

Reconomy
Group



Sustainability Report 2022

Creating a truly
sustainable world

Who we are

Reconomy Group provides technology and data-enabled circular economy services to customers around the world. We enable businesses and local authorities to contribute to a more sustainable economy by conserving finite resources and maintaining the reuse and value of waste materials.

We want to be at the forefront of the global circular economy. Our data services, logistics, processing, problem-solving innovation and revolutionary technologies, help customers deliver their sustainability objectives in recycling, compliance and re-use.

Our sustainability strategy sets out to generate environmental, social and responsible business value. Importantly, its aims include supporting customers' sustainability objectives and moving the industry towards a low-carbon, circular economy, while maintaining a net positive environmental impact. The strategy also seeks to deliver its aims in a way that safeguards employee health and safety while respecting the contribution of everyone, inclusively and fairly. In addition, the strategy seeks to create and protect business value by using technology to drive customer efficiencies, fostering transparency and engagement, and conducting business ethically, throughout the value chain.

reconomygroup.com

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How to use this report

This is the second Sustainability Report from Reconomy Group, it is targeted at many audiences, with a focus on customers and employees. Users will find core management and performance information here, with accompanying policies, articles, papers, case studies, and other updates on our website.





01

| Introduction,
company profile,
strategy and approach

Welcome message

I have joined Reconomy Group at an exciting time. The strong commercial progress in recent years and the excellent international prospects are allowing us to pursue our 'responsible business' vision of contributing to a more sustainable world by conserving finite resources.

We pursue this because many economies consume finite, virgin resources at an unsustainable rate. Notably, our fundamental business model aims to prevent negative impacts and achieve positive ones on the economy, environment, and people. This makes us – and our customers – not only investible, but also more efficient and responsible.

We are in the business of closing the 'circularity gaps' in ways that help decouple economic prosperity from resource consumption. By doing so we examine our impacts on the economy, environment, and society, including impacts on the human rights of people affected by our operations.

Part of our business is to enable others to take responsibility for their impacts in line with their sustainability strategies. We can do this thanks to our fantastic teams of people working across recycling, compliance, and re-use services, looking after materials throughout their lifecycles.

We help customers achieve their efficiencies and targets by integrating processes for better visibility, control and sustainability impact. In short, we help enable the circular economy around the world through our technology and our people.

I am keen to emphasise that we also strive for the very highest standards in our own business. In 2022 we made progress against our sustainability targets, as described in the following pages. Importantly we have reduced our full-scope carbon intensity by 13%. We also delivered £2.2m of social value through our RSVP (Reconomy Social Value Programme), continuing to create opportunities for young people leaving care and for other hard-to-reach groups.

Our colleagues have performed nearly 900 hours of volunteering to support our local communities and ensured that we maintain world-class customer satisfaction scores, with a Net Promoter Score of +79.

I AM DELIGHTED THAT OUR EFFORTS WERE FORMALLY RECOGNISED BY THE BRITISH PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION IN 2022, PRAISING THE EFFORTS OF RECONOMY GROUP COLLEAGUES FOR EMBEDDING ESG SUCCESSFULLY INTO THE BUSINESS AND FOR BRINGING OUR STRATEGY TO LIFE.



The story continues as we welcome new acquisitions in 2023. It is important to note that growth does not dilute efforts to deliver the sustainability strategy: we are introducing our new colleagues to the culture here while at the same time benefiting from their perspectives and empowering them to apply their passions to drive the business.

I hope you enjoy this report. It is aligned with the internationally-recognised GRI reporting standards, providing information and inspiration for others. Thank you to all our colleagues for their dedication to sustainability and I look forward to another year of progress toward our vision of a waste-free world!

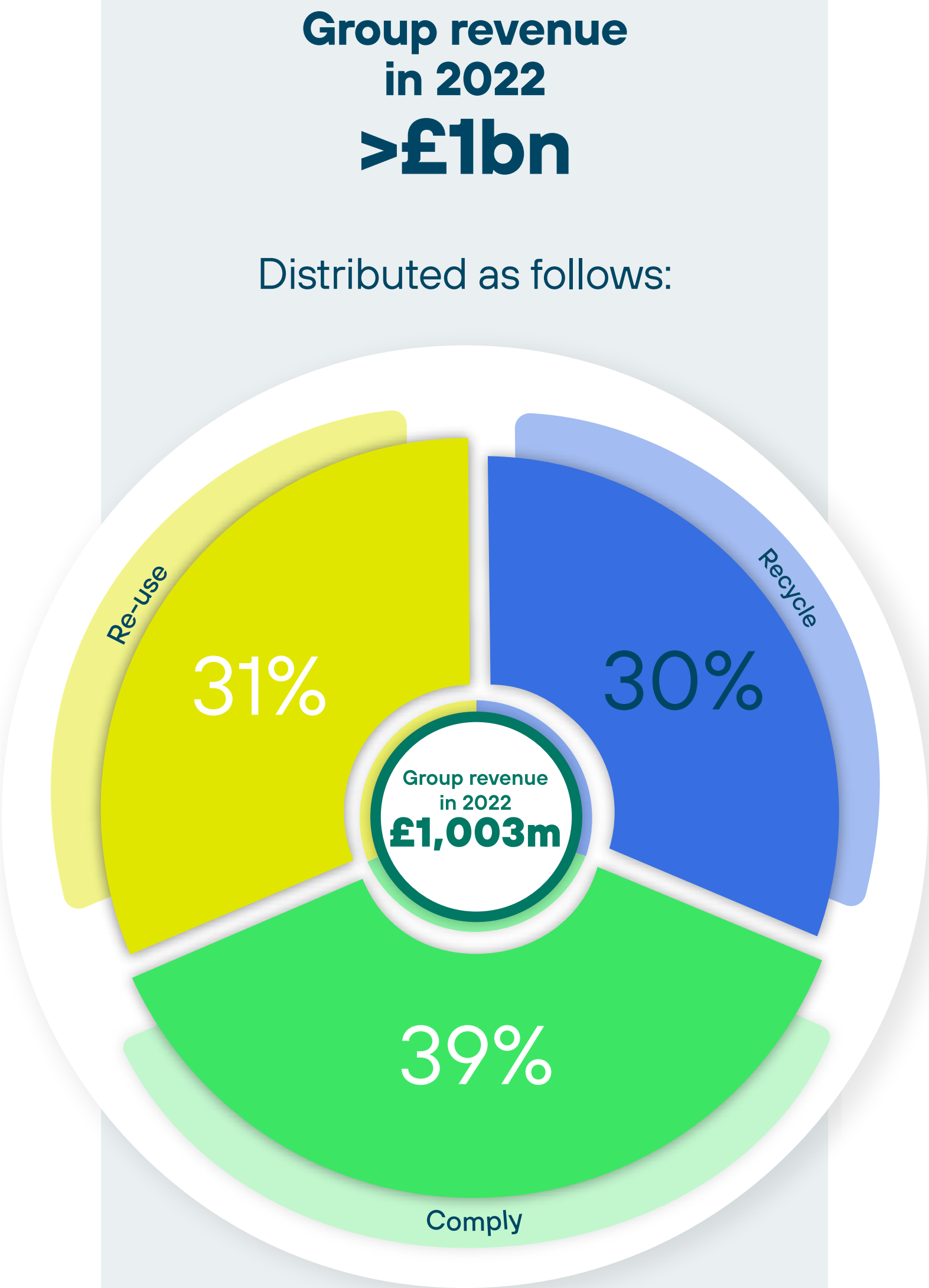
Guy Wakeley
Chief Executive Officer

Business growth

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

In 2022 we delivered more than one million waste movements, and our annual revenue increased by 16.6%. Diversification of the business, and the addition of three sites in the UK, have helped to insulate us from external shocks, such as economic restrictions from pandemic policies, energy price increases, or supply chain risks. In 2022, we began operating in 11 new markets, allowing a significant expansion of our services.

By the close of 2022 our services were provided from hubs within 27 countries to 7,160 customers in 80 countries in total. We spent £123m procuring from small and medium-sized enterprises (SMEs) in 2022, which contributed to an overall total of £509m in local, social and economic value created since 2018. Of all Reconomy's UK recycling suppliers, 84% are SMEs, accounting for 77% of total spend.



In 2022 we have...



Performance at-a-glance

Here is a snapshot of key data points that describe progress in 2022. Please refer to the relevant sections in the report for further details, case studies, and next steps.

For a summary of all corporate targets and progress against them, please see pages [18-20](#).



Environmental value



Social value



Responsible business value

Indicator	2022 update	Target	Status
Waste managed at our operations diverted from landfill	97.5% (2021: 96%)	100%	Positive progress
Carbon intensity (Scopes 1 & 2)	-8.2%	Reduce by 12%, 2021 baseline	Positive progress, accounting for growth in operations
Electricity from renewable sources	67%	100% by 2028	On plan
Social value delivered since 2018 (via RSVP)	£2.2million	£2m	Achieved
Intern and work experience programme	86 apprenticeships, 60 internships	Fund apprenticeships and interns for care leavers and hard-to-reach groups	Positive Progress, positions remain ring fenced for care leavers
Share of total employees who are female	48%	Undertake survey and develop action plan based on results	Positive progress
Customer satisfaction 'net promoter' score (NPS)	79 (2021: 75)	65	Achieved
% supplier spend allocated to local and/or SME suppliers	84% (2021: 77%)	80%	Achieved
Proportion of voluntary, community and social enterprises (VCSE) in our preferred supplier list	1%	2%	Positive progress, accounting for growth in operations

Notable achievements and recognition



Ecovadis Gold

An Ecovadis rating recognises the depth and substance of a company’s sustainability management. Reconomy Group brands all sit within the top 5% of Ecovadis rated companies globally.



Excellence at the 2022 BVCA summit

Reconomy Group received the top award in environmental, social and governance management at the 2022 British Private Equity & Venture Capital Association (BVCA) Summit.



Chief Information Officer (CIO) award

In 2022, Reconomy Group was awarded a prestigious CIO 100 Award. For more than 30 years, the CIO 100 Awards have acknowledged innovations around the world which exemplify the highest level of strategic and operational excellence in IT. See also [p53](#) [Resp business chapter].



UN Global Compact

Reconomy Group regularly submits its Communication on Progress, the description of practical actions we take to implement principles in each of the four issue areas (human rights, labour, environment, and anti-corruption).



SBTi

Reconomy Group submitted carbon reduction targets in 2022, we await verification in 2023. This demonstrates our commitment to achieving net zero carbon in collaboration with our customers, suppliers and all stakeholders to reduce our carbon impact.

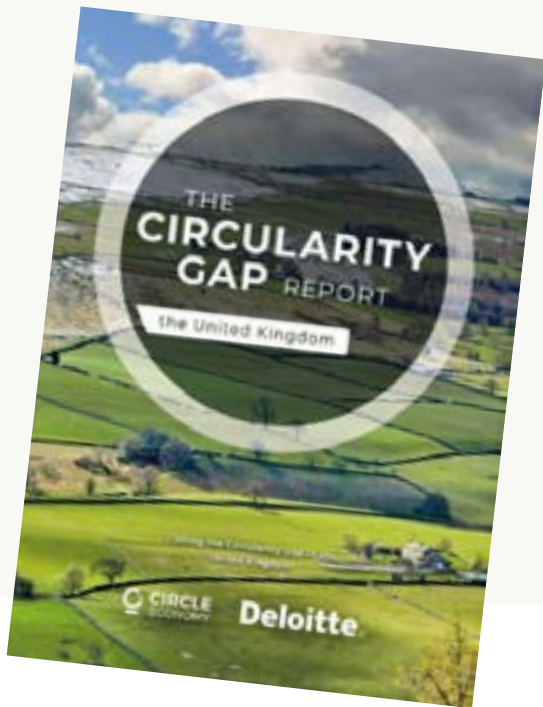


Carbon reporting

Reconomy Group is certified to ISO 14064, an international standard for quantifying and reporting greenhouse gas emissions, which supports a full greenhouse gas inventory for the Group and includes data verification and auditing, along with carbon reduction planning and targets.

Circular Economy Report Working Group

The business represented the resource sector on working groups to help shape the UK’s first Circular Economy Report, launched in 2023.



Reconomy Group were selected, alongside several other government bodies and non-profit organizations, to provide an industry perspective on the report and how businesses could respond to the findings.

Our operations

We are a technology-enabled service business.

While you can purchase some Reconomy Group services 'off-the-shelf', most are bespoke, formulated and configured to resolve customer challenges. While most services rely on trusted outsourced suppliers, we have three assets under our control: [Casepak](#), [Eurokey](#) and [Advanced Supply Chain Group](#) (ASCG); all are based in the UK.

Reconomy Group's early roots were in 1994, from which it has grown to be a major waste and resource management provider in the UK. As the world has changed, so have we, helping leading brands around the world to adopt circular economy approaches.



