



# ESG policy



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## 1. About this policy

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1.1 Environmental, social and governance issues do not exist in a silo. ESG is about bringing them together under one banner to demonstrate the positive impact our business is having on the world. ESG is much like corporate social responsibility but on a vastly larger and more measurable scale. Companies who are at the forefront of talking about their ESG scores are generating more attention from across the business spectrum, and investors are actively looking for high ESG scoring companies.

1.2 This policy will inform our ESG efforts moving forward. This includes, but is not limited to reporting, disclosures (both material and non-material), business practices, policies, procedures, investments, and board activities.

1.3 Nothing in this policy shall be taken or understood to limit or reduce our current committees, both legally and ethically.

## 2. Purpose of this policy

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2.1 The purpose of this policy is to provide information about ESG (Environmental, Social and Governance factors) and to encourage the business to understand ESG better.

2.2. This policy has been agreed upon by the board of directors.

2.3 This policy does not form part of any contract of employment or other contract to provide services, and we may amend it at any time.

## 3. Who is responsible for this policy?

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3.1 The board of directors has overall responsibility for the effective operation of this policy. They have delegated responsibility for overseeing its implementation to the management throughout the business. We are open to suggestions for change, and these should be reported to the Operational Director, Tracey O'Brien.

3.2 Line managers have day-to-day responsibility for this policy and you should refer any questions about this policy to them in the first instance.

3.3 This policy is reviewed annually by our IMS Lead Tracey O'Brien, as well as being discussed at our annual Management Review. Changes may be made at any time as government guidance develops and you will be kept informed of any changes or updates accordingly.

## 4. Our ESG commitment

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4.1 We strive to build sustainable, equitable, healthy, and diverse communities through a combination of innovative business practises and exemplary environmental, social and governance (ESG) performance. This commitment applies to every aspect of our business, including the strategy on new projects, operation of the company, collaborate with staff and report progress to staff, customers, and suppliers.

4.2 This ESG Policy sets out our approach to sustainability matters. At the heart of the Policy is a corporate culture that has sustainability at the core of all our business operations and values.

## 5. Our statement on climate change and the environment

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5.1 We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. Given our business is all about Recycling, with our company slogan in our reception as “Save the Planet” our ethos has always been about reducing our carbon impacts. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, our people, and the wider community. We have set a target to be carbon neutral by 2030.

5.2 We encourage our customers to reduce their impact on the environment by recommending the use of more sustainable materials, as well as providing free waste audits to assist in maximising their recycling where possible. We actively promote eco-friendly operations without our business from encouraging staff to reduce printing to a minimum, to utilising electric vehicles within our fleet where practical and appropriate.

5.3 In line with our ISO14001 accreditation for Environmental Management, we seek to comply with current environmental legislation and work to minimise the impact of our activities on the environment.

## 6. Our statement on social responsibility

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6.1 Our focus is to deepen relationships with our key stakeholders by investing in our employees and partnering with our customers, communities, and suppliers.

6.2 We are committed to engage with our employees to provide a challenging, dynamic, inclusive and diverse work environment that supports their professional development, as well as promoting a good work-life balance that prioritises their overall health and wellness.

6.3 We will support initiatives that benefit the environment, human welfare and education. This includes skills training that advance workforce talent pipelines for our customers and economic development in the communities in which we operate. A fantastic example of this is our business partnership with Duncanrig Secondary School, the biggest in the South Lanarkshire catchment area, in which we have been working on numerous initiatives over the last 5 years.

6.4 We will engage with suppliers, customers and employees around health, safety, and wellness.

6.5 We will preserve and promote the protection of human rights and welfare within our own business activities, as well as those of our supply chain, in accordance with our Corporate Social Responsibility Policy, Equal Opportunities Policy, Sustainable Procurement Policy, Anti-Slavery and Human Trafficking Policy, and Anti-Bribery and Corruption Policy.

## **7. Our statement on ethical governance**

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7.1 Our focus is to promote strong oversight, transparency, and risk management at all levels of our organisation, ensuring the resilience and long-term preservation of value for our business in line with our integrated management system.

7.2 We will maintain strong corporate governance practices through exemplary board stewardship, management accountability, and proactive risk management.

7.3 We will mitigate risk exposure and build the resilience of our business in line with our business continuity plan, and Opportunities & Risks Register.

7.4 We are committed to high ethical standards through a strong Code of Ethics and Business Conduct, and senior leadership that promotes a culture of integrity.

