Towards a **safer future**

Arco Sustainability Report 2025

Your world made safer

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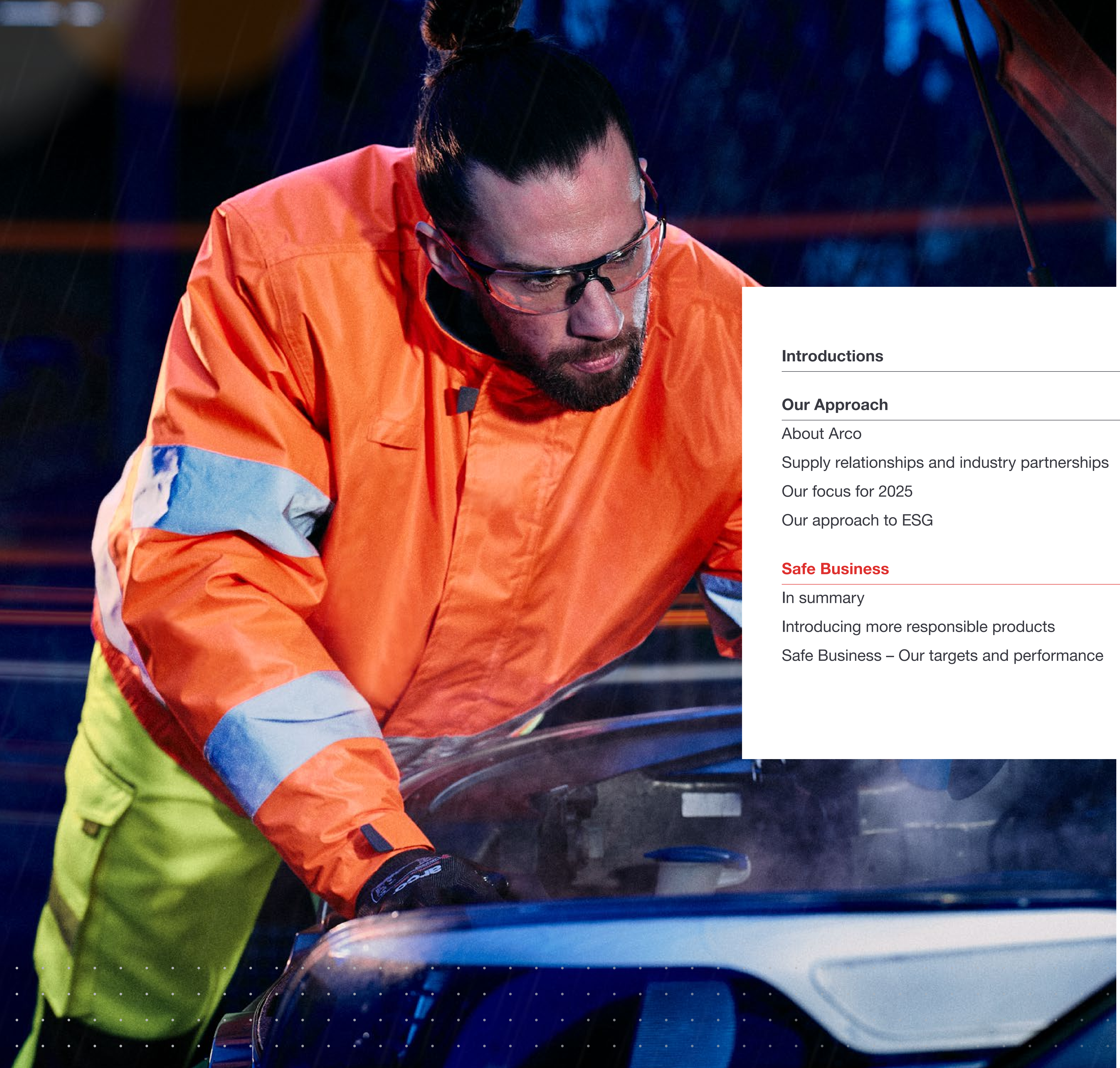
Experts in Safety



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> As we enter a new era defined by independent certification of sustainability and ESG data, our focus at Arco is clear: to demonstrate tangible progress in carbon reduction, human rights, and circularity. The critical challenge—for both Arco and our competitors—is to drive this same change throughout our supply chains. This means establishing clear, measurable goals and rigorously working to counteract the greenwash prevalent in our industry and beyond.

Naomi Coxwell
Chair of Arco's ESG Committee

Introduction from our ESG Committee Chair

This year we have further expanded Arco's disclosure of environmental, social and governance reporting. In addition to our prestigious Gold award with EcoVadis, a 360-degree appraisal of these aspects, we have completed our first Carbon Disclosure Project (CDP) assessment. CDP challenges us to think more broadly about climate-related risks but also enables us to consider sustainability as an opportunity.

We cannot automatically or easily relate the future cost of our products to new transitional arrangements such as national carbon taxes, the changing cost of fossil-fuel based transport or managing packaging and product waste costs. Arco's independently validated science-based carbon target provides an opportunity for us to consider these longer-term risks and opportunities. For example, the move from virgin products to those made from recycled and renewable materials in our products and to use data to help us plot an effective low-carbon transition.

The opportunity of new data derived from a life-cycle assessment (LCA) of our products, energy and fuel use data gained from our own corporate systems, and combined with data from key suppliers including couriers and recycling companies, helps us define the low carbon path while providing critical information we now routinely share with our customers. This avoids greenwashing and allows us to contribute directly to their own corporate aims.

In 2026, we are likely to see a new Global Reporting Initiative (GRI) reporting metric for textiles. This will start to define best practice in the most impactful sectors globally. With significant impacts on carbon emissions, ethical trading, safe working and circularity, the metric will start to tackle the lack of transparency in our sector. It will also provide further opportunity for Arco to describe its sustainability advantage. I look forward to the new narrative of sustainable business this will provide.

Naomi Coxwell.

Naomi Coxwell
Chair of Arco's ESG Committee

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> **Sustainability is about how we do better – it's central to what we do, our supply relationships and how we improve quality of life in the communities where we work**

Guy Bruce
Chief Executive Officer of Arco

A Message from Guy Bruce, CEO Arco

Although our customers have come to expect a sustainable proposition from Arco, our approach has never been driven solely by a market push. Instead, we pride ourselves on proactivity, positioning sustainability centrally within our business strategy.

Reflecting on our 12-month journey, we have challenged ourselves to think honestly about the risks and opportunities in the low carbon transition, so I'm delighted with the EcoVadis Gold status awarded to Arco – no small achievement.

The award demonstrates the progress made across all business functions, where sustainability is integral to ethical supply, alongside our focus on decarbonisation and the safety of those working for us, whether that's in our own facilities or across our supply chain.

Elsewhere, we have continued our investment in renewable energy and social value, committing to a science-based target for our carbon emissions while undertaking our first Carbon Disclosure Project (CDP) assessment. All initiatives are grounded in data and accountability, which means we can now reference Arco's Responsible Choice product ranges in terms of independent certification and life-cycle assessments.

In addition, I'm proud that Arco has pushed the agenda with the UK Government around the critical issue of textile circularity, working with academics and innovators to address fibre-to-fibre recycling, while making sure the fundamentals of responsible supply are in place.

This has enabled us to expand our Responsible Choice range, indicating to customers with clear evidence that they are making a better choice for their safety workwear. Collectively, such achievements reflect our ongoing commitment to ESG leadership and long-term value creation for all stakeholders.

Looking ahead, our drive to keep people safe will remain fixed, powered by the responsibility we take to do better and create value – today and in the future.

Guy Bruce
Chief Executive Officer of Arco

Our Approach

A safer world for our customers, colleagues and communities

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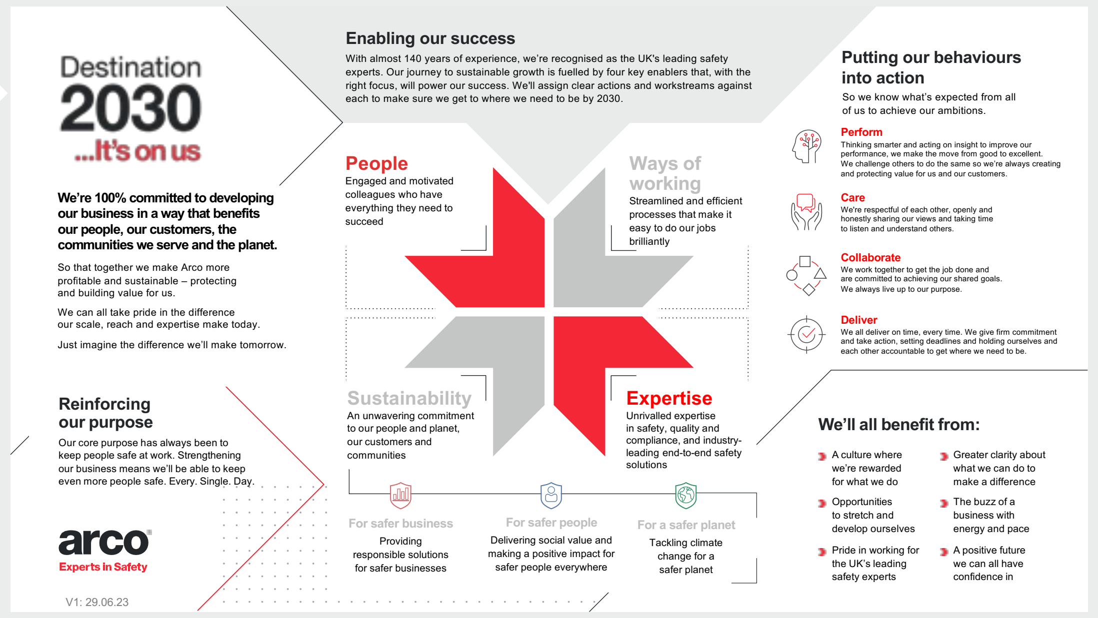
About Arco

What we do

Our purpose is to keep people safe at work. We do this by providing specialist safety advisory and consultancy services, safety training and equipment for some of the UK's largest organisations.



Destination 2030 ...It's on us

We're 100% committed to developing our business in a way that benefits our people, our customers, the communities we serve and the planet.

So that together we make Arco more profitable and sustainable – protecting and building value for us.

We can all take pride in the difference our scale, reach and expertise make today.

Just imagine the difference we'll make tomorrow.

Reinforcing our purpose

Our core purpose has always been to keep people safe at work. Strengthening our business means we'll be able to keep even more people safe. Every. Single. Day.

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V1: 29.06.23

Enabling our success

With almost 140 years of experience, we're recognised as the UK's leading safety experts. Our journey to sustainable growth is fuelled by four key enablers that, with the right focus, will power our success. We'll assign clear actions and workstreams against each to make sure we get to where we need to be by 2030.

People
Engaged and motivated colleagues who have everything they need to succeed

Ways of working
Streamlined and efficient processes that make it easy to do our jobs brilliantly

Sustainability
An unwavering commitment to our people and planet, our customers and communities

Expertise
Unrivalled expertise in safety, quality and compliance, and industry-leading end-to-end safety solutions

For safer business
Providing responsible solutions for safer businesses

For safer people
Delivering social value and making a positive impact for safer people everywhere

For a safer planet
Tackling climate change for a safer planet

Putting our behaviours into action

So we know what's expected from all of us to achieve our ambitions.

Perform
Thinking smarter and acting on insight to improve our performance, we make the move from good to excellent. We challenge others to do the same so we're always creating and protecting value for us and our customers.

Care
We're respectful of each other, openly and honestly sharing our views and taking time to listen and understand others.

Collaborate
We work together to get the job done and are committed to achieving our shared goals. We always live up to our purpose.

Deliver
We all deliver on time, every time. We give firm commitment and take action, setting deadlines and holding ourselves and each other accountable to get where we need to be.

We'll all benefit from:

- A culture where we're rewarded for what we do
- Opportunities to stretch and develop ourselves
- Pride in working for the UK's leading safety experts
- Greater clarity about what we can do to make a difference
- The buzz of a business with energy and pace
- A positive future we can all have confidence in

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 that support our customers' own sustainability aims and offer measurably better performance in cost, carbon emissions, water use, pollution and circular options for their future life.

Our commitment to the UN Sustainable Development Goals

Our core purpose – to keep people safe at work – extends to our colleagues in the UK, EU and beyond who make our products, and the communities in which we operate. What we do is guided by the 17 Sustainable Development Goals (SDGs), 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 - safe business, safe people and safe planet. These pillars link into specific UN Sustainable Development Goals which we have identified as being most important to our business, 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. We want others to value what we do in sustainability and have adopted KPIs that are shared within and beyond our sector. As members of the Social Value Portal, we report our community impacts using the same measures as many of our customers and have adopted the Global Reporting Index (GRI) standard of disclosure where these relate to our corporate performance.

Supply relationships and industry partnerships

We cannot deliver our sustainability aims alone, and we 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, governments 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 here.

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 within the top 5% of all companies assessed.

Powered by LYFCYCLE

We've partnered with Lyfcycle – the leading end-to-end sourcing and traceability company – to develop a range of more sustainable garments. Each product has a unique QR code offering buyers and users complete visibility of the sustainability Lyfcycle of their clothes from field to store.

Our supplier membership demonstrates a strong commitment to safety and ethical trading. In addition, Arco is part of the 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 report performance in relation to climate, water and deforestation risks as part of the CDP Supply Chain through standardised environmental questionnaires.

Achieving gold membership demonstrates our engagement with the Supply Chain Sustainability School and the use of their resources to further our awareness and understanding, as well as sharing our knowledge and experience with others.

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. Independent third party studies have shown that Better Cotton is on average 19% less carbon intensive than standard production.[2]

As a signatory to Waste and Resources Action Programme's (WRAP) UK textiles Pact, we share an aim to transform the UK economy from make-use-dispose to a circular one, where we're designing longer-lasting products with end-of-life recycling in mind, trialling laundry, second-life business models and working in partnership with those who share our vision.

Stuff4Life is Arco's circularity solutions and re-logistics partner – helping Arco customers reduce the whole-life costs of keeping people safe, reducing Scope 3 carbon emissions and providing reuse, repair, rebrand, debrand and end of life solutions to keep stuff in play for longer.

Sedex Member

As a Sedex member, we are committed to sourcing responsibly and having an ethical and sustainable supply chain. The Sedex platform 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.

Arco is certified by the Recycled Claim Standard (RCS) and Global Recycled Standard (GRS). These international voluntary standards include strict standards of supply, tracking and auditing of recycled materials in our products with a shared goal of switching from virgin to recycled alternatives. Mechanically recycled PET from post-consumer bottles has the potential to reduce GHG emissions by 66% for recycled chips/pellets compared to virgin PET chips.[1]

We have a validated science-based carbon target and report progress against this periodically.

1. Identifying Low Carbon Source of Cotton and Polyester Fibers (United Nations Framework Convention on Climate Change) https://unfccc.int/sites/default/files/resource/UCC_Cotton_Pet_report.pdf
2. Better Cotton Releases First Study on GHG Emissions (bettercotton.org 2021) https://bettercotton.org/better-cotton-releases-our-first-study-on-ghg-emissions/

Our focus for 2026

Our focus for the year ahead is aligned to a number of high-level commitments and frameworks including business decarbonisation, circular solutions for our customers and ethical supply.

Carbon Reduction: Developing low-carbon transition plans and continuing carbon reduction.

In February 2025, we calculated our baseline carbon emissions and joined over 11,000 companies globally who have committed to science-based decarbonisation. By 2030 Arco commits to reduce absolute Scope 1, 2 and 3 GHG emissions from purchased goods and services by 42% from a FY2021 base year.

Setting a target alone does not guarantee that we will meet this. In 2026, we will act to further evaluate the effectiveness of additional decarbonisation options: including the use of alternative and recycled raw materials in our products, additional investment in renewable energy and energy efficiency and the opportunity to reduce transport-related emissions. We will also expand services that extend product life such as laundry, repair and our end-of-life recycling offer.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FY26 Target: To reduce absolute Scope 1+2 and 3 emissions from purchased goods and services by 4.2% (towards a 42% reduction by 2030 from FY2021 baseline).

Life Cycle Assessment: Improving our knowledge of decarbonisation levers

Whilst we can now source good quality information in relation to the carbon performance of many Arco products from publicly available inventories, we started to measure real world emissions of some products to help up better understand the opportunity to design-out high carbon materials and production methods. For items made from multiple materials (such as gloves or footwear), we plan to use what we have learnt to build the next generation of low carbon alternatives, working with our suppliers to source better materials. We will also use this information to help us communicate the sustainability benefits of our Responsible Choice ranges to our customers transparently and underpinned by data.