Whatever your industry activity

Retail



Hospitality



Manufacturing



Leisure



Facilities Management



Transport and logistics



House building



Construction



Infrastructure



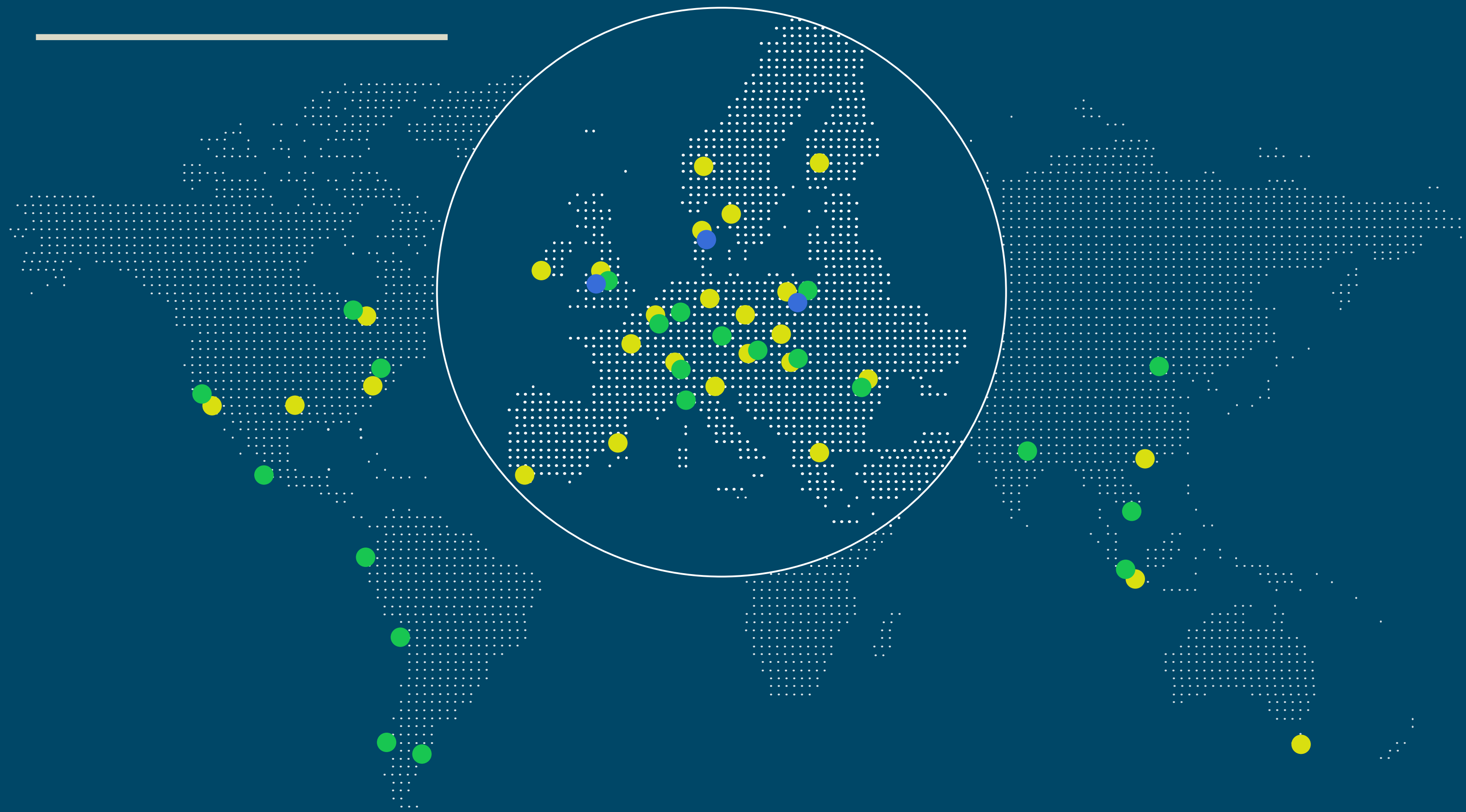
Whatever your industry, we use our vast experience of business solutions to design the perfect plan for you. We do this through our single platform, delivering services across three main activities: **recycling, compliance and retail returns.**

A single, global sustainability platform

Reconomy Group is an asset-light provider of tech-enabled solutions for the circular economy. The emergence and adoption of the circular economy are essential elements in the quest to arrest climate change, and our business aims to play a key role in helping our clients implement practical measures.




















Locations



Key:

● Recycle offices and facilities ● Regional Comply offices ● Re-use offices and logistics hubs

How we do it

Reconomy Group plugs into the materials economy and helps make it increasingly circular. We have an ethos that waste is only the wrong blend of resources that have ended up in the wrong place, and ultimately can be conserved.

Reconomy Group and its brands are driven to help our customers adopt a more holistic, regenerative, and strategic approach to their resource cycle via a comprehensive solution suite.

Adjacent is a typical life cycle of a material, such as wood fibre used in cardboard, illustrating our touchpoints throughout its cycle. The image shown describes how virgin raw materials join the system, which then become products we all use, often designed with recyclability in mind. Reconomy Group's brands, such as Valpak, Combineeering and Reconomy, help clients to apply design principles and post-industrial waste management, in compliance with regulations. At the retail stage, our returns brands such as ASCG and ReBound are highly active in reuse and restocking, while in the consumption phase, customers benefit from Valpak's packaging compliance, and data services to enhance recyclability. The recycling phase features intense activity involving brands such as RLG and Reconomy in the collection processes, EcoVend in reverse vending, and then Casepak and Eurokey in the sorting and residual waste recycling operations, feeding post-consumer and post-industrial recycled content back into the system.



Our values

Our five core values are our moral compass; the fundamentals of who we are and what we believe is right.

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.

Our purpose

CREATING
A TRULY
SUSTAINABLE
WORLD BY
CONSERVING
FINITE
RESOURCES.



The wider context

Our corporate commercial strategy encompasses our sustainability strategy. They are formulated with due regard for market forces and socio-economic trends, environmental system pressures and cultural changes around the world. How we deliver this is shaped by governance, risk and compliance processes. These fundamentals are further supported by a set of values guiding how we as individuals work together.

Our purpose guides Reconomy Group in pursuit of a more sustainable world by conserving finite resources, safeguarding people, and maintaining corporate reputation and leadership. This purposeful direction illustrates and responds to the wider context – or system boundaries – where natural resource management respects the welfare of ecosystems and society. Our purpose also expresses the desired outcomes of our business model: reducing the use of inadequately managed resources, less pollution, repurposing wastes, resilient supply chains, lower energy inputs, and effective partnerships.

Demand for finite virgin resources can be reduced if materials are repurposed, rather than discarded. Linear take-make-use-lose production models disrupt natural systems and deplete the resources all life depends upon. The ‘leakage’ of materials, particularly toxic substances, into the environment may accumulate in ecosystems to dangerous levels. The circular economy, a systems framework concept, is an alternative model to tackle the global challenges of waste and pollution. We work hard with industry to prevent the billions of items, such as cardboard and plastic, ending up as pollution.



Whilst recognising that by 2050 the world is expected to generate 3.40 billion tonnes of solid waste annually, our brands and services – in compliance, recycling and re-use – all play a part to ‘design out waste’ from different systems and circulate it back as a valuable commodity, as described in the previous section [\(p12\)](#).



Strategy – Our approach to sustainability

Given our operating context and our purpose, we are committed to permanently eliminating waste, and we advocate a fundamental re-think of how society uses and consumes resources.

The way we work is based on continuous innovation rooted in strong engagement: listening and learning. This is applied in our own operations and in our relationships with suppliers and customers.

Our approach is both practical and purpose based. It aims to deliver service excellence while achieving a net positive environmental impact, productive teams in an engaging and attractive workplace, strong governance, and profitable business returns. Our sustainability strategy contributes materially to our commercial strategy.



2.2m
social
value

generated
since
2018

Our SDG alignment

Our priorities relate to business value but also to improving how we manage externalities, the positive and enabling contribution businesses can make to wider goals.

Our sustainability strategy is aligned with the UN's Sustainable Development Goals (SDG). Since 2018, we have generated more than £2.2million of social value across the communities in which we work. We have measurably contributed to several SDGs, as listed below.

Our top 5 SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Other SDGs we contribute to

5 GENDER EQUALITY

14 LIFE BELOW WATER

15 LIFE ON LAND

In practical terms our sustainability strategy supports the following:

- (i) running a successful business promoting a circular economy where wastes have value, (ii) creating the best teams of people, (iii) deploying the best technologies to solve resource management problems in our markets, and (iv) resolving customers' challenges with top quality services.

We recognise that environmental, social and economic factors can pose risks as well as opportunities. Our strategy aims to mitigate the negatives and enhance the positives. The relevant topics addressed by our strategy are listed in the table. See [p67](#) for more on our materiality assessment.



Material topic	Sustainability outcome desired
 Greenhouse gas emissions: net zero carbon operations and services	More efficient use of energy, energy security, use of renewable sources for electricity: operational GHG emissions abated as part of a net zero carbon ambition.
 Natural resource management	The natural environment is respected and protected; zero ecosystem harm from operations and services delivered.
 Circular economy and materials use	Waste is minimised and ambitious zero waste targets set (i.e. avoiding landfill or incineration without energy recovery); through supply chains and customer collaborations.
 Health, safety and wellbeing	Employee and contractor health is safeguarded.
 Fair employment	Employees are subject to fair employment terms, including at least a living wage; their concerns are actively sought, impartially judged and transparently addressed.
 Diversity and inclusion	Employees are not subject to discrimination, and a diverse and inclusive culture is actively sought.
 Ethical business	Business is conducted ethically, the right tax is paid, all financial management, external advocacy, and procurement align with the pursuit of a safe, secure, and sustainable economy.
 Social value	Access to education and other opportunities is maximised for hard-to-reach and vulnerable groups, and community engagement is strengthened.



We track and measure progress on these topics using a set of objectives, targets and KPIs reported annually in a sustainability report. 2021 is the base year for calculating progress.

In 2022 we acquired three new businesses to the Group, RLG Canada, Gee and Rene are excluded from the 2022 data. they will be included in future reports.

The next section covers an important element to strategy delivery – engagement and partnerships.



Engagement with others

Fundamental to effective business risk management are conversations with employees and those outside Reconomy Group.

Partnerships, contractual agreements, service level agreements, problem-solving, onsite conversations, technical briefings, supplier audits and community engagement: these are part of our 'day-to-day'. They are part of business as usual, a process of listening and learning, not just one-way communications.

Sustainability management is an iterative and developmental process. Whilst opportunities abound, problems will arise, and when they do we know that working with others is key. To help us develop the strategies and capabilities to deliver our strategy we continue to build strong, reciprocal relationships with our stakeholders.

Stakeholder groups identified are Customers, Investor (owner), Supply Chain Partners, Employees, Government and Regulators, Communities, Trade Bodies, and NGOs.

Examples of the scale and scope of our approach include technical projects with customers on innovations and service levels, quarterly briefings with the owner of Reconomy Group on maintaining profitability and responsibility, and compliance assessments with suppliers to maintain standards of procurement and customer service. Accompanying these are satisfaction surveys and townhall meetings with employees for effective talent management, participation in UK Government's Advisory Committee on Packaging and other industry working groups to improve infrastructure and support policy advocacy, as well as meetings with communities and non-governmental organisations to ensure our programmes reach the intended beneficiaries and create impacts. The latter include collaborations with the Waste and Resources Action Programme, UK Resource and Innovation, for example.



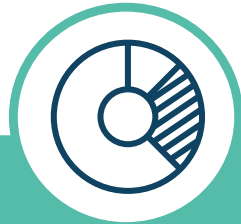

The outcomes of this engagement contribute to maintaining our Net Promoter score, our investibility, responsible supply chain management, employee retention, a future talent pipeline, risk management, and social value, for example.

Targets and Progress



Environmental performance:

Our aims are (i) to limit the negative consequences of any climate change caused by our consumption of fossil-fuels and (ii) to produce a net positive impact through effective environmental management and protection, materials recovery, and waste minimisation.

 Objective	 2022 target	 2022 progress	 Further details
Measure and reduce Scopes 1 & 2 greenhouse gas emissions	Reduce carbon intensity on 2021 levels by 12%.	Intensity reduction: 8.2% (Measured in tonnes/£m turnover)	Page 26 , 29 and 32 Absolute increase: 22%
Measure and reduce Scopes 1, 2 & 3 greenhouse gas emissions	Set and submit targets to SBTi	Targets submitted to SBTi Intensity reduction: 13% Absolute increase: 2.2%	Page 26 and 59 SBTi validation commenced May 2023
Move industry towards a circular economy	Measure and increase tonnage	12.8% re-use (circular vs. total)	Page 23-25
Aim for net positive environmental management	All businesses to have a net positive environment plan in place	86.6 %	Page 22 , 57 and 59 Completion expected 2023
Continue to work towards zero waste and reduce recovery rates	Measure and reduce % recovered	12% recovered	Page 22
Work with customers and suppliers to reduce materials used and minimise waste	Increase waste avoided	0.002 t/£m turnover (2021: 0.004t; 50% reduction)	Page 22 , 45 and 51

Targets and Progress



Social performance:

Our aims are (i) to address the skills gap and support employment, and (ii) to build community relationships.

 Objective	 2022 target	 2022 progress	 Further details
Maintain an effective intern and work experience programme	Fund apprenticeships and interns for care leavers, opportunities for hard-to-reach groups	86 apprenticeships / 60 internships (all positions)	Page 34 and 37 Roles for care leavers continue to be ring fenced
Help break down barriers to employment	Generate £2million of social value through RSVP for the period 2018-2022	£2.2million (£535,795 generated in 2022)	Page 39 and 40
Promote Diversity, Inclusion and Fairness	Undertake D&I survey and develop action plan based on results	Action Plan implementation commenced	Page 34-36 Target achieved, new targets under development
Involve all employees in our volunteering programme	40% of staff volunteer at least 1 paid day per year	17% (872 hours)	Page 34 and 40 Total number employees increased significantly in 2022
Maintain community investment (cash, volunteers' hours, materials/ services)	1% of profit (before tax)	0.6%	Page 39

Reconomy Group objective is zero harm performance and culture. The acquisition of asset based businesses has increased our lost time injury severity and frequency rate. We have set up a Group Safety Committee to agree Group targets and we will publish these, along with progress in 2024.

Targets and Progress



Responsible business performance:

Our aims are (i) to improve each customer's experience, (ii) to develop further our responsible supply chain management, and (iii) maintain the highest standards of governance and ethics.

Objective	2022 target	2022 progress	Further details
Increase customer satisfaction, or 'net promoter' score (NPS)	Achieve average NPS score of 65 for Reconomy Group	79	Page 37
Employee sustainability engagement and training programme in place	75% of people to complete at least one training module	49.5%	Page 37 Total headcount increased in 2022; expansion of training underway.
Implement Group sustainable procurement policy based on ISO20400	Fully implement the sustainable procurement policy	91% (main offices)	Page 51
Measure the percentage of, and spend devoted to, SME suppliers	80% of supply chain to be SME	84% (77% of total spend)	Page 51
Identify and increase the number of voluntary, community and social enterprises in our supply chain	2% of preferred suppliers to be VCSE	1%	Page 45 and 51
Benchmark our sustainability strategy	Continuous improvement of Group EcoVadis assessment score	Gold	Page 8 and 52



02

Environmental
value



Environmental value

Environmental value must be maintained and enhanced for businesses to operate with legitimacy. Every business has a responsibility to minimise all waste arising, improve recycling rates, and maximise energy efficiency, which will lower greenhouse gas emissions from fossil fuel sources, reducing the need for finite, virgin natural resources and protecting nature.

