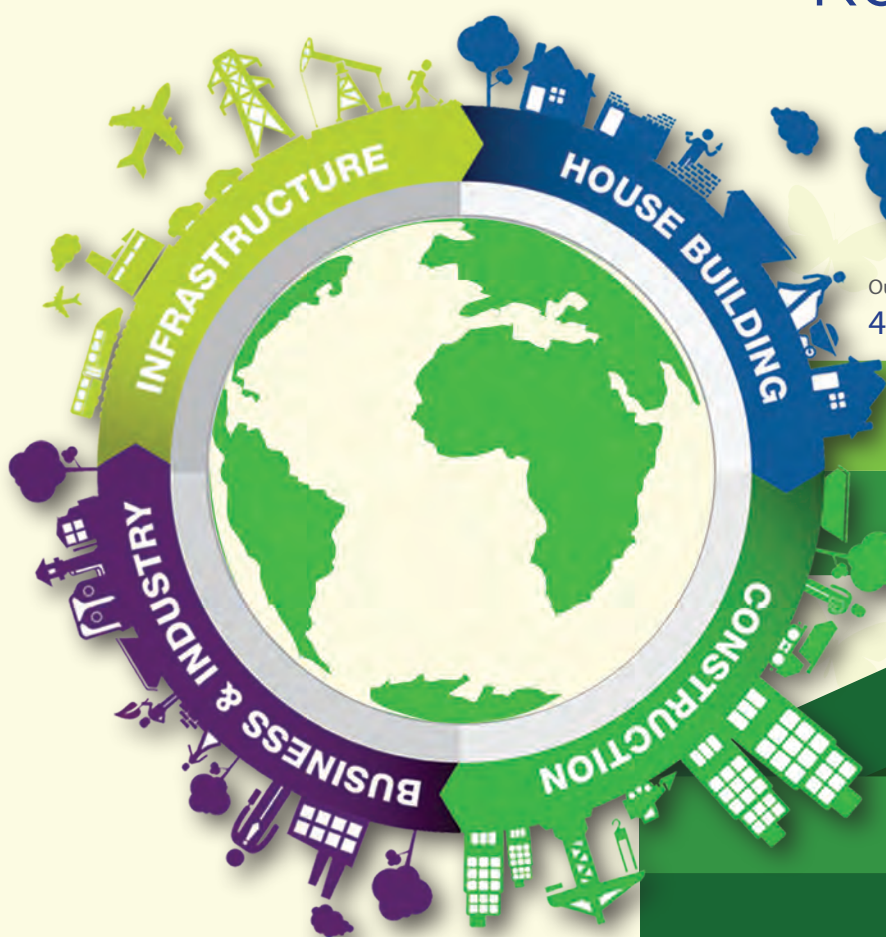
In doing this, we can begin to take advantage of the many opportunities afforded by what we hope will be the growing take-up of circular economy principles.

On behalf of the board of Reconomy (UK) Ltd
Paul Cox, Managing Director





Achieving our Sustainability Road Map



People

Partners

Planet

Profit

4 key areas lead into 12 key performance indicators designed to achieve 9 overall goals.

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.



Improving the environment, step by step, for our people, our partners and the planet and thereby improve our profitability.



People

Goals

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

Targets

- 1 To implement a sustainability training initiative throughout the organisation for all employees by 2014
- 2 To achieve a zero annual accident rating based on our RIDDOR statistics

"It may sound cliché, but our people really are our greatest asset. Without their continual on-going training and development we will be unable to offer our customers the service they expect from an industry leading provider"

**Lyndsey Denning,
HR and Training
Manager**



People

What have we done?

Putting Sustainability at the heart of our operations.

Since its inception in 2013, Reconomy's internal training team has grown from strength to strength and we are proud to be able to offer our employees a more rounded, industry specific training and development programme that is tailored to the individual needs of our employees and the customers we serve.

As part of a company wide training and development programme, an in-depth sustainability training module has been created utilising the years of knowledge and experience within our internal teams to create a robust programme that will enhance the knowledge of all employees.

This programme is currently being trialled and tested prior to a full roll out for all staff in 2015. Having created a programme that will not only provide the fundamental theory and understanding of Sustainability Principles we have also enhanced this learning to capture the wider issues and impacts of sustainability and the relevance to both Reconomy and our internal operations and more importantly how sustainability drivers are impacting our customers and their procurement habits.