FY26 Target: To complete Life Cycle Assessment for 4 new gloves ranges and to determine low-carbon design features for the next generation of Arco gloves in consideration of findings.

Circularity and re-logistics: Extending the life and use of our products

In June 2025, we started to sell a limited range of non-PPE products that had previously been sold to customers and embroidered with their logos. We now sell these on our website as second time garments. This approach removes the carbon cost of buying new and is a milestone in Arco's operation as a circular business.

In 2026, we plan to increase the range and volume of products we sell in this way. We will offer commercial re-purposing of garments unwanted by our customers (for example when corporate branding changes). The sale of these garments will either be on an agreed commercial basis or donated towards a defined community.

Where garments cannot be reused in this way, we offer a range of alternatives for their recycling, including mechanical recovery of hard plastics and fibres and fibre-to-fibre recycling of suitable textiles.

FY26 Target: To make available to 100% of our larger accounts, options for extending the life of products they buy from us, including one or more of the following: laundry, repair, recycling and to ensure that our all members our sales and accounts team are able to support our customers in this aim.

Social Value: Increasing our reach and making a positive community impact

In 2024, we updated our community objectives to make sure they truly serve the people in the places where we work. We will continue to measure social value against the Themes Objectives and Measures (TOMS) framework and will target year on year improvement.

FY26 Target: We will target a total of £50Million social value which will include proxy targets for apprenticeships, volunteering and support for education and skills across the UK.

Governance: Building skills for sustainability

Our customers, staff and our suppliers demand not only credible, evidence-based and exemplary sustainability standards, but also expect their account managers and colleagues alike to talk about product sustainability at the same high level of product knowledge as they do already on safety performance. We will continue our efforts to support sustainability skills and knowledge across corporate functions, with particular focus towards those who engage directly with our customers.

FY26 Target: We will ensure 100% purchasing colleagues complete allocated Supply Chain Sustainability School training.

Our approach to ESG

Materiality: Managing and reporting what's important

Arco is one of the UK and Ireland's most trusted names in safety, known and respected locally for supporting our local community and building long-standing careers for our employees.

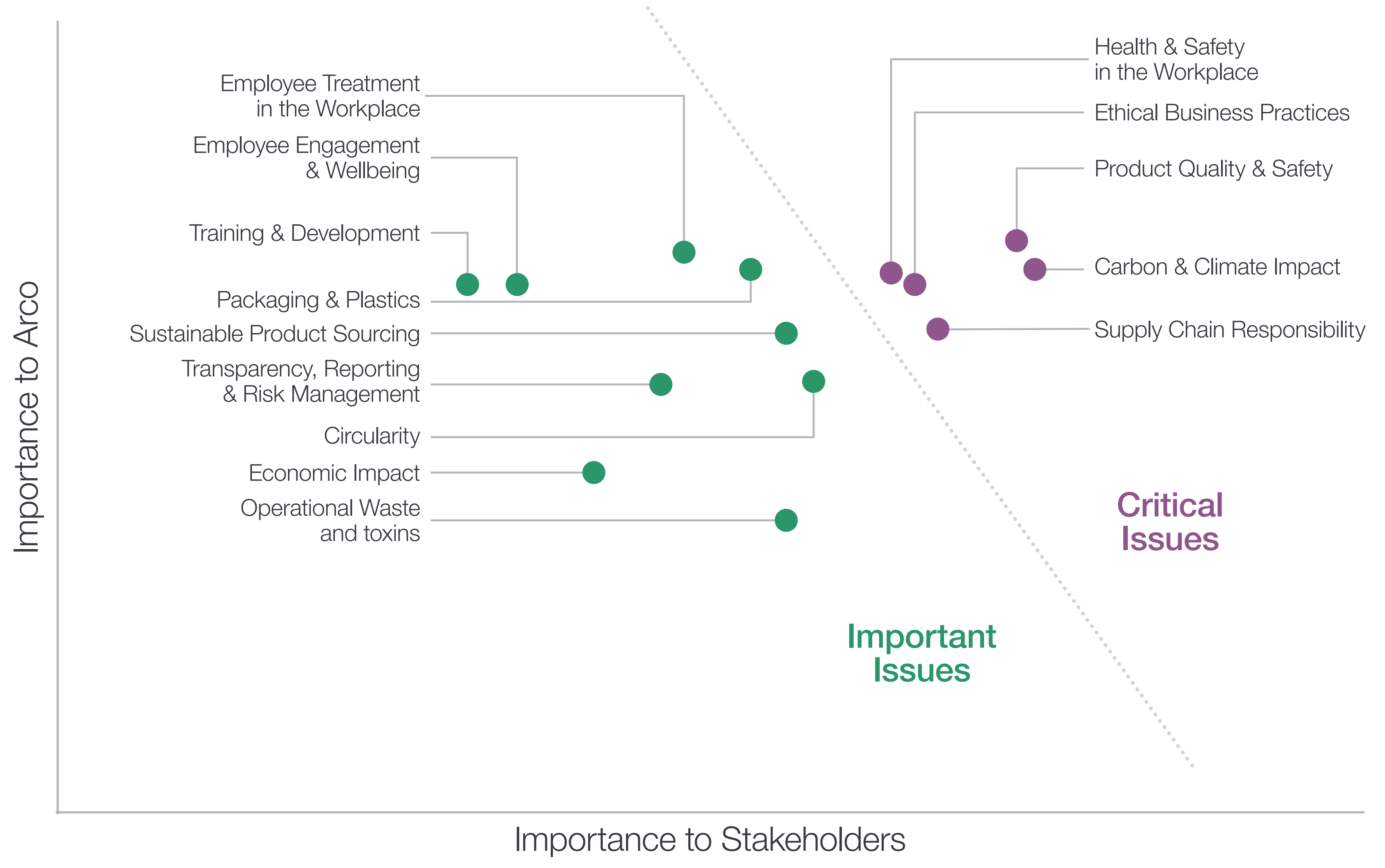
Our future business success depends on our continued commitment to the communities in which we operate and supporting the career journey of individuals who support our low-carbon transformation, drive innovation in the way we develop products and services, and secure business success.

Our research highlights that one of the key factors in attracting high-calibre individuals relates to our sustainability commitment, and in being able to demonstrate progress of key issues such as ethical supply and climate care. This concern is expressed equally by our customers in contract decisions. Our response to the climate emergency is now given similar importance to issues around 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 sustainability aims to enable these to be championed by our teams and ultimately delivered for our customers.

Our sustainability aims are measurable and commercially relevant yet also demonstrate a clear link to the UN Sustainable Development Goals and Responsible Business Alliance Code of Conduct, in areas such as climate action and ethics. To support these aims and to ensure they are embedded in all areas of our business, Arco's board established an Environment, Social and Governance (ESG) Committee in 2021, whose role is to ensure progress, challenge our actions and provide external insight through its non-executive membership. Three groups have been established to oversee progress in each of our pillars - safe business, safe people and safe planet.

These 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 the British Safety Industry Federation, which advocates for Arco's view of a more sustainable sector and the direction of policy and regulation to support this.

Combined Materiality Grid



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 14 LIFE BELOW WATER | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 15 LIFE ON LAND

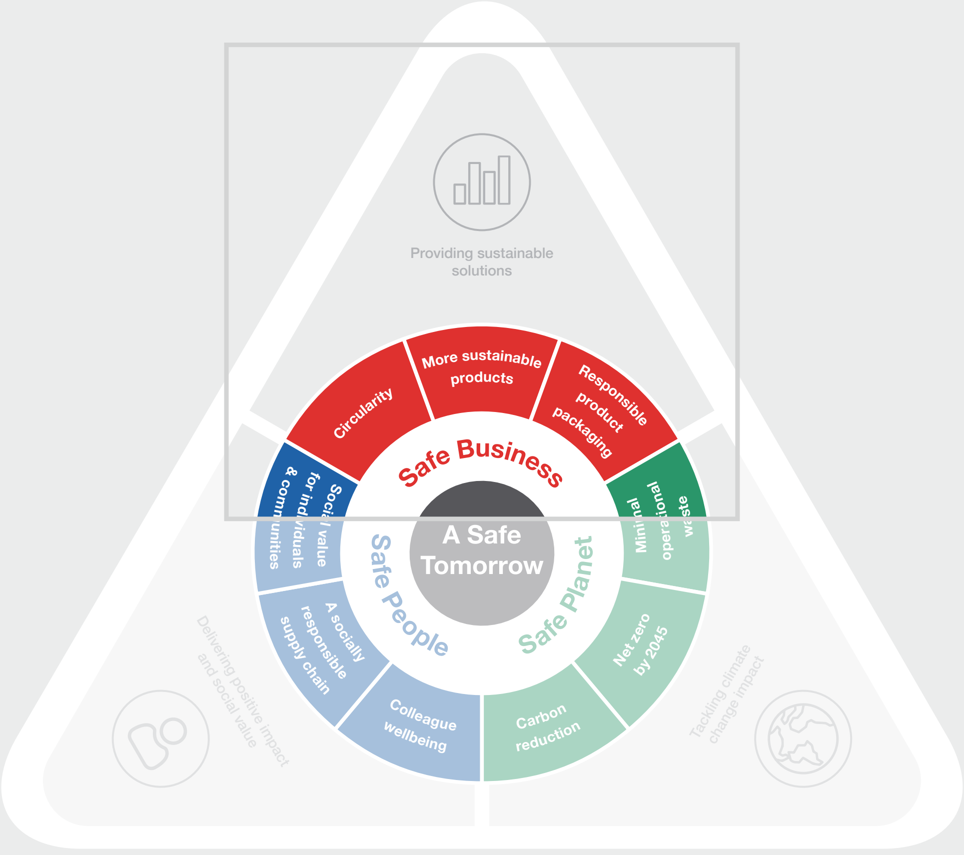
Safe Business

Providing customers with sustainable solutions and working towards a circular economy

Safe Business - In summary

Working with our suppliers and sustainability certification bodies such as the Global Recycling Standard and Better Cotton, we continue in our action to replace standard products with those that are more sustainable.

Arco Responsible Choice products offer customers one or more measurable sustainability advantages compared with the standard offer in the same product category. Some of these products may be manufactured from certified recycled materials, built to more stringent durability standards (such as our new Arco Responsible Workwear range) or are designed by us from the ground-up completely from recycled polymers, to be easily recycled again at its end of life.



Holding ourselves to the highest standards of accountability

All Responsible Choice products have undergone a rigorous evaluation of their claims to meet the requirements of an independent sustainability standard. Our in-house UKAS accredited laboratory offers sustainability related claims validation on a commercial basis.

Customer view

openreach

Safe Business - Ben Rutherford-Ellis (Category Manager - BT Openreach)

Openreach's mission is to build the best Full Fibre future for the UK – a network that uses less power, is more reliable and supports a greener digital economy. Our supply chain is critically important in helping us reduce our carbon footprint, use less stuff, make less waste and protect important natural habitats. As the experts in what they do–we rely on them as a source of low-carbon innovation – whether this is relates to more durable products, simple approaches to recycling when PPE wears out or even in reducing the amount of non-recyclable packaging used to protect goods in transit. We welcome the opportunity to engage with our suppliers around alternative ways to support our aims and to work towards measuring and reporting elements such as carbon, waste and water reduction.

Key Focus Area		Our Approach
Introducing more responsible products	We're offering new products designed for longevity and produced using better materials and processes with verified environmental credentials.	› 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 are progressively removing plastic packaging with our supply partners and moving to FSC certified cardboard alternatives - made from recycled card to be easily recycled by the end user.	› Reducing product packaging, minimising plastics and increasing recyclable elements. › Changing our approach to the packaging used in the distribution of products.
Working towards product circularity	We design products that are more durable and made from lower-impact materials, produced by supply partners who have demonstrated high standards of care for the safety, working conditions and rights of workers. Our new ranges have circularity at heart – they can be reused or recycled to make the same product again (and again).	› Designing for circularity. › Implementing end-of-life take back and recycling schemes. › Investing in closed-loop systems.

Introducing more responsible products

Credible, transparent claims around our products' sustainability advantage

Arco's approach is founded on ethical supply – making sure our products consume fewer non-renewable resources and are made by people whose safety and wellbeing are paramount. As a participant in the global sustainability award scheme, EcoVadis, we benchmark our performance against others in our sector in Ethical and Sustainable supply and have made year-on-year improvement to our current position within the top 5% of over a thousand similar businesses.

Our Responsible Choice ranges are our class-leading alternatives having one or more sustainability features which mark them out as better. These differences have to be measurable, and offer a significant benefit compared to others our customers may buy.
This means they must be:

- Made from recycled materials such as our Global Recycling Standard (GR) certified hi-viz ranges.
- Have measurable (typically10% or more) reduction in cradle to gate carbon footprint compared to a typical market standard (such as our new range of Responsible Choice gloves, where we can show this difference through ISO14040 life-cycle assessment.
- Are part of our second time range – where the garment has had a previous life and is offered for sale with existing logos removed or over-branded.
- Are part of our enhanced traceability scheme Lyfcyle which offers farm level traceability and certification to Better Cotton production standards.

Not only do Responsible Choice products have lower cradle to gate emissions, they are designed from the ground up (and tested in our own accredited lab) to be more durable and to make recycling easier.

In 2023, we completed our first Environmental Product Declaration (EPD) to help us understand the environmental impacts of durability, and of laundry and recycling at the design stage. This year, we've used produce lifecycle assessment (LCA) to show how a wider range of products, including gloves and footwear can be both the more sustainable choice and (because these items are less likely to be disposed of early) the lower total cost alternative.

Arco Responsible Choice is our award-winning range that has been developed for circularity - including life-extending features

Award-winning Arco Responsible Choice hi-vis range - certified up to 25 washes

Arco's Responsible Choice Ranges

Responsible Choice is our extended range of better products and now includes a wide range of items, from weather-wear and PPE, to cleaning products, solar-powered communications, footwear and hand protection.

These ranges are selected by Arco where they have one or more verifiable sustainability claims or independent certifications of better - these may already be familiar to many, and include marks such as Forestry Stewardship Council (FSC) or EU Ecolabel accreditation, but will also include others such as BlueSign, who we have selected on the basis of their credibility and transparency. Responsible Choice items include washroom soap dispensers made with 70% plastic that's recovered from the sea, whilst some of our new footwear and hard-hat ranges offer a back to manufacturer recycling opportunity at end-of-life. In the past 12 months, we have expanded our Responsible Choice collection, to 14.6% of year-end sales value and will increase this target to 18% by year-end 2025.

You can search all Responsible Choice items using this keyword on our online web catalogue or ask an Arco sales representative to suggest Responsible Choice alternatives for you.
Arco can provide overall carbon saving where good quality LCA or comparison data exists.

Introducing more responsible products

In 2025 Arco commissioned an independent review of its Responsible Choice class-leading gloves rand, using the ISO14040 and ISO14044 international standards for life-cycle assessment to export how manufacture, packaging and transport impacts relating to carbon, water use and pollution compared to similar products our customers might choose.

Working closely with our suppliers, Arco's procurement manager, Gemma Wright gathered detailed information from our supplier on raw materials used, factory process efficiency and its use of renewable energy to calculate carbon emissions for a single pair of the new Responsible Choice gloves.

Gemma and the team will use this information to demonstrate how carbon, water and pollution comparisons allow us to award Responsible Choice however, the primary purpose of the research is to show us where we can make further improvements in the next generation of Arco gloves and to build this approach across our ranges.

Gemma Wright, Procurement Manager

Arco Responsible Choice gloves are up to 20% more carbon efficient than the industry average eco range glove

Explore our Responsible Choice gloves

ESG Due Diligence – Arco Engage

In addition to product and factory level auditing of workplace safety, ethical and labour standards through independent and in house auditing, Arco uses a variety of technology based approaches to examine how suppliers' manage a wider set of issues such as carbon reduction, protection of biodiversity and globally important forests or preventing pollution. Our platform, Arco Engage is now in its third year of use, providing Arco and its customers with instant access to information on supply chain risks and concerns whilst also offering suppliers access to our sustainability academy, offering practical tools and guidance to help them improve.

Product Traceability

Knowing where products come from is no longer a nice to know. Being able to trace raw material production to the finished product helps us ensure that the factories we work with and their suppliers are operating safely, are not supporting child or forced labour, or that the proceeds of product sales to our customers are not supporting armed conflict.