Across all Reconomy Group brands, we aim to create environmental value in all operations. Looking outwards, this means simplifying what circularity means for businesses, advocating more uniform and inter-operable recycling infrastructure, incentivising manufacturers towards circular design concepts, and generally making recycling and recyclability the easy choice. Closed-loop resource stewardship – doing more with less by using waste minimisation and re-purposing by-products – is vital to efficient processes and business success.



97.5%
of all waste managed diverted from landfill

Circular economy

Data systems are being put in place to better measure re-use, closed loop recycling, and recovery rates, and to obtain customer and supplier data on waste minimisation and total waste avoided.

67%
of electricity from renewable sources

Carbon reduction

(Group target: 100% renewable by end of 2028).

Greenhouse gas emissions:

- Scopes 1 & 2 combined intensity reduced by 8.2% (target: 12%, baseline 2021)
- Scopes 1, 2 & 3 intensity down 13%

Context: why this is important

As well as being more efficient and lower-carbon, the world needs more 'circular' patterns of resource use. The International Energy Agency (IEA)¹ suggests trebling the average rate of energy efficiency improvements made over the last two decades. Each year, international data sources indicate that nations generate 1.3 – 2 billion tonnes of solid waste, rising to 3.4 billion tonnes by 2050². Globally, most waste material is not recovered, around two fifths is landfilled, and about one third leaks out of the collection system as litter, pollution, mismanaged disposal, or illegal dumping.

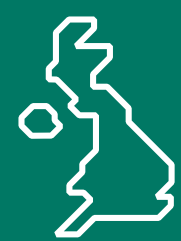
For business, efficiency and circularity help to protect the natural world and create value for customers, employees, and investors. Strong governance and leadership mean adapting to longer term risks and being ready to use innovation and new ways of working. Such attributes are strengthened by a precautionary (and commercially sensible) approach that requires us to account for disruptions to natural environmental systems, communities, or economic models, that are built into our business continuity risk processes.

Towards circularity

Reconomy Group is taking the opportunity to have a positive environmental impact: central to our performance is how we work to move customers towards zero waste.

over
152k
tonnes
of material

received at
Casepak in
2022



in the UK



Enabling change with customers

Customers want to know how much of the material collected by waste companies is recycled. Our technology-enabled solutions help meet that challenge.

In 2022, 97.5% of all waste managed by Reconomy Group was diverted from landfill. We continue to facilitate the thousands of tonnes of waste material, diverting it from landfill, and we aim to have Group-level data on not only the diversion rate of the total waste handled, but also, the waste avoidance intensity (tonnes of waste avoided, divided by turnover GBPm).



Customer side – packaging solutions in action

ACM Environmental, a Reconomy Group company, is helping SFS Group Fastening Technology Ltd, the world's largest manufacturer of stainless-steel fastening solutions, to achieve its zero waste-to-landfill goal. SFS wants to turn waste into resources, so they worked with us to find an alternative packaging solution that is more reusable, recyclable, and cheaper to source. We proposed to close this particular loop using existing site cardboard waste instead.

[Click here for the full case study](#)



On a site over which we have complete control, we achieve very high recycling rates. At Casepak, our MRF in the UK, 152,775 tonnes of material were received at the site in 2022, of which 94.85% was recycled, against a target of 95%. The remaining 7,867 tonnes (5.15%) was sent by road to be reprocessed and turned into Solid Recovered Fuel, for use in an energy-from-waste (EfW) plant. None is landfilled or incinerated without energy recovery.

We recognise that this is a good start with more to do. One limitation holding back progress is a lack of infrastructure, in the UK for example. The business of outsourced waste management works with what infrastructure is available. In the construction sector for example, there will be many waste streams from multiple sites that all need collection and sorting.



To move up the waste hierarchy, there needs to be a combination of better infrastructure for bulk waste handling and different ways of dealing with waste.

We are doing our bit to manage infrastructure. Our Eurokey facility is a brand new, state-of-the-art sorting facility in Kettering, Northamptonshire, and in 2022 it became operational as the world's first sorting facility of multi-polymer plastic packaging. Eurokey is an important element in the UK's recycling infrastructure since it can process more than 50% of UK supermarket back-of-store plastic. The facility has an annual capacity of 70,000 tonnes. See page [p48](#) for more.

Reconomy Group is all about providing premium quality solutions that reduce waste and improve efficiency, particularly when energy costs are high for all businesses and with the landfill tax in place.

The next sections look at how Reconomy Group is overcoming the challenges, through innovation and collaboration.



Customer side – retail solutions in action

We work with many retailers around the world, one of whom wanted us to remove all fixtures, furniture, and display units from a major high street store, following its closure. They wanted a quick solution (10 weeks) and optimum re-use/ recycle rates with zero use of landfill. We diverted all 300 tonnes of waste from landfill, mostly sorted by hand using onsite contractor teams, and delivered the project ahead of schedule. This resulted in the majority being re-used, repurposed, donated to charity or recycled, with residual amounts (0.05%) incinerated for waste to energy.

WasteSource

a Reconomy Group company

Customer side – retail solutions in action

We manage waste for a food restaurant company at 40 of its sites in the UK. The aim in 2022 was to help cut site spend and further refine the services. Following audits and site meetings, including mini recycling 'toolbox talks', there was an improvement in the correct use of bins on site. The impact was an overall saving of £37,000 and an increase in the recycling rate to 64% by December.



Customer side – facilities management solutions in action

Our partnership with **Mears Group** in the facilities management (FM) sector has diverted 96.63% of their waste from landfill. They want to stop waste at source, prevent it arising at all, and remove it as a cost item. As part of their overall sustainability strategy to achieve 'net-zero carbon emissions' across all operations by 2030, we have been working with them to review current waste collection and sorting processes, materials segregating at source, transport movements, clean technology and training. The training is vital as behaviour change is fundamental to success. New containers were introduced and guidance on re-using items was provided. Our collaboration with Mears across 80 of their sites has helped them improve their **Zero Waste Index** score by 25%, so now, almost 98% of Mears' waste is diverted from landfill.

Broader DRS for environmental impact

Many countries are looking to adopt Deposit Return Systems (DRS) as part of their circular economy strategies, as a boost to drinks container recycling rates and to reduce plastic waste. We have the capabilities and technologies to help reduce costs and increase return rates – vital in the work to meet the national recycling targets.

Deposit return is an example of 'extended producer responsibility' (EPR), whereby producers are given a responsibility for the treatment or disposal of post-consumer products. The intention is that drinks producers have direct control and accountability for a DRS system; they have the skills to ensure its success. This model is tried and tested across much of Europe, including Scandinavia, Eastern Europe, and Germany.

For more on DRS and the role of RLG, Valpak and EcoVend, see pages [49](#) and [50](#).



Carbon management and energy

Across Reconomy Group, we are a relatively low energy consumption business. Whilst our operating model typically relies on outsourcing to third parties, we have recently acquired 3 sites in the UK (see pages, [9](#) and [48](#)). Naturally this affects how much energy we consume.

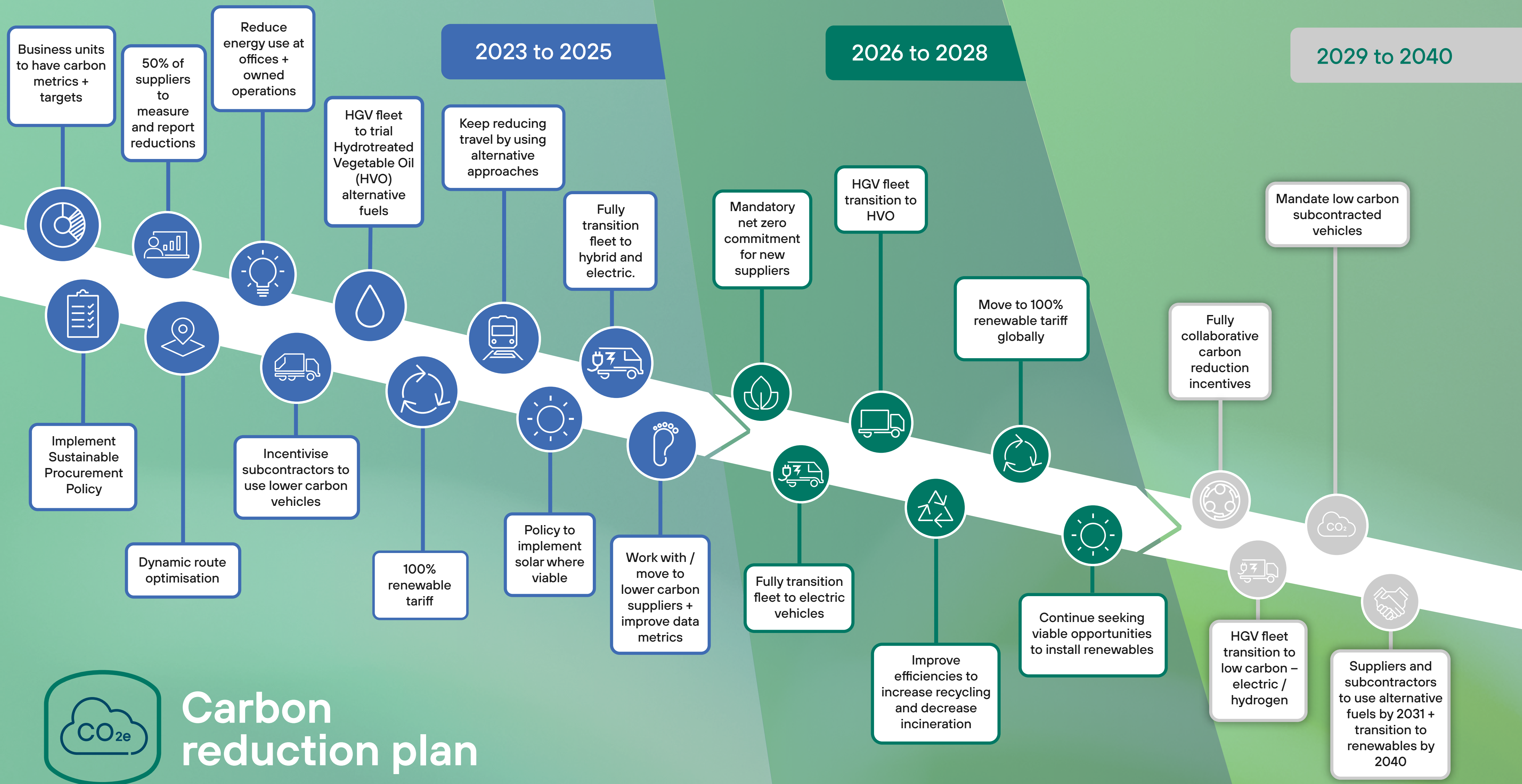
Carbon management

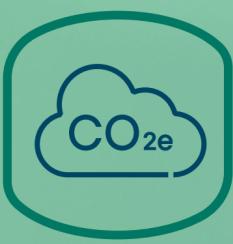
Since acquiring new assets in 2022, our absolute energy consumption has increased but our intensity performance is relatively stable. Our greenhouse gas emissions data show a combined Scopes 1 and 2 intensity reduction of 8.2% against a target of 12% (re-baselined to 2021), while our absolute emissions increased by 28%³. If we group all Scopes 1, 2 and 3, our intensity reduced by 13% while the absolute increase recorded was 2.2%.

We are working to a 12% carbon reduction target for our Scopes 1 and 2 emissions, a target in line with our Science Based Targets initiative (SBTi) submitted targets. The scope is the entire Group, as at the end of 2022⁴.

The Reconomy Environmental Action Plan (REAP) guides how we seek to improve our energy management and consequently reduce our carbon dioxide equivalent emissions (CO₂e). Our Carbon Reduction Plan is contributing to environmental value and business value, while Reconomy Group also supports customers and suppliers with reducing their own operational environmental impacts.





