

Reconomy UK Ltd Carbon Report 2023

GHG emissions and energy use for period 01 January 2023 to 31 December 2023

Reconomy has maintained efficient and energy reducing business practices such as using virtual meeting platforms and flexible working. The car fleet is also transitioning to a lower carbon fleet with 98% of company cars now either hybrid or electric.

We have specified renewables from our main energy supplier, Ecotricity. This is REGO attributed for the Reconomy office.

Currently Reconomy does not invest in any carbon offset schemes. Our key aim is to reduce energy use and carbon emissions however we continue to monitor the potential for carbon mitigation and offsetting.

*Carbon Footprint verified in line with ISO 14064-3:2018 and carbon reduce Programme Technical Requirements for the 01 January 2023 to 31 December 2023 measurement period. This is a consolidated Report and includes:

Reconomy Ltd		
Category (ISO 14064-1:2018)	Scopes (GHG Protocol)	Current Year 2023
Scope 1: Direct emissions	Scope 1	221.3
Scope 2: Indirect emissions from imported energy (market based)	Scope 2	0.7
Total net Scope 1 and 2 emissions		222
Scope 3: Mandatory	Scope 3	13,173.6
Scope 3: Additional indirect emissions from products and suppliers	Scope 3	7,445.5
Total net scope 3 emissions		20,619
Total net emissions 1, 2 & 3 (mandatory and additional)		20,841
Intensity (scope 3 tCO₂e / revenue £Millions)		17.7

Carbon Intensity and Absolute Emissions

Reconomy has used the standard business metric of revenue to demonstrate how we are decoupling our carbon emissions from our economic growth - a key principle of decarbonising the economy.

In 2022, we saw an increase in both absolute emissions and carbon intensity from our baseline year, 2021. This was largely due to operations returning to 'normal' after Covid-19 such as increased business transactions, car travel and electricity usage.

In 2023 we have seen an absolute decrease of 15.2% and a carbon intensity reduction of 43.7% from 2022. Against the baseline year, 2021 this was an absolute increase of 17.5% and a carbon intensity reduction of 39.9%.

A contributing factor to this reduction was using the market-based approach to fully take account of the use of 100% renewable energy in the Reconomy office, which significantly decreased our scope 2 emissions.

Similarly, we were able to improve the quality of our emissions data through improved methodology. This was achieved by moving away from both spend-based data and average estimations to supplier-based data. This resulted in a 34% reduction of scope 3 emissions from 2022.

Carbon Intensity (Scope 3):

From 2021 to 2023 Reconomy reduced carbon intensity by 29.2%

From 2022 to 2023 Reconomy reduced carbon intensity by 40.1%

Absolute Emissions (Scope 1&2):

From 2021 to 2023 Reconomy had an absolute increase of 17.5%

From 2022 to 2023 Reconomy had an absolute reduction of 15.2%

Carbon Strategy

During 2023 we had our Science Based Targets (SBT) validated by SBTi outlining our commitment to achieving net zero carbon. These include scope 1,2 and 3 near term and net zero targets.

We continue to invest in the Achilles Carbon Reduce management system and are audited to ISO14064. We will continue to pursue carbon reduction and aim to achieve an absolute annual reduction of 8% for our Scope 1 and 2 emissions.

SBTi Validated Targets

Overall Net Zero Target - Reconomy commits to reach net zero GHG emissions across the value chain by 2040.

Near term (direct control)

Reconomy commits to reduce absolute Scope 1 and 2 GHG emissions 33.6% by 2028 from a 2021 base year.

Reconomy also commits to increase active annual sourcing of renewable electricity from 86% in 2021 to 100% by 2028.

Reconomy further commits to reduce Scope 3 GHG emissions 44% per USD *value added within the same timeframe.

Long term Net Zero Targets (indirect)

Reconomy commits to reduce absolute Scope 1 and 2 GHG emissions 90% by 2040 from a 2021 base year.

Reconomy also commits to reduce Scope 3 GHG emissions 97% per USD *value added within the same timeframe.

*Gross profit

Our carbon strategy and carbon reduction plans sit within the Reconomy Environmental Action Plan (REAP) and in addition to our SBTi's, REAP outlines the wider targets and improvement actions we will take.

In 2023, we have:

- Submitted and validated SBTi near term and net zero targets for our Scope 1,2 and 3.
- Fully assessed our indirect carbon Scope 3 from suppliers and continue to improve the quality of that data.
- Audited our carbon footprint through Achilles and the Carbon Reduce Programme
- Maintained certification for ISO14064 GHG emissions reporting.
- Worked with customers to design out and reduce waste and continue to improve and offer circular options for residual materials.
- Voluntarily disclosed our carbon reporting to CDP.

In 2024, we will:

- Implement mitigation for annual direct operational carbon emissions to 2028.
- Continue to find effective ways to engage with our supply chain to reduce carbon and environmental impact.
- Fully implement REAP.