

Towards a Safer Future

Arco Sustainability Report 2023

Your world made safer

arco[®]
Experts in Safety



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Our focus for 2024

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"The past year has seen the tangible impacts of climate change worldwide become increasingly evident. This will inevitably affect our business landscape and provide both risks and opportunities".

Just one year ago we launched our sustainability strategy designed to deliver Arco’s successful transition to the low-carbon economy. I am delighted to report steady and meaningful progress since that time towards our ambition to create ‘A Safe Tomorrow’.

Safety is the fundamental driver of all our activities as a company and our commitment to delivering a safe tomorrow is focused on three key pillars – Safe Business, Safe People, Safe Planet.

Businesses that take prompt and effective action can mitigate impacts on the planet and communities around us and differentiation in approach will provide commercial opportunities to reward companies that take sustainability seriously.

Over the past 12 months we have established clear frameworks and KPIs by which we are measuring our effectiveness, and in this report we outline the detailed plans and science-based targets in our roadmap to achieving net zero in the years ahead.

Crucially, our efforts across the whole sustainability have been recognised already with the award of a Gold Medal from sustainability ratings provider EcoVadis in January 2023. This accolade is a strong endorsement of our intentions and achievements to date and

has also served as a real incentive for us to continue striving for excellence, incorporating sustainability into every facet of our business.

At Arco, we are committed to best practice sustainability across every aspect of our operations. We passionately believe that our approach is critical to ensuring the long-term viability of our products and business and the wellbeing of our staff and the communities within, as we work towards building 'A Safe Tomorrow', taking an active role in combat climate change.

Naomi Coxwell

Naomi Coxwell
Chair of ESG Committee
Independent Non-Executive Director





"Sustainability is a key building block of Arco's future growth and prosperity and will underpin every action we take as we transform and evolve the business over the coming years".

Having joined Arco late in 2022, I have been impressed by the level of passion and dedication to sustainability that is demonstrated across the entire business. This commitment has deep roots in the Martin family's responsible stewardship of Arco across many generations and has empowered every individual across the company to take responsibility for their impact at work and work on making a tangible difference.

As Arco progresses along the path towards building "A Safer Future" we are transforming the company to ensure that it is equipped with the strategies and systems required to thrive in the current volatile and ever evolving business environment. Sustainability is a key building block of this and cross the business all our colleagues are going the extra mile to make a difference under the core pillars of our sustainability strategy - Safe Business, Safe People and Safe Planet.

For our business to thrive we need to listen to our customers, and they are telling us that sustainability is one of their top priorities. We also need to demonstrate that the products we source and provide are truly "best in class" and provide a verifiable advantage compared to the competition.

The science-based targets and metrics we assign to our operations - and which we outline in this report - will provide hard data to validate our sustainability credentials. This will give us long-term viability as a competitive business that recognises the need to protect the environment through reduced carbon emissions and circularity across all our operations as we make steady progress towards net zero in 2045.

An exciting example of our commitment is the innovative partnership we have through Stuff4Life to implement molecular mixed-polyester fabric recycling to enable our clients to re-use protective apparel multiple times through effective

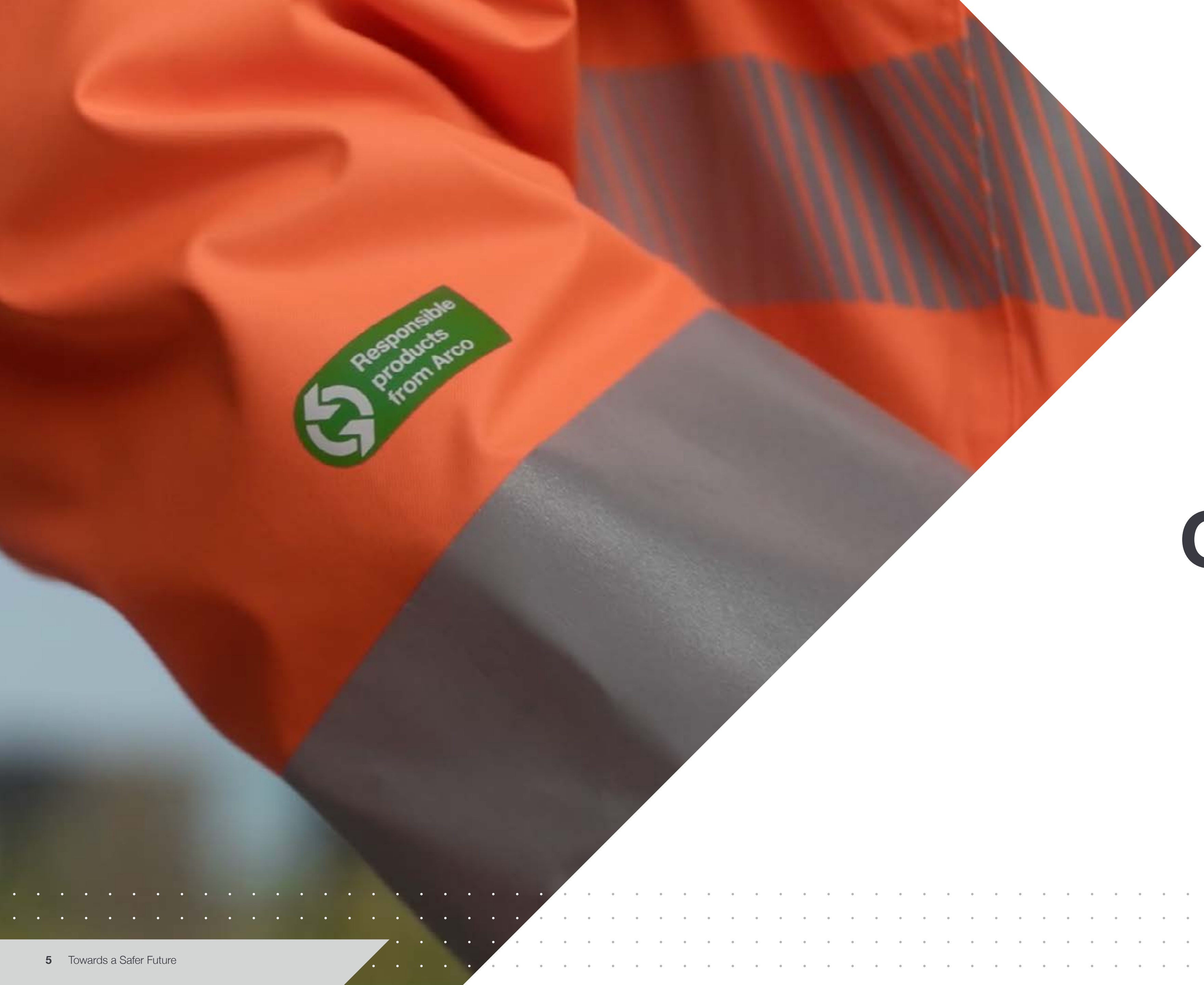
and efficient recycling practices and leading-edge recycling technology. This has been recognised in the Recycled Product of the Year category at the 2023 National Recycling Awards.

I am immensely proud of the participation by colleagues supporting schemes such as the East Riding Food Bank, demonstrating Arco's major role at the heart of our local community and the social value we can generate as a business.

The business transformation now underway in 2023 marks the start of a new chapter in the long history of this business, and its heritage of trust and high standards will continue to underpin everything that we do at Arco.

Our sustainability targets will play a critical role in our transformation, ensuring that the environment in which we operate is conducive to a thriving, growing business that delivers ongoing customer satisfaction, well-being and prosperity for its staff and local communities, and a long-term commitment to achieving carbon reduction that will ensure we move towards "A Safer Future" together.

Guy Bruce
Chief Executive Officer



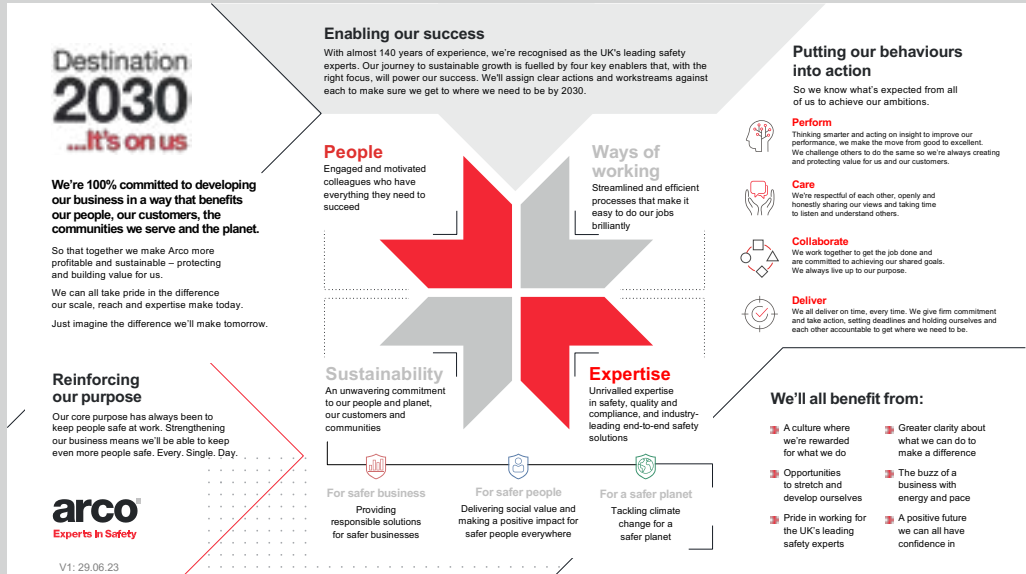
Our Approach

About Arco



What we do

Our purpose is to create a safer world for our customers, colleagues and the communities around us. We do this by providing specialist safety advisory and consultancy services, safety training and equipment for some of the UK’s largest organisations.