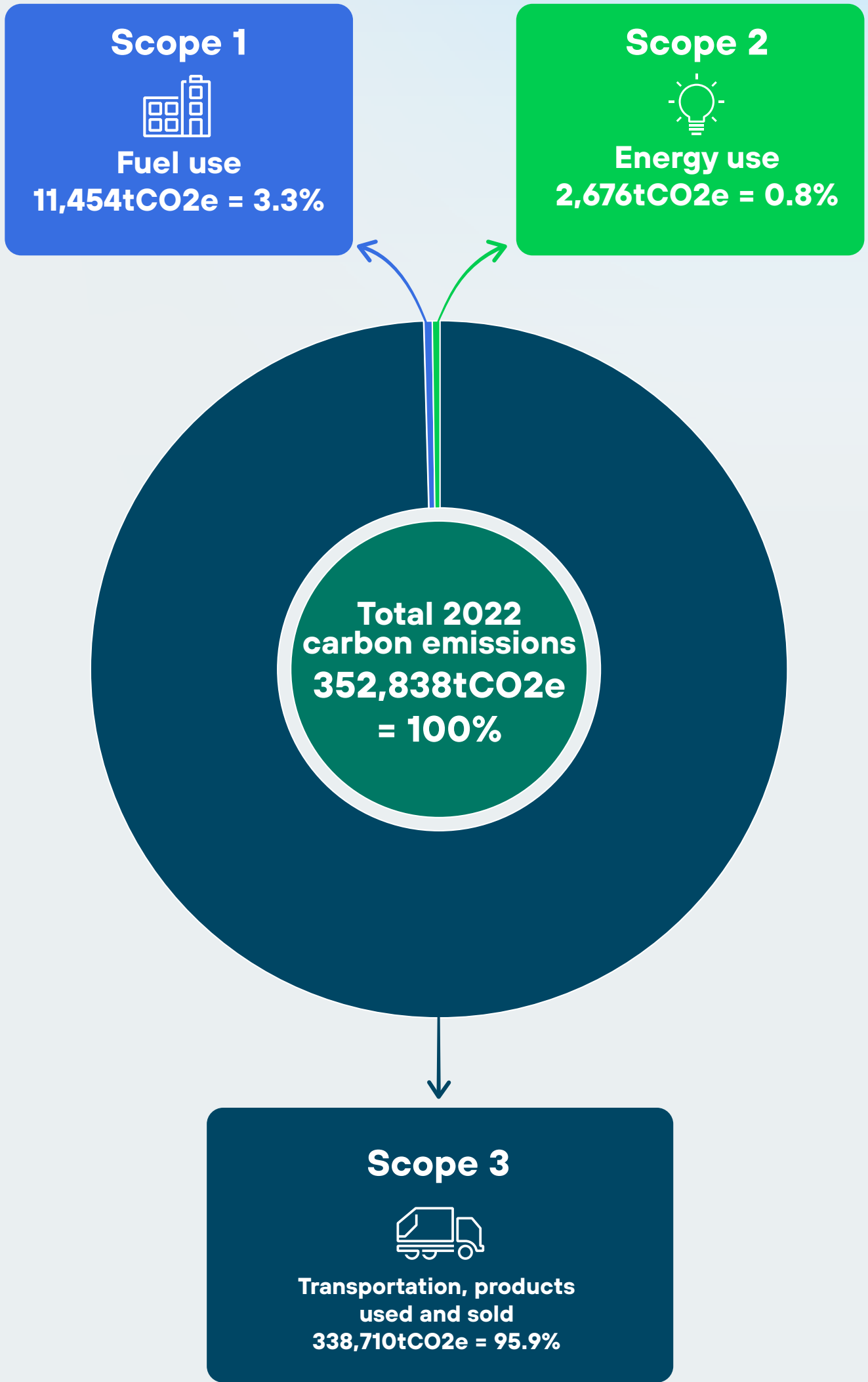
 **Carbon reduction plan**



REAP provides a pathway towards a point where Reconomy Group's emissions of greenhouse gases into the atmosphere are balanced by their removal from it, known as 'net zero carbon'.

Our goal is for the Group to achieve this for Scopes 1 and 2 by the end of 2028. Each brand is required to produce a carbon reduction plan with actions and targets to reduce direct and indirect tonnes of CO₂e.

As Reconomy Group continues to grow by acquisition and asset expansion, we are accommodating this by investing in a third-party monitoring and reduction platform. The Achilles Carbon Reduce Programme helps us to collate, manage and set targets. Our carbon emissions are audited and verified to ISO14064.



Scope 3 focus

Our verified carbon emissions data for 2022 shows that over 95% of our carbon emissions are Scope 3. The key sources of these emissions are operational supply chain transportation and from products sold for processing.

Our Supplier Sustainability Charter continues to help the Group improve carbon data in the value chain: for example, it includes an expectation that suppliers produce a CO₂e reduction target.

The Appendix ([p32](#)) shows our Group greenhouse gas emissions data. Our emissions are assessed using the GHG Corporate Accounting and Reporting Standard (revised edition) and our practices align with the ISO14064 GHG emissions reporting standard, as certified in 2021 and 2022. Our carbon data is also reported voluntarily within our annual CDP submission.



Net zero heroes

In 2022 we continued to build on the great start of this initiative in 2021. A team of employees are championing environmental best practices across all Group businesses and premises, bringing about changes we can all adopt in our working and personal lives. The Net Zero Heroes team has three main objectives: (i) improve and increase sustainability engagement; (ii) identify better procurement practices, and (iii) reduce our direct environmental impacts. The team's performance reports to the Sustainability Steering Group business.



Reusing materials in operations

ReBound started re-using the 'single-use' cartons and pallets for our biggest client, resulting in a reduction of 249,000 carton boxes and 191,000 kg of CO₂e. We also re-used 2,400 pallets, effectively providing a reduction of 12,000 kg CO₂e.

Reduction of
249^k
carton boxes

Reduce Energy

ReBound reduced the energy use per parcel by 23% compared to 2020.

Energy
per parcel
reduced by
23%

Repair

ReBound commenced a repair service with ASCG.



Energy management

At the end of 2022, 67% of our UK estate used electricity from renewable sources against a Group target of 100% by the end of 2028. In Reconomy Group's UK offices, the figure was 100%. In 2022, we undertook an energy management survey to seek out further options such as on-site solar power, sharing energy management tips, nominating energy champions, and offering guidance on efficient driving techniques.

At ASCG we have energy management systems in place on site and we review new energy efficiency and system upgrade opportunities regularly. We look forward to reporting energy efficiency in the future, once we have completed two full years of operations at the new sites. As described in our last report, we are maintaining high standards of energy management in our 350,000 square foot EPC A-rated warehouse facility in Sheffield. Some 20% of the building's energy comes from low carbon sources, including solar PV.

67%

renewably sourced electricity

Transport and logistics

Our goal is to have in place a lower-carbon transport fleet by 2028. We continued to make progress towards this objective in 2022, in line with the required infrastructure. Where we have control or influence of our transport partners, we apply efficient logistics routing techniques and engage with them about options to use lower-carbon transport.

At Casepak and Advanced Supply Chain Group (ASCG) for instance, our HGV fleet is seeking efficiencies by monitoring all driving styles including throttle and brake usage, cornering approach and delivery, idle times, and cruise control. As a result, we use less fuel and tyres, and the requirement for unplanned maintenance is reduced. Casepak manages new driver induction carefully and includes safety and efficiency guidance and training. Casepak is also currently testing software to help optimise routes and fuel efficiency. Meanwhile at ASCG, our Euro 6 trucks are driven efficiently in line with 'Safe and Fuel-Efficient Driving' and achieved average fuel savings of 10.01%, while also attracting lower vehicle tax.

Over at our returns operations, energy management is just as important. In line with our enablement ethos, our ReBound brand is improving retailers' businesses too. At the core of these services are warehousing and trucks, the careful management of which leads to significant energy and cost savings.



Customer side – logistics solutions in action

In partnership with **Ritmo Logistics**, ReBound has switched, where viable, from diesel fuel to Hydrotreated Vegetable Oil (HVO100) fuel offering a 90% reduction in CO2 emissions. In 2022 this resulted in a 317 tCO2e reduction. There is a price premium for using HVO100, which is partially underwritten by our Impact Fund, while the rest is covered by ReBound.

83 tonnes CO2e reduction

Reducing transport emissions

ReBound increased rail transport between Italy and Germany, resulting in an 83 tonnes CO2e reduction.



Customer side – retail solutions in action

We worked with fashion brand, **Oh Polly**, to improve energy management and carbon reporting practices.

It's significant that every return registered through the ReBound Portal is tracked. This means the transport mode and distance from the customer's parcel drop-off point through to the retailer warehouse can be accurately plotted. We can then calculate the related carbon emissions. Our ReBound brand allows retailers to see their carbon emissions in real time, for all parcels in their network. This is now being rolled out to new clients, and will roll out to existing UK clients, once systems fully merge.



A case of environmental volunteering

In 2022, Reconomy Group brand, Valpak, worked with **Warwickshire Wildlife Trust's Sherbourne Valley** project to collect litter in the area. Alongside the environmental benefit was the social value creation: the project received the help of young people in the **National House Project** out of Coventry (see also p40). For us, we take the opportunity to analyse the composition of the litter for its suitability in a Deposit Return System, or the impact of future single-use plastic regulations.



In another Valpak-sponsored project, six volunteers assisted **Ghost Fishing UK** (a registered charity) to remove abandoned, lost, and discarded fishing gear off the UK's south coast. It was cleaned and sorted ready for recycling into plant pots.

[Click here to see more](#)

Next steps

Reconomy Group is all about providing premium quality solutions that reduce waste and improve efficiency, particularly when energy costs are high for all businesses and with the landfill tax in place. We will continue to replicate projects that contribute to a more circular economy, including technologies such as EcoVend, and we will be expanding training to ensure our teams have the capacity to deliver and grow the solutions.

As we grow, we adapt our systems so that all brands and sites can benefit from efficiencies and a lower-carbon profile: good for customers and good for the bottom line. We will continue to expand energy savings projects, to develop water reduction practices across the Group and roll out biodiversity assessments taking action to have a positive impact on nature wherever possible. Our responsible procurement will continue to ensure our suppliers adopt lower-carbon management practices. Our aim is to contribute to a nature positive, net zero, circular economy.

Environmental value data repository

This is the annual greenhouse gas (GHG) emissions inventory for Reconomy Group covering the measurement period 01 January 2022 to 31 December 2022.

The inventory has changed significantly in 2022 principally due to significant acquisitions for Reconomy Group and improvements to the methodology by moving away from spend based emission factors and also the decision to consistently apply the UK DEFRA factors to any remaining transport spend. These changes have resulted in the reassessment of the 2021 baseline for the Group (updated in the table).

Category (ISO 14064-1:2018)	Scopes (ISO 14064-1:2006)	2021 (reassessed baseline)	2022
Category 1: Direct emissions	Scope 1	8,467.23	11,453.58
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	2,543.87	2,675.09
Category 3: Indirect emissions from transportation	Scope 3	243,299.78	250,098.02
Category 4: Indirect emissions from products used by organisation		10,559.04	8,621.29
Category 5: Indirect emissions associated with the use of products from the organisation		80,360.51	79,990.56
Total direct emissions		8,467.23	11,453.58
Total indirect emissions*		336,763.21	341,384.96
Total gross emissions*		345,230.44	352,838.54
Category 1: direct removals		0.00	0.00
Purchased emission reductions		0.00	0.00
Total net emissions (tCO2e)		345,230.44	352,838.54

*Emissions are reported using a location-based methodology. Throughout this document 'emissions' means 'GHG emissions'.



03 | Social value



Social value

Social value needs to be maintained and enhanced so that businesses can operate successfully, and societies can thrive.

This means all Reconomy Group employees can meet their full potential in a safe workplace. It also means reducing social disadvantage through access to economic opportunities, fair income, labour rights, representation and effective social dialogue. Social value is strengthened when individual freedoms and social bonds are maintained.

To us, social value means safe and fulfilling jobs for employees, a supportive working culture free of discrimination, a deep respect for labour rights (and by extension human rights), and access to educational opportunity. In addition, looking outwards, social value means local community investment in two main ways: breaking barriers faced by vulnerable people entering employment, and bridging gaps faced by young adults leaving the care system. This activity is underpinned by our volunteering work and by donations to charitable causes local to our offices and operational sites.



£2.2m
(£535,795
in 2022)

Community

- £2.2m pure social value delivered since 2018⁵ (2022: £535,795)
- 17% of staff volunteered in 2022, a total of 872 hours
- 0.6% profit (before tax) committed to community investment

86
apprenticeships

People

- 60 internships and 86 apprenticeships started
- 45,606 hours of training provided to staff
- 49.4% of employees completed sustainability engagement and training
- D&I survey completed

Context: why this is important

Waste and resource management, environmental compliance, logistics and returns management are highly regulated industries in most countries where we operate. Our governance and our management approach comply with the relevant local safety and employment regulations; we recognise the 19 major occupational risk factors reported by the International Labour Organisation, and the potential for accidents in our sectors.

We further recognise that success happens when business openly welcomes and nurtures the best people regardless of gender, age, ethnicity or ability,

and that acting responsibly means extending our values, ethics and performance standards to others where possible.

Around our fifty or so sites and office locations are many different types of community, relying on services of differing quality, that aim to provide cost-effective energy, healthcare, housing, education, or employment. Whatever the nature of our operations, we ensure we have a positive relationship with our neighbours because businesses thrive when they're part of a healthy and prosperous community.

Who are we?

Reconomy Group comprises 3,198 employees (2,873 FTE) with 48% female across the whole company. Amongst senior management teams, 33% are female.

At Group level, 69.7% of staff members are employed locally (defined as the site/office postcode or a 20 miles radius).

We are generally well looked after, with an employee net promoter score of 79 recorded in 2022.



Finding and retaining talented people

A workforce that is engaged, productive, and satisfied is an effective powerhouse of the company. The aim is to channel that power to solve customer challenges, such as moving from traditional linear resource management to circular systems.

We are working to nurture a unified culture across a diverse Group, where we all enjoy fair and flexible employment terms, open communications and local solutions for local concerns. As we continue to develop our global leadership in enabling the circular economy, we are analysing, consolidating and creating our vision to also be a leader in how we manage human resources.



Culture

Looking after people requires an array of initiatives and programmes as well as the standard employment benefits, safety management, representation, training and career development. Running through this emerging culture is Reconomy Group's employee value proposition (EVP), expressing our passion for unity, and our desire to attract and retain the best and brightest people.

At Reconomy Group, our recruitment is highly inclusive, and seeks the right level of diversity in our people. A diverse workforce composed of highly engaged and capable colleagues brings a diverse set of perspectives and talents.

In 2022 we continued to review 'diversity & inclusion' (D&I) at Group level and progressed with divisional-level commitments. We have a new working group that covers underrepresented groups, and that is working on future goals and targets. This work naturally extends to the differing cultures and management approaches in different parts of the world where we operate.



Finding the best talent

A growing business needs the right people. And we make sure our recruitment draws from the widest pool of talent, including those who face barriers to employment and education. Recruiting for attitude, potential and enthusiasm is as important to us as people with ‘proven’ experience. We use a variety of techniques such as online psychometric assessments, and traditional interview approaches.

People want fair remuneration, flexibility and opportunity. Reconomy Group offers a paid intern programme, with placements ring-fenced for those leaving the care system (See Bridging gaps, [p40](#)). This is good for current human capital needs and for future recruitment planning: understanding workers’ expectations and shaping Reconomy Group as an employer of choice.

In 2022, this programme continued to be successful. We recruited 60 interns and 86 apprentices in total.

Enabling careers

A great place to work means we can retain the best people. Ensuring they have good career development opportunities is vital to this.

Following our pioneering partnership with the Supply Chain Sustainability School (SCSS), launched in 2018, we continue to facilitate engagement with our people and suppliers. An example is the Reconomy Sustainability Learning Pathway for all members of staff, which in 2022 focused on ‘Waste Coaches’ to equip employees with a multitude of problem-solving skills relevant to the industry sectors we serve.