In addition to its own detailed audit work to ensure this Arco has chosen to publicly disclose an initial set of factory locations in an open-source format at OpenSupply Hub We will continue to add to this list in the coming year.

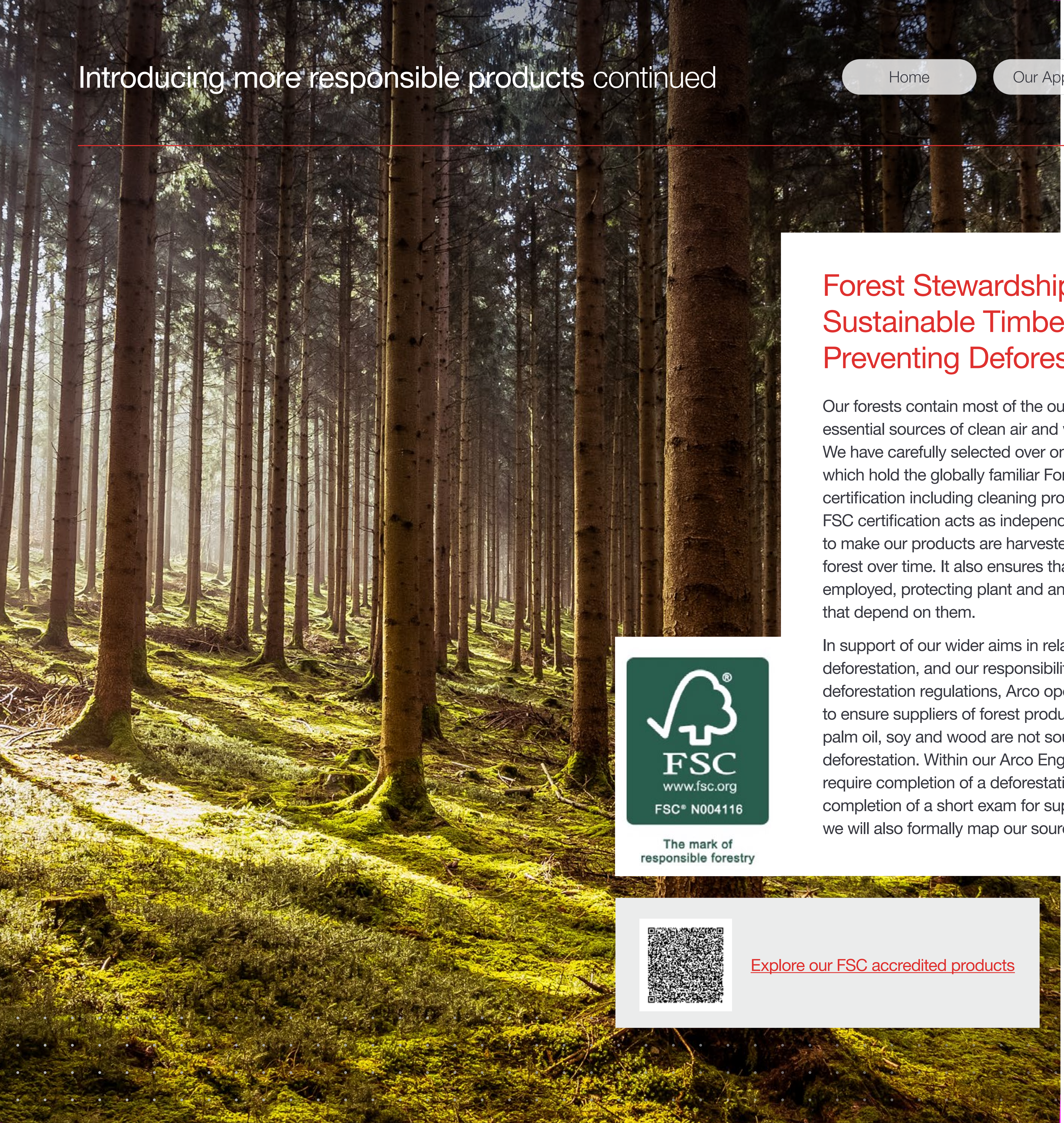
Extract from Arco supply chain map published at https://opensupplyhub.org/

Conflict Minerals Due Diligence

As part of our approach to ethical and responsible supply, Arco ensures due-diligence auditing and reporting in relation to its supply chain where negative economic, environmental, or social impacts may take place in raw material extraction.

In 2024, we completed our first conflict minerals risk audit using information from our supply chain to identify products likely to contain tin, tantalum, tungsten, or gold (known as 3TG) which are found in many electronics, gloves and tools we sell.

Arco has used the framework and guidance issued by the Responsible Minerals Initiative to guide a formal enquiry into our supply chain. We have asked all suppliers to confirm whether the products they supply to us and our customers contain 3TG, and, where this is the case, to explain how these raw materials are excluded from their supply chain. In relation to the 256 responses received in the current year, five suppliers confirmed that their products included conflict minerals. All but one were able to articulate that they were successfully managing risks through their own supply chain audit, were sourcing products through smelters beyond geographical areas of concern or were sourcing these raw materials entirely through recycled sources.



Forest Stewardship Council, Sustainable Timber and Preventing Deforestation

Our forests contain most of the our planet's land-biodiversity and are essential sources of clean air and water, food, fuel, medicine and shelter. We have carefully selected over one hundred products from alternatives which hold the globally familiar Forest Stewardship Scheme (FSC) certification including cleaning products, wipes, wools and brushes. FSC certification acts as independent assurance that the trees used to make our products are harvested responsibility, with no net loss of forest over time. It also ensures that responsible forestry practices are employed, protecting plant and animal species and the communities that depend on them.

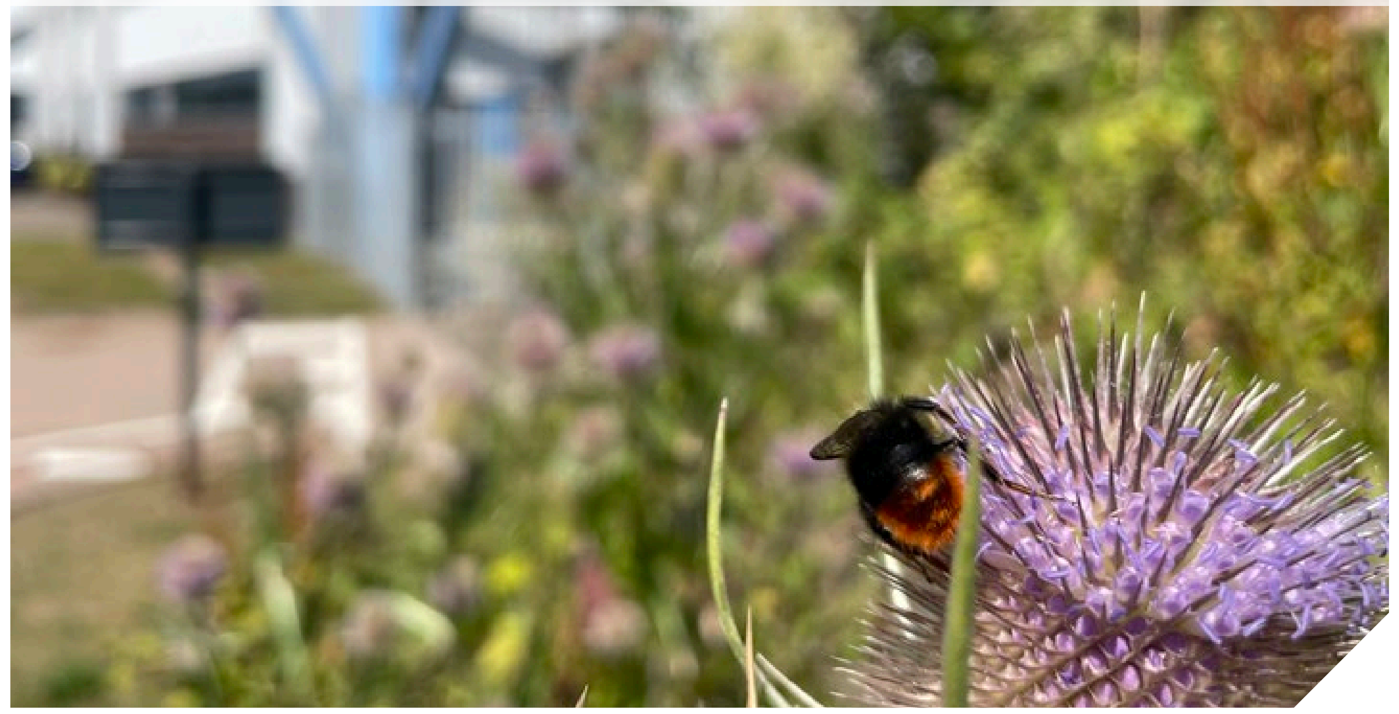
In support of our wider aims in relation to concerns for global deforestation, and our responsibility to ensure compliance with European deforestation regulations, Arco operates a formal due-diligence process to ensure suppliers of forest products including rubber, leather, coffee, palm oil, soy and wood are not sourcing these in areas subject to deforestation. Within our Arco Engage Sustainability Academy, we require completion of a deforestation learning module and successful completion of a short exam for suppliers of these products. In 2026, we will also formally map our source locations.

FSC
www.fsc.org
FSC® N004116
The mark of responsible forestry

Explore our FSC accredited products

Arco Responsible Choice ranges extends beyond textiles and PPE to include items used in facilities management foodstuffs and factory equipment

Nurturing biodiversity at the NDC



Circularity

Helping our customers keep our products in use for longer

Circularity is at the heart of Arco's carbon reduction strategy and central to our aims for waste reduction and recycling. Whilst we are pleased to report almost 15% of our textiles are from certified recycled sources, an increasing number of our customers send textiles back to us for laundry, repair, re-use, resale and ultimately recycling when they can no longer be used.

Working with our customers, we have discovered that only a small number of garments or shoes that are disposed of are actually worn out, many simply need to be regularly washed to keep them in use. A garment that lasts twice as long in use has almost half the environmental impact of the garment that does not.

When the time finally comes to recycle garments, we take a circular view of recycling, we don't like to see our products downcycled into other products, typically animal bedding, packaging materials or insulation where they may only last a few more days before landfill. Instead, we like to see circularity items repurposed as new garments, which can be achieved by simply removing corporate logos or overbranding with specialist embroidery that completely masks any existing logos. Working with our circularity partner, Stuff4Life to prevent high quality items entering landfill or being incinerated, we now re-sell reborn garments in our online second-life web shop. You can find these together with a growing range of re-purposed sportswear items here. Arco offers ranges of its own second-life items on our own web sales platform – just search the Arco web-shop for Second Time.

Recycling to us means being able to turn high quality garments back into high quality garments, or raw material plastics. In 2025, we further expanded recycling and take-back services across our customer base and have extended our relationship with trusted, specialist recycling and reuse partners to prevent valuable resources being sent to landfill or incinerated. In 2024, we started work with local hard plastics recycling specialist, MYGroup, and extended our support for our circular recycling partner Stuff4Life, who were nominated for an EarthShot Prize by the Centre for Process Innovation for their molecular level recycling process.

Taking a circular view of textiles is part of a wider strategy to get ahead of and even inform Enhanced Producer Responsibility (EPR), legislation being considered in the UK. Whilst this has been in place for several years in relation to batteries, electronics and packaging wastes, EPR will add to the cost of textile disposal for companies that do not yet consider circularity and recycling. Working with its partners, Stuff4Life, WRAP and directly in support of the UK Government Circular Economy Taskforce, Arco is showing how takeback, laundry, repair and re-logistics can be delivered seamlessly alongside PPE and workwear supply and ultimately how Arco customers can reduce liabilities associated with the old take-make-dispose model of supply.

The good news for Arco customers is that it is possible to reduce future liabilities now by purchasing products made from recycled materials and start to recycle them using simple schemes for recycling collection and improving circular operation over time by adding services such as laundry, repair and fully-circular recycling in at a later stage.

Arco Responsible Choice CT122 safety trainers - made from GRS certified recycled materials

Arco Responsible Choice range - designed for circularity

Circularity in Arco packaging

Circularity in packaging means different things to different Arco customers – whilst removal of single use packaging is a common concern ease of recycling is also a concern.

Arco takes a holistic view of packaging – its (light) weight carbon efficiency, circularity, overall impact on climate change and biodiversity and use of potentially harmful substances for instance in printing.

To guide our approach in this aim, we work closely with our suppliers to design-out negative environmental impacts but also focus our efforts to prevent packaging where it is not needed. Arco's packaging is designed to be made of simple (easy to recycle) construction using recycled and recyclable materials, whilst being minimally printed with vegetable inks.

Case Study

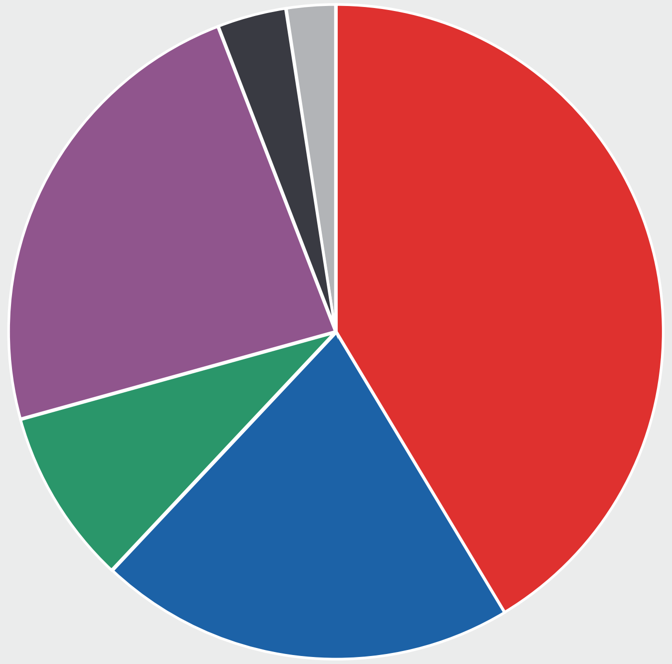
Using Life Cycle Assessment to determine more sustainable packaging options

Life Cycle Assessments (LCAs) are an effective and accurate way to determine the carbon footprint of a product, to help identify carbon hotspots in the product process. Arco suppliers, Hazel 4D uses this method establish carbon emissions of Arco's packaging.

In 2024, Arco commonly used a protective plastic pillow made up of 50% recycled plastic to protect products in transport to customers. Each roll of this product has a total carbon footprint of 17.25 Kg CO_2e, Arco's annual use of 960 rolls resulted in an annual carbon emission over 16 tonnes CO_2e with over 42% of this total emitted from the raw material production phase. Hazel 4D worked closely with Arco to identify low-carbon alternatives – ultimately completely removing this product from packing operations, resulting in over 16 tonnes CO_2e saving each year. Arco now uses alternative void fill materials (paper and card) or does not use at all where possible.

LCA impacts related to plastic void fill were as follows:

LCA impacts of Plastic film pillow manufacture, supply and end of life



Life Cycle Stage:

Raw materials **7.28** Kg CO_2 e

Transformation **3.53** Kg CO_2 e

Transportation **1.96** Kg CO_2 e

End-of-life **3.85** Kg CO_2 e

Packaging **0.32** Kg CO_2 e

Packaging end-of-life **0.29** Kg CO_2 e

Total (t CO_2 e) **17.25**

Safe Business – Our Targets and Performance

Our aim	Key Performance Indicators	Our FY24 Commitments	FY25 Performance	Our FY26 Targets
In support of our Ethical Trading Initiative membership and Responsible Business Alliance Code of Conduct, we will enhance visibility and management of sustainability risks and performance in our supply chain through direct engagement and audit	% (own brand) suppliers who we engage with in audit follow up or capacity building to support their performance improvement. % (own brand) suppliers who have been audited through third-party audit or audit undertaken by or internal audit team.	N/A	We engaged with 67% (own brand) suppliers via the SEDEX platform.	We will increase engagement of own-brand suppliers (+£150K threshold spend) to 90% by end of 2027. By the end of FY30, we will audit all own-brand suppliers (who exceed £150K spend threshold) against principles of the Responsible Business Alliance Code of Conduct).
	% sales at year-end which are from certified better sources, including GRS recycled polyester, better cotton (BC) and products containing 25% or more renewable materials.	We targeted year end 15% sales from better textiles ranges.	At year end, our performance was 15.2% from better textiles ranges.	We will target 18% sales from better textiles ranges in FY26 towards our 50% (carbon reduction) target achieved through our transition to Better Textiles (UK Textiles Pact).
We will agree (and work to deliver) a validated 1.5 degree aligned science based target (Scope 1+2 and Scope 3)	Science Based Target has been validated and in place (tonnes CO2e).	To establish baseline all Scopes carbon emissions and submit our target to SBTi for validation.	We submitted a target (42% reduction by end 2030) which was approved by SBTi.	We will reduce our emissions in line with this target (footprint reassessment to take place in Jan 2026).