Our business strategy

Sustainability is an essential component of our success and a market differentiator. We are focused on being able to source and develop products, which support our customers’ own sustainability aims and have lower ‘whole life’ carbon and financial costs.



A global commitment

Our core purpose - to keep people safe at work, extends to our colleagues, all those who make our products in factories in the UK and across the planet and the communities in which we all live. What we do is guided by the 17 Sustainable Development Goals agreed by the United Nations in 2015 as the blueprint for business leadership and a plan for people, planet and prosperity.



Our sustainability strategy

Our sustainability strategy guides us and is built around three pillars focused on our plans and improvement activities in those SDGs which are most important to us, our colleagues, and our customers.

Our strategy isn't a 'standalone' document but an integral part of our corporate strategy which informs and drives our business success.

Supply relationships and industry partnerships for sustainability

We cannot deliver our sustainability aims alone and work with and through selected partners and suppliers to support our strategy. We operate a global supply chain to provide our products, and work with industry partners and directly with individual manufacturers to ensure ethical and sustainable standards are upheld. We perform detailed audits in relation to these standards using independent auditors and our own audit team, based in Xiamen, China. Additional partnerships and standards underpinning our sustainability aims are illustrated below.



EcoVadis is a global provider of business sustainability ratings, measuring Corporate Social Responsibility (CSR) performance against four themes: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement. A Gold Sustainability Rating ranks Arco in the top 5% of all companies assessed.



Achieving Gold membership demonstrates our engagement with the Supply Chain Sustainability School and the use of their resources to further our awareness and understanding and to share our knowledge and experience with others.



Our supplier Membership demonstrates a strong commitment to safety and ethical trading. In addition, Arco is a BSIF Registered Safety Supplier (RSS) scheme and has signed a binding declaration that the safety equipment we offer meets the appropriate standards, fully complies with the PPE regulations and is appropriately CE or UKCA marked.



We've partnered with Lyfcycle to develop a range of eco-friendly garments each has a unique QR code that gives a potential buyer complete visibility of the 'Lyfcycle' of their clothes prior to the point of sale – from the supply chain and production process.



Arco is certified by the Recycled Claim Standard (RCS) and Global Recycle Standard (GRS). These international, voluntary standards set requirements for third-party certification of recycled input and chain of custody. The shared goal of the standards is to increase the use of recycled materials.



Arco are proud members of Better Cotton, by sourcing cotton through Better Cotton we're supporting this global initiative and contributing towards helping cotton communities survive and thrive, while protecting and restoring the environment.



As a Sedex member we are committed to sourcing responsibly and having an ethical and sustainable supply chain. The Sedex Radar (risk assessment tool) helps us to assess risks by combining inherent country and sector risks with supplier-specific information to highlight potential issues.



As a member of the Ethical Trading Initiative (ETI), we are committed to the principles of the ETI base code which are built on the standards of the International Labour Organisation. ETI Members work together to tackle complex questions about how to trade more ethically and make a positive difference to workers' lives.



As a signatory to Waste and Resources Action Programme's (WRAP) Textiles 2030, we are committed to their aims to take the UK from a make-use-dispose culture to a circular one where goods are produced sustainably, used longer, and then re-used or recycled.

Our focus for 2024

Our focus is aligned to a number of high-level commitments and frameworks

Our Carbon Reduction

We have committed to a science-based carbon reduction target aligned with the SBTI criteria. This will build on our existing 2030 commitment to reduce our Scope 1 and Scope 2 emissions towards or 2045 net zero target.

Sustainability Management System (SMS)



To achieve our aims, we operate within an **accredited sustainability management system (SMS)**.

Our SMS is a framework to deliver our sustainability goals and has been accredited by Ecovadis to their Gold Medal standard.

Our overall SMS is built on foundations of other specific externally audited and accredited management systems including ISO 14001 (Environmental), ISO 45001 (Health and Safety), ISO27001 (Information Security), and the Labour Standards Assurance System (LSAS).

Textiles 2030

As signatory, we are striving to reduce the aggregate greenhouse gas footprint of new products by 50% and the aggregate water footprint of new products sold by 30%.

Sustainability KPIs

To engage our colleagues and wider stakeholders in collaboration to achieve Arco's sustainability objectives, we have a number of **sustainability KPIs** for the coming year aligned to our areas of focus.

- Reduction in product and delivery packaging.
- Reduction in delivery intensity (deliveries per £ of sales).
- Increased proportion of textile sales being classified as 'Better' in accordance with Textiles 2030 methodologies.
- Reduction in our energy consumption.
- Reduction in our fossil fuel business miles.
- Increase in our recorded social value measured through the National TOMS framework.

Ethical Trade Initiative

As a member since 2007 we have are committed to improving the working conditions of the people who make the products we sell.



Our approach to ESG

Managing and reporting what's important

Arco's roots are as a family-owned employer and one of the nation's most trusted names in safety, our future business success depends on our ability to attract and support the career journey of high calibre individuals who will continue the process of business transformation we've started, drive innovation in the way we develop products and services and secure commercial business success.

Our own materiality research highlights one of the key factors influencing this group of individuals relates to sustainability and in being able to demonstrate progress in key issues such as ethical supply and climate care.

This concern is expressed equally by our customers and that corporate concerns related to climate now equal those in relation to the quality and safety performance of our products.

In response, we have built our sustainability strategy and decision-making process around a set of clear aims to engage and inform our teams, are important to our customers and against which we can challenge and manage our supply base.

Our sustainability aims are measurable and commercially relevant, yet also demonstrate a clear link to the UN sustainable development goals in areas such as climate action and business ethics.

To support these aims and to ensure that these are embedded in all areas of our business, Arco's Board established an Environment, Social and Governance Committee in 2021 whose role is to ensure progress, challenge and external insight through its non-executive membership.

Three 'pillar' groups manage business sustainability performance to help integrate and embed our aims across the business. Each group in turn draws on and contributes to external specialist organisations such as the UK Government's Textiles 2030 programme and British Safety Industry Federation who advocate for Arco's view of a more sustainable sector and the direction of policy and regulation to support this.

Combined materiality grid





Safe Business

Providing customers with sustainable solutions
and working towards a circular economy



Safe Business



Working with our suppliers and sustainability certification bodies such as ‘Global Recycling Standard’ and ‘Better Cotton’, we have started to replace ‘standard’ products with products that are more sustainable. ‘Arco Responsible Choice’ products offer customers one or more measurable sustainability advantages compared to the ‘standard’ in that product category. Some of these products are manufactured from certified recycled materials, built to stringent durability standards (like our new Arco Responsible Workwear range) or are designed by us from the ground-up from single materials like recycled polyester to be easily and inexpensively recycled again and again.

Holding ourselves to the highest standards of accountability

All ‘Responsible Choice’ products have undergone a rigorous evaluation of their claims by our product and sustainability specialists. We can therefore demonstrate through certification or independent evidence the validity of the specific sustainability claims.

Over the coming year, we plan to increase our number of ‘responsible choice’ ranges and we’ll publish the evidence (Environmental Product Declarations, independent external certification or similar) outlining why we have selected these.

Key Focus Areas	Our Approach
 Introducing more responsible products We’re offering new products designed for longevity, produced using better materials and processes with verified environmental credentials.	<ul style="list-style-type: none">➤ Sourcing and specifying sustainable materials and processes➤ Introducing products and ranges with accredited sustainable credentials➤ Extending product life and durability
 Changing to responsible packaging We’re reducing and/ or introducing lighter weight packaging and improving component materials and recyclability.	<ul style="list-style-type: none">➤ Reducing product packaging, minimising plastics and increasing recyclable elements➤ Changing our approach to the packaging used in the distribution of products
 Working towards circularity We’re ensuring products are designed to last longer, made from low impact materials and ethical processes, and can be recycled at the end of their useful life.	<ul style="list-style-type: none">➤ Designing for circularity➤ Implementing end-of-life takeback and recycling schemes➤ Investing in closed-loop systems

Introducing more responsible products

Progress and impact

Sourcing and specifying responsible materials and processes

Switching to recycled threads

At our state of the art clothing centre in Preston, we embroider corporate logos on a range of workwear for our customers. We have now switched to threads manufactured from 100% recycled PET bottles which has led to a reduction in carbon emissions associated with ‘standard’ threads and led to a reduction in waste ‘single use’ plastic in the environment. In total, 1.148 tonnes of recycled threads have been used in the clothing centre since the trial began.