We have a framework of objectives, appraisals, needs analysis and support which completely aligns with business strategy. Through 2022, we provided 45,606 hours of training to Reconomy Group staff, and more than 1 in 4 of our vacancies are filled via internal promotion.



Engagement

Our culture promotes family values, collaboration and reaching our potential. Underpinning it all is engagement, which in all its forms is a two-way process and reliant on listening.

We run various initiatives to engage with employees on sustainability, including training. In 2022, 49.5% of colleagues completed at least one sustainability training module (target: 75%, by end of 2022).

To evaluate our culture and employee satisfaction we use a Net Promoter Score (NPS) survey, and in 2022 we returned a strong and improved score of 79.



Physical and mental health

BUPA Employee Assistance Programme and helpline is available for staff, giving them 24/7 support, from medical professionals directly to staff and their immediate families. The programme continues to offer not only health advice but also guidance on money management, consumer rights, landlord disputes, family and relationships, and careers.

Our Mental Health First Aiders programme runs within identified Group businesses and is particularly relevant as we recently acquired and operate sites that also employ additional casual labour in the summer months. Overall, in 2022, 3,106 hours of training were delivered on mental health awareness, support, and wellbeing.

Occupational Health and Safety

All employees must cooperate to ensure that collectively we comply with all statutory duties, both at work and when delivering services to customers. The health and safety (H&S) culture at Reconomy Group is collaborative and open, constantly promoting positive outcomes, and sharing good ideas; the result of this also helps achieve workplace targets. Each employee has an obligation to take care of H&S for themselves and their colleagues. Across the Group, each office and industrial site holds a H&S forum twice a year, reviewing safety impacts relevant to each business.

All employees are provided with the necessary instruction, equipment, safety induction and ongoing training to carry out their work without risk to themselves or others. Additional training is provided for specific operations via in-house sessions or external courses, in line with risk assessments. Standard Operational Procedures and regular 'toolbox' talks maintain continuity in 'safety sharing'.

We recognise, of course, the changing nature of our business and the different exposures to safety-related risks as we blend outsourcing with physical, owner-operated assets.

Our recently acquired industrial operations require on-site workers operating belts, balers, forklifts and other processes, often in international teams using various languages. In 2022 at CasePak, we installed improved safety measures and automatic fire suppression systems on all new mobile plant, and successfully completed a full ISO45001 audit without a non-conformance.

Accident and near-miss reports are collated for all sites and reviewed monthly at board level to identify risk, injuries and treatment required. We are currently improving the data system for safety reporting and look forward to presenting performance data in future reports. Please see our Health and Safety Policy [here](#). For more on our governance structures and corporate policies, please see p54 in our previous Sustainability Report from [2021](#), and [here](#) on our website.

Preliminary performance data indicates a 12.12 lost-time accident frequency rate.

Community Investment

Community investment and engagement help us to understand and respond to local community needs. Whilst our 'social licence to operate' is earned through such action, we are more likely to succeed when we are part of healthy, prosperous communities that in turn provide businesses with talent, skills, goods and services.



Our Community Interest Company

A Community Interest Company (CIC) structure was statutorily introduced in the United Kingdom in 2005, for social enterprises to use their profits and assets for the public good. They are overseen by the Regulator of Community Interest Companies.

The Reconomy Social Enterprise CIC is a call to action – an invitation to customers and suppliers to help us achieve social and circular economy goals.

Launched in 2021, it is Reconomy Group's umbrella organisation for a network of social enterprises and charities providing services to communities which in turn provide benefits to our customers too. The enterprises in the network address various challenges, such as recycling hard-to-recycle materials, or helping socially disadvantaged and vulnerable people to access employment. Profits are invested with our partner charity The National House Project (NHP) supporting young adults leaving care, moving into new accommodation, and using the NHP 'Welcome Box' to set up home.



Breaking barriers

We continue to find opportunities for people from marginal or vulnerable groups, and, in so doing, to reduce re-offending rates (currently around 30%). Recent external factors slowed many programmes down, including the Breaking Barriers programme, but it is now ripe for acceleration in 2023, through the **Reconomy Social Enterprise CIC**.

The Breaking Barriers programme not only helps prison leavers, but also ex-military personnel and the long-term unemployed. It focuses on training, recruitment, risk assessments and personal development. The aim is to help people achieve independence and fulfilling lives. For us it means access to additional capacity and workforce.



Bridging gaps for young adults leaving care

At the heart of RSVP is our five-year commercial partnership with the National House Project for young adults leaving care. Through our continued association with the charity, 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 apprenticeship or to progress their careers. In 2022, we sponsored the Reconomy Entrepreneur Award to support young people with experience of the care system to start their own businesses, offering seed funding and business mentoring.



Multi-award winning Social Value programme

Our **Reconomy Social Value Programme (RSVP)** continues to provide a range of services, such as volunteers, school projects, local community nature initiatives, and for people from hard to reach backgrounds employability.



Resounding success for ReBound volunteers

In 2022, people from our ReBound brand volunteered at In Kind Direct, a UK charity focused on distributing consumer products donated by companies to charities. The goal is to connect those in need with the products they require to enable good sanitation, safety and wellbeing. During a challenging and rewarding day at **In Kind Direct's Telford** warehouse, our volunteers sorted 12 pallets, 306 new boxes and around 9,000 items which were despatched as donations destined to a selection of over 4,000 UK charities. Charities select what they need through the In Kind website.

[Visit here for more info.](#)



Engaging our communities

While the Reconomy CIC and the Reconomy Social Value Programme are the core elements of our community involvement, we contribute to a range of educational, sporting and enterprise projects, many of which have a direct connection to recycling and waste.



Educating young people in Europe

In 2022 we supported the **Electro3000** Project in Poland which aims to educate stakeholders via several campaigns on the proper handling of waste. The project engaged closely with communities and looked at some detail into environmental impacts and waste management, together with the proper handling of electronic and hazardous waste. The teams had a particular focus on raising awareness among children and young adults. Electro3000 is organised in partnership with RLG in Poland with schools and others. It aims to create an information and education platform to encourage the proper segregation of five wastes: metal and plastic, glass, bio, mixed and paper, as well as the proper handling of e-waste and batteries.

[Click here to read more.](#)

Re-using, donating, investing

Our community investment also touches smaller scale projects, with the knowledge that positive impact comes in all shapes and sizes.

We collaborate with **Reyooz**, a re-used office furniture and appliances retailer, on several projects involving the donation of office furniture to social enterprises and other CIC businesses. Reyooz want to stop UK companies wasting an estimated 300 tonnes of perfectly reusable items worth around £5m every day.

[Click here to read more.](#)

Other related projects in 2022 were with Greenstream to recycle floor tiles, and with Waste to Wonder CIC to redistribute office furniture and equipment, achieving a recovery rate of around 80% for our customers.

Our support for the YMCA included a project in 2022 to reuse bathroom and kitchen stock from the clearance of one of our large retail clients, for refurbishment projects at the YMCA. Meanwhile, Cheshire-based social enterprise and charity Changing Lives Together is focused on reusing redundant furniture, domestic appliances and leftover paint. Working with one of Reconomy Group's national contractors in 2022, we donated 43 fridges and freezers to the charity. Other projects include working with the Salvation Army's textile banks and key retail customers to direct donations to charities all over the world.



Next steps

A key step in the near future will be the expansion and harmonisation of the Reconomy Social Value Programme within new acquisitions. This involves training on RSVP as well as ensuring that recruitment and upskilling opportunities in our warehousing and recycling services are accessible to people from hard-to-reach groups.

We will increase the apprenticeships and intern opportunities offered across our brands with opportunities ring-fenced for those leaving the care system in the UK.

We will further develop our partnership with National House Project to support local projects, including funding and mentoring for young adults leaving care who wish to start their own business using NHP support. We will also review options to invest in start-ups by young entrepreneurs and circular solutions start-ups.



RLG India and Delhi's first ever Snakes & Ladders Championship

India has banned single-use plastic items that have low utility and high littering potential since July 2022. To raise awareness about plastic waste and recycling, **RLG India's Clean to Green campaign** ran a Snakes & Ladders Championship where snakes were the harmful effects of plastic and ladders the more sustainable alternatives. 8,000 people got involved during the event.

Clean to Green, a registered society in India, advocates proper waste management, with a focus on creating better public awareness using educational workshops. Online and offline, the programme has reached 2.7 million people over five years.

[Click here to read more.](#)

Social value data repository



Social value		Target	2022
Social Value	Pure social value delivered since 2018 (calculated using National TOMS, from 2018 launch of RSVP campaign)	£2m	£2.2m (£535,795 in 2022)
	Increase VCSE (voluntary, community and social enterprise) numbers and spend	2%	0.9%
	Profit before tax committed to community investment	1%	0.6%
Volunteering	Employee participation in community volunteering activities (@1 day each, excludes ASCG business)	40%	17% (872 hours of volunteering)
Donations	Fundraised by our employees	Not set	£19,624
	Donations and in kind	Not set	£84,627



04 | Business value



Responsible business value

Responsible business means management with purpose and integrity, in our own operations and in the way our brands deliver our products and services in the various waste, recycling, and retail-returns markets we serve.

It is clear that effective service quality, customer experience as well as leadership and governance are all non-negotiable. But for us, the concept of responsibility embraces the wider landscape of resource stewardship at regional, national and international levels. It is our fundamental business model at work, in practice, with customers.

This is the mechanism by which we contribute the most to a more sustainable economy. It features digitisation, innovations, new assets, and extensive customer engagement. In short: technology to support the circular economy.



79
Customer satisfaction 'net promoter' score (NPS)

Customer value and innovation

- 7,116 customer site visits made
- Diversification into 11 new markets

84%
Supplier spend allocated to local and/or SME suppliers

Ethical business practices

825 suppliers assessed in 1,131 supplier site visits
Proportion of voluntary, community and social enterprises (VCSE) in our preferred supplier list: 1%

Context: why this is important

There is too much 'leakage' from the materials economy, shown as 'residual waste' in the diagram on [page 12](#). Fortunately the economy is becoming more circular. Growing volumes of waste require effective management mainly through mechanical recycling, where feasible. Allied industries provide chemical (or 'molecular', or 'advanced') recycling services and energy-from-waste options.

The use of digital services in waste management is growing, and the development of relevant supporting infrastructure is expanding. Whilst physical

processing, storage and transportation of assets are vital, tech-enabled services in waste and resource management are clearly required to modernise waste management.

The foundation to this evolving sector is of course accountable leadership, mature governance, ethical business practices, responsible procurement, robust codes of conduct and financial stability.

Innovation for customer value

Commercial success depends on top-quality customer experience. This is achieved by a service offering that is cutting-edge and reliable.

We explore below examples of Reconomy Group's digitised service platforms, our contribution to better infrastructure in the UK, and the refinement of deposit returns systems (DRS).

The fundamental strategy of Reconomy Group is solutions that enable circularity. We anticipate customers' needs in their sustainability strategies, a process that was helped by 7,116 customer site visits in 2022. Our services in compliance, recycling and returns effectively act as a platform to conserve finite resources: bespoke solutions for businesses of all sizes across many industries. What unites the solutions from our three divisions is management control, supported by data, thus turning sustainability ambitions into competitive advantage and long-term value.

Good for customers. Good for Reconomy Group.
Good for circularity.

Digitisation

Digitising is not just about modernisation of systems, it means better engagement, faster turnaround, easier right-sizing, adaptability on-the-go, and risk management for long-term resilience.

Digital waste management

By the end of 2022 we had digitised more than two thirds of interactions with suppliers, as measured on the digitised supplier platforms we use.

As well as providing efficiencies for customers, we continue to enhance our systems to ensure we meet their demands for accurate and timely data. Beyond ensuring the services are in line with the agreed contracts, customers want their reporting to help achieve goals such as zero waste to landfill or net zero carbon emissions. Thanks to our systems, UK customers of all sizes and sectors, can 'measure it to make it happen' and view data through an easy-access interface.

Supported by our brands working in compliance services, these systems also account for upcoming legislation, providing appropriate data to help meet regulations related to digital waste tracking and EPR, for instance.

Take neXus as an example, an evolving service in 2023. It currently incorporates CRM, financial automation and reporting tools. Other allied efficiencies include Sales Cloud for highly personalised solutions, and Service Cloud for seamless order processing and high-quality customer experience.

These innovations allow Reconomy Group to be a key enabler for the circular economy.





Balfour Beatty: the PunchOut Catalogue

As part of our focus on customer innovation, we continue to support the digitisation of processes in the construction industry. Each construction company performs thousands of transactions each year. Manually placing orders, raising purchase orders and processing invoices all create costs. However, automation can make it all about 20 times more cost effective. So, in an 'industry first', Reconomy Group's large-scale 'PunchOut' procurement catalogue is providing Balfour Beatty employees with simple, straightforward access to an e-catalogue containing all waste and recycling services relevant to the customer. The catalogue is hosted on our own website and directly linked into **Balfour Beatty's** existing purchasing system. PunchOut removes the need for multiple emails or phone calls relating to individual orders.



“ RECONOMY HAS BEEN AN INTEGRAL PART OF DRIVING OUR DIGITISATION 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.

Evan Sutherland

UK Procurement & Supply Chain Director at Balfour Beatty

Data-driven compliance

EPR legislation requires producers to report highly detailed data. But this brings an opportunity to gain in-depth insights from the data and drive positive changes to products and packaging.

Valpak's Insight Platform is an online tool that provides clear packaging, product, and supplier data, enabling businesses to achieve compliance across all operations, to make informed product decisions, and to manage their supply base. This tool is underpinned by our Product Data Hub and the UK's largest product and packaging weights database, holding over 44 million SKUs! The Insight Platform can be tailored to meet a customer's specific requirements and enables users to review and report on environmental obligations in real time.

Digitisation is the engine for the circular economy and sustainability - and we are going full power. Crucial to success, however, is the interplay between digitisation on the one hand and the technical expertise with which our employees advise and accompany our customers on the other.

