

UNITED NATIONS GLOBAL COMPACT – COMMUNICATION ON PROGRESS

Company Name	Berendsen plc	Submission Date	20 January 2012
Address	4 Grosvenor Place London SW1X 7DL	Membership Date	27 January 2009
Country	United Kingdom	Number of Employees	Approximately 16,000
Contact Name	Chris Perkins	Sector	Support Services
Position	Group Risk Manager		
Telephone Number	0044 207 259 6663		

INTRODUCTION AND PROGRESS SINCE JOINING


This is our second Communication on Progress. We outline below the progress we are making with each of the areas covered by the United Nations Global Compact's ten principles, human rights, labour, environment and anti-corruption.

Berendsen plc became a signatory to the United Nations Global Compact on 27 January 2009. Participation in the Global Compact continues to provide us with a recognised and respected policy framework for our work on sustainability and corporate responsibility. Many of the markets that we operate in are continuing to demand contributors that are embracing the ideals outlined in the Global Compact's ten principles.

During 2011 we have made significant progress with the implementation of actions identified from our strategic review in the final quarter of 2010. This has included moving to a business line structure from 1 January 2012, rather than operating on a geographical basis as we have done in the past. That geographical basis has involved over 16,000 employees, working in 15 countries across Europe, with different cultures and languages, and different ways of doing business. In addition we have developed a new "One Company Vision and Values" programme which we have begun to roll out to all of our employees throughout the group, a task we target to complete by the end of July 2012. Although the vision and values are new, the spirit they represent has been part of Berendsen for decades. Our values of determination, caring, empowerment and teamwork will bring everyone in the company together, create an even greater sense of unity, and help ensure that our reputation for delivering world-class customer service continues to grow.

STATEMENT OF CONTINUED SUPPORT

As Chief Executive I commit Berendsen plc to continued support for the United Nations Global Compact in the coming year.

Signature		Name/Position	Peter Ventress Chief Executive
------------------	---	----------------------	---

OUR BUSINESS AND ITS IMPACTS

We continue to be a focused European textile maintenance business. Through our network of laundries and other production facilities we provide workwear, facilities, hotel, restaurant and healthcare textiles. We provide some direct sales and production. Our outsourcing business model is designed to allow our customers to focus on what they are best at. We provide tailored service solutions to source, clean and maintain the textiles and clothing that our customers need to keep their operations running smoothly. This allows them to free up capital and resources while we take advantage of our buying power, logistics systems and our considerable know-how to provide a more cost-effective service than would be provided by a typical in-house solution. We buy or manufacture ourselves the textiles that we provide to our customers. These are then rented to customers on contracts typically of at least three years and we then charge for ongoing laundry services. Contracts in the healthcare market may though be longer. Our customers vary greatly in size. Workwear customers are small or medium sized local businesses, or in some cases international organisations. Much of the service that we provide to the hotel industry is to large chains. Hospital Trusts make up much of our healthcare business.

The nature of our business dictates that the services we provide to customers have varying impacts on the environment, our employees and the communities within which we operate. These manifest themselves in varying degrees throughout the product and service lifecycle, including the following:

- The production and/or purchase of textiles, much of which is sourced from overseas, and as a consequence we are mindful of the importance of them maintaining appropriate labour practices;
- The washing, drying and packing of textiles at our plants where the use of water, energy and detergents are closely monitored within a programme of reduction;
- Many of our employees work in our plants with industrial laundry machinery and equipment so we recognise the importance of providing them with a healthy and safe working environment;
- Continually reviewing the routing of delivery vehicles to our customers to ensure the most efficient use of our fleet resources and fuel; and
- As our operations recruit where they can from their local communities, and many of our plants are in suburban areas we recognise the importance of maintaining a strong local reputation.

Our customers demand that we provide the highest standards of products and service; they require us to source the products that they need, providing the highest standards of cleanliness. Increasingly we need to be innovative and flexible, whilst maintaining high standards of reliability and timeliness of delivery. We continue to focus on maintaining excellent operational standards both in our laundries and within our distribution network. We recognise that our customers and our own people demand that we comply with all appropriate employment standards, in all the countries within which we operate.

We have identified a number of our businesses as “core growth” areas. Others we “manage for value”. Each of these businesses’ contribution to our total group revenue in 2010 was as follows:

	% of 2010 Group Revenue
CORE GROWTH	
WORKWEAR <ul style="list-style-type: none">• Managed supply of dedicated garments;• Fitting and selection advice; and• Automated dispensing solutions.	33%
FACILITIES <ul style="list-style-type: none">• Mats;• Washroom; and• Cleanroom.	13%
UK HOTELS AND RESTAURANTS <ul style="list-style-type: none">• Managed linen supply;• Product innovation;• Workwear supply and chefwear; and• Restaurant textile services.	20%
UK HEALTHCARE <ul style="list-style-type: none">• Managed linen supply to hospital wards;• Sterile textiles supply to operating theatres; and• Supply of single use textiles, dressing packs and sterile consumables.	
MANAGE FOR VALUE	
HOTELS OUTSIDE UK	34%
HEALTHCARE OUTSIDE UK	
CLINICAL SOLUTIONS AND DECONTAMINATION	

Our businesses operate from in excess of 120 plants in 15 countries across the UK and Northern Europe.