Introducing products and ranges with accredited sustainable credentials

Expanding our responsible choice collection of products

In the last 12 months, we have expanded our responsible choice collection of products to approximately 3,100 skus (Jul’23), vs approximately 1,800 last year (Jul ’22), and Responsible Choice products now account for 5% of our sales. These will help customers achieve their sustainability goals by introducing new products with sustainable credentials verified by Arco. These include a new washroom soap dispenser made with 70% recovered coastal plastic, footwear which is offered with a 'closed loop' recycling scheme and expanded ranges of polo, sweatshirts, softshell and trousers constructed from certified 100% recycled raw materials.

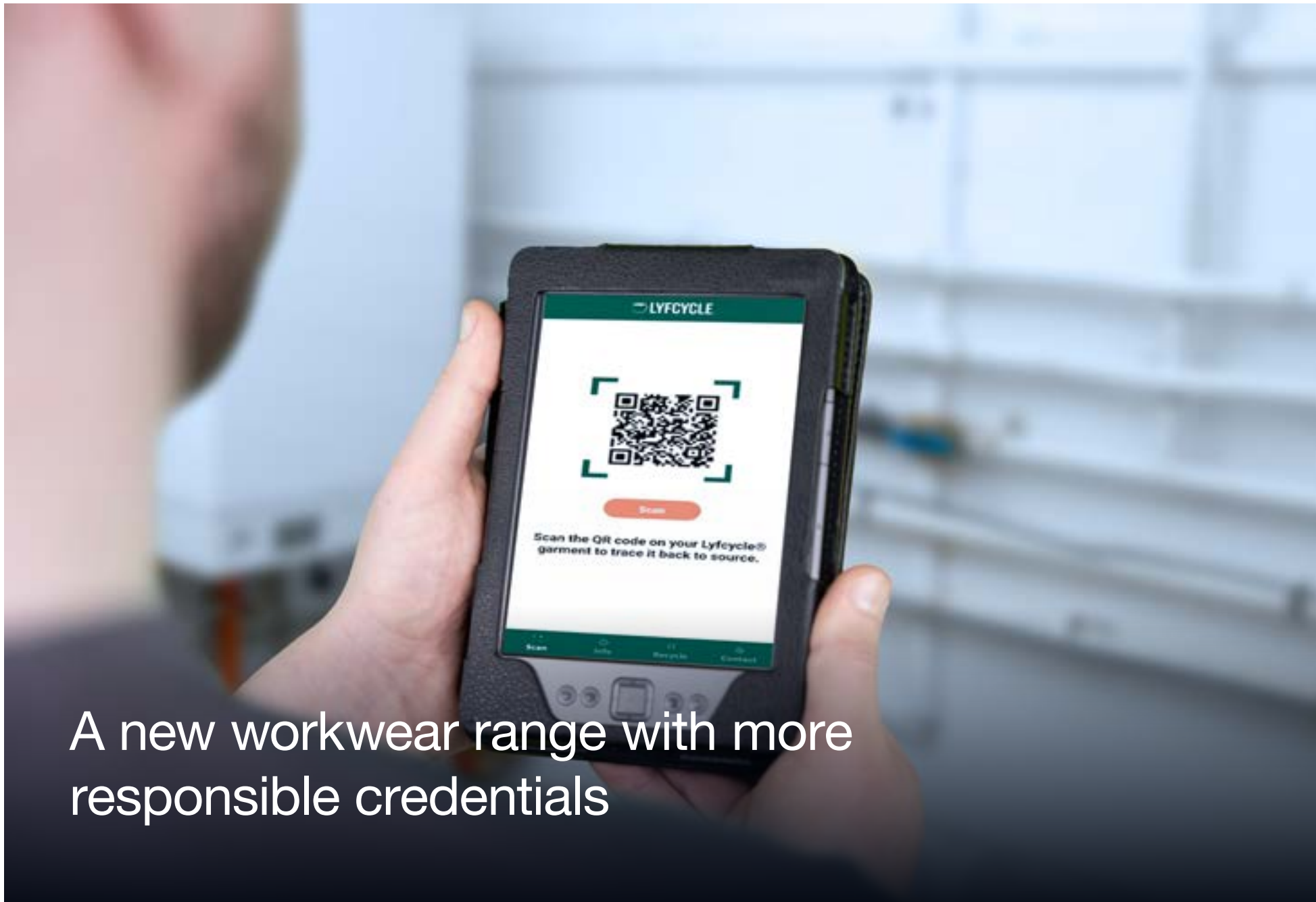
Extending product life and durability

Designing workwear with life-extending specification

Products that stay 'in play' longer, those made from more durable materials which are designed to be easily recycled offer the greatest sustainability benefits. We've designed a range of high-vis clothing around this philosophy - made from certified recycled 'single material' fabrics, with reinforced wear points and extended washability these have up to 53% fewer carbon emissions and 45% less water compared to the 'standard' alternative.



Launching Arco Responsible Workwear



A new workwear range with more responsible credentials

How we're making a difference

In 2022, we launched a new workwear range with more responsible credentials, making it easy for customers to make an informed choice that benefits both their business and their sustainability goals.

Customers can be confident of verified responsibility at every stage; from life-extending design to environmentally and ethically certified materials and production.

Plus, through the Lyfecycle app, end users have full traceability of every stage in the supply chain.

Learn more [here](#)

Changing to responsible packaging

Progress and impact

Changing our approach to the packaging used in the distribution of products

Selecting single-material items and avoiding the use of harmful substances

While packaging provides an important role in protecting items sent to our customers, it results in carbon impacts from manufacturing and transporting paper and plastics. Our strategy to reduce packaging impacts includes measures to switch to renewable packaging and 'lightweighting' packaging materials used. We're making it easy for our customers to recycle packaging by selecting single-material items and avoiding the use of harmful substances and adhesives.

This year, we introduced new mailing bags, made from 80% recycled polythene, itself widely recyclable in the UK. This has resulted in a 35% reduction in the amount of plastic used and is a first step towards completely removing single use plastics from our own brand supply by 2030.

Reducing product packaging, minimising plastics, and increasing recyclable elements

Redesigning product packaging

Success in reducing the impacts of packaging for goods sent from our UK centres is being extended to 'primary' packaging – items like shoe boxes and polyethylene wrappers. This year, we have completely

re-designed our own-brand footwear packaging. The new design is made from lightweight post-consumer waste recycled cardboard with simple exterior branding printed in plant-based inks. We've also abandoned box adhesives in favour of an origami-based approach! The new boxes are designed to withstand courier transport without additional exterior packaging and will enter production in 2024.



Testing new shoe boxes made from post-consumer waste



Reducing plastic packaging and carbon emissions

How we're making a difference

At our Arco Clothing Centre (ACC) in Preston, we have extended a trial of paper-based box-tapes to 'full time' use and currently trialling a working solution for our Hull distribution centre.

At our National Distribution Centre (NDC) we changed to a new 'void fill' solution, to improve the sustainability of packaging that protects products in transit. The new alternative provides a 13% reduction in plastic usage and carbon emissions and results in 17% less waste compared to its predecessor.

Read more [here](#)

Working towards circularity

Progress and impact

Designing for circularity

The new Arco responsible Hi-Vis Range, designed for circularity

Over the last decade, Arco has responded to a growing demand for products with reduced environmental impacts. More recently, single use plastics, carbon reduction, and the need to use and re-use materials has guided our product design strategy– showcased in our new Hi-Vis range. Designed from the ground-up completely from polyester it means garments don’t need to be disassembled before recycling. However, Arco’s approach to circularity includes keeping garments in use for longer by building them from more durable materials which last longer and can withstand up to 50 commercial washes and minor repairs before needing to be taken out of use. Keeping items ‘in use’ for longer means we’re ‘displacing’ the need for new items. Even at end of life it still may be possible to re-purpose items, for example, for community use before they finally need to be returned and recycled into new garments at the same high level of quality.

Implementing end-of-life takeback and recycling schemes

In 2023, we offered recycling solutions at 103 customer sites recycling ‘end of life’ PPE or workwear through recycling schemes which produce products such as building insulation which may eventually still end up in landfill.

Investing in closed-loop systems

We have further invested in polyester recycling start-up [Stuff4Life](#) to create a new joint venture company, which aims to create a circular supply chain for polyester. Based on Teesside, Stuff4Life Workwear is intended to support both Arco and the UK's net-zero targets and enable Stuff4Life to develop its patent-pending chemical recycling process towards full-scale commercialisation.