Digitised collection schemes

Reconomy Group brand, RLG, creates collection systems tailored to meet individual local requirements within and between regions. Using digitised 'platform solutions' to connect all relevant parties, RLG takes hazardous and non-hazardous wastes responsibly and cost-efficiently, including a range of end-of-life materials, such as packaging, electronics, batteries, beverage containers, and more.



44m
SKUs

UK's largest
product and
packaging
weights
database

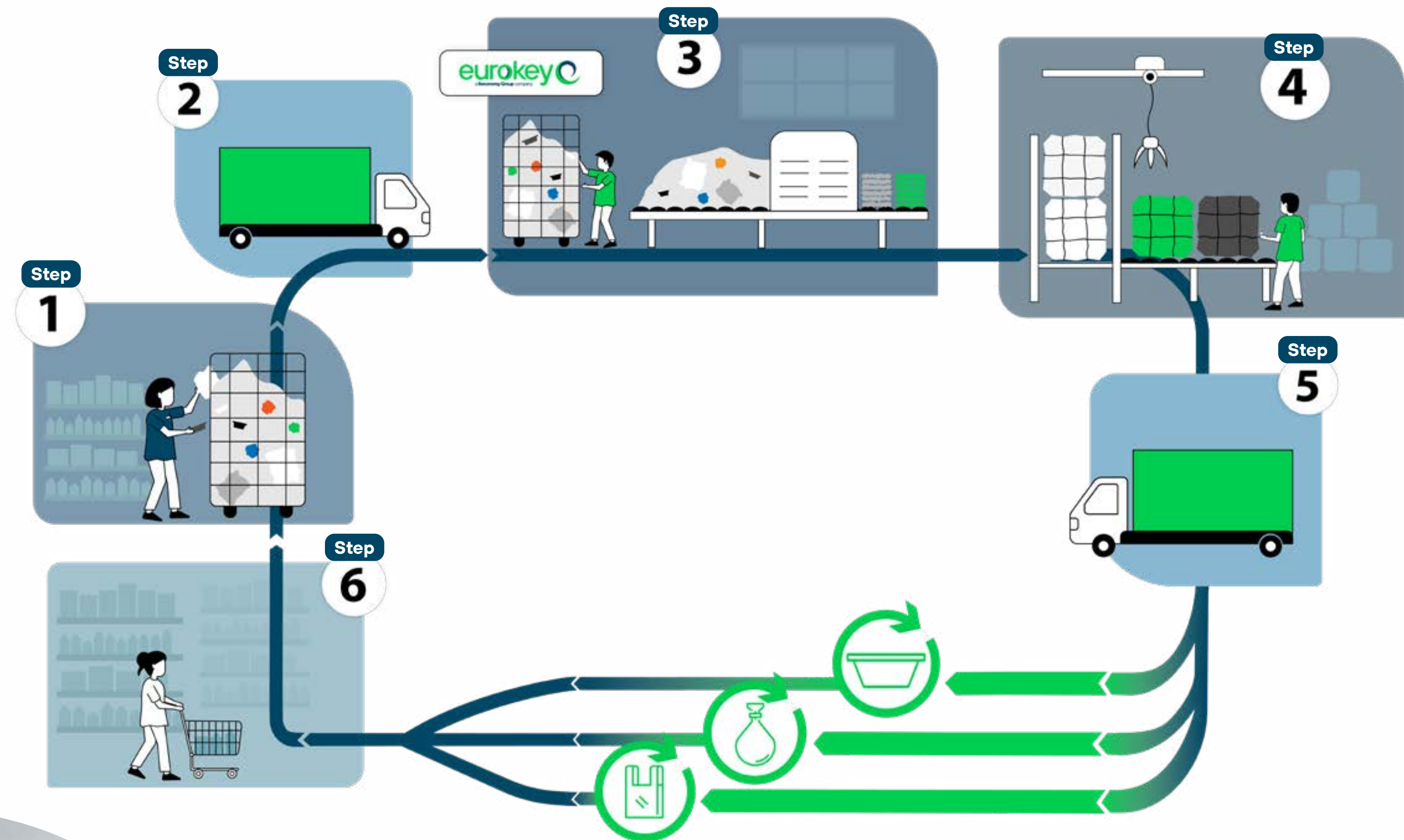


Our new Eurokey facility, Kettering

As a leading enabler of the circular economy, we must also facilitate physical recycling, re-use and the re-configuration of supply chains.

The plastics industry, for instance, has highly innovative and recyclable products on the market but faces barriers to higher recycling rates such as public infrastructure underinvestment, non-standardised collection systems, contaminated materials, poorly segregated polymer types, and limited consumer education. Its miraculous properties mean plastic has a value, hence the global recycling and reprocessing industry. However, in many countries like the UK, this lack of infrastructure leaves a closed-loop system out of reach and recyclable material must often be transported to re-processors in other regions.

So, Reconomy Group has stepped up and invested in a new state-of-the-art facility in Kettering. It produces high-quality recyclate, is energy efficient, and uses renewable energy. Once sorted at Eurokey, the graded plastic items are sent to re-processors who manufacture products such as bin liners, food trays, and other items. The loop is finally closed when these products are back on the supermarket shelves. With our help, supermarket retailers can deliver commercially and environmentally sustainable business models.



Closing the loop at Eurokey Kettering



Working with hard-to-recycle materials

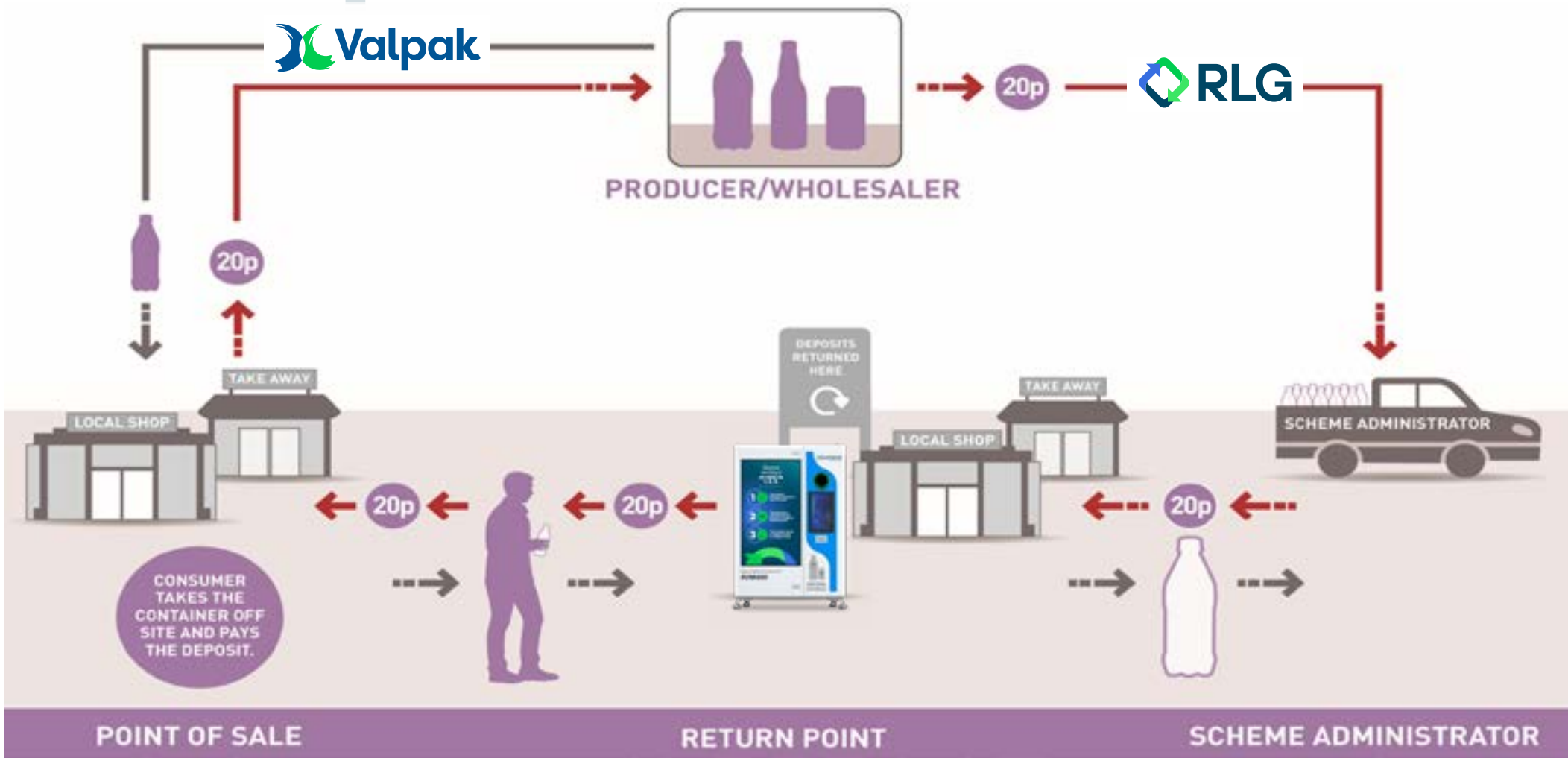
As a showcase of innovation anticipating future customer needs, Reconomy Group operates various services dealing with valuable but challenging items.

These are tomorrow's solutions today, examples of which include electronics, cosmetics, vaping devices and textiles. Take vapes, for example, millions of which are discarded every week (three million in the UK), including rechargeable and single-use devices. Vape kits often contain lithium, so recycling them saves precious resources. As education improves and items arrive on the waste materials markets, we are ready to provide services and compliance as required.

Alternatively, take textiles in the UK. Re-use sits near the top of the 'waste hierarchy' and is a popular option with consumers. Research by our ReBound brand shows that charity donations and second-hand resale are the preferred options. ReBound's global returns service tracks every product through the system, and it also operates a donation portal used by brands including Cotton Traders and Pretty Lavish, as well as by members of the public.

Unwanted items are posted to the Salvation Army for re-use. While demand for take-back is likely to increase under EPR, recycling needs to scale up. Reconomy Group provides research and services to facilitate design for recycling, for example, as blends using fibres such as elastane make textiles hard to sort.

How Valpak, RLG and EcoVend work together to create a circular system



Vital support to Deposit Return Scheme (DRS)

Our brands, Valpak and RLG, are engaging with all stakeholder groups to shape the solutions for this important legislative area. Reconomy Group is a contractor to many DRS in Europe and elsewhere providing consulting, system design, IT infrastructure, collection, and operations, as shown in the graphic, with more on EcoVend below.

Reconomy Group's expertise can help in the operation of a success DRS right from the very start, for example, from impact assessments to implementation roadmaps and deposit clearing. Please also see the Environmental Value chapter (p25). For more on RLG's Smart DRS:

[Click here to see more](#)

EcoVend – how reverse vending works

Circular economy mechanisms, such as deposit return systems, rely on technologies such as reverse vending.

Enter EcoVend

Reverse vending machines (RVM) are used in over 40 countries worldwide, achieve a return rate of up to 97%, and are both efficient and easy to use.

Anyone can deposit an empty single-use drinks container in return for a pre-paid deposit (where a DRS is in place) or other reward such as a voucher, discount, credit or charity donation. Once a machine is full, the compacted bottles and cans are collected for onward recycling. The machines are in-store or out in the open and provide additional benefits such as usage data and advertising space.

Deposit Return Schemes often rely on RVMs where retailers will likely have shared responsibility for the recycling of plastic, aluminium and glass placed on the market. EcoVend is highly engaging and technologically advanced; it will alert the retailer when it needs emptying and will even detect what products people are buying and recycling.

97%
return rate

Used in over
40
countries
worldwide



Take-back collection and technology

Responsible business means innovation for customer value in digital support services as well as conventional waste management. As we describe below, take-back is core to what we do.

Our RLG brand took over the workshop disposal for Volkswagen Original Teile Logistik GmbH (OTLG) in 2022.

It is a high-profile example of how the Group facilitates resource recovery as defined by Germany's Closed Substance Cycle Waste Management Act. RLG has been organising central workshop disposal in Germany and Europe for automobile manufacturers, importers, and workshop associations since 1991.

The contract includes the preparation, digitisation and implementation of the entire take-back disposal system. So now, all residual waste, items of value, and hazardous materials generated in nearly 3,000 workshops is collected by RLG's certified service provider network and fed into safe and efficient recycling processes.

The process, from collection to recycling and legal documentation is digitally mapped and centrally organised via an order management and reporting system (CCR Net). For more on the project please [click here](#).



Ethical business practices

Bringing to life a set of values in business, while delivering a successful commercial strategy demands robust governance arrangements.

In practical terms, delivery means operational effectiveness: doing a good job on the ground for customers, as well as advocating for change and steering discourse in our industry.

For example, our position on the UK Circularity Gap Report Working Group is centred on the need for a simplification of circularity, being clear on why more recycling is needed in a circular economy, and the urgency for cost-effective recycling infrastructure in the UK. We share the view of many that product innovation is naturally part of it, and that this includes promotion of leasing and rental models together with incentivisation: 'design-for-life-and-repair', and 'recycled content' items must be recyclable. Whilst consumer demand is encouraging, legal and policy drivers are required, and 'disruptive' business ideas should be encouraged.

In this section we cover how we extend our business value upstream, and how our corporate governance works.

Responsible procurement

A Group goal for us is to implement our Group Sustainable Procurement policy, based on ISO20400. Implementation is achieved when each business manages and reports on category risk, engagement, audits, and performance. At the end of 2022, many of our brands have commenced implementation.

This goal is in line with our Sustainability Strategy and Code of Conduct and relates to contracted services and goods. Sustainable procurement contributes to how we meet our customers' needs in a way that achieves value for money on a whole-life basis. 100% of our preferred and approved suppliers have signed up to our Code of Conduct

Our framework comprises sustainability considerations before and during procurement. To implement it we apply the ISO20400 Sustainable Procurement guidance standard, based on category risks, spend levels and operational risk. This work was supported by site assessment visits to 825 suppliers in 2022. This all aims to ensure sustainable procurement practices are adopted and maintained across our brands, with progress assessed using targets and key performance indicators (KPIs). 80% of suppliers assessed for Sustainability and Compliance in 2022. Our teams are qualified and experienced in supply chain management, they are aware of the principles of sustainable procurement, and complete regular training.