7.5 We cultivate strong stakeholder relationships through transparency, open communications, and responding to stakeholder input.

7.6 We establish clear and effective governance for ESG and establish accountability annually at our management review where goals and objectives are reviewed for the previous year, and set for the year ahead.

## **8. Our business and ESG**

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8.1 ESG is about assessing that net positive impact in the world, and taking concerted, defined and measurable action to improve it. Our value rests in our employees, our communities, and the wider world. Therefore, ESG forms a fundamental part of how our business lives our values in the real world.

8.2 The ethical and practical values that make up the different parts of ESG have always been at the heart of what we as a company stand for. With the growth of ESG and the increased awareness of these factors among our key stakeholders, we have a better opportunity to tell the story of how our business makes a positive impact in the world.

8.3 The drive to assess a broader range of factors in a holistic manner, from environmental and climate change considerations to the social issues and how we invest in our people, to the structure of our business and always reaching for better governance, means we can tell our story better. We welcome opportunities to highlight the positive impact we have on the world.

## 9. Our duty to the wider world

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9.1 As a business, we also have a duty to our people, our customers, and the wider world. ESG gives us an opportunity to bring those impacts together. We value investing in our people as we value protecting our environment and being a strong business within our community and the wider world.

9.2 Fostering openness, sustainability, and respect are our key objectives. We value everyone and strive to work as one team, “Clan Highlander”. Our view on ESG is that it is a continuous process of aligning our operations and controls with our values as a company.

9.3 Our commitment to improve our social and environmental performance demonstrates a strong, well-informed management attitude and a values-led culture that is both alert and responsive to the challenges and opportunities of doing business responsibly and sustainably.

## 10. ESG and our reputation

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10.1 ESG is fundamental to our reputation as a business. Reputation is built through frequent and repeated interactions with stakeholders. When those interactions are positive, our business, and our reputation, can thrive. In an uncertain economic climate, positive reputation is one of the key drivers to long term success.

10.2 We want all our stakeholders, from customers to our employees, to be proud to be a part of our business. Part of that pride is understanding how our business makes a positive contribution to the immediate community, and to the world.

10.3 **Environmental** - Environmental sustainability is both an ethical and commercial imperative. Managing our carbon footprint goes hand in hand with the strategic necessity to operate efficiently. Our commitment to tackling climate change at a corporate level is fundamental to our strategic objectives, especially given we are a Recycling business.

**10.4 Social** - Our people make up our business and they are core to the success of our business model and our long-term sustainability as a business. We aim to create a working environment that values and nurtures unique talents and contributions from every individual within a culture of inclusivity. While we have progress to make, we are committed to cultivating and empowering change by building an inclusive workplace where all talents can thrive – we believe that everyone is good at something, you just need to take time to find what that is!

**10.5 Governance** - Good governance is a key foundation to our business, and all aspects of ESG. We cannot thrive without paying attention to our compliance obligations. Our business seeks to go beyond the concept of ‘box-ticking’ and embed compliance into the heart of our business which is evidenced by our commitment to maintaining our integrated management system incorporating ISO9001 for Quality Management, ISO14001 for Environmental Management, ISO27001 for Information Security Management, and ISO45001 for Occupational Health and Safety Management.

## **11. Our responsibility to our customers**

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**11.1** We have an obligation to our customers to offer them the best service possible and we pride ourselves on this. Customers are at the heart of our business, and without these partnerships our business wouldn’t exist. Part of that commitment to customers is about responding to their needs, hearing their concerns and committing ourselves to customer satisfaction.

**11.2** The best customers are those who see us as partners in their own enterprise. In turn, those customers reward us with their continued business, and building and maintaining our leading reputation within the industry.

**11.3** ESG priorities are drawn not only from investor concerns but customer needs. Customers are asking how we are improving the world around us. How are we protecting our shared natural heritage, investing in our communities and being good business citizens? It is imperative on us as a business that all of our interactions with customers are reflective of who they expect us to be - A company they are proud to work with and recommend to others.

**11.4** That is why it is important for you to understand ESG, its impact and what it means for our company. We want you to feel proud of being part of our business and the positive impact we have on the world, so that our customers will feel the same.