Collaborating to innovate:
Working with our customer, Wincanton to turn their 'end of life' workwear into high performing new workwear



Welcoming Stuff4Life:
Thomas Martin, Arco Chairman with John Twitchen and Miles Watkins



Re-using PPE in Community Hull University Green Room Project



Dr. Karikkethu Prabhakaran - part of the Arco-Stuff4Life team, demonstrating the polyester recycling process

Working towards circularity





How we’re making a difference

One of the biggest challenges facing industry is dealing with end of life hi-vis garments that are often used as little as once before disposal, yet when designed well can be washed and worn many times before being recycled back into polyester for manufacture into new hi-vis. Arco has developed more durable garments from single materials that are fully recyclable at the end of their life. Innovation partner, Stuff4Life has developed a patent-pending process to recycle PPE and other garments into high value raw materials that can be re-made into new polyester products.

We have started to collect old high-vis clothing from sustainability pioneers such as our customer, Wincanton and are collecting high quality life-cycle performance data to describe the sustainability benefits that might result. These include an initial 75% reduction in CO₂ where customers replace ‘virgin’ polyester with mechanically recycled alternatives and a reduction in excess of 40% ‘lifecycle’ CO₂ savings each time that polyester is further recovered through Arco and S4L’s own innovative process.

Find out more [here](#)

Safe Business – measuring our performance

Where we're going...	How we plan to measure this	Where are we now...?	And what are our next steps...
Building industry-leading supplier transparency, engagement and improvement.	We will improve the quality and resolution of data describing supplier sustainability performance. We will track and report the number of suppliers who are actively improving within this framework	80% of own-brand suppliers have registered within our supplier improvement platform and are now active within this system. 	We will ensure that all of our suppliers engage with us about their sustainability performance. We will produce supplier-specific engagement plans which will tackle the key improvements we wish to make, including those related to ethical supply and carbon reduction.
Increasing our proportion of (verifiably) more sustainable, ethically sourced products. Initially, we will target a minimum of 10% textiles sold to be from sources certified as 'better' (by Textiles 2030) sources, including 'Better Cotton' and GRS certified polyester.	All 'Own-brand' products have at least one measurable attribute or product certification related to sustainable performance. KPI – % own brand products sold having one or more measurable sustainability attributes. This year, we will target 10% of all relevant textile sales to be accredited 'Better' (e.g. GRS Certified Recycled or Better Cotton).	2.8% of our catalogue – currently meets our own definition of 'responsible choice', having one or more verifiable sustainability attributes. 3.5% of textiles sold in 2022 were classed as 'Better' under the Textiles 2030 reporting framework. 	We will review, extend and publish the 'responsible choice' criteria we use to define what a more sustainable product is and seek to meet these when we update our product catalogue. We will adopt internal 'early action' targets in relation to the use of 'Better Cotton', 'GRS Polyester' and others as appropriate.
We will reduce our absolute 'Scope 3' carbon emissions in line with an externally validated 1.5 degree aligned target.	Our scope 3 emissions will be 34,126 tonnes CO ₂ e (or less). Initially, we will measure and seek to reduce the number of orders (and associated Scope 3 emissions) needed to fulfill each order (number of deliveries per £ sales)	Our emissions in Scope 3 categories we have evaluated are 58,189 tonnes CO ₂ e. We have commenced engagement with our supply chain to improve data tracking and improvements. 	We will review and quantify all material Scope 3 emissions and target in preparation for submission to the Science Based Targets Initiative in May 2025. We will reduce our Scope 3 carbon intensity (Tonnes CO ₂ e per £M of revenue).
We will reduce the environmental impacts of our packaging - initially by measuring and targeting a reduction in packaging weight per £ sales.	By 2030, we will reduce the overall volume of packaging we use (by 25%) and ensure that no packaging is sourced from non-renewable resources. KPI – This year, we will reduce the cost (as proxy for carbon) of packaging 'sold' against total sales by 5% vs baseline. We will also reduce the delivery intensity (number of deliveries per £ sales) by 5%.	2022 base line across all categories is 1661 tonnes. Sales value is £317M, so overall intensity baseline is 5.23. A 5% reduction on baseline would be 4.98. 	We must ensure sufficient availability and accuracy of data to support this measure.

 – underway  – not yet started

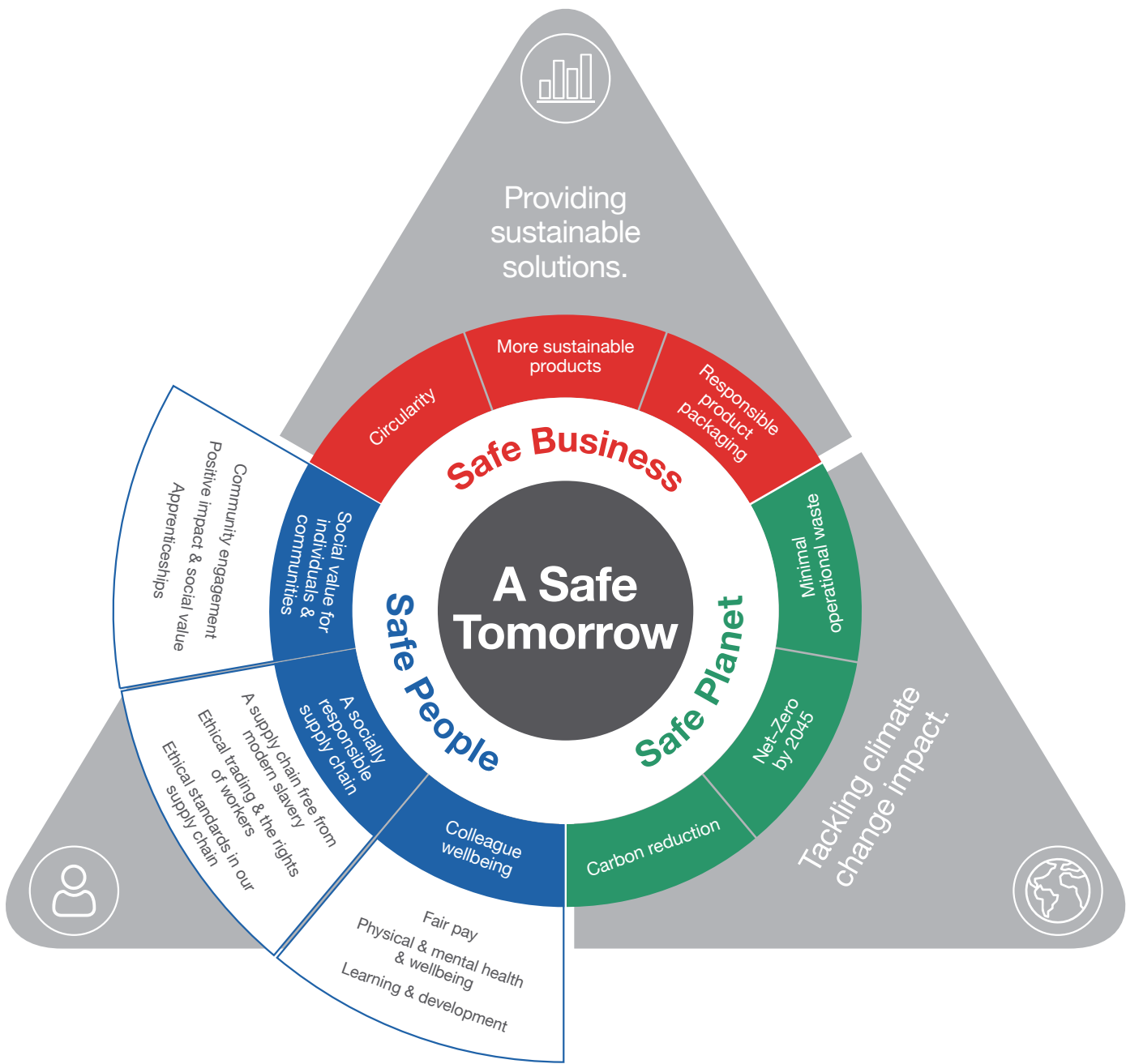


Safe People

Delivering positive social impact across every community touched by our operations



Safe People



Safe people is about supporting colleague wellbeing, creating social value and helping individuals and communities to thrive. We will use our regional, national, and global influence to reduce inequality, and create a socially responsible supply chain.