We commit to:

- Paying on time and in accordance with the contract conditions
- Ensuring that we deal with suppliers fairly
- Working only with suppliers who have high ethical standards and who work to improve sustainability performance
- Promoting engagement that encourages improvement.

Our procurement has a local dimension too: we outsource to local suppliers as far as possible. Indeed, our sites and offices tend to have long-term relationships with local suppliers for the procurement categories we use. At the end of 2022, 77% of supply chain spend was with small and medium sized enterprises (SMEs), while 1% of preferred suppliers were Voluntary, Community and Social Enterprises (VCSEs), against targets of 80% and 2% respectively.

[Our Procurement Policy is available here](#)



77%
supply chain
spend with
SME's



Ethics and governance

At Group level, the Board is responsible for managing our sustainability risks. Recent geopolitical events have affected our supply chain, including some shortages of certain materials, interrupted logistics, and labour shortages. We closely monitor a variety of risks including those related to legislative change, and we ensure that this hard-wired risk expertise at Reconomy Group supports our customers too.

Oversight is delegated to the Group Sustainability Committee, 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 contributes to a quarterly Sustainability/ESG Reconomy Group Board report.

As a privately held company we recognise that transparency is important. The economic and social significance of large private companies can be as great as publicly listed companies and, when problems occur, there are comparable risks to as wide a range of stakeholders.

We uphold, and align with, a variety of good practice codes and disclosure frameworks. Examples include the United Nations Global Compact and Carbon Disclosure Project.

We comply with the requirements of the Task Force on Climate-related Financial Disclosure (TCFD) and we benchmark ourselves using EcoVadis.

We disclose relevant data and information in our Annual Sustainability Report and Modern Slavery Statement. Sustainability Steering Groups support the implementation of our Sustainability Strategy across the operations. Upon acquisition, we integrate the new business within our Sustainable framework.



As of the end of 2022, all brands have completed the following:

-  Assessed exposure to sustainability (or ESG) risks, and reported to the Board
-  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 employee engagement and training programmes
-  Committed to an EcoVadis assessment.

We recognise aspects of business continuity and customer experience with reference to Information security and data privacy. As such, we continue to invest in its management, we are expanding our teams and the tools available, and we are growing the levels of compliance with specific standards, such as ISO27001.

For more on our governance structures, Code of Conduct and corporate policies, please see p54 in our previous [Sustainability Report from 2021](#), and [here on our website](#).



CIO Award

In 2022, Reconomy Group was awarded a prestigious CIO 100 Award. Reconomy Group was recognised for its digitalXchange supply chain integration and digitisation project within its waste and resource management businesses. This enables our extensive UK supply chain – consisting primarily of regionally operating SMEs – to seamlessly integrate their back-end programmes with our own systems. This not only enabled the dynamic, automated transfer of waste movement data and compliance information for our customers, it also revolutionised the supply chain's own operational practices, helping them grow their respective businesses by making them more efficient and expanding their reach.

Next steps

Reconomy Group continues to ensure leadership and governance rigor in the process of implementing customer innovations, such as digitisation.

New solutions, from our Valpak brand for instance, will include registration and compliance support for UK businesses needing EPR for textiles in the UK.

We will be blending the rich offering of DRS services, from RLG and Valpak brands for example, to ensure efficient and fast delivery of such systems. Other expansion of innovations supporting circularity will be seen in textiles (Europe), tyres (India), vapes, cosmetics and other hard-to-recycle products.

Over the coming years, we will see continued innovation in the returns management sector, with major retail customers.

While evolutions in customer engagement, innovation and procurement continue, we commit to ongoing consolidation of our governance and ethics programme, ensuring all employees across the diverse brands achieve the same level of awareness required to deliver high-quality services.

Business value data repository



	Business value	Target	2022
Improve customer experience	Increase customer satisfaction scores (NPS)	+65	79
	Employee sustainability engagement and training programme	75%	49.5%
Developing our supply chain	80% of supply chain to be SME	80%	84%
	2% of preferred suppliers to be VCSE	2%	1%
Governance	Benchmark our sustainability strategy through EcoVadis	Gold	Gold

Closing remarks

WE ARE COMMITTED TO SUPPORTING OUR CUSTOMERS WITH ACHIEVING THEIR SUSTAINABILITY OBJECTIVES.



Thank you for taking the time to read Reconomy Group's second sustainability report. The Group has grown significantly over the reporting period and all the brands are embracing the benefits of our sustainability framework in many ways.

This has created opportunities to learn and exchange good practices with colleagues as well evolve our sustainability options to customers.

And while we do this, Reconomy Group is working hard to ensure its operations are managed to the highest standards to maintain environmental, social and business value. I note the small-scale and local actions in many locations across the Group, such as reducing kitchen waste, switching to eco-friendly cleaning products, and supporting local charities. Larger projects are also underway, such as EV chargers on many sites, major capex investment in recycling infrastructure, or boosting our network of social enterprises.

But we go further: we are committed to supporting our customers with achieving their sustainability objectives, by delivering top-quality solutions, and by supporting supply chain resilience. We know there is more to do, especially as we expand our operations and our supply base. But innovation is hard-wired into how we work, an attribute that transfers to improving our environmental footprint and socio-economic contributions. Examples are biodiversity improvements, energy efficiency and lower-carbon operations, as well as developing our relationship with the National House Project.

The world needs materials, and renewable and recyclable materials have a major part to play. Improved circularity helps mitigate climate change and prevent biodiversity loss related to resource extraction. Circularity of course depends on the recyclability of the products, on local recycling facilities, and an array of other factors. In a world where less than ten percent of materials are being recycled (Circularity Gap Report 2021), progress depends on strong collaboration and effective financial and physical infrastructure.

Reconomy Group has clearly outlined its ongoing commitment to work with our customers and collaborate with our supply chain to reduce reliance on a take-make-use-waste system to a more circular economy.

Diane Crowe
Head of Group Sustainability



05

| Further
reading

Further reading contents

Modern Slavery Act summary statement

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.

Reconomy Group is committed to ensuring 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 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 2022 has been focused on raising awareness of the modern slavery and human rights risks in the sector and extending our network. This has included supporting the IPHR (Indirect Procurement Human Rights) Working Group and software producer, Ngaje, in the development of an employee engagement tool to monitor how safe employees felt at work. Also in 2022, Reconomy spoke at and promoted a Modern Slavery and Labour Exploitation webinar, hosted by MRW (Materials Recycling World), aimed at businesses in the waste industry.

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, updated, and includes robust questions about supplier activities to protect against and eradicate modern slavery.

Reconomy 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.

2022 saw the development of a new Waste and Recycling Modern Slavery Protocol with the IPHR Working Group. The Protocol is aimed at waste and recycling companies and the businesses that use their services. As well as taking an effective role in its development, our Reconomy site assessors actively promote The Protocol with suppliers, and encourage them to sign up to its principles, and commit to meet the minimum requirements that aim to manage the risk of labour exploitation and modern slavery practices.

To read our statement on anti-slavery, human trafficking and human rights, [click here](#).



Voluntary disclosure for the consolidated Reconomy Group FY22 Annual Report



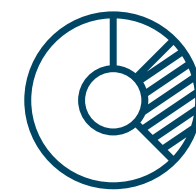
Reconomy Group has aligned its reporting with the TCFD recommendations and guidance. This allows us to inform investors and other key stakeholders of the climate related risks and opportunities that may impact the business. Using this framework enables us to outline our process for responding to climate change in a comparable way.

Summary information in line with TCFD requirements



Governance

The Board has overall accountability for the identification and management of the risks and opportunities associated with climate change. The Board has appointed a member with responsibility for the Group Sustainability Strategy and has developed a governance structure to ensure effective implementation, communication, and engagement.



Strategy

Sustainability is fully integrated into the business strategy. The Group has a Sustainability Strategy that is supported by policies and a management structure to ensure its objectives, targets and KPIs are progressed and achieved. Climate change is a key element of the strategy. Reconomy Group understands its purpose as an organisation that is centrally placed to enable and facilitate the circular economy and low carbon transition. We also play a crucial role in supporting our customers across their respective sectors to achieve their own sustainability objectives.



Risk management

We have a robust and strategic risk management process led and owned by a Board member. We recognise climate change as a global emergency. The existing and future risks and opportunities posed are identified and assessed. A risk register is maintained, and management controls are reviewed at least annually.



Targets and KPIs

We have set a range of KPIs and ambitious targets. We have submitted our carbon reduction targets for Scopes 1,2 and 3 to the SBTi and are awaiting verification in 2023. We aim to be net zero for direct emissions by 2028 and indirect by 2040. This is 10 years ahead of the UK Government 2050 target.



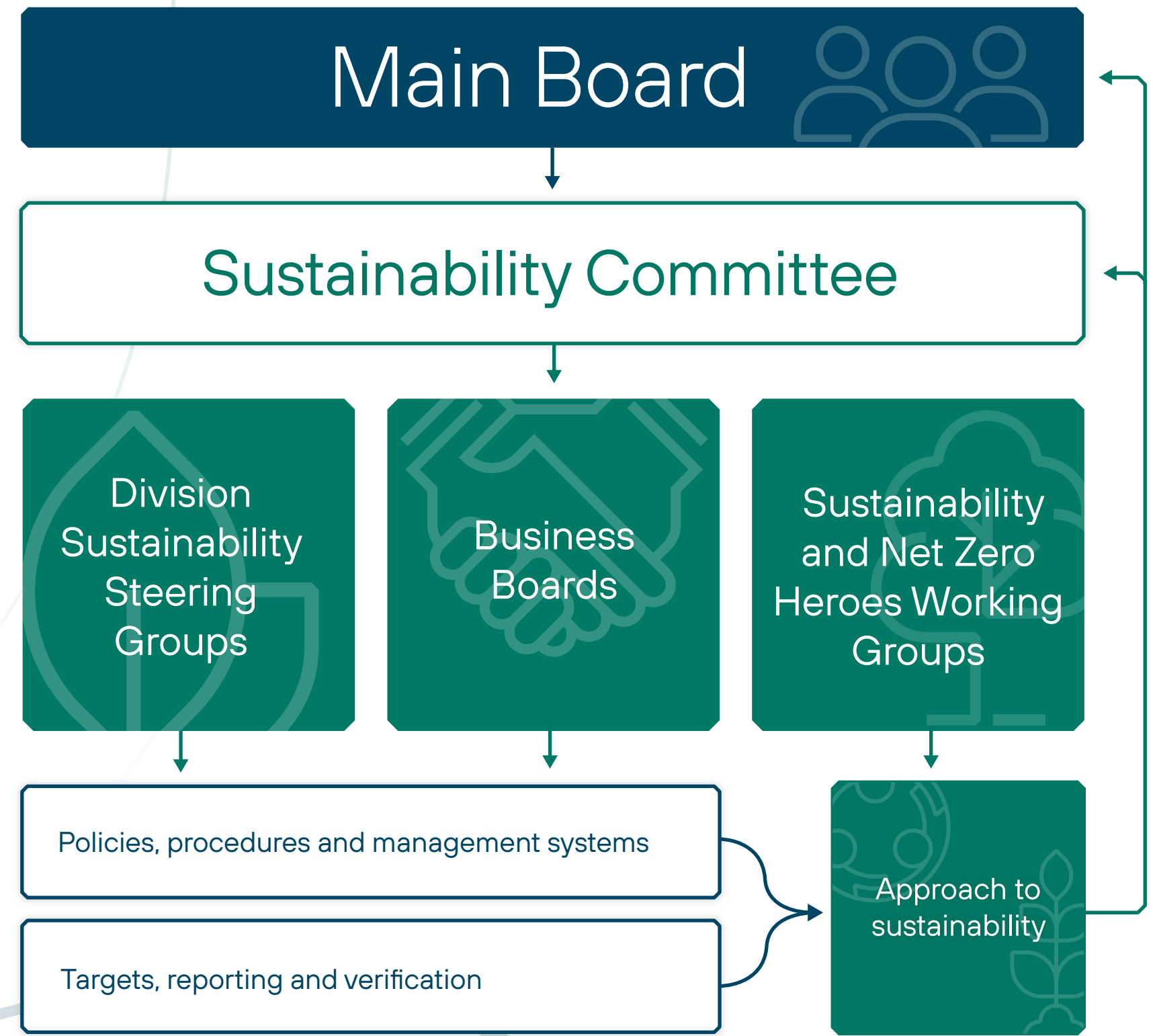
Governance arrangements

To assess and manage climate-related risks and opportunities Reconomy Group has put in place the following governance arrangements.

The Board has overall accountability for the management of all business risks and opportunities and provides oversight of our sustainability strategy ensuring that climate related risk management is integral to our business strategy and planning.

The business has grown significantly over the last three years and a new role of Head of Group Sustainability was developed in March 2021, with a key element of the role being to facilitate and consolidate the risks and opportunities to the Group relating to climate change.

A working group, including a Main Board Director, met throughout 2021 /2022 to identify and consider the risks and opportunities relating to climate change. The ongoing activities and any follow-on actions are managed by the Group Sustainability Committee. This group consists of business and function Directors, the Board Director responsible for Sustainability, and the Head of Group Sustainability. The Sustainability Leads in each brand meet monthly to review progress with strategy and policy implementation and targets. We have quarterly and annual reporting of sustainability/ESG targets and KPIs. Our Carbon reporting is audited by Achilles to ISO14064, and we have a financial auditor, KPMG.



Assessment and management of climate related risks and opportunity

Reconomy Group is UK head quartered, however through expansion we now have operations in Europe and hubs worldwide.

Risk and opportunity have been assessed at Group level by Board Directors. It is also assessed at other Group brand or division level, with this information being fed through at annual reviews where the risks and opportunities are reviewed and refreshed.

Sustainability risk is assessed and reported to the Board. We have carried out three workshops with the Chief Finance Officer and Senior Managers in the finance team to fully integrate financial climate risk into our Group risk management process.