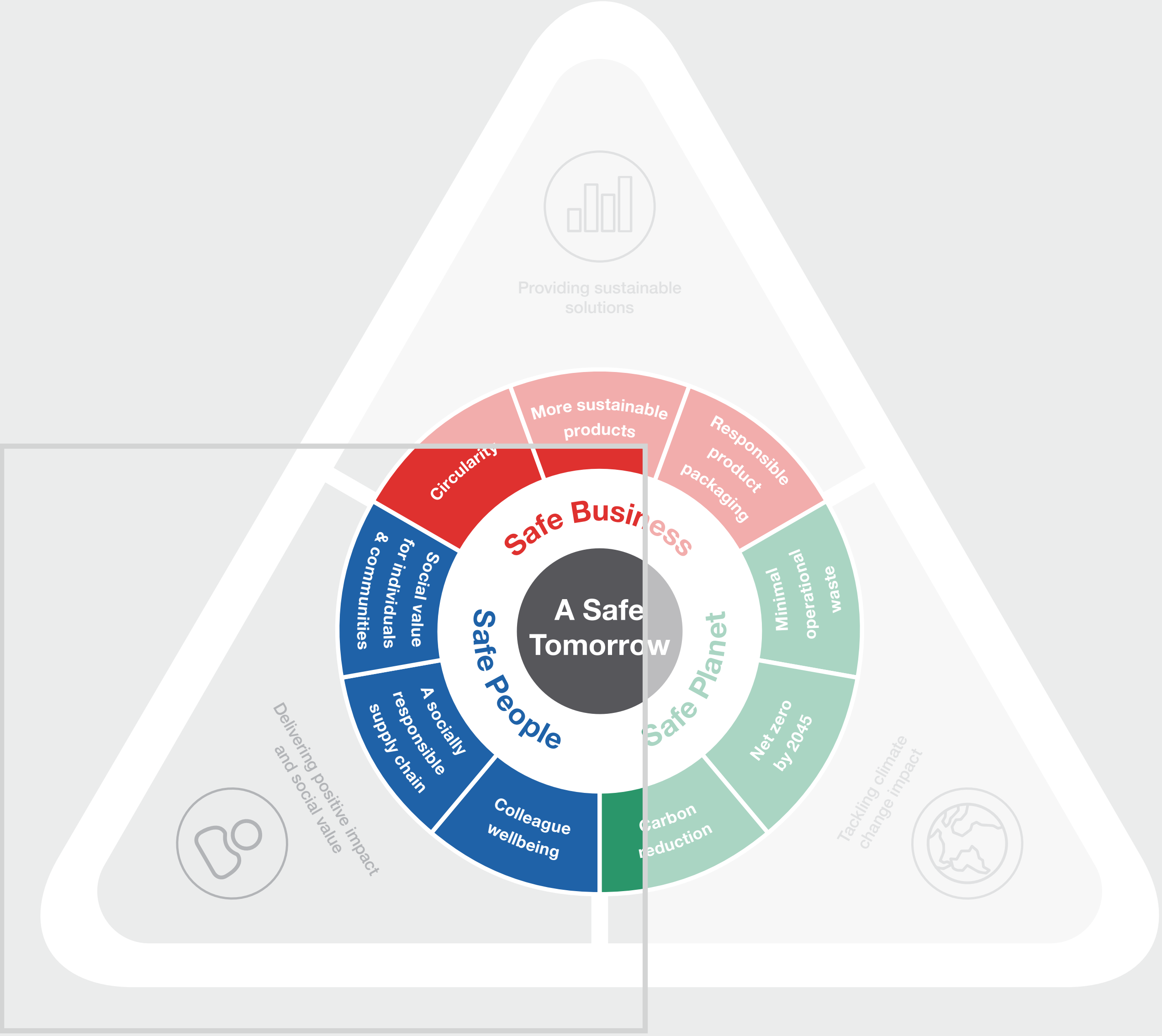
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

Safe People

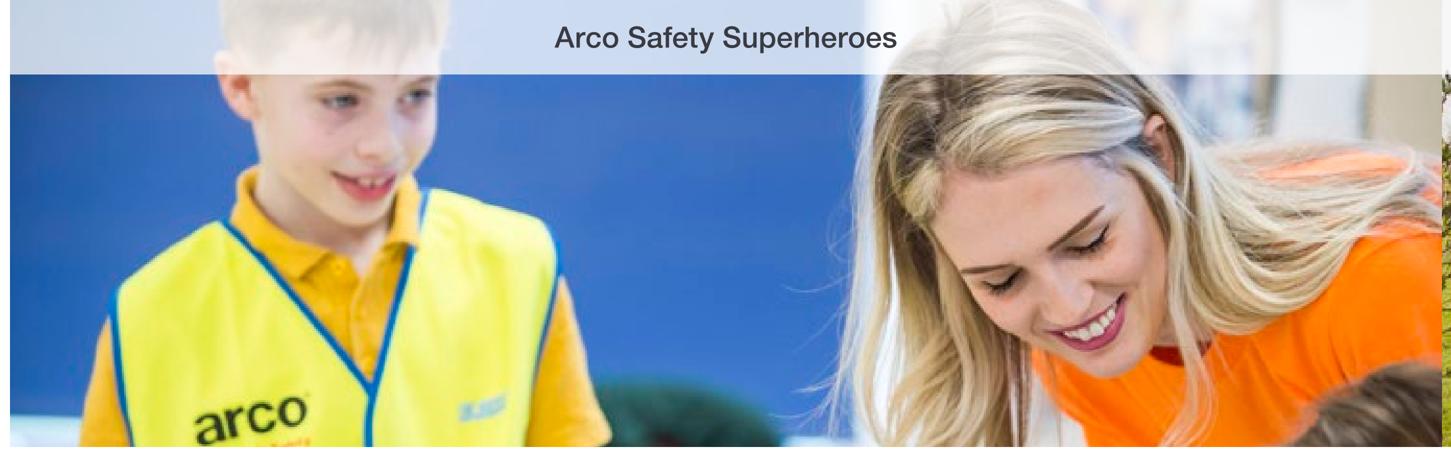
Delivering positive social impact across every community touched by our operations

Safe People - In summary

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.



Arco Safety Superheroes



Arco volunteering team - biodiversity project near Hull

Key Focus Area		Our Approach
Social value for individuals and communities	We're creating social value through community partnerships and by providing educational opportunities in local communities across the UK and overseas.	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 and living standards.	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.	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

Sector Leadership: Introduction from Guy Battle, CEO of Social Value Portal

The social value ripple effect

Social value is never created in isolation. True and lasting impact is a collective endeavour, achieved when organisations harness their extended enterprise, as well as the capabilities of their own people and those within their supply chains.

At Social Value Portal, we provide the rigorous framework to measure what matters. But real transformation happens through collaboration. By embedding social value principles into procurement, Arco can enable its partners to become agents of positive change — across the Humber region, the UK, and beyond.

This means prioritising suppliers who create local jobs, champion diversity and inclusion, and reduce environmental impacts. Together, these actions generate a ripple effect that strengthens communities and helps build a more resilient, equitable future.

Social Value Portal

Social Value

Whilst Arco is a long-established Hull business, we take a future-focused view of the social value we bring to our local community and those of our customers. We know that social value extends beyond simply volunteering and giving financial support. Whilst we continue to do this, we have the opportunity to make change through working with our supply chain, leveraging the skills we have to mentor individuals and small business and in the way we approach recruitment and support the career journeys of our people.

This year, we have distilled down a set of objectives which are closely related to our business purpose this helps us integrate social value thinking into our core business strategy.

We're cementing our existing partnerships that support learning and skills development in the community and have supported organisations and initiatives that help improve mental health. To help us with this task, we're proud to enter our third year of partnership with the Social Value Portal and have selected a set of social value measures which align with our purpose – keeping people safe.

In FY24/25 Arco colleagues donated over 2,200 hours of volunteering time to various organisations nationally.

We have seen a shift in the support we have been offering Voluntary and Community, Sector Enterprises (VCSE) and now have a combined approach of offering manual support i.e. maintenance work as well as more specialist business advice to those who need it. This approach has enabled us to equip VCSE's with the tools they need to be more sustainable service providers to those in need.

Hull based suicide prevention charity, Blossom, offer services to those who are experiencing poor mental health, offering a drop-in service, therapist appointments and signposting of other services. With current service times to see a mental health professional in the NHS being 5-6 months for critical care and up to a 1 year for non-critical, Blossom help alleviate some pressure from the NHS actively seeing people within one week or supporting in crisis situations where needed, supporting the government's plans to build an NHS fit for the future.

Arco partnered with Blossom after discussions with the charity highlighted their concerns whether they would be able to last further than six months due to lack of business systems and funding. Retail and Visual Merchandising Specialists visited the charity to offer advice on how to increase sales through one of their revenue streams and provided reduced pricing for items purchased for selling. Arco's Cyber Security Manager has also worked closely with the charity providing advice on more secure ways of working and cyber security training. Blossom will also be able to utilise discounts available from Arco vendors to further protect their systems. Arco colleagues have also supported with their hero event, the: Festival of Hope assisting with raising awareness of the event and sharing the mission of suicide prevention and wellbeing. Blossom was also successful in being awarded a grant of £500 to contribute to the charities running costs.

Amongst our volunteering activity, we have supported multiple educational institutions through mock interviews, careers fairs and safety workshops. We continued our partnership with technical college Ron Dearing UTC as well as partnering with Hull based charity the Children's University providing on-site immersive work experiences with children from deprived backgrounds to encourage socio-economic mobility.

Arco is committed to driving a more gender equitable society and with this in mind launched its first Empower Women Now mentorship programme back in March. A woman to woman mentor program designed to support women entering the workplace from education by facilitating personal growth, guidance and assistance with developing skills whilst working towards career goals.

"This invaluable programme is all about connecting our young women with inspiring professionals from Arco, offering crucial guidance that equips them with essential skills for navigating any professional environment.

Our students have embraced the challenge, proactively setting up their meetings, managing agendas and mastering professional conduct." – Lisa Regan, Assistant Principal.

The program lasted twelve weeks with many of the students committing to future sessions with their mentor.

Charity Partners

Our partnership continued with the Mental Health Foundation seeing us give 10% of profits from Arco own brand hard hats to the charity, contributing to the journey of better mental health for all. Through this initiative and employee fundraising we have raised over £22,000 for the charity contributing towards projects such as the Young Mums Connect Group which supports new mums navigating parenthood. We also launched a new partnership with Guide Dogs for the Blind, holding a natural affinity with Arco's ethos of keeping people safe, the collaboration was a logical and meaningful step forward. Reaching certain fundraising targets allowed us to name a puppy and future guide dog which was aptly named Arco. We are currently working towards naming a second puppy and hope to do this in FY26.

Donations

£78,000 was donated across 61 charities and community groups in various mediums from matched funding, colleague grants, external grants and product donations. As part of this £10,000 worth of laptops and IT equipment was donated to the Warren Project in Hull as part of their Tekatak program which uses company IT waste to up-skill attendees of the charity through the repair of the items. They are then able to keep the equipment, helping to bridge a potential technological gap that could prove isolating to those individuals.

The Safety Superhero workshop

Case Study

STEM (Science Technology, engineering and Mathematics) – Empowering Women

Our Head of SHE, Jo Heselton signed up to Arco's partnership with Ron Dearing UTC for the EWN (Empower Women Now) woman to woman mentoring program and this year's IWD theme of Accelerate Action.

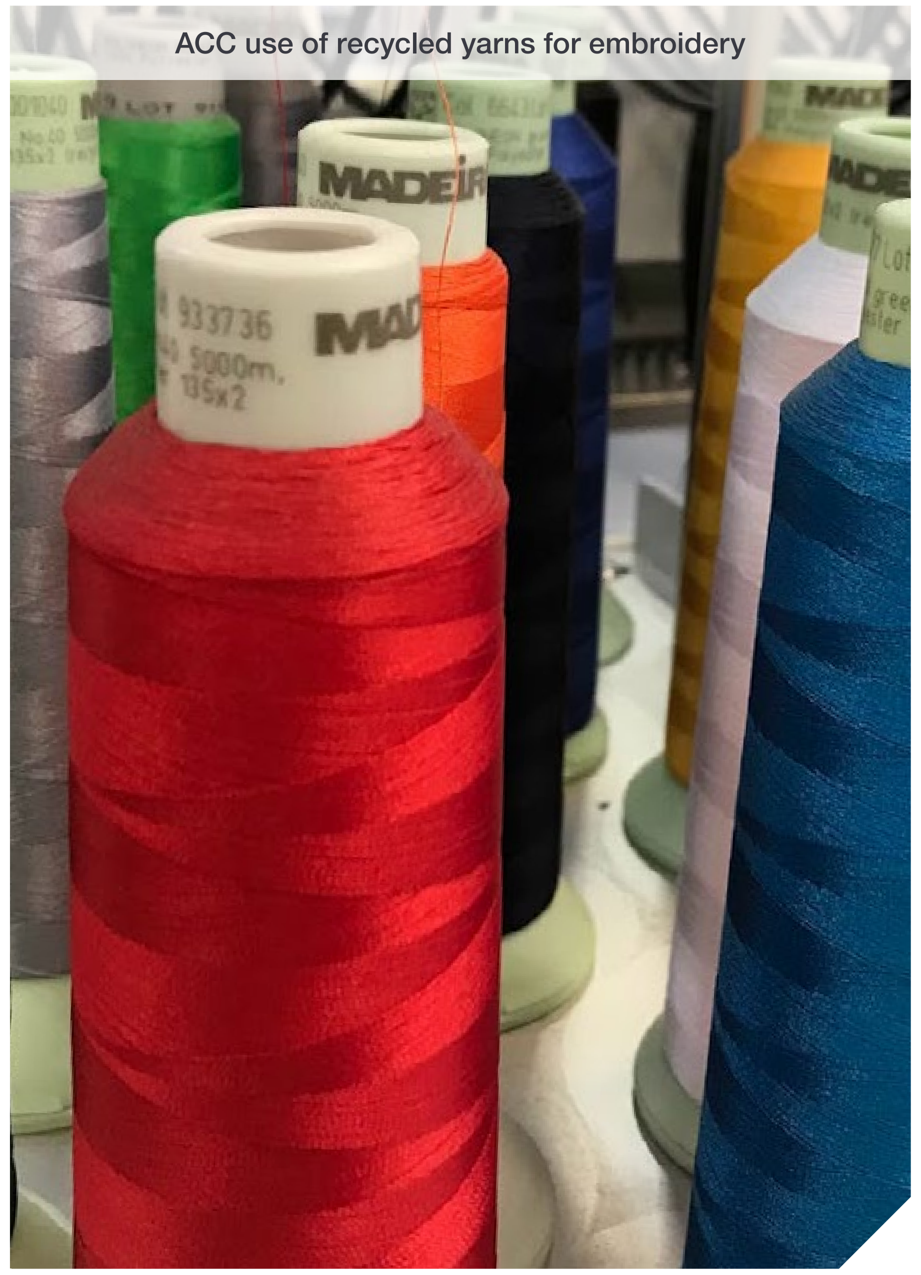
Female colleagues mentored a female student from RD UTC as part of a 12-week programme. The purpose was to provide insight from women in established careers in STEM based roles. Weekly sessions were set up to offer insight and guidance of real-life work experience. Arco are committed to creating a more gender equitable workplace and driving initiatives like this will continue to proactively offer leverage to under-represented groups by positive social impact. The sessions were part of the two days' paid volunteering that Arco offers every colleague. The purpose of the mentoring programme was to facilitate personal and professional growth for individuals by providing guidance, support and knowledge transfer from experienced mentors to mentees helping them develop skills, achieve career goals and navigate challenges through a supportive relationship. Jo was partnered with Ruby, (a year 12 student) who from a young age had been drawn to science and dreamt of becoming a doctor. Ruby has a passion for this field which grew stronger when she received a book about women in STEM. She was inspired by their stories and of their contributions which shaped science. Ruby was tasked with arranging the Teams calls, setting the agenda and leading the meetings.