- In doing this, Reconomy can not only better understand the challenges faced by our customers but we can ensure we offer the best possible advice for any given situation.
- A health and safety record to be proud of.
- A key part of our commitment to our employees and our partner organisations is to ensure we continue to deliver a safe working environment that is free from accidents.
- Our RIDDOR statistics form a key indicator of our progress toward a zero accident rating and will continue to do so over the coming years.

RIDDOR

| | 2011 | 2012 | 2013 |
|----------------------------------|------|------|------|
| Deaths | 0 | 0 | 0 |
| Major injuries | 0 | 0 | 0 |
| Recordable over-3-day | 0 | n/a | n/a |
| Reportable over-7-day | n/a | 0 | 0 |
| Reportable disease | 0 | 0 | 0 |
| Reportable dangerous occurrences | 0 | 0 | 0 |

Partners

Goals

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

Targets

- 1 Incorporate environment objectives and goals within our internal supplier benchmarking procedures to drive closed loop processes
- 2 Continue involvement in the industry leading electronic duty of care (eDoc) project to drive waste improvements across the sector

"Reconomy deliver a nationwide service offering through a local network of waste and recycling service providers. This provides the flexibility of a regional waste provider and meets the needs of a fully compliant but standardised approach across the UK"

Michael Benton,
Operations Director



Partners

What have we done?

Targeting suppliers on landfill diversion.

The Reconomy supplier scorecard plays an integral role in giving our customers peace of mind when it comes to environmental compliance.

In a recent survey of contractors working across the construction industry, a customer's "compliance and integrity" was by far the highest scoring factor in terms of importance when looking to choose a waste management provider.

As part of our ongoing objective to drive improved performance throughout the waste sector, we have now incorporated environmental performance measures and targets into our supplier accreditation pack which is completed on an annual basis by all our preferred suppliers.

This data capture enables continually updated and accurate information that ultimately helps Reconomy drive an increased landfill diversion rate for its customers.

Continued support to the revolutionary new edoc programme

Reconomy continue to support the edoc launch through a number of presentations and webinars scheduled during 2014 made alongside the Environment Agency and other industry partners.

The edoc system, which has been developed by the Environmental Agency, does away with the need to complete paper-based Waste Transfer Notes (WTNs) which, under UK law, are required by all businesses every time waste is moved from one party to another.



**Brian Marshall, Environmental & Compliance Manager
from Reconomy said:**

“Reconomy has played a pivotal role in the development of edoc, working closely with all parties involved to develop a system that would essentially help speed up and remove the hassle associated with the recording of waste movements. We're pleased to see the rollout of edoc and welcome the positive changes that it will bring”

Just six weeks after the launch of edoc, over 1000 businesses across the UK had recognised its benefits and started making the switch (www.edoconline.co.uk)

Planet

Goals

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

Targets

- 1 A 1% increase in landfill diversion to 93% in 2013
- 2 Enhance relationships with local community partners to drive engagement levels and sustainable value

"Promoting best in class recycling and circular economy principles remains a key focus in continually challenging ourselves and our partner organisations to achieve greater landfill diversion and innovative new ways to minimise waste"

**Matt Nichols,
Sales Director**



Planet

What have we done?

1% increase in landfill diversion across the group.

Landfill diversion has evolved as a key metric to many companies in measuring continual improvement in their sustainability and environmental reporting.

In 2013 Reconomy achieved a 1% increase in its landfill diversion rate from its baseline figure of 92% through a focussed effort in driving increased on-site segregation for its customers.

Our team of Site Liaison Officers play an integral part in the segregation and waste optimisation process that drives increased saving in waste expenditure together with increased landfill diversion.

The future challenges from circular economy and waste minimisation strategies will continue to drive improvements and Reconomy are well placed to utilise its cross sector partnerships to achieve customer goals.

Taking pride in the local community

Throughout 2013, Reconomy employees were active in raising funds in various activities throughout the UK for a variety of Charities and worthy causes.

Future Targets

To achieve a group landfill diversion rate of 95% by 2016.
Increase the supply of recycled aggregate by 10% by 2015.

Profit

Goals

- 1 Invest in R&D to develop industry leading technologies that drive waste optimisations and reduction
- 2 Provide efficiency and resource savings driven by internal sustainable improvements to our business operations
- 3 Provide an annually measured Net Promoter Score to deliver customer focussed process improvements that drives long term growth

Targets

- 1 Launch an innovative new product relating to compactable waste streams to housing sector
- 2 Achieve a 10% increase in Customer Satisfaction (Net Promoter Score)

"By providing a tailored offering that meets both the commercial and sustainability goals of our customers we have managed to build a robust solution that is regularly adopted by construction companies of all sizes"

**David Benton,
Technical Director**



Profit

2014-2015 
SUSTAINABILITY REPORT 

What have we done?