Processes for identifying, assessing, and managing climate-related risk

On subsequent pages, we have outlined the processes for identifying, assessing, and managing climate-related risks and how they are integrated into the overall risk management process in the company.

During 2021 and 2022 we used TCFD recommendations and guidance to work through a process for understanding the current and future potential cost and impact of climate change to our business. Senior management conducted a comprehensive climate change risk and opportunity assessment. We have assessed the transition risks, physical risks and opportunities.

This was done by analysing climate change related data such as energy use and carbon emissions, water use, land use, location and any current spend on mitigation.

The aim was to identify the climate change risks (short, mid, long term) for the business and supply chain and use this to assess the financial risks of the business.

As much as possible this was integrated into the normal risk and review process although additional working groups to include the CFO were set up.

Identifying time and temperature-based risk and opportunities

Despite the uncertainties, scenario modelling helps us to understand the potential physical outcomes (temperature, water stress, extreme weather etc.) related to the amounts of GHG in the atmosphere and the associated global warming. We have used two scenarios for a 'less than 2°C' temperature increase (Paris agreement¹ and action taken to reduce CO₂e) and an 'above 4°C' temperature increase (likely to lead to severe and catastrophic impacts if no significant policy changes are undertaken).

Using scenario planning we looked at the short, medium and long term under these scenarios by the end of century 2100. This enabled us to assess the risk and opportunities based on our existing business model of mainly outsourced resource management, compliance schemes and returns. The assessment was completed during a series of workshops and were also informed by the materiality review undertaken in 2021/22. The financial impacts of the climate related risks and opportunities were identified. The existing risks, before any mitigation and the residual risk after control measures were considered.



Physical risks

The potential physical risks considered under an ‘above 4°C’ scenario are assessed to have a medium residual risk to our people, operations and facilities in the UK and Europe. Given the amount of carbon already in the atmosphere, we understand that there is already some increase in extreme weather events and long-term changes in temperature and rainfall patterns and this will continue to impact our business. Under the ‘less than 2°C’ scenario we assess that these impacts will be of a lesser magnitude compared to the ‘above 4°C’ scenario and would have a low impact on our people, operations and facilities. To ensure that we remain resilient to any extreme weather our business continuity planning covers business disruption from extreme weather events. Potential M&A businesses are assessed on the basis of location risk and potential for adaptation.

Climate related physical risks ‘above 4°C’ scenario

Acute impacts, increase in severity of extreme weather events, and chronic impacts, long-term climatic shift.

Impact	Description	Timescale	Reconomy Group residual financial risk	Mitigation
Employees	Increased direct and indirect cost due to impact on health and safety.	S/M/L	Medium	Change in work patterns to reduce impact during extreme weather. Investment in renewable energy, energy efficiency and effective insulation.
Operational disruption	Reduction in revenue due to disruption	M/L	Medium	Increased frequency of extreme weather events may require implementation of the business continuity plan to reduce disruption and ensure business critical operations are maintained.
Property / Infrastructure damage	Increase cost of physical damage, increased insurance cost and potential for property to be uninsurable in high-risk locations.	M/L	Medium	Assess location risks and understand potential exposure. Ensure new business acquisitions are assessed during due diligence.



Transition risks

The key transition risks to our business under the 'less than 2°C' scenario is due to policy and legislation changes, market and societal shifts. Our existing business model and sustainability strategy to 2030 addresses the risks identified. Whilst there is waste, resource and outsourcing specific elements to these risks, those that relate to transport and emissions impact all sectors that use transport and its associated emissions.

	Impact	Description	Timescale	Reconomy Group residual financial risk	Mitigation
Impact from policy and legislation changes	Increased cost from legislation	Increased pricing of GHG emissions.	S/M/L	Low	SBTi targets submitted and Group wide, carbon reduction plan in place including: <ul style="list-style-type: none">• Fully electric car fleet by 2028• Full use of renewable energy by 2028• Use of alternative fuels and route efficiency for HGV fleet.
	Cost and operational impact	Mandates on and regulation of existing products and services.	S/M	Low	Continue to engage with regulators and policy makers to ensure watchful eye on legislative changes. Reconomy has been able to positively respond to changes for example for EPR and DRS. A shift in the requirement for recycled content also provides a business opportunity.
Impact from technology changes	Cost of low carbon transition	Substitution of existing products and services with lower emission options.	S/M	Low	Capital investments with lower ongoing costs. Procurement and investment in renewable technologies.
		Unsuccessful investment in new technologies.	S/M	Low	Careful investment to take advantage of new technologies. Collaboration with suppliers on achieving technological advantages. Scope 3 targets to encourage and influence suppliers to set and action carbon reduction targets.
Impact from market changes	Change in demand for services	Consumer and customer behaviour change and expectations.	S/M/L	Low	Being a diverse business helps to protect our operation from reduced revenue due to decreased demand for products or services. Monitor market and consumer preferences closely. Appropriate investment in innovative recycling and reuse infrastructure. The resource management area of the business will take advantage and respond to opportunities of increased customer awareness for more sustainable circular solutions and is seen as an opportunity.



Climate-related opportunities

Our business and sustainability strategy enable us to realise several opportunities that will result from transitioning to a low carbon and more circular economy. These opportunities include changes in resource efficiency, increased reliance on renewable energy, business diversification, societal and market shifts resulting in increased demand for recycling services and low carbon and recycled content materials.

Impact	Description	Timescale	Reconomy Group residual financial risk	Mitigation
Resource efficiency	Exposure to carbon emission pricing and low emission zones reduced. Reduced operating costs for facilities and distribution/ collection fleet.	S/M	Medium	<p>Use of more efficient modes of transport, sorting and distribution. Potential that some capital costs are increased but running costs will be lower.</p> <p>Reduced exposure to future fossil fuel price increases as well as GHG emissions, and therefore less sensitivity to changes in cost of carbon. Our SBTi targets and actions support the transition to a low carbon fleet. Investment is in energy efficient buildings and sorting facilities to increase UK recycling capacity.</p> <p>Carbon reduction reduces liability to potential future carbon tax.</p>
Energy source	Use of energy efficient technology and increase in renewables.	S/M	Low	<p>Invest in generating own energy such as through solar and CHP, where viable, on our estate.</p> <p>Policy to upgrade operational equipment for long term energy efficiency reduces cost.</p>
Products and services	Increased revenue from customer requirement for low carbon services.	S/M	Medium	Our carbon reduction plan, with milestones to 2040, develops and delivers on the expansion of low emission services. Through R&D innovation we will invest in circular economy solutions.
Markets	Access to new markets and increased revenue due as requirement for low carbon services and materials increases.	S/M	High	We will continue to monitor and invest in divergent but complementary markets. Future revenues will come from access to new and emerging markets.
Resilience	Reduce operating costs and increase operational efficiency. Market diversification and solutions to meet customer needs.	S/M	Medium	<p>Targets in place to adopt energy-efficiency measures. Support the market in resource substitutes and diversification. Business strategy to meet customers' sustainability objectives. Stated goal is to collaborate in our value chain on low carbon and circular solutions. Our M&A strategy is to increase our capability for providing sustainable services, products and solutions.</p>

GRI Content Index

Reconomy Group has reported the information cited in this GRI content index for the period 1st January to 31st December 2022, with reference to the GRI Standards.

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (page number or external reference) and additional information
GRI 2: General Disclosures 2021	2-1 Organisational details	Back cover
	2-2 Entities included in the organization's sustainability reporting	p67
	2-3 Reporting period, frequency and contact point	p52 and 67
	2-4 Restatements of information	p67
	2-5 External assurance	p67
	2-6 Activities, value chain and other business relationships	p6 , 9-12 , 17 , 27 , 45 , 51 and 58
	2-7 Employees	p35
	2-8 Workers who are not employees	We have 1000 people (FTE) to assist with seasonal work at our ASCG sites in the UK.
	2-9 Governance structure and composition	p52 and 60
	2-11 Chair of the highest governance body	p52 and 60 https://www.reconomy.com/discover/management-team/
	2-12 Role of the highest governance body in overseeing the management of impacts	p52 and 60 https://www.reconomy.com/discover/management-team/
	2-27 Compliance with laws and regulations	p14 , 34 , 52 and 60 https://www.reconomy.com/discover/management-team/
	2-28 Membership associations	p8 and 58
	2-29 Approach to stakeholder engagement	p15-17
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p67
	3-2 List of material topics	p16
	3-3 Management of material topics	p14-20 , 22 , 30-31 , 34 , 38 , 45 , 51-52 , 57 and 59-60
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p6
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	All (100%) governance body members and employees receive communication on our Code of Conduct and other Anti-bribery and corruption materials as appropriate to their role and function, and all (100%) receive regular mandatory training annually on ABC. All suppliers receive information on our expectations to ensure awareness and understanding of Anti-bribery and corruption requirements.
	205-2 Communication and training about anti-corruption policies and procedures	All employees read and sign for the Group Anti-bribery and corruption Policy and undertake mandatory training.
	205-3 Confirmed incidents of corruption and actions taken	None

GRI STANDARD	DISCLOSURE	LOCATION (page number or external reference) and additional information
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Total energy use 11,811,000 kwh p26 , 30 and 64 .
	302-2 Energy consumption outside of the organization	1,027,000kwh p26 , 30 and 64
	302-3 Energy intensity	0.00098 (KWh/£Million turn over)
	302-4 Reduction of energy consumption	p16 , 26 and 30
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	In our previous reporting we covered water stewardship. Whilst we have a management approach for water use in our offices and on our three sites, we consume relatively small volumes for offices, sanitation and vehicle washing on 2 sites. Waste sorting is in a dry environment; no washing of materials takes place, for instance. We provide water data directly to EcoVadis as part of their rating process. We continue to review risk and opportunity related to water in our Group at all sites, we are aware of tools to evaluate and assess related impacts in the value chain. We are clear on all interactions with water as a resource. We continue to monitor risks as part of our risk management protocols.
	303-5 Water consumption	30.97 mega-litres (ML) No operations in water-stressed environments.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11,453.58 p32
	305-2 Energy indirect (Scope 2) GHG emissions	2,675.09
	305-3 Other indirect (Scope 3) GHG emissions	338,709.87
	305-4 GHG emissions intensity	351.78 (gross tCO2e / £Millions transactions)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	In 2022, 97.5% of all waste managed by Reconomy Group was diverted from landfill. We continue to facilitate the thousands of tonnes of waste material, diverting it from landfill, and we aim to have Grouplevel data on not only the diversion rate of the total waste handled, but also, the waste avoidance intensity (tonnes of waste avoided, divided by turnover GBPm).
	306-2 Management of significant waste-related impacts	p23 Aim to consistently manage waste across our estate using the waste hierarchy and consistent recycling systems.
	306-3 Waste generated	199.48t
	306-4 Waste diverted from disposal	196.46t
	306-5 Waste directed to disposal	3.01t Disposal to landfill as hazardous or non recyclable with landfill being the only legal option.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	We recorded 220 new hires and a 20% employee turnover for the reporting period.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Paid vacation Life Insurance Pensions / retirement provison Employee Help Line Healthcare Parental leave
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p34 , 36 and 38
	403-6 Promotion of worker health	p34 , 36 and 38
	403-9 Work-related injuries	Zero fatalities, 17 high consequence work related injuries rate was 4.5, recordable work related injuries rate is 2.3 (multiple is millions), the main types of work related injuries are struck by moving / falling object, slips/trips and falls, manual handling, cuts and strike against fixed object and the hours worked are 3,796,237.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	8.2 hours per employee.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p19 , 34-37 https://www.reconomy.com/discover/management-team/
	405-2 Ratio of basic salary and remuneration of women to men	41.7% gender pay gap, all employees.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	All (100%) operate a community engagement programme.

About this report

This report provides relevant information for our stakeholders to form an opinion regarding the impact of our business on the environment and society, as well as the impact of sustainability risk and opportunity on our business.

Scope, data, materiality

The performance information and data in this report relate to all assets under the control of Reconomy Group. Where possible, we provide historic data for comparisons. The reporting period is the calendar year 2022. Unless otherwise stated, we report data for our operations on a 100% ownership basis, examples are recent acquisitions such as ASCG and Gee. Data is reported using the metric system and UK sterling, for monetary figures. Unless otherwise stated, all workforce data is limited to permanent and temporary employees. We declare no significant restatements since the previous report. Greenhouse gas emissions data have been reassessed to reflect the addition of new acquisitions.

The report provides details of performance relating to topics that are material to our business; it has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: with reference option. In this report, a material sustainability topic is one that reflects Reconomy Group's most significant environmental, social and governance impacts, or one that could substantively influence the assessments and decisions of our stakeholders.

The content of this report is shaped by a materiality assessment, which identifies and evaluates the most relevant sustainability topics for our business and our stakeholders during the previous year and on a five-year (approximately) time horizon into the future.



Our materiality process comprised three steps: identification, prioritisation and validation. We identified a full list of topics in 2021 that was then evaluated by external experts. External stakeholder engagement was carried out as part of this process; including discussions with customers, senior management, employees, investor-owners, trade associations, regulators, and rating agencies.

Information about how we manage our material topics is indicated in the report, with detailed supporting policy documentation available on our website, as indicated. Readers can find additional supporting publications on our website, including mandatory statements such as our gender pay gap report and modern slavery statement. Formal external assurance is not currently used in our reporting, this is subject to ongoing review.

Footnotes

[Return to page](#) **01** <https://www.iea.org/reports/net-zero-by-2050>

[Return to page](#) **02** <https://www.worldbank.org/en/news/press-release/2018/09/20/global-waste-to-grow-by-70-percent-by-2050-unless-urgent-action-is-taken-world-bank-report>

[Return to page](#) **03** A new baseline was set for our greenhouse gas emissions calculations owing to the significant acquisition in 2021 affecting the asset structure and energy profile of the company

[Return to page](#) **04** Our Rene and Gee brands, new to the Group in late 2022, and our RLG brand in Canada are currently not in scope of our greenhouse gas emissions data

[Return to page](#) **05** Calculated using National TOMS, from 2018 launch of RSVP campaign

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**Creating a truly
sustainable world**