I was very keen to support this programme to share some insight and to inspire future generations to achieve their goals. What I wasn't expecting was for this to be such a rewarding two-way experience. Ruby was organised, on time, prepared and committed to the programme and we quickly established a rapport, working through each week's agenda. She had such an appetite to learn, to listen and to debate. The agenda expanded to include an impromptu reading group where Ruby shared a book she was reading, so each week we would read a couple of chapters prior to our calls and then discuss – relating the content to work experiences and challenges Ruby might encounter within her chosen career choice: medicine, learning how to deal with challenges and professional confidence.

Jo Hesleton, Head of SHE

A socially responsible supply chain

Ethical supply and transparency in our value chain



ACC use of recycled yarns for embroidery

In a competitive market, value, swift fulfilment and of course, quality are crucial. However, at Arco, our primary focus remains on safety and ethical responsibility throughout our global supply chain.

We were the first safety company to sign up to the Ethical Trading Initiative (ETI), and over the past 17-years of our membership it has been central to our mission. Our own Xiamen-based audit team, allows us to work closely with suppliers to ensure safe workplaces, equitable labour standards, and the prevention of child labour.

This starts before a contract is awarded and is enforced through a strict supplier code of conduct, audited by both independent specialists and our own social audit team.

We have seen that these ethical practices lead to tangible business benefits, including fewer accidents, reduced labour disputes, and a more reliable supply chain.

Today, reporting corporate memberships is not enough. As members of the Supplier Ethical Data Exchange (Sedex), we gain deep insight and assurance across almost £300 million of annual product sourcing. Furthermore, we are proactively mapping our supply chain against modern slavery risks identified by the Global Slavery Index to eliminate labour rights violations. Our processes and those of our suppliers are subject to audit as part of an independent process known as the Labour Standards Assurance System (LSAS), which considers ethical labour standards of suppliers for the NHS Supply Chain.

Building an Equitable Future, Together: Committing to fair pay

An ethical and sustainable business is built on a foundation of fairness. That's why our commitment to paying the Real Living Wage is non-negotiable. It's our pledge to value the well-being of our colleagues, ensuring their compensation supports a decent standard of living, not just the legal minimum.

We believe in nurturing talent at every level. We proactively adjusted supervisory pay to honour their critical role, and we ensure that entry into our organisation through apprenticeships or graduate schemes is never barred by socioeconomic background. We pay our earliest-career talent fairly because opportunity should be open to all.

This is a dynamic promise. Each year, we align our compensation with independent external benchmarks, ensuring our rewards are not only fair but also fiercely competitive. This is how we attract, retain, and empower the exceptional people who drive our success.

Safe People – Our Targets and Performance

Our aim	Key Performance Indicators	Our FY24 Commitments	FY25 Performance	Our FY26 Targets
What we do in sustainability will be a differentiator to those who work for us, and those we'd like to attract.	We have adopted people measures linked to diversity and inclusion.	We will publish baseline people measures at the end of FY25 and set targets at this time.	We are still working to baseline our performance in this area.	We will produce a baseline figure and establish targets in response to this.
We are genuinely invested in our communities and will shape recruitment towards under-represented groups.	We measure this using formal social value indicators we have adopted as part of Arco's social value strategy (NT16, NT8, NT10 and NT29).	We will increase our total social value generated from the baseline of £138,705.	Our social value generated was £200,012* (*note that we have extended the list of indicators that make up this total following agreement of our social value strategy)	Using NTs – 6,8,10,29,91,98,100,15 and 28, we will increase our social value generated by at least 5%.
We will improvement the safety, wellbeing and mental health of all those that work for us.	We measure safety performance in relation to Accident Frequency Rate (AFR) and the number of RIDDORs.	Although we report safety performance, we did not publicly declare targets in this area in FY24. In FY24, our AFR was 2.37 and Riddors - 0.	AFR 3.62 (accidents per 100K hours worked) Riddors - 0.	We will reduce our AFR by 20% by 2030.
We can demonstrate a measurable impact on the quality of people's lives and the communities in which they live.	We measure this using a basket of social value indicators we have adopted as part of Arco's social value strategy.	We will formally adopt our social value strategy and increase social value delivered by 5%. In FY24, total social value generated was £39.3Million.	Our total social value generated in FY25 was £48.6 Million. We have included new measures of social value in this year's total, and this will act as a new benchmark for performance improvement.	We will increase by a further 5% total social value generated using indicators agreed as part of our adopted social value strategy.
In support of our aims to adhere to the Responsible Business Alliance code of conduct and our membership of ETi (Ethical Trading Initiative), we will uphold these standards in our business.	Using data from completed Arco's staff engagement survey: they agree with selected measures which reflect Arco's priority for i) Manger feedback ii) reward / remuneration iii) Social dialogue / freedom to express opinions and ideas.	We did not set a target in FY24.	We are yet to baseline performance for FY25.	By 2030, we will increase our scores (obtained through staff engagement survey) as follows: • My manager gives me regular feedback that helps me improve my performance = 85% • Reward / Fair deal = 65% • I feel I am able to speak openly about my opinions and ideas = 75%

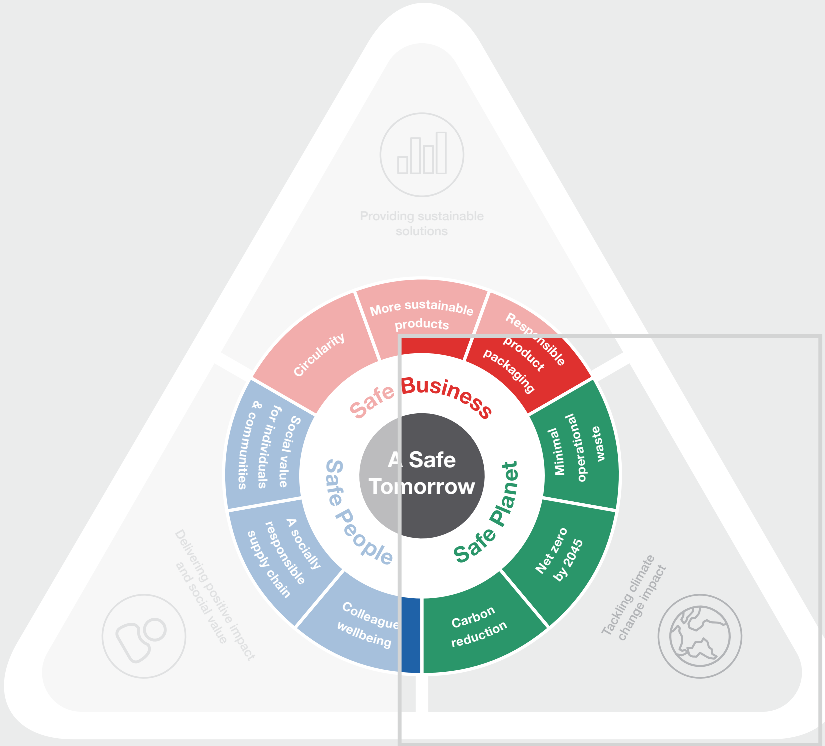
Safe Planet

Tackling climate change impact by reducing carbon emissions and minimising waste

Safe Planet - In summary

When we completed a detailed materiality assessment to help define our sustainability priorities in 2022, Arco customers issued a clear message to our business. Since that time, we have welcomed increased levels of customers support for new products and services which seek to deliver and reaffirm our Net Zero carbon commitment and form part of our recently validated science-based carbon target.

In November 2022, Arco attended the House of Lords event to launch the Humber's Roadmap for Industrial Decarbonisation and is proud to be able to drive and support low-carbon businesses generating new jobs and supplying safety critical products to those accelerating the move to offshore wind, generating low-carbon electricity and developing the region's low-carbon hydrogen economy.



Customer view

Balfour Beatty

Safe Planet - Katherine Rusack, Head of Responsible Sourcing, Balfour Beatty

Sustainability was a key consideration in our latest PPE tender, reflected in a 40% weighting within the technical envelope. Arco's submission demonstrated clear visibility of their supply chain, supported by a structured audit programme that incorporates both social and environmental criteria. Where gaps were identified, Arco worked proactively with suppliers to build capability and meet required standards.

In addition, Arco has invested further in its own product testing laboratory in Hull, enabling independent verification of PPE quality. This gives us confidence that the products supplied, meet our health and safety expectations and supports safe working conditions on site. We have found Arco to be a knowledgeable and thorough partner, committed to advancing sustainability within the PPE sector. Our procurement approach will continue to involve and will increasingly consider issues of transparency in sustainability, social value, low-carbon and circular solutions.

Key Focus Area		Our Approach
Carbon reduction	Reducing the Scope 1+2 emissions from our direct operations, improving energy efficiency and investing in our own sources of energy.	Improving energy efficiency of plant, equipment, vehicles and lighting we use.
Net zero by 2045	Reducing pollution to air	Reducing vehicle-related emissions by switching to electric vehicles.
Net zero by 2045	Reducing Scope 3 emissions	Improving accuracy of our Scope 3 emissions reporting and establishing low-carbon transition plans which relate to key carbon activities.
Minimising operational waste	Reducing packaging and other waste in our own operations and throughout our supply chain	Eliminating waste to landfill. Eliminating waste to incineration. Reducing packaging volumes and waste packaging.

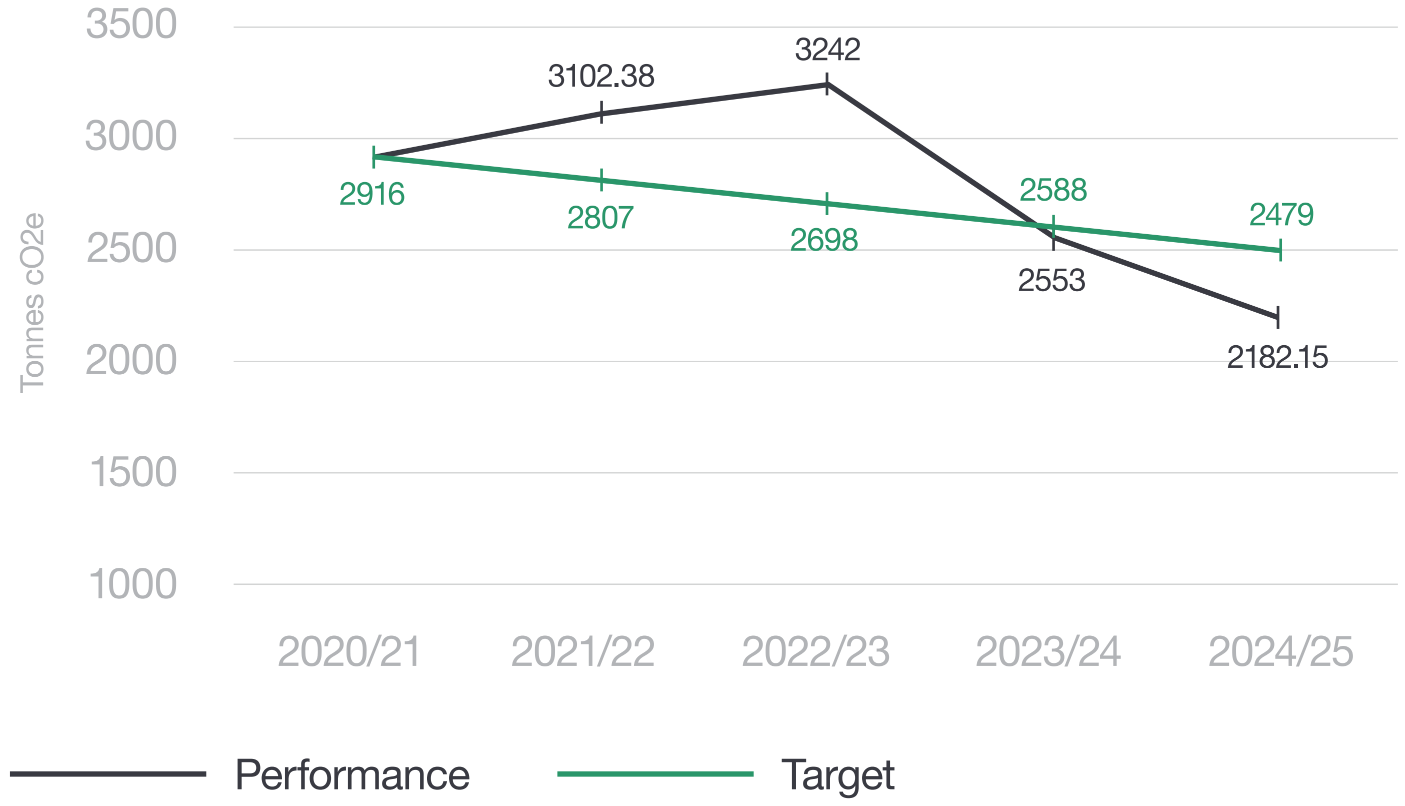
Reducing Arco Scope 1+2 Emissions

In FY25, Arco reduced its Scope 1+2 emissions by 15% (significantly exceeding its target of 4.2%). This ongoing reduction resulted from enhanced operational efficiency and property portfolio rationalisation. We continue to report Scope 2 emissions using market based emission factors where 100% of the energy supplied to all of our sites is 100% renewable electricity from a blend of generation sources.

Our energy carries the Carbon Trust label confirming that 100% of the electricity supplied is renewable, backed by certificates of renewable energy guarantees of origin. Emission factor compliant with the GHG Protocol Scope 2 guidance and to be used for the market-based method (Carbon Trust).

Over this time, Arco also generated 843 MWh using its own rooftop solar panels - equivalent to the annual energy used by 312 homes or 137 zero carbon electric vehicle miles around the earth. The low-carbon electricity generated saved Arco over £300,000 in electricity costs.

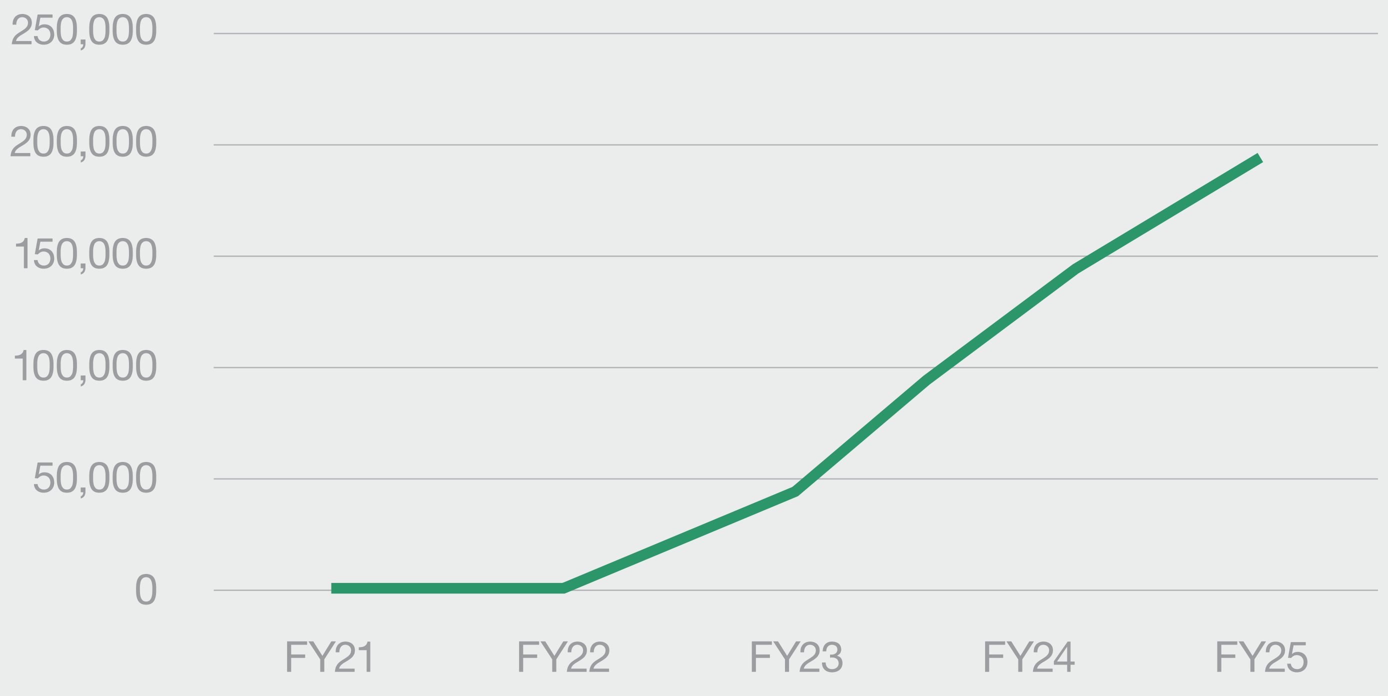
Arco Scope 1+2 baseline emissions reduction vs target
(calculated using SBTI corporate net zero tool v1.1)