## **12. Your role to play in ESG**

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**12.1.** As a member of our business, you have a vital responsibility to ensure our organisation thrives. When it comes to ESG, this means understanding your role in each area of ESG. You can start to do this by familiarising yourself with the concept of ESG, and our strategic objectives around ESG. You should know:

- Our strategic ESG goals
- How we plan to achieve them and over what time
- Your individual and team contribution to those goals
- How to discuss our ESG goals with customers, colleagues and third parties
- Where to report potential concerns or actions which go against our policy

12.2 On an individual level, you have an important role to play in meeting our ESG objectives. Here's how:

12.3 **Environmental** - We all have a role to play in reducing carbon emissions and getting to net zero. While as a business we are setting organisation-level targets, consider the choices you make and the environmental impact. For instance:

- When travelling, are there more environmentally friendly options to take?
- Can some meetings be done remotely instead of travelling?
- Think before you print
- Does the office have sufficient recycling and energy saving measures?

12.4 **Social** - Building a diverse and inclusive workforce where everyone feels valued is everyone's responsibility. Understanding your role in bringing people together is critical to our success as a business. From hiring the best talent to encouraging all staff to thrive, we want a workplace where people proactively work to be the best. You can help by:

- Challenging and reporting discriminatory or offensive behaviour
- Understanding diversity and inclusion policies
- Being an active ally for groups often underrepresented
- Leading by example in your work
- Being respectful to everyone around you

12.5 **Governance** - Good governance goes beyond having the right policies and procedures in place. It's about embedding compliance in your day-to-day work. From completing training on time to actively understanding how regulations affect your work, good governance starts from the individual acting ethically. Take governance to heart by:

- Be a compliance champion in your team
- Refer to policies and procedures instead of shortcuts
- Be aware of red flags for compliance failures and risks in your area of work
- Don't be afraid to call out poor behaviour or report failures



## 13. ESG and our value chain

13.1 Our business does not operate in isolation; almost no company does. Value is created through collaboration and partnerships. Similarly, risks can come from not anticipating problems, gatekeeping, and hiding critical information. Traditional risks in supply chains were generally about quality, cost effectiveness and reliability. But seen through an ESG lens, the holistic nature of the third parties, from how they source raw materials to how they treat workers and comply with accepted standards are just as vital.

13.2 A workforce health and safety incident, labour dispute or allegation of corruption can have serious impacts on all stakeholders. The value chain matters, and it is connected. Customers are increasingly voting with their feet and putting pressure on companies to act with ethical decisions in mind.

13.3 Ethical procurement gets to the heart of the value chain. When we consider the entire chain, from suppliers to end use customer's, we can better understand the needs and impacts of our business's decisions within those relationships. Ethical procurement within the context of ESG means paying attention to the carbon impacts of a supplier, and the labour practises of an end-user. In line with our ISO9001 procedures a supplier appraisal is a vital part of us being successful in ethical and sustainable procurement.

13.4 Considering these impacts doesn't always mean refusing to work with someone in the value chain where there are concerns. Sometimes suppliers are limited, and customers have every right to access our services. It's about understanding the risks within each relationship and taking concerted action to reduce those risks.

13.5 For example, if there are concerns about a supplier's labour practises, we can ensure clauses are inserted into contracts to maintain an adequate standard of employment for those working for the supplier. This can help actively change labour practises, as opposed to simply refusing to work with a supplier. Or when working with a logistics provider, we might ask for emissions reporting so we can then offset the carbon used.

## 14. How to procure ethically

14.1 Risk assessments: Undertake risk assessment of the value chain in order to identify key vulnerabilities based on supplier and customer needs via our supplier appraisals.

14.2 Real-time tracking: Real-time tracking and traceability over suppliers and movements of goods and services.

14.3 Screening, risk-ranking & monitoring: ESG due diligence on suppliers to evaluate and rank them based on their ESG profile and track record, and monitoring for ESG breaches.

14.4 Investigations: Investigate ESG incidents that take place in the value chain, have remediation plans ready and manage financial and reputational damage.

14.5 Incident response management: Build robust internal governance frameworks to respond to ESG issues in the value chain.

## **15. Monitoring and enforcement**

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15.1 We seek to proactively prevent and mitigate instances of non-compliance with this ESG policy.

15.2 Any breaches or concerns, including ethical concerns or potential breaches in our commitment to high ethical standards should be reported as soon as possible through our reporting channels.

15.3 Progress on this policy is reported to the Board on a regular basis. Active participation and engagement at all levels of the business is of great importance to ensure ownership of ESG by all staff. At minimum, we endeavour to maintain compliance with legislative requirements.

**Approved by:**

**Board of Directors**

**Date: February 2024**