Key Focus Areas	Our Approach
 Social value for individuals & communities We're creating social value through community partnerships and providing educational opportunities in local communities in the UK and overseas.	<ul style="list-style-type: none">➤ Delivering practical help and applying our expertise to support community aims➤ Delivering positive impact and education through partnerships➤ Accounting for social value➤ Harnessing the value of apprenticeships
 A socially responsible supply chain We use our influence to enhance working & living standards.	<ul style="list-style-type: none">➤ Ethically trading and respecting the rights of workers➤ Maintaining a supply chain free from modern slavery➤ Implementing ethical standards along our supply chain through due diligence
 Colleague wellbeing We are committed to fair pay, supporting colleagues' wellbeing, promoting a diverse and inclusive work environment, and providing development opportunities.	<ul style="list-style-type: none">➤ Committing to fair pay➤ Supporting physical and mental health and wellbeing➤ Promoting a diverse and inclusive work environment➤ Providing learning and development opportunities

Social value for individuals and communities

Progress and impact

Delivering practical help and applying our expertise to support community aims

Arco donated over £21,000 to charities close to our colleagues’ hearts, including over £8,000 fund matching of individual’s fundraising activities. In 2023, we reached a remarkable £250,000 fundraising milestone for Macmillan Cancer Support, as teams baked, hosted quizzes, ran and hiked, among many other things, to support people living with cancer and to reach this incredible fundraising total.

Colleagues used their extra two days of paid leave every year to give back to the things that matter most to them, delivering social value for individuals and communities across the UK. In 2023, 145 days of volunteering have been completed with 16 charities and organisations, and supporting the work of projects that include **Run With It**, the **National Trust** and **The Plant a Tree Today (PATT)** Foundation.

Delivering positive impact and education through partnerships

Partnering with **Hull and East Yorkshire Children's University (HEY CU)**, we provided branded uniforms for 15 volunteer leaders and funding for an experience session. Our five-year sponsorship of the Datian No.1 Middle School Education Foundation, close to Xiamen, China, continues and 243 students were awarded scholarships last year, bringing the total to 1,607. At **Ron Dearing UTC** we introduced a new employer-led project, donating IT equipment and mentoring students offering them ‘hands on’ learning in cyber security.

Accounting for social value

In 2023, we produced our first ‘baseline’ assessment of social value using a transferable measure now adopted by many businesses to track their support for issues of importance to communities and individuals. Our initial baseline study suggests an overall ‘Social Value’ of just under £1M was created. If we include the value associated with employment we offer, this increase to almost £40M.



Datian High School



Harnessing the value of apprenticeships

How we're making a difference

We remain focused on maximising use of our apprenticeship levy and in FY23 we achieved a peak of 73.5% levy utilisation. This financial year we plan to establish 8 permanent apprentice opportunities across the organisation, increasing this to 16 positions in FY25, with a focus on digital, sustainability and health & safety skillsets. In 2022/23 we started 19 new apprenticeships (1 external, 18 internal). These ranged from level 3 through to 7. In addition, we had 15 apprenticeships complete (6 external, 9 internal) ranging from level 2 through to 5. With this activity and approach, we have been recognised by Family Business United as one of the Top 10 Family Business Apprentice Employers 2023.

Our pledge to support apprentices in local companies continues. Our funding of a Safety, Health and Environment Technician apprenticeship for Martin House, a charity partner, is ongoing and we are supporting new Advanced Carpentry and Joinery apprenticeship at local company Kingston Works Ltd (KWL).

Alice Marren our Learning and Development Partner is part of the Yorkshire and Humber Apprenticeship Ambassador Network (YHAAN) and sits on their Steering Group. Alice has now been asked to join the HEY LEP Apprenticeship Technical Education Working Group. We also have five apprentices involved in the York and Humber Apprenticeship Ambassador Network (YHAAN).

A socially responsible supply chain

Progress and impact

We’re ensuring ethical standards along our supply chain through due diligence. With sales of over £300M and 1,500 people in the UK we operate two distribution centres, four training facilities and a retail store network serving the safety needs of the UK’s largest brands. Our products are manufactured in 25 European and global sites by over 130 partners with most of whom we have longstanding relationships.

Ethically trading and respecting the rights of workers

Arco has been a member of the Ethical Trading Initiative (ETI) since 2007, we are committed to the ETI base code and support basic employment rights we believe should be universal. These include safe working conditions, freedom from child labour and payment of a living wage. Arco's full ETI membership reflects commitment to ensuring the highest standards of ethics and respect for workers’ rights throughout our supply chain. As members of the Supplier Ethical Data Exchange (Sedex) since 2015, we undertake and receive supply chain audits, offering the benefits of independent auditing of supplier ethical, safety and environmental performance to enable us to demonstrate our commitment. All our own brand label manufacturers are encouraged to be Sedex members, which requires the completion of independent social and environmental audit reports that have been carried out by approved audit bodies. All our responsible supply chain activities are monitored by UK ethical team. We also employ a team in Xiamen (China),

that contains four colleagues whom are fully trained to perform social compliance audits, to ensure that these principles are upheld.

We’re committed to maintaining a supply chain that’s free from modern slavery and to implementing ethical standards along our supply chain by setting and auditing against these using our own and independent audit teams.

Each year we are externally audited against LSAS, the framework we use to address modern slavery risks. In recognition of our efforts, we hold the EcoVadis ‘gold medal’. This is awarded only to the top 5% of the 100,000-plus rated companies assessed. EcoVadis assesses companies’ policies and actions as well as their published reporting related to the environment, labour and human rights, ethics and sustainable procurement.



Guiding and supporting supplier sustainability

How we’re making a difference

In March 2023, we introduced a tool for direct engagement with our supply chain. This digital platform designed to help us work more closely with suppliers around their own sustainability improvements and enables us to support suppliers who are setting 'science based' carbon targets in line with our own. We’re learning what holds back some suppliers in the more challenging areas of ethical supply and therefore where we can help!

Suppliers responsible for around 79% of our own-brand products now engage with us through our supplier platform. We aim to ensure that all suppliers participate and where they do not, we are prepared to end our relationship with them.

Colleague wellbeing

Progress and impact

Committing to fair pay

We have continued our commitment to being a real Living Wage employer, offering pay above and beyond the legally required National Living and National Minimum Wages. While doing this, we also increased the rates of pay of their supervisors to ensure a 10% difference. We also ensure apprentices, and those recruited as first or early-stage career candidates (such as new graduates), are paid fairly as we believe unpaid internships create a disparity of opportunity for those from different socio-economic backgrounds. We review pay each year against independent external benchmarks by Willis Towers Watson to ensure we continue to pay our colleagues fairly and competitively for their roles and geographical location.

Promoting a diverse and inclusive work environment

With the recent appointment of our new Chief People & Culture Officer, Di Hopper, we are working on agreeing and sharing principles around what Diversity and Inclusion means for Arco, both in the short and long term to ensure the sustainability of the organisation through our people. We will initially be gathering both qualitative and quantitative data to produce our Diversity plan to enable measures to be designed with integrity; doing the right thing for individuals and the organisation. In 2023 we introduced an inclusion network. This colleague-led initiative was set up for colleagues to join in conversations as an ally, or simply to listen and broaden their awareness and understanding on different diversity and inclusion matters. They meet monthly to discuss topics important to them and promote a wellbeing calendar of events across the business. In 2024, we will focus on inclusion to facilitate leadership discussion on inclusion, thought leadership and inclusivity of thinking. We will work with a specialist D&I partner to shape this thinking and the plan is to be agreed and published by December 2023.

Providing learning and development opportunities

During the year, we delivered our first ever dedicated graduate placement programme as part of our ongoing commitment to developing the next generation of talent in the safety industry. Four graduates joined as part of the 18-month paid programme, developed in-house by Arco's Learning and Development Team.

We've also launched a new mentoring programme, MentorMe, to support colleagues with their professional development. The programme aims to encourage colleagues to share and learn from each other to boost confidence, pass on lived experiences, advice, and support their career development, regardless of background or personal characteristics. In 2023 there were 42 mentees being supported by 33 mentors.



Developing future talent



Training in Mental Health



Supporting physical and mental health and wellbeing





How we're making a difference

In the wake of COVID-19, we responded to the concerns of staff and customers who list mental health as a priority for action. For customers, we provide specialist guidance and strategy development from our professional safety services team.

Internally, we have supported the development of a 97-strong network of mental health first-aiders (MHFA) for colleagues to engage with. In 2023 we delivered accredited (MHFA) 2 day and 1 day refresher courses to over 50 colleagues to sustain our MHFA capability. A 'Mental Health & Stress Awareness for Managers' course is embedded within a program of essential training for all our new people managers, with 17 completing the program in the last year. This is in addition to a suite of Mental Health and Wellbeing digital learning available to all colleagues.

We operate a calendar of mental health activities and a network where discussion and resource sharing can be passed between practitioners. Arco's Employee Assistance Program, Health Assured means that our people have access to a professional 24-hour confidential helpline which can be used to support them through any of life's issues or problems, including mental health.