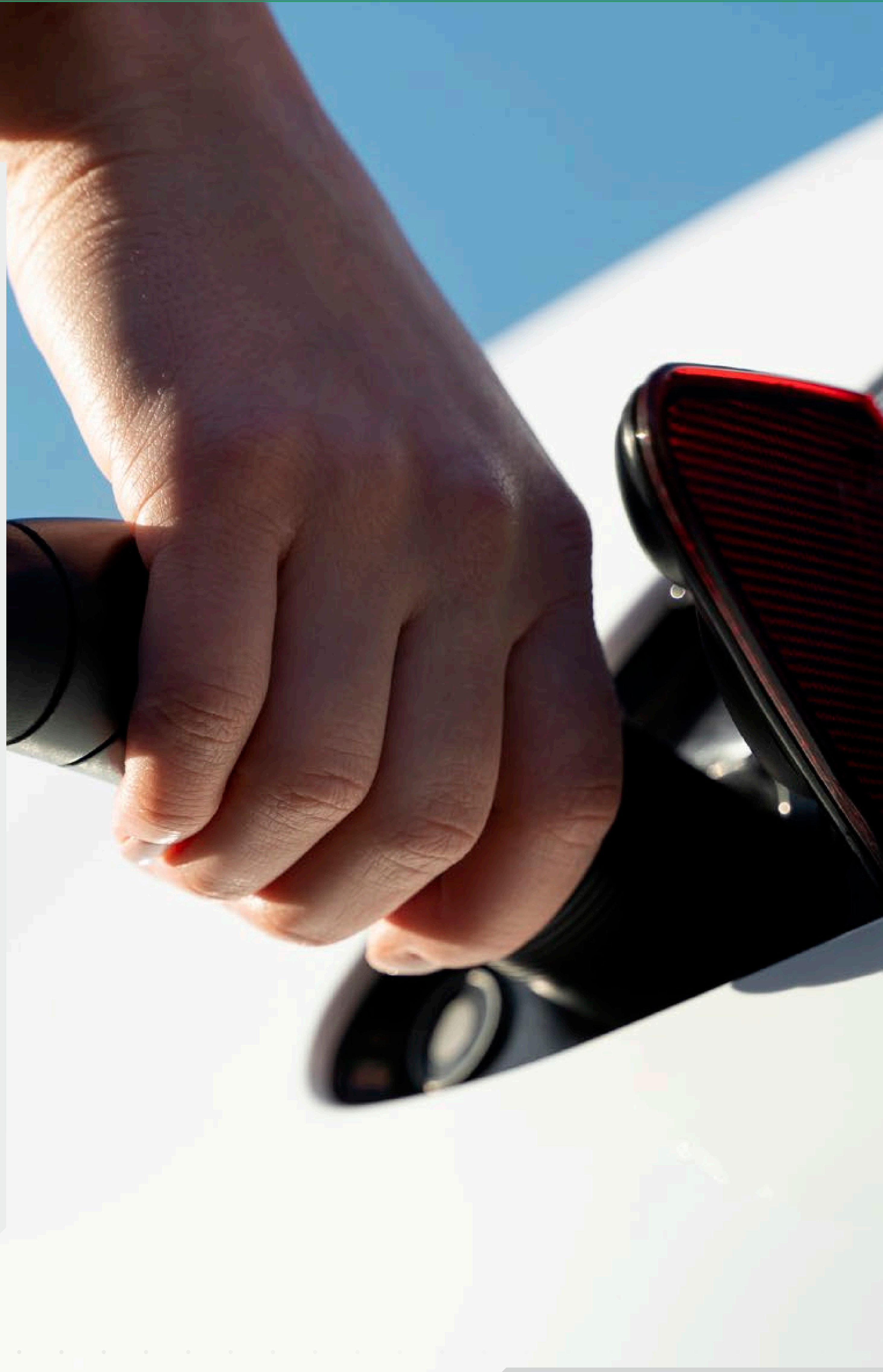


Fleet electrification - cleaner, low carbon driving

In the appendix to this report, we report location based emissions which reflect the average carbon intensity of the UK electricity grid and is from a range of renewable and non-renewable sources. We use location based emissions to report electricity used by electric cars and vans on Arco business. In the current reporting year, we recorded an increase of 44% in electricity used for powering business electric vehicles, which represents an accelerating move towards lower carbon emissions and driving in cities with fewer harmful particulate and nitrous oxide emissions in line with our pollution prevention objective.

Arco electricity use for EVs (Scope 2, location based)

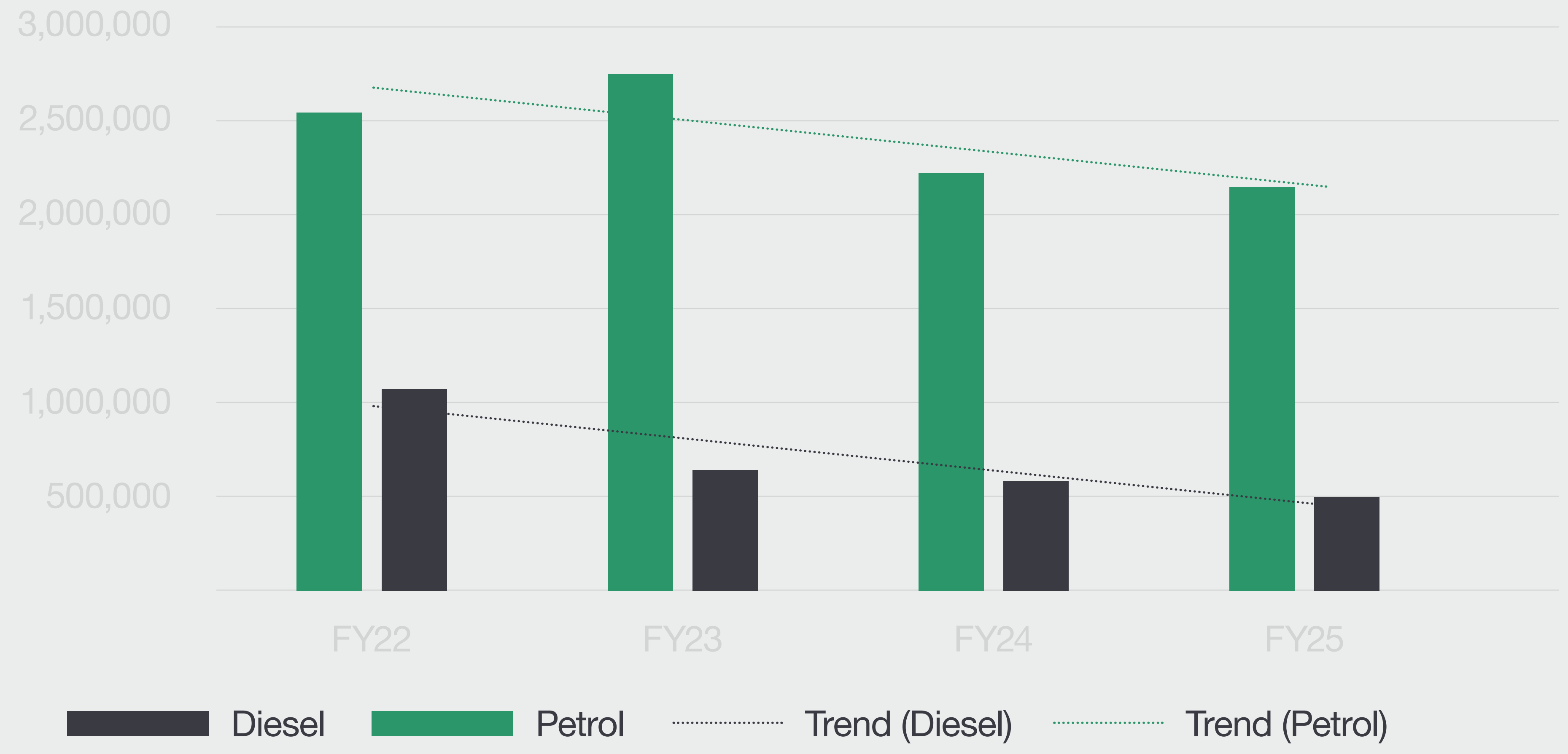




Use of fossil fuel-powered cars and vans

Whilst the share of mileage driven in electric cars increases, incentives such as EV salary sacrifice has supported reduction in the use of vehicle fossil fuels. Arco petrol use has decreased by 13% and diesel by 4% in FY25 (compared to FY24).

Petrol and diesel use (kWh per year)



Arco's investment in solar at its National Distribution Centre

Moving to low-carbon electricity to efficiently heat our buildings

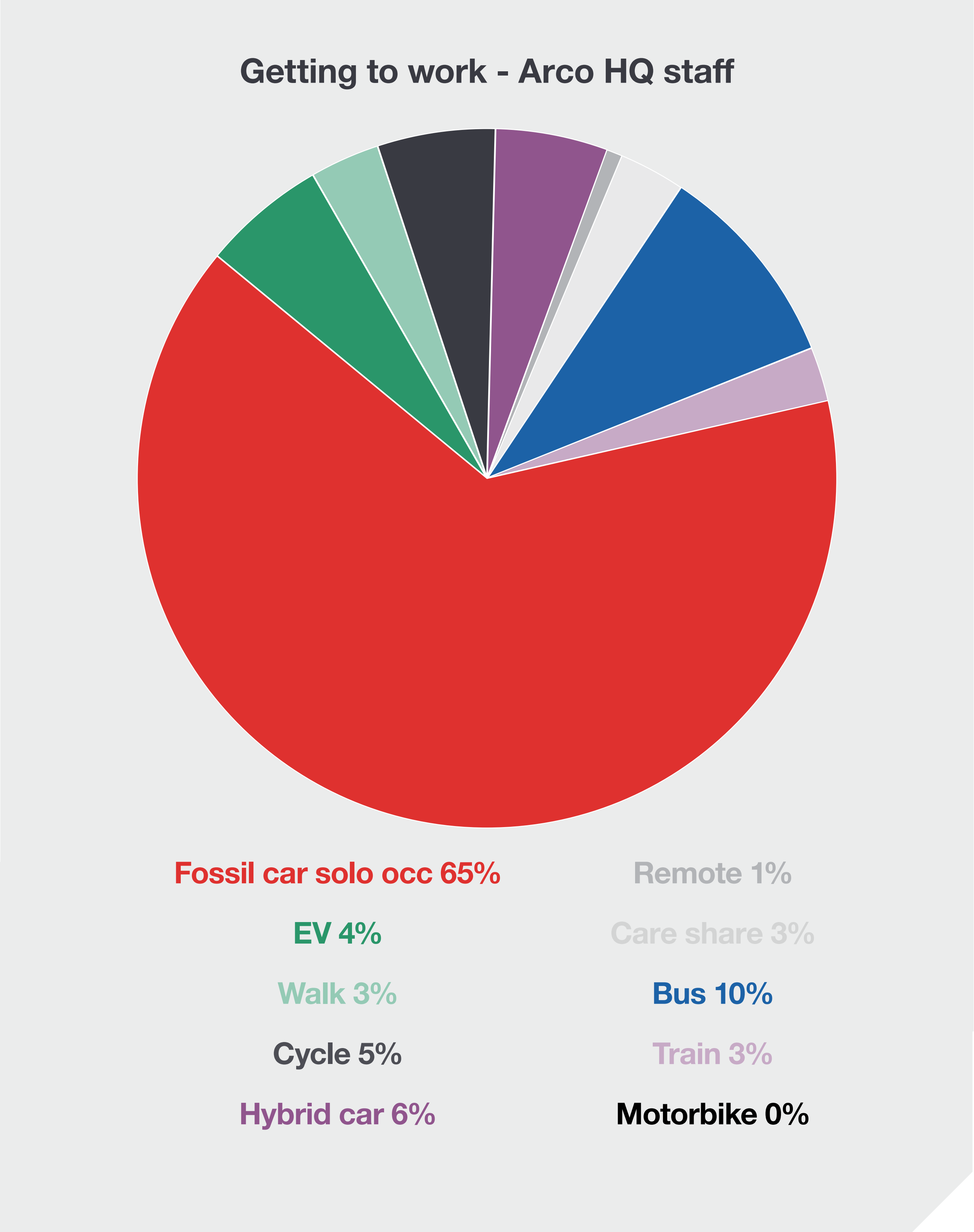
Although renewable sources of gas are available, where gas from crop residues or waste are injected to the UK gas grid, these are between 10% and 80% more expensive than fossil natural gas. Arco has sought to reduce its use of gas by focusing on ensuring that building management systems are operating effectively (this measure resulted in 3% reduction in gas related carbon emissions in FY25) and efficiency (Arco's Clothing Centre in Preston reduced gas use by 20%). Further reductions of gas at Arco NDC2 and at several smaller retail locations will be the focus of review and efficiency investment in FY26).

Arco receives a Modeshift Stars award from Hull City Council for success in developing green travel plan initiatives

The staff commute

In 2024, Arco received national certification for our workplace travel plan - which encourages and supports its workforce to walk, cycle and use public transport for their daily commute. Arco received a Good Travel Plan Bronze award at this time and has built on this success to better identify measures to reduce the impacts of fossil transport and to improve the health and wellbeing of those that work flexibly, walk or cycle to work. To better understand travel plans and to help us calculate the carbon footprint of our commute, Arco conducted a travel to work survey at our HQ in Hull and across our UK sites.

The survey identified that most travel alone by car to Arco HQ, however car-sharing, biking and walking to work were popular commutes. Almost a quarter of those surveyed said that they worked from home at least one day a week.



Introducing Arco's Science Based Carbon Target

A carbon emissions target can be defined as science-based if it is in line with the scale of reductions required to limit global warming to 1.5°C above pre-industrial levels. We are committed to accurately measuring our carbon footprint in 2023, we started to take action to reduce it across a range of previously unmeasured areas.

In February 2025, the Science Based Targets Initiative (SBTi) validated Arco's target, which commits us to reduce Scope 1+2 emissions by 4.2% by 2030) and Scope 3 emissions at the same rate.

Whilst it is arguably simple to consider measures such as electrifying transport, or replacing high-carbon gas heating with lower-carbon electric alternatives, most of Arco's carbon emissions are within the manufacturing of goods and services on a global basis.

Some products are made in parts of the world where there is still a high reliance on fossil fuels to power electricity generation, whereas commodities such as cotton, rubber, plastics vary considerably by geography depending on their source, efficiency of manufacture and even transport method to the UK.

Arco's opportunity to decarbonise at the rate required by our science-based target depends on our success in making new products, using recycled raw materials in areas where renewable energy is plentiful. Arco has long standing relationships with its suppliers and not only buys from suppliers who can demonstrate a low-carbon plan, but has started to design-out high carbon materials and methods towards this 4.2% year on year reduction aim.

Our baseline carbon emissions are summarised below:

Arco reports its carbon footprint each year in support of UK Company Reporting Guidelines.

We have extended the scope of our reporting this year to include all emissions, including those related to refrigerant gases used to top-up air conditioning, the impact related to products we make and supply, the energy used to transport these from their manufacturing locations to our distribution centre, business waste, commuting, use of and end of life disposal of products.

This exercise has shown that 98% of our emissions take place outside of the direct company boundary within our supply chain and relate to the raw materials we make our products from, the energy used to turn them into products and getting these to market. These are summarised in the table.