Innovative new ways to reduce compactable waste streams in construction

With the traditional low cost means of disposing of compactable wastes in short supply, due to the use of Rear End Loaders (REL) and Front End Loaders (FEL) being gradually withdrawn from the construction industry, a new means of disposing of compactable waste streams was necessary. In launching Sustain-a-bale, Reconomy is hoping to help solve issues that have arisen through the extended use of REL/FEL vehicles - including the lack of a ticketed service raising concerns from customers about Duty of Care obligations, together with the need to provide a more sustainable fixed cost against the rising level of landfill tax.

A large percentage of waste in the industry comes from the packaging of goods - which while being bulky is often light in weight yet can take up a disproportionate amount of space in a skip. In some cases, void space within an average mixed-waste skip can be as much as 50% therefore reporting true weight data enables customers to remove the uncertainty of average or estimated weights and ensure landfill diversion statistics are correct - something that is not always possible depending on the service provider and regional provider being used.

Another issue which sustain-a-bale aims to solve is a reduction in waste movements to and from site reducing site congestion. Using Sustain-a-bale means the build-up of waste is greatly reduced through compaction - this in turn means the physical removal of waste is required less frequently. The results speak for themselves - following a trial with Barratt Homes, Reconomy was able to determine that Sustain-a-bale achieved a 63% reduction in vehicle movements across all sites involved.

The results of the trial also showed how Reconomy solved many of the issues often encountered when it comes to mixed waste disposal. Ensuring site cleanliness, which was a key concern, was easily overcome with the introduction of an 8'x10' container supplied by Reconomy, which kept the compound area tidy and the materials dry. Other sites have since taken to creating a designated recycling compound area that promotes best practice and embraces the change in traditional working practices.

Paul Cox, Managing Director at Reconomy, commented: "Sustain-a-bale delivers a truly efficient and sustainable solution that, as the reduction in REL/FEL services continues, allows companies to achieve a competitive advantage by demonstrating their commitment to looking after the environment and environmental innovation. Coupled with a long-term waste minimisation strategy, Sustain-a-bale will help to greatly improve the environmental performance of a company whilst ensuring a sustainable waste cost is achieved against the rising cost of landfill tax."

Sustain-a-bale will be active across 30 housebuilder sites throughout the UK by the end of 2014. A further 100 sites will become active during 2015.

By providing an electronic ticketed proof of collection with Sustain-a-bale, Reconomy can ensure complete transparency of waste streams for its customers, ensuring they are compliant with current waste disposal laws and regulations.



Customer service remains a key priority

Reconomy continued its growing partnership throughout 2013 and 2014 with the Institute of Customer Service, the UK's leading not for profit organisation regarding customer service excellence and research.

The partnership continues to drive our continuous improvement programme "Project Excellence" which focusses on putting the customer at the heart of all our decision making as a business.



Following our initial baseline scores in the first quarter of 2013 Reconomy implemented a balanced scorecard approach to driving a customer orientated approach. We re-launched our Vision, Mission and Values which became an integral part of our staff culture.

We were delighted to see a 17% improvement in our employee engagement survey as a positive result of the improvements we made.

From a customer viewpoint, we made a number of significant changes to our internal team structures and invested heavily in a new telecommunications platform designed to improve the customer experience when contacting our customer service teams



An overview of some of the key issues from our customer survey can be seen below:

What you said...

We need improved communication with Reconomy employees promoting better relationships with the people that manage our accounts.

We want people working on our account that really understand our business and the specific challenges we face.



What have we done to improve?

In direct response to your customer feedback we have...

Appointed a new in-house Human Resource and Training Team that has devised a holistic approach to staff development, reward & recognition and training. Continual training and development across all business functions has been ongoing since its inception midway through 2013 and has to date delivered over 8,000 training hours, which is set to continue throughout 2014 and 2015.

Implemented a new state of the art Communications Platform that enables a greater "ease of doing business" with incoming calls automatically routed to dedicated customer service teams to give a consistent level of service for all customers.

Conducted industry specific training for our front line staff from our new in-house Training Team ensuring our staff fully understand the sectors our customers operate in and more importantly the challenges faced and consequences of service failures.



Reconomy 

Reconomy, Radford House, Stafford Park 7, Telford, Shropshire TF3 3BQ
T 01952 292000 F 01952 292692
www.reconomy.com