Safe People – measuring our performance

Where we're going...	How we plan to measure this	Where are we now...?	And what are our next steps...
Sustainability underpins our ability to attract and retain the best talent - we can demonstrate real value to the career journey, exceeding employment aspirations.	Following completion of review, we will adopt a set of people measures linked to diversity and inclusion of under-represented groups	With the exception of targets related to ethnic minority representation. We have not yet started to track this indicator. 	There will be focus on inclusion in 2024, with the intent of facilitating leadership discussion on inclusion around thought leadership and inclusivity of thinking. We will work with a specialist D&I partner to shape this thinking and the plan is to be agreed and published by December 23.
We are genuinely invested in our communities and will shape recruitment towards under-represented groups.	We are planning to use our social value framework (TOMS) to monitor our engagement with and recruitment from under-represented groups*	We work closely with Bright Future, an organisation dedicated to supporting survivors of modern slavery into the workplace and have awarded our temporary labour contract to include criteria to increase this representation. 	We will agree and publish a range of targets relevant to this section and include them within our recruitment strategy.
We will improve staff safety, wellbeing, and mental health.	We will make measurable year-on-year improvements in adopted measures related to safety and wellbeing using robust measurement from our social value framework.	We generated £513K social value equivalent in Mental Health training in 2023. 	We will agree and publish a range of targets relevant to this section and include them within our people strategy.
We can demonstrate a measurable impact on the quality of people's lives and the communities in which they live.	We will make year-on-year improvement against a range of at least 18 nationally recognised indicators of social value. KPI – £ social value added Monetary value equivalent of social value added	We have calculated a baseline of social value equivalent to £39.9M (including NT1 – number of full time equivalent direct local employees (FTE) hired or retained). Excluding NT1, our social value baseline is £921K. 	We will agree and publish our social value target.

 – underway  – not yet started

*These include people who are long-term (+1 year) unemployed, rehabilitating or ex-offenders, ‘NEETs’, disabled people, modern slavery survivors, 16-25 year-old care leavers.

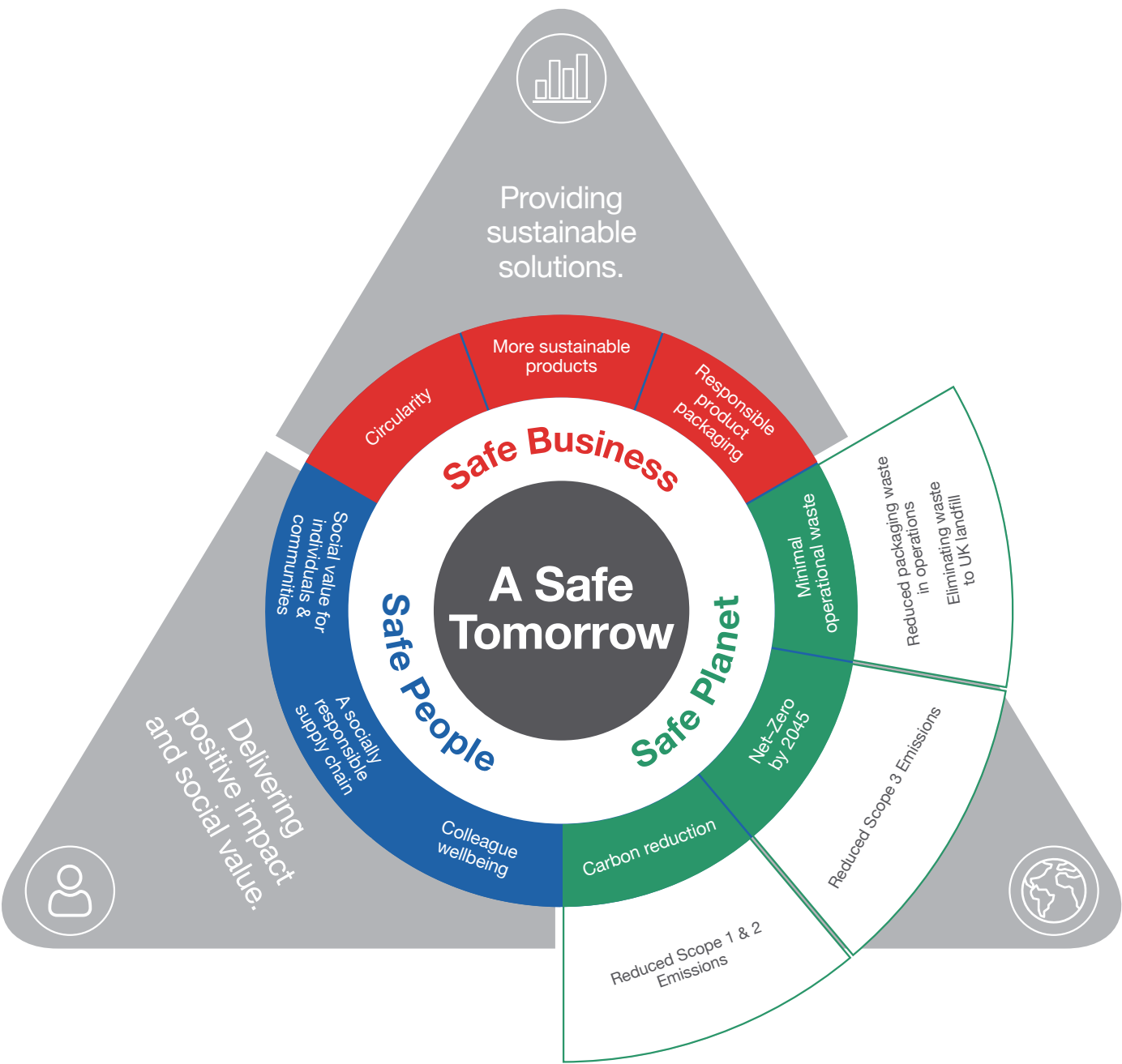


Safe Planet

Tackling climate change impact by reducing carbon emissions and minimising waste.




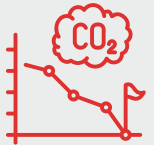

Safe Planet



Tackling climate change, evaluating climate change risks and reducing environmental impact.

Reducing carbon emissions both in our direct operations and in our supply chain.

Minimise waste going to UK landfill and incineration from our products and packaging.

Key Focus Areas	Our Approach
 Carbon reduction We are taking action to reduce (Scope 1 and 2) emissions from our direct operations and working towards lower carbon operations.	<ul style="list-style-type: none">➤ Improving energy efficiency in our operations, and increasing the proportion of on-site renewable energy we use➤ Reducing vehicle-related emissions and carbon
 Net zero by 2045 We are committed to tackling (Scope 3) emissions throughout our value chain from manufacture to use of products.	<ul style="list-style-type: none">➤ Reducing ‘all scopes’ carbon emissions in line with a validated 1.5 degree ‘science-based’ target
 Minimising operational waste We are reducing packaging and waste in our own operations & throughout our supply chain and eliminating waste going to UK landfill and incineration.	<ul style="list-style-type: none">➤ Reducing packaging and packaging waste in operations and removing ‘single use’ plastics from packaging➤ Eliminating waste going to UK landfill and reducing that sent to incineration

Carbon reduction – our own operations

Improving energy efficiency in Arco operations, and increasing the proportion of on-site renewable energy we use

To meet our targets for ‘net zero’, we are working on a variety of initiatives simultaneously. We’ve already started to implement energy efficiency improvements at our largest sites, including replacing warehouse lighting with new lighting at our National Distribution Centre, but we’re also replacing older style fluorescent lighting with LED as lighting tubes fail. Better energy monitoring and targeting is also part of our approach and will be responsible for up to 8% of our future energy savings as we begin to control our energy use according to what we need, rather than powering buildings 24/7.

Renewable power, generated from roof-top solar schemes is an important part of our Carbon Reduction Plan. The installation of a solar scheme at our national distribution centre alone is predicted to reduce our emissions by up to 200 tonnes CO₂e per year – around 5-6% of our total emissions – we are planning to deliver this scheme and others at our portfolio of safety centres and stores at pace.

Reducing vehicle-related emissions and carbon

Transport and travel present a similar opportunity for carbon reduction. As we move towards a ban on new petrol and diesel vehicles at the end of the decade, we must begin to replace our fleet and usage well in advance of regulatory deadlines. In 2023 we have begun installing charging infrastructure and implementing colleague programmes to help make ‘electric’ the only sensible choice for new company vehicles.

See our Carbon Reduction Plan [here](#)



Scoping solar generation

How we’re making a difference

We commissioned a review of solar generation opportunity at our National Distribution Centre in 2022 and have received clearance from the network operator to connect a proposed new array of solar panels.

The proposed scheme would deliver a significant amount of our NDC power needs and we are exploring our electric charging capability on site within our solar scheme, therefore not require reinforcements to the local power-grid. Nor will it make use of storage batteries which would pose additional risk of fire at a nationally important distribution site. Current energy costs, coupled with ever decreasing, but ethically manufactured panels means that the initial investment would be paid back in savings in less than four years!