Emission type	Scope 1 emission tCo2e	Scope 2 emission tCo2e	Scope 3 emission tCo2e
Scope 1 Gas	1,266		
Scope 1 Diesel	480		
Scope 1 Petrol	60		
Scope1 LPG	2		
Scope 1 Gas oil	3		
Scope 1 Fugitive	26		
Scope 2 Electricity (LB)		1,224	
Sc3 Category 1 - Purchased goods & services			148,994
Sc3 Category 2 - Capital goods			245
Sc3 Category 3 - Upstream energy-related activities			586
Sc3 Category 4 - Upstream transportation & distribution			16,785
Sc3 Category 5 - Waste generates in operations			204
Sc3 Category 6 - Business travel			27
Sc3 Category 7 - Employee commuting			1,121
Sc3 Category 8 - Upstream leased assets (in S1 &S2)			
Sc3 Category 9 - Downstream transportation & distribution			
Sc3 Category 10 - Processing of sold product N/A			
Sc3 Category 11 - Use of solid product			122
Sc3 Category 12 - End-of-life treatment of solid product			749
Sc3 Category 13 - Downstream leased assets			2
Sc3 Category 14 - Franchises N/A			
Sc3 Category 15 - Investments			5
Totals	1,811	1,224	168,840
		171,876	

In order to stay within the 1.5 degrees of global heating agreed at the Paris 2015 (COP 21) climate conference, Arco submitted a proposal to reduce these baseline emissions by 4.2% each year over the ten year period – known as a near-term science-based target. Emissions related to textiles alone are responsible for over 40% of our carbon footprint, so reducing the lifecycle impacts of the textiles we make will remain our priority over this period. Over the next year, we plan to investigate and plan further reductions in upstream shipping, business energy, use and end-of-life of our products. As part of this plan, we will accelerate the speed with which we transition towards recycled and renewable fabrics, but will also consider the carbon costs of products, that are agriculturally sourced – (rubber, cotton, timber and leather) in support of land use change and biodiversity objectives.

Arco's 425,000 sq ft National Distribution Centre holds up to 40,000 pallets, fulfilling up to 10,000 orders a day, maintaining the company's excellent service to customers

Arco – A Zero Waste to Landfill Business

In FY24, we sent 70 tonnes of our waste to landfill, this year we have achieved our aim of sending ZERO waste to landfill and now recycle three quarters of our waste into new products. Less than one quarter of our waste is burnt to generate electricity and heat, and we recycled our waste food into almost 20 MWh biogas energy used to generate electricity

We continue to re-use inbound packaging at our clothing centre (to store and send outbound products) and in FY25, completely removed plastic packaging from us at our national distribution centre.

We now only use 100% post-consumer waste polythene to mail smaller orders, with the majority of customers preferring our FSC accredited (FSC Mix) cardboard transit packaging.

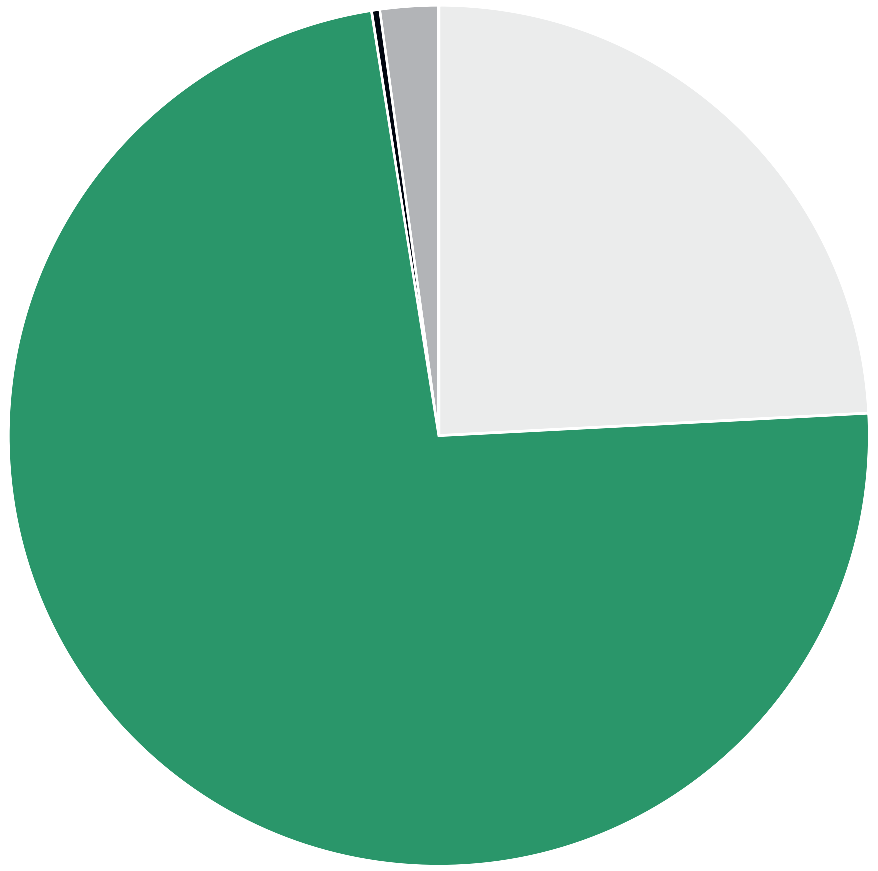
Single use plastics remain in the primary packaging, strapping and warehouse picking operations but we are progressively removing or replacing these with renewable alternatives or paper / card.

This year we will target the replacement of plastic strapping at our distribution centre and examine the option of paper based picking bags.

*The price of fast fashion. Nature Clim Change 8, 1 (2018). https://doi.org/10.1038/s41558-017-0058-9

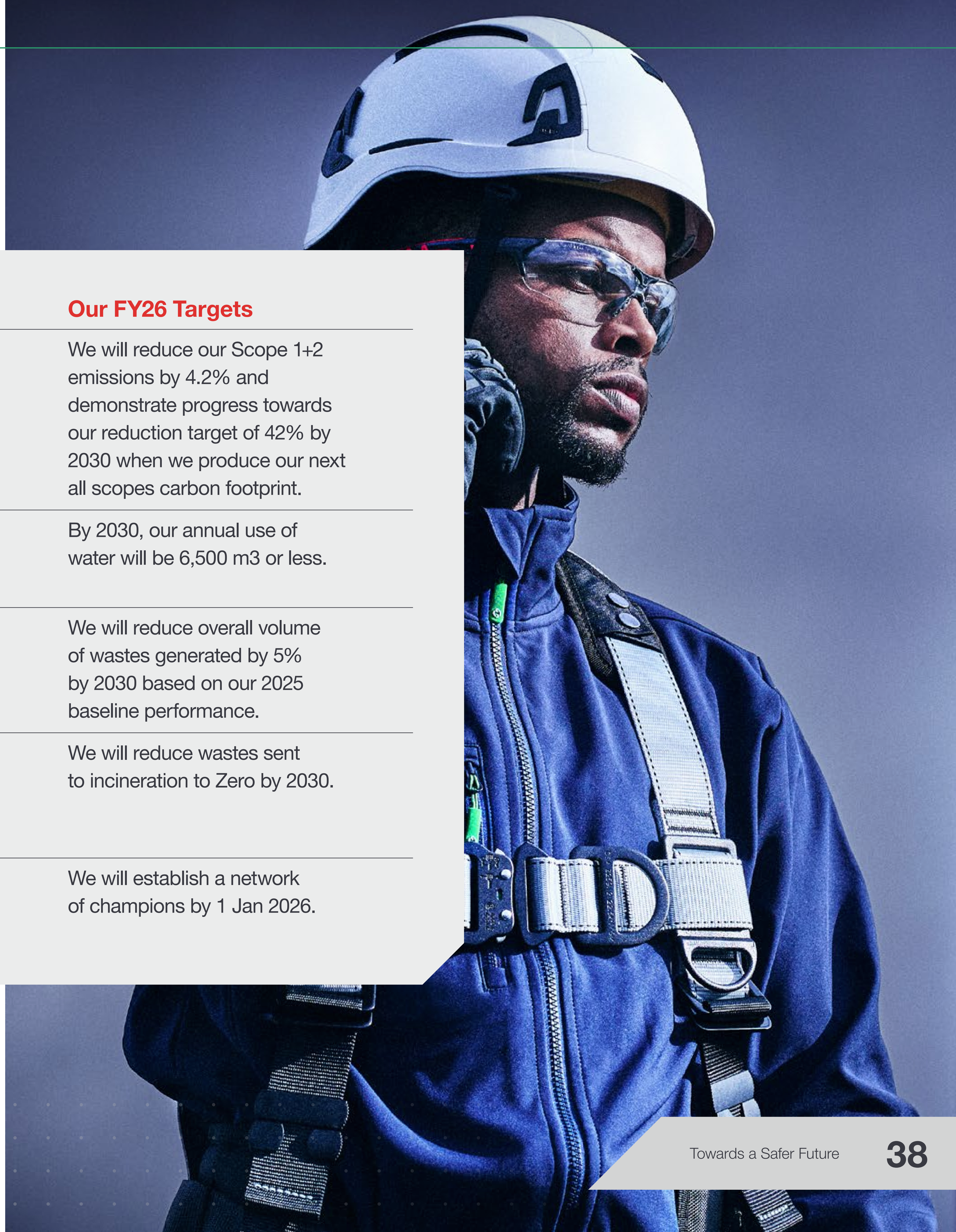
International Energy Association Conversions https://www.iea.org/data-and-statistics/charts/average-biogas-production-yield-by-tonne-of-feedstock-type

Arco operational wastes by fate FY25
(tonnes)



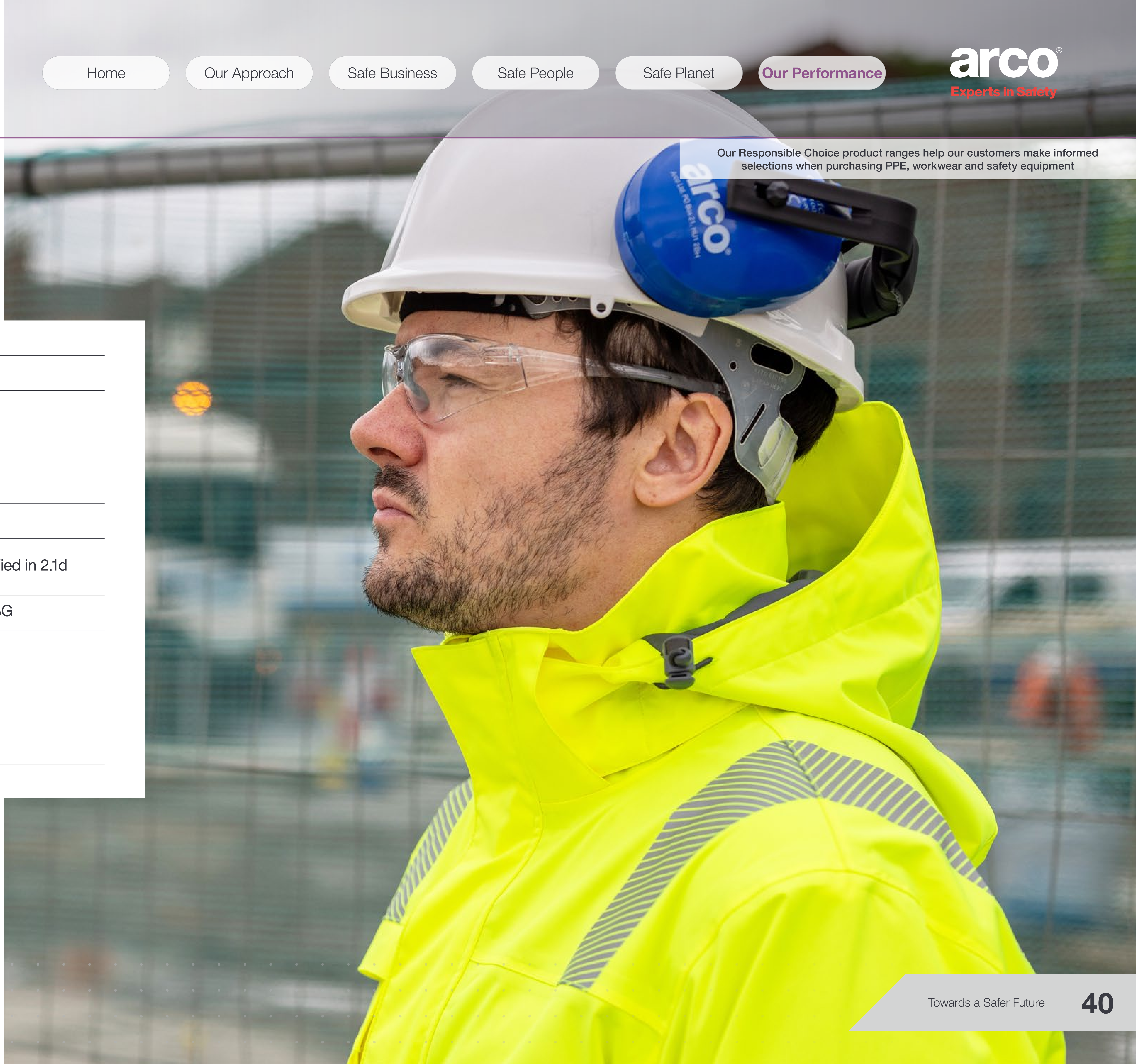
Safe Planet – Our Targets and Performance

Our aim	Key Performance Indicators	Our FY24 Commitments	FY25 Performance	Our FY26 Targets
We will be a net-zero business by 2045 and reduce our Scope 1+2 and Scope 3 (from Purchased Goods and Services).	CO2 emissions (Kg CO2e) in Scope 1+2 and Scope 3 emissions (Kg CO2e) calculated every two years.	We will reduce our carbon emissions from Scope 1+2 by 4.2% against previous year totals.	We have reduced our Scope 1+2 emissions by 14%.	We will reduce our Scope 1+2 emissions by 4.2% and demonstrate progress towards our reduction target of 42% by 2030 when we produce our next all scopes carbon footprint.
We will reduce use of water and production of wastewater in our own buildings.	Cubic metres of water used.	We will reduce water use and production of wastewater by 4.2%.	We have reduced our water use and production of wastewater by 13%.	By 2030, our annual use of water will be 6,500 m3 or less.
We will reduce the volume of our own waste.	Gross volume of operational waste generated.	Achieve a measurable reduction in waste generated.	We have reduced the volume of waste generated by 12.6%.	We will reduce overall volume of wastes generated by 5% by 2030 based on our 2025 baseline performance.
We will cease the use of landfill for our wastes.	Gross volume of waste sent to landfill.	Zero waste to landfill.	We have achieved our zero waste to landfill aim and now recycle almost three quarters of our waste.	We will reduce wastes sent to incineration to Zero by 2030.
We will develop a network of energy champions at our sites, able to help us reduce energy and water use.	Number of trained energy champions.	We did not target in this area in FY24.	We did not target in this area in FY25.	We will establish a network of champions by 1 Jan 2026.



Our Performance

Technical Summary – Global Reporting Initiative (GRI) Metrics



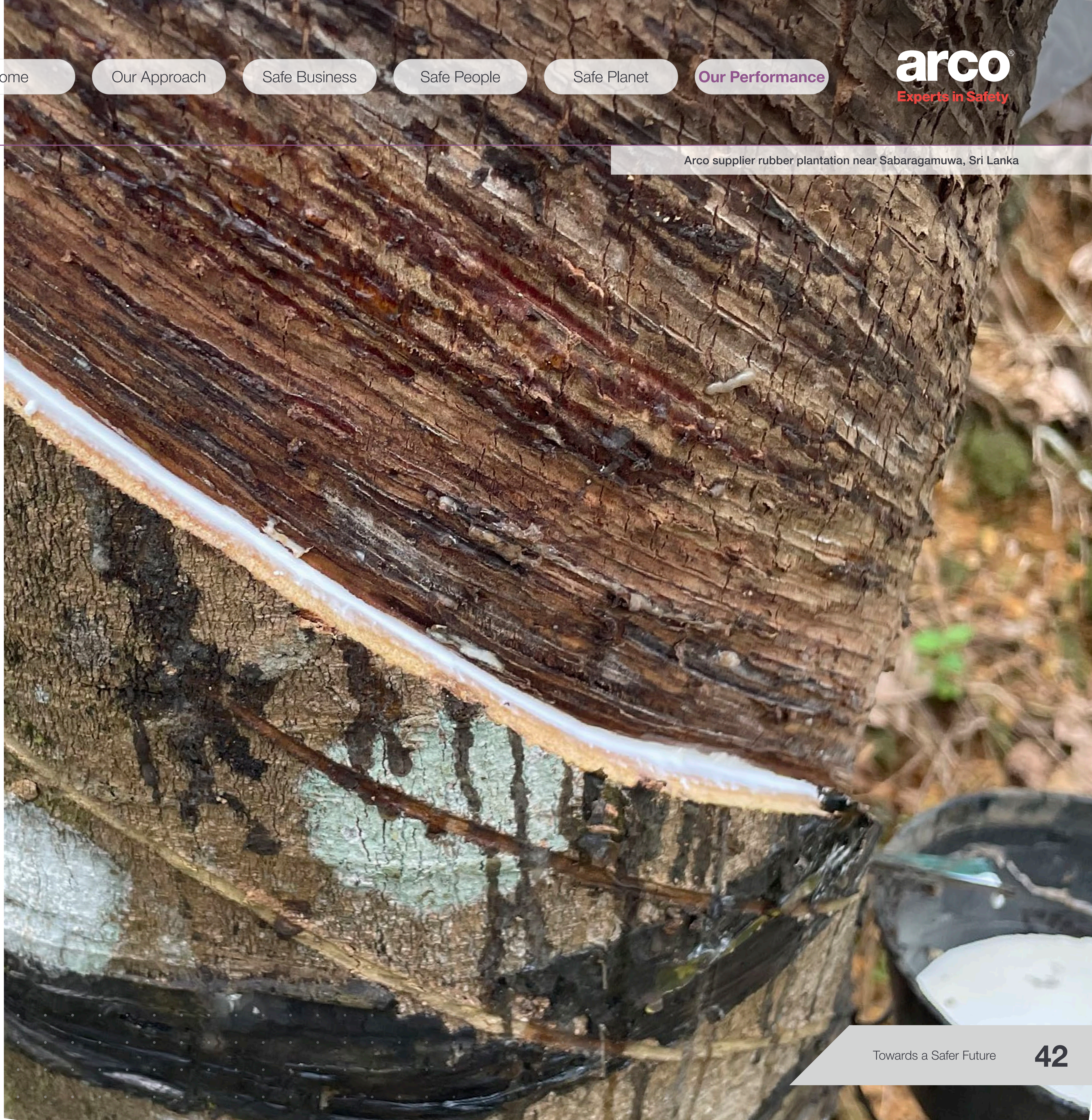
GRI 2: General Disclosures

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 2.1d
2.3a/b	Reporting frequency	Annual – reporting periods aligned for both financial and ESG
2.3c	Publication date	14th November 2025 to 11th November 2025
2.3d	Contact point for questions about the report or related information	Jim Harbidge Head of Sustainability jim.harbidge@arco.co.uk

GRI 2: General Disclosures continued

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, activities, 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	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. GRI 2.26 – Whistleblowing: Arco operates a policy, strategy and reporting framework that encourages whistleblowing which is backed up by a third-party whistleblowing service, Safe-Call. In the reporting period, we received two whistleblowing notifications within the Safe-Call system. 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.

Arco staff volunteering their time during a CSR day to help and support their community



Arco supplier rubber plantation near Sabaragamuwa, Sri Lanka

GRI 3: Material Topics

In 2020, we completed a formal materiality assessment of sustainability issues of relevance to our business and stakeholders, and reviewed this in 2023 and 2024.

The following issues were identified as high risk and therefore guides our strategy, selection of KPIs and GRI disclosures within this appendix.

- Ethical supply, environmental and social responsibility in our supply chain
- Carbon emissions – particularly those related to product lifecycle
- Product quality, durability and performance
- Safety and wellbeing in our workplace and those of our suppliers
- Circular management of (natural) resources used to make our products

Targets: We have adopted a validated Science Based target equivalent to 42% reduction Scope 1+2 and 42% Scope 3 (Purchased Goods and Services) – aligned to no more than 1.5 degrees planetary heating above pre-industrial baseline. We have offset our Scope 1+2 emissions in the current year but exclude in calculation of progress towards our carbon reduction target.

GRI-305 Carbon Emissions

	FY25	FY24	FY23	FY22	FY21
Scope 1 (t CO2e)	1,538	1,624	2,233	2,074	1,801
Scope 2 (t CO2e) **Location based**	645	929	1,009	1,029	1,115
Scope 2 (t CO2e) **Market based**	41.9	37.4	10.2	9.1	NA
Scope 3 (Cat 6 only)	137	146	152	97	7.5
Scope 1 Emissions Intensity (tCO2e / £Million sales)	5.45	5.63	7.42	6.74	4.51
Scope 2 Emissions Intensity (tCo2e / £Million sales)	2.29	3.22	3.35	3.34	2.79
Total Emissions (Scope 1+2+3)	2,320	2,699	3,394	3,182	2,924

Our total emissions of carbon dioxide (CO2e) have further decreased by 14% in FY25 and 21% since our baseline year of FY21, considerably exceeding our target.

Following a decrease in emissions from direct use of petrol and diesel of 19% in FY24, we have continued the downward trend in FY25, reducing this by a further 7%. Emissions related to staff travel (on company business) in their own cars (where the company repays mileage claims) reduced by a similar magnitude (6% reduction compared to FY25).

Scope 2 emissions are indirect, location-based emissions from the purchase of electricity. We do not use heat or steam. Scope 3 emissions currently reflect business travel only (Scope 3, Category 6). All emissions are independently assured to ISO14064-3 (Limited Assurance) by ESL Limited. Arco publishes the results of this assessment externally at https://esltd.co.uk/our-clients/verification/ The most recent certificate (FY24) is include here and will be updated by 12.6.2026 following independent validation.


Environmental Strategies Limited

Official Document

ARCO Limited

Carbon Inventory Verification (SECR)

Verification based on requirements of ISO 14064-3

1st July 2023 - 30th June 2024

Verified by Environmental Strategies Limited

January 2025

Selby Business Centre (Selby Times)
11 The Crescent, Selby, North Yorkshire
YO8 4PD

Selby: 01757 403113
Hull: 01482 841164
Email: info@esltd.co.uk

GRI-302 Energy Consumption (kWh)

	FY25	FY24	FY23	FY22	FY21
Arco total energy consumption used to calculate emissions (kWh)	12,684,712	12,554,771	13,669,243	15,978,984	14,324,231

Renewable energy generated

Arco site generated (MWh)	**Bracknell**	**Ecclesall**	**Linlithgow**	**National Distribution Centre**
FY25	82	102	30	629
FY24	-	-	-	100

GRI-306 (Water and effluent (m3))

	FY25	FY24	FY23	FY22	FY21
Arco total water use (m3)	7,022	8,105	10,465	11,500	12,648
Arco total effluent (wastewater disposed to public sewer)	6,671	7,699	9,941	10,925	12,016

We have reduced our water consumption in FY25 by 13% because of property portfolio rationalisation, investment in water saving technologies in washrooms and by using water use data to help us identify high use and potential sources of leakage.

Arco Headquarters Blackfriargate

GRI-306: Waste

	FY25	FY24	FY23	FY22
Total Waste Generated (tonnes)	549.9	629.29	1019.1	694.7
Landfilled	0	70.03	82.4	58.35
Reused	41.1	39.9	NA	NA
Recycled (including food recycled to anaerobic digestion)	405.7	497.9	755.3	571.8
Energy from waste	132.1	124.4		
Hazardous (treated)	1.7	50.1	59.4	41.4

In FY25, we have reduced our overall waste liability by 12.6% and no longer send waste to landfill.

P38 GRI-403: Occupational Health and Safety

We continue to be certificated to ISO 14001 – Environmental Management and ISO 45001 – Occupational Health and Safety. Both are internationally recognised frameworks for Arco to proactively identify and assess occupational hazards and risks, enabling effective control measures. These are frameworks supported by top-down commitment to ensure highest levels of compliance to legislation as well as conformance to other requirements.

Our core purpose of keeping people safe at work resonates throughout our business, not just through the services that we provide as Experts in Safety but also the continued development of our own positive safety culture to ensure the safety, health and wellbeing of all Arco colleagues.

Our suite of health and safety policies and procedures and safe working procedures provide our colleagues with the information they need to stay safe alongside a broad variety of health and safety training courses suitable for all roles and responsibilities. This includes the nationally recognised IOSH Managing safely and NEBOSH General Certificate as well as many other inhouse training courses, workshops and e-learning

	2025	2024	2023	2022	2021
Accident Frequency Rate (AFR) per 100K hours worked	3.62	2.37	2.90	3.01	3.06
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (2013) (RIDDOR)	0	0	3	2	4
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (2013) (RIDDOR)	12 sites (100%)	12 sites (100%)	12 sites (100%)	12 sites (100%)	12 sites (100%)

- AFR – our AFR for year end was 3.62 compared with 2.71 for the previous 12 months. Our AFR is a lagging indicator used to help Arco monitor its safety performance and unlike some businesses, this is calculated using all our Accidents which is divided by total number of hours worked and multiplied by 100,000. The HSE guidance is that reportable (RIDDORs) are used for this calculation but being a business which doesn't normally have RIDDORs, we didn't consider this to be a viable option for really deep diving preventing recurrence, preventing accidents and improving our safety performance.
- RIDDORs for the same reporting year – Zero. The last RIDDOR reported before this was reporting year 2022/23.
- Hazard and Near Miss reporting – Increased proactive reporting to 703 compared to 433 for same reporting period FY.
- Total accidents reported was 85 compared to 61 previous year.

GRI-405: Diversity and Equal Opportunity

	FY25	FY24	FY23	FY22	FY21
Gender pay gap median	3.96	5.0	17.4	7	6

Learning and Development

Average time spent in learning and development (FY23-FY25) by band / grade

	No. Colleagues in sample			Hours training		
	FY25	FY24	FY23	FY25	FY24	FY23
Apprentice	8	4	6	46	20.8	649
A	680	914	850	1690	2311	7182
B	280	397	347	4376	3386	5777
C	193	220	186	2699	1507	2560
D	89	115	105	1315	1125	938
E	17	18	14	224	94.3	54
Exec Member	6	8	3	90	11.9	5
Graduate	0	3	4	0	10.3	143
Non Exec	6	0	8	1	0	12
Female	568	749	691	3757	3498	7950
Male	716	940	836	6689	4985	877

GRI-406 (Sustainable Procurement and Arco Company Performance)

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.

Since 2023, Arco has engaged directly with suppliers in relation to risks across a wide range of concerns, including biodiversity, carbon reduction and the potential use of conflict minerals. The results of our enquiries are included in the table (GRI-406-1) below. Non-discrimination is embedded in the ETI Base Code in two key provisions. Provision 2.3 states 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”.

GRI-406-1 Performance in relation to Arco Supply Chain (GRI-406-1)

Measure	2022	2023	2024	2025	
Percentage of targeted own brand suppliers engaged on Supplier Pilot	43%	66%	86%	80%	55/69
Percentage of audited/assessed suppliers engaged in corrective actions or capacity building	84%	89%	91%	89%	86/97
Percentage of targeted suppliers that have gone through a CSR on-site audit	84%	89%	91%	96%	93/97
Percentage of targeted suppliers that have gone through a CSR assessment - questionnaire	16%	53%	62%	74%	72/97
Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	100%	83%	87%	91%	63/69
Percentage of targeted suppliers that have signed the sustainable procurement charter/supplier code of conduct	100%	83%	87%	91%	63/69
Percentage of targeted suppliers that engaged on conflict minerals issue	70%	50%	91%	91%	238/476
Percentage of targeted suppliers on Sedex	33%	56%	58%	67%	65/97

* targeted suppliers = own brand

69 Active Own brand Vendors 15.08.2025 97 Active Factories

Overall suppliers (where contact available & on Supplier Pilot) = 476

Reported incidents of discrimination

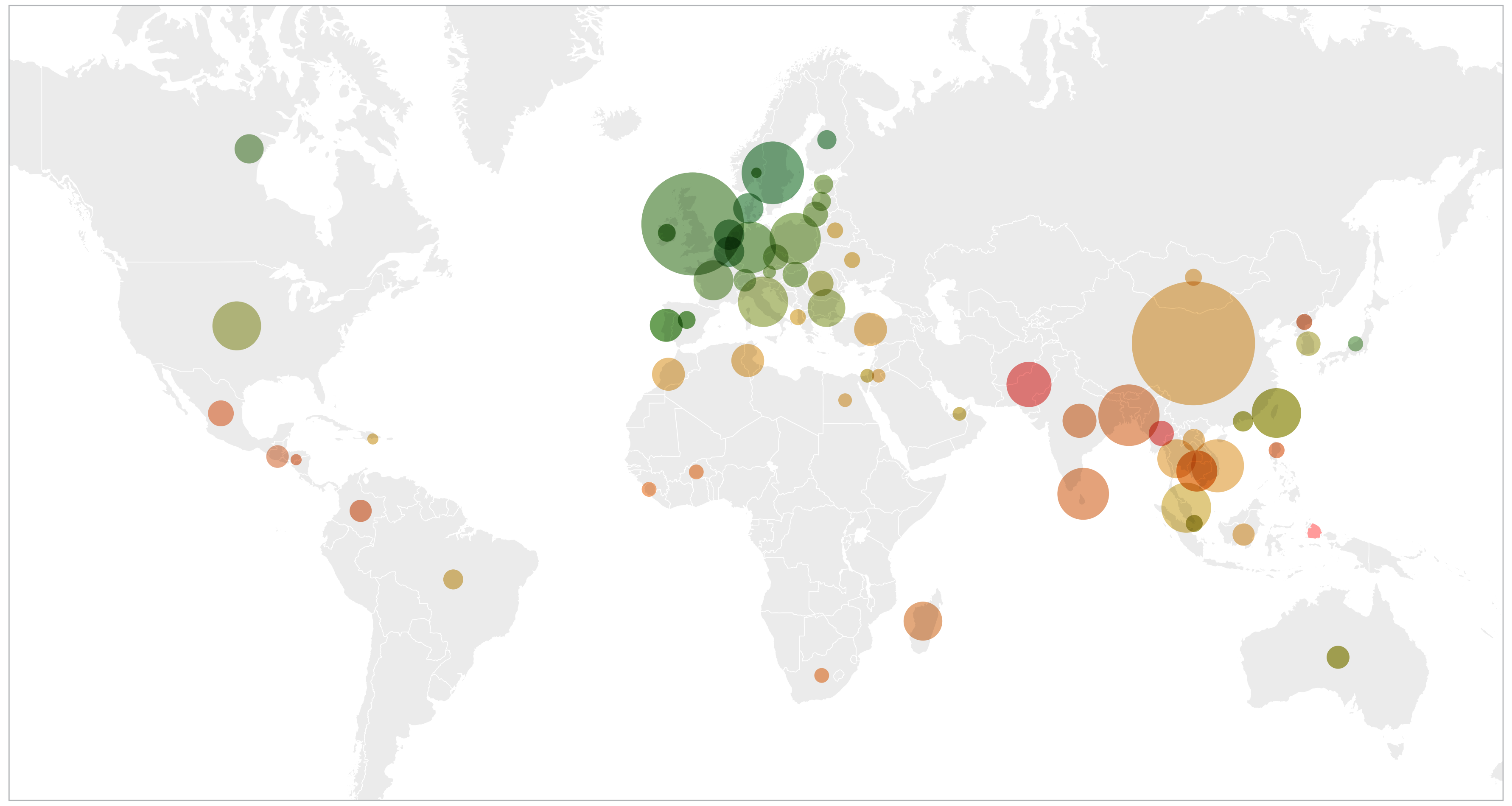
GRI index	Measure	FY25	FY24
406-1a	Total number of incidents reported in period	2	1
406-1bi	Incidents reviewed in period	2	1
406-1bii	Remediation plans being investigated	0	0
406-1biii	Remediation plans implemented and results reviewed	0	0
406-1biv	Incidents no longer subject to action	2	0

Acro National Distribution Centre, Hull

GRI-407 Freedom of Association and Collective Bargaining (Sustainable Procurement)

According to the 2023 Global Slavery Index (GSI), textiles and garments are among the products most at risk of being produced with forced labour. As a member of the Ethical Trading Initiative since 2007, Arco uses publicly available risk indices, including GSI's own platform, the results of independent third-party audits conducted in support of our SEDEX (Suppliers' Ethical Data Exchange) membership and enquiry of our own specialist audit teams to highlight risks and potential non-conformances against our supplier code of conduct which requires respect for freedom of association and the right to collective bargaining. We monitor potential risks in our supply chain using this index – which in turn guides our local audit focus and specific enquiry. We map global sales against the Global Slavery Index, the Global Rights Index, and Corruption Perception Index and offer customer-specific views of these to align with customer risk perspectives.

Arco FY25 Sales (size of circle) **vs Global Slavery Index Risks** (colour of circle)



Arco FY25 Sales (size of circle) **vs Global Rights Index Risks** (colour of circle)