Net zero by 2045 – our ‘science-based’ target commitment

Reducing ‘all scopes’ carbon emissions in line with a validated 1.5 degree ‘science-based’ target

While reducing carbon emissions from heating, power, and vehicles, is an important part of our overall carbon strategy, over 95% of the carbon for which we are responsible relates to the manufacture, use and disposal of products we sell. Carbon in these is released when fossil fuels such as crude oil, previously locked away underground is extracted and processed to make materials such as polyester, and fertilisers used in growing cotton.

Some products, including leather and latex have complex emissions sources relating to agriculture but will be part of our formal commitment to the ‘science-based’ carbon target we will set in 2025. Taking into account all of our emissions sources, including those in factories that make our products, our commitment is likely to result in a reduction target in total Scope 1 and 2 emissions from 3,591 tonnes (2022) to 2.038 tonnes by 2030, and to make significant reductions in our Scope 3 emissions from 58,189 tonnes CO₂e (2022) to 34,126 tonnes (2030).

We’ll achieve this through a combination of measures supporting our overall ‘net zero by 2045’ ambition but will focus on switching to textiles which have fewer carbon emissions (such as certified recycled polyester) and rationalising our supply base in favour of suppliers who are able to demonstrate credible plans to reduce their own emissions. We have committed to supporting the low-carbon transition plans of strategic suppliers, from simple advice and signposting to support for the financial needs of those who making the commitment. In 2023, we launched our

‘kick-starter’ scheme to find out more about the barriers to transition and have already begun to understand the scale of the challenge. In 2025, we will publish a detailed breakdown of our target formulation for Scope 3 emissions (this will be validated by the Science-Based Targets Initiative (SBTi)). In 2024, we will publish a detailed breakdown of our target formulation for Scope 3 emissions (this will be validated by the Science-Based Targets Initiative (SBTi)).



Arco supplier performing final quality checks prior to dispatch to our UK distribution centre

Tackling Scope 3 emissions and science based targets

How we’re making a difference

We have made a formal commitment to set a ‘science-based’ carbon target and have until May 2025 to submit this to the SBTi – the international body overseeing corporate climate commitments. Arco’s emissions however take place across several hundred sites across the globe, extracting and raw materials, growing and processing cotton and transporting these to the UK. Reducing these emissions is the challenge that Arco has taken on. As a member of Textiles 2030 - an independent UK body promoting ethical and low carbon materials, Arco’s customers have already started to see products made from 'better' alternatives – and will increasingly benefit from these efforts. To date, Arco has reduced the total carbon footprint of textiles reported from 2019 to 2022 by 31%. Swapping ‘standard’ for ‘better’ cotton and polyester from recycled sources underpins our ‘1.5 degree aligned’ accredited ‘science-based’ carbon target.

Reducing and recycling our wastes - becoming a ‘circular’ business.

Reducing packaging and packaging waste in operations and removing ‘single use’ plastics from packaging

Eliminating waste going to UK landfill and sent to incineration




In 2022, we produced 695 tonnes of waste cardboard, plastics, clothing, and general building waste at our premises around the UK – around 8% of which was landfilled and a further 9% incinerated. The remainder was recycled into new products and materials. 41 tonnes (6% total) waste disposed was classified as ‘hazardous’, including hygiene wastes, chemicals, and electronics which are returned to us from customers and sent for specialist treatment.

Our waste strategy adopts principles of circularity to minimise the environmental impacts of packaging (including carbon footprint) whilst using recycled and renewable products that can be recycled easily when they’ve done their job. In 2023, we re-designed our footwear packaging, making use of plain cardboard capable of withstanding postage knocks and scrapes without any additional packaging. Our new footwear boxes are branded with vegetable-based inks and we’ve removed box adhesives and unnecessary swing-tags completely. The new boxes are up to 30% less carbon intensive than those they're replacing.





Safe Planet – measuring our performance

Where we’re going...	How we plan to measure this	Where are we now...?	And what are our next steps...
We will be a ‘net zero’ business by 2045 – our carbon reduction plan aligns to international agreement for ‘no more than 1.5 degrees global heating’.	By 2030, our Scope 1 + Scope 2 emissions will be less than 2038 tonnes CO ₂ e. KPIs Tonnes CO ₂ e / £M turnover This year, we will reduce the CO ₂ from our buildings and owned vehicles by 5.5%	We are currently meeting our Scope 1 + Scope 2 reduction target, however our transport- related emissions increased last year by 23% as we started to travel more widely post COVID-19. 	We will use our Energy Savings Opportunity Scheme (ESOS) audit work as the basis for further work to define our Scope 1 and Scope 2 reduction strategy. This will include an engagement programme (with site-based energy responsibility), investment-.focused energy efficiency, fuel shifting (away from natural gas and liquid fuels) and large scale renewables.
We will deliver a ‘Near Term’ science-based target by 2035 which includes reduction in our ‘Scope 3’ emissions aligned to international agreement for ‘no more than 1.5 degrees global heating’.	We have calculated an interim Scope 3 baseline.	We have modelled the degree of reduction required in these categories in order to align with a ‘science based’ target. 	We will publish and agree a range of targets relevant to this section and include within our recruitment strategy.
We will reduce waste sent to landfill or incineration (with a focus on improved circularity of our products and packaging).	By 2030, we will not send any waste to landfill. All packaging and products sent to customers will be easily recyclable or completely circular (designed for circular recycling/manufacturer return and recycling or recycling within local facilities commonly available. KPI – Volume of waste sent disposed in each waste category	We sent around 8% of our wastes to landfill this year. 	We will develop a waste strategy for further internally focused targets around our specification of packaging materials.

 – underway  – not yet started



Our Performance

ESG Data Section

GRI 2: General Disclosures

2.1 a	Name of Organisation	Arco Limited
2.1 b	Ownership and Legal Form	Private Limited Company (Family owned)
2.1 c	Location of headquarters	PO Box 21, 1 Blackfriargate, Hull HU1 1BH
2.1 d	Countries of operation	United Kingdom, Republic of Ireland
2.2 a	Entities included in reporting	All business operations and interests within locations specified in 2.2d
2.3a/b	Reporting frequency	Annual – reporting periods aligned for both financial and ESG
2.3c	Publication date	15th November 2023
2.3d	Contact point for questions about the report or related information	Jim.harbidge@arco.co.uk



ESG Data Section

GRI 2: General Disclosures

2.5a	External assurance	Data relating to carbon emissions and energy use are provided under limited assurance to ISO14064-3 (assurance provided by independent external consultant, Helen Wheeler-Osman,SGS Accredited Lead GHG Verifier, Environmental Strategies Limited, Selby Business Centre, 11 The Crescent Selby, North Yorkshire YO8 4PD
2.6	Markets Served, activites, value chain and business relationships	SIC Codes 6420 - Wholesale of clothing and footwear, 46760 - Wholesale of other intermediate products, 82990 - Other business support service activities not elsewhere classified. Information relating to business activity can be found in Arco's latest company account statement
2.7/2.8	Employees/Workers	Information relating to employee numbers and breakdown can be found below
2.9–2.13	Governance	This information is contained within the Directors Report section of our latest company account statement
2.14	Responsibility for Sustainability Reporting	<p>Our Board-level committee (ESG Committee) is responsible for sustainability. It was established to oversee the introduction of sustainability priority in all areas of our business, as a mechanism for challenge and scrutiny and to ensure that the views of interested parties, shareholders, staff and customers are addressed. Responsibility for executive, commercial and sustainability exists within three ‘programme’ groups representing our business, our people and our environmental impacts (‘our planet’). Our sustainability strategy has been developed within this environment to reflect the views of our people, customers and others, guided by professional external and internal organisations to maintain a link to the most ‘material’ sustainability issues and aspects where we have control or influence. We have adopted a sustainability reporting framework aligned to Global Reporting Initiative (GRI) metrics and include relevant material disclosures against this framework in the appendix. These metrics and progress towards targets inform risks, including those related to climate risk and opportunity listed within our sustainability strategy. These are overseen by the ESG Committee, chaired by an independent non-executive director.</p>

ESG Data Section

GRI 3: Material Topics

We have undertaken a materiality assessment of sustainability issues that are most relevant to our business and our stakeholders.

Targets:

We have committed to a science-based target for Scope 1, 2 and 3 carbon emissions. Milestone targets in relation to our carbon emissions include:

- Offsetting Scope 1 and 2 emissions (carbon neutrality)
- Achieving net zero emissions by 2045

GRI-305 Carbon Emissions

	2023	2022	2021
Scope 1	2,233	2,074	1,801
Scope 2 (location-based)	1,009	1,029	1,115
Scope 3	152	79	8
Tonnes CO ₂ e / £1M revenue (Scope 1)	3,393	3,181	2,923
Tonnes CO ₂ e / £1M revenue (Scope 2)	8.92	10.34	7.32
Scope 2 (market-based)	10.2	NA	NA

Carbon emissions are reporting in accordance with the Greenhouse Gases (GHG) Corporate Standard. Scope 1 emissions result from direct emissions from our own operations (owned or controlled). These include combustion of fuel but currently exclude emissions from refrigerant gases. Scope 2 emissions are indirect emissions from the purchase of electricity. (We do not use heat or steam). Scope 3 emissions currently reflects business travel only (Scope 3, Category 6).

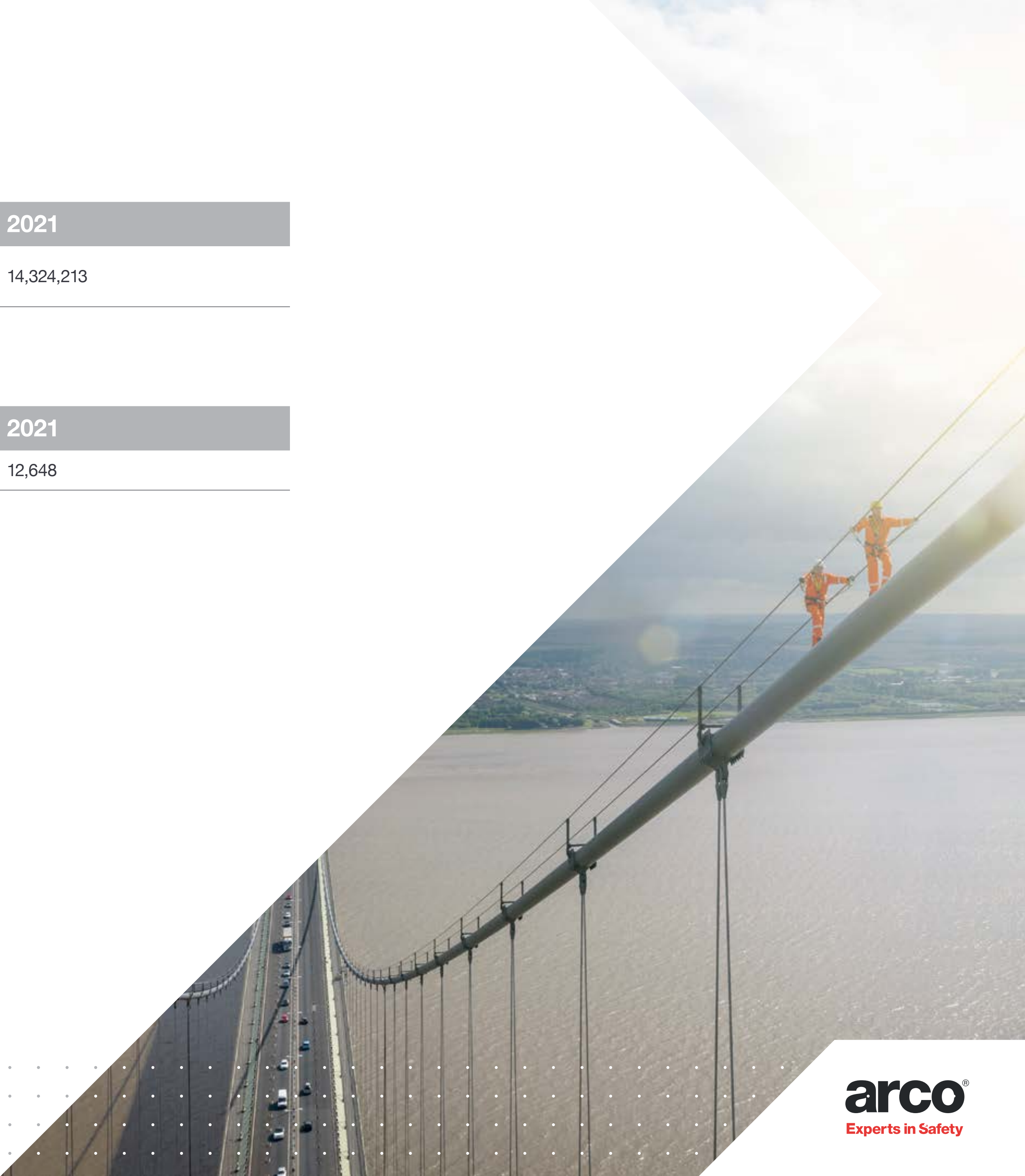


GRI-302 Energy Consumption (kWh)

	2023	2022	2021
Energy consumption used to calculate emissions (kWh)	13,669,243	15,978,984	14,324,213

Water

	2023	2022	2021
Water used (m3)	10,465	11,500	12,648



GRI-306 Waste

	2023	2022	2021
Total waste generated	1019.1 tonnes	694.7 tonnes	Data not reported
– Of which sent to landfill (tonnes)	82.4	58.35	Data not reported
– Of which re-used (tonnes)	Not yet measured and/or reported	Not yet measured and/or reported	Data not reported
– Of which recycled (tonnes)	755.3	571.8	Data not reported
– Of which classified hazardous (tonnes)	59.4	41.1	Data not reported

Arco continues to improve the completeness and accuracy of its waste data reporting, working with its third party contractors who in turn are evolving their reporting requirements. As a result, Arco does not yet consider that year on year comparison is meaningful as it is unlikely a like for like comparison. There has been no material change in Arco's business from prior year and Arco therefore considers that the 2023 data provides a more accurate reflection of Arco's overall waste. There are a number of waste reduction initiatives in place alongside efforts to continually improve waste reporting. In 2023, 8.1% of waste was reported as being disposed of in landfill. Arco's reduction plans aim to reduce this to nil in the short to medium term.



GRI-403 – Occupational Health and Safety

Arco is certified to ISO 45001 (Occupational Health and Safety Management System) (expiry 10.04.24) and we understand the importance of continual improvement to achieve high standards of health, safety and wellbeing. Driven by our top management and cascaded throughout the business, this ensures that colleagues understand the importance of maintaining their own health and safety and that of others to reduce workplace injuries and ensure safe working environments. Employing suitably qualified and competent colleagues with responsibility for the management system along with time-linked targets validates the capability and provides assurance of that continual journey.

Engagement, consultation and participation at all levels ensures an effective and robust hazard identification/risk assessment process, along with accident and near miss reporting with serious incidents being escalated to the CEO within

60 minutes of occurrence. Incidents are recorded using a proprietary digital system which provides tracking and trending information in support of continual improvement objectives.

Colleagues’ wellbeing and good mental health are fundamental aspects considered throughout the health and safety management system and we continue to have 100+ colleagues trained as mental health first aiders. All sites hold regular Safety, Health and Environment (SHE) Committee Meetings providing representation from managers, workers, safety representatives and specialists resulting in effective reviews of leading and lagging indicators and effective implementation of the Company’s Safety, Health and Environmental Policies and Procedures, as well as always looking for future improvements and enhancements.

Accident Frequency

	2023	2022	2021
Accident Frequency Rate (per 100K hours worked)	2.90	3.01	3.06
Reporting of Injuries, Diseases and Dangerous Occurences Regulations 2013 (RIDDOR)	3	2	4



GRI-405 – Diversity and Equal Opportunity

	2023	2022	2021
Gender Pay Gap Median	Report not yet available	7.02%	6.2%

Learning and Development

Average time spent in Learning and Development (FY23): by Band / Grade

Band / Grade	Number of colleagues in sample	Hours spent training
Apprentice	6	49
A	850	7,182
B	347	5,777
C	186	2,560
D	105	938
E	14	54
Exec Member	3	5
Graduate	4	143
Non Exec	8	12

Average time spent in Learning and Development (FY23): by Band / Grade

	Hours spent training/development	Number of colleagues in sample
Female	7,950	691
Male	877	836

GRI-406 – Non-Discrimination

Arco is a member of the Ethical Trade Initiative (ETI) and a signatory to the ETI-Base Code. We implement the ETI Base Code in our business through, amongst other things, our Human Rights & Ethics Policy, Anti-Slavery & Human Trafficking Policy, Diversity & Inclusion Policy, our Supplier Code of Conduct and our Ethical Guide for Vendors.

Non-discrimination is embedded in the ETI Base Code in two key provisions. Provision 2.3 states 2 that 'workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace” and Provision 7 states that there should be "no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation".

Arco has in place processes and procedures to comply with the ETI Base Code, which includes an ethical audit programme for our suppliers, and participating in the Sedex SMETA self-assessment and audit programme for our own operations.

In addition, Arco operates to, and is externally independently audited against, the Labour Standards Assurance System which aims to ensure a robust framework for managing labour issues within Arco and its supply chain. Ethical performance is monitored through routine reporting with KPIs in place for our supply chain. Our ethical and compliance approach and performance is overseen by the ESG Committee of the Board.

This includes regular reviews of specific elements of our overall compliance framework. During 2023, our annual compliance management review presented to the ESG Committee recorded no adverse audit reports in relation to discrimination. Allegations of discrimination are investigated thoroughly whenever received.

Find out more [here](#)