LABOUR AND HUMAN RIGHTS

Our Policies

Our Human Resources and Employee Policy outlines our appreciation of our responsibility to our employees, and the importance of creating and maintaining a working environment where the basic rights of all employees are recognised. Our employment procedures continue to be guided by the following principles:

- Non-discrimination between employees or potential employees and equal opportunities for all;
- Recruitment, promotion and development of employees based on each individual's aptitude, abilities and skills;
- Provision of suitable training according to role and responsibilities;
- Employee pay that meets at least national minimum standards;
- Excessive hours not being encouraged;
- Effective communication with our employees;
- Acknowledgement of the right of any employee to join a trade union; and
- Non-tolerance of victimisation, sexual or other harassment or bullying.

We continue to maintain a whistle-blowing system in all of the countries in which we operate, whereby our employees can raise any concerns in confidence, which cannot be dealt with through their local management team. Any calls received are diligently followed up and appropriate action taken where considered necessary.

Of course we acknowledge the importance of supporting and respecting the protection of internationally proclaimed human rights and having in place procedures designed to ensure that we are not complicit in human rights abuses.

We still believe that our greatest risks associated with human rights relate to our use of overseas textile suppliers. Our Group Ethics Policy requires all of our businesses to continue to seek confirmation that our suppliers, and in particular our overseas textile suppliers, are adopting appropriate labour practices including a fair and honest approach to their own employees and anyone with whom they trade.

Our Health and Safety Policy recognises this as an operational priority and that it is the responsibility of local management to:

- Maintain healthy and safe working conditions for all of our employees and others, including customers that come into contact with our business;
- Ensure that adequate and effective arrangements are put in place to manage health and safety and to comply with all legal and regulatory requirements;
- Design local safety systems ensuring that adequate resources are made available for their implementation, that specific responsibilities have been delegated to appropriate personnel and that compliance is being monitored;
- Make all employees aware of health and safety regulations and procedures that are relevant to their position;
- Provide all employees with appropriate health and safety training depending upon their role and responsibilities; and
- Continually review standards of safety and make improvements where necessary.

What have we done and what we plan to do in the next year?

Overseas textile suppliers

During 2011 we once again completed a detailed review of the extent to which our major overseas textile suppliers confirm their adoption of appropriate working practices relating to human rights, freedom of association and collective bargaining, child labour, compensation, discrimination and how they are working against corruption.

As in 2010 we used a web-based solution to obtain these confirmations. The results of this survey in 2011 were as follows:

Total number of suppliers	309
Suppliers with appropriate code of conduct in place or who otherwise satisfied us that they complied with our requirements	233
Suppliers requested to complete web-based survey	61
Suppliers removed from supplier list	15

We will continue to carry out this exercise annually going forward, although we will be looking to reduce the number of suppliers with whom we do business in the coming years.

Our two main sourcing business units are based in the UK and Sweden. They both continue to visit our overseas textile suppliers in order to obtain further assurance that appropriate working practices are being adopted. A total of 19 such visits were made in 2011. Where any issues are identified these are discussed with local management and actions are agreed to make improvements where considered necessary. Visits to overseas textile suppliers will continue to be made in 2012 and beyond, including visits by the Business Social Compliance Initiative (BSCI).

Maintaining a motivated, healthy and safe workforce

Our employees are at the heart of our business and their motivation, health and safety is a fundamental element of our strategy.

One of our key strategic objectives is to improve financial returns by leveraging operational efficiency. Our senior management teams are continually striving to advance operational excellence, motivating our employees who, through their continued efforts, drive our success. We therefore recognise that maintaining the strength of our management teams is very important in delivering the standards that our customers require and expect.

Our Incident Reporting System requires that all major injuries, significant near misses/dangerous occurrences, and cases of any occupational disease are reported upwards through the organisation. The Board receives information three times each year on health and safety, including details of all reported incidents, as well as incident statistics, including major injury rate. Major injury rate statistics reported to the Board in October 2011 were as follows:

<i>Region</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>8 months to 31 August 2011</i>
UK and Ireland	0.42	1.07	0.89	0.66
Nordic	0.19	0.58	0.39	-
Continent	0.40	0.58	0.45	0.48
Group	0.37	0.87	0.70	0.51

The major injury rate for the year to 31 December 2011 will be reported in our 2011 Annual Report and Accounts.

The reporting and monitoring of all health and safety related incidents will continue into 2012 and beyond, including regular reporting to the Board.

THE ENVIRONMENT

Our Policy

We continue to acknowledge the importance of our business units supporting a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility, and encouraging the development and diffusion of environmentally friendly technologies.

We remain committed to protecting the environment both through our own actions and also by working with our suppliers. Our environmental principles are consistent with those of the European Textile Services Association, which represents and promotes the textile rental services sector in Europe. Through the communication of our own Group Environmental Policy we actively promote awareness in our business units of the need for:

- Lower water and energy consumption;
- Use of environmentally friendly washing detergents and packaging materials;
- Minimisation of distances travelled when making deliveries;
- Re-use or recycling of textiles; and
- Targeted staff training on environmental issues and housekeeping.

To complement the adoption of these principles our business units specifically focus on:

- Researching with suppliers ways to minimise the amount and concentration of detergents used in our laundries and disposed of in effluent, and opportunities for low temperature washing;
- Routinely recovering water for re-use;
- Minimising heat, energy loss and fuel usage;
- Regularly reviewing vehicle routing to ensure the most efficient use of fleet resources and fuel; and
- Recycling textiles, paper and packaging materials wherever this is possible.

What have we done and what we plan to do in the next year?

CO₂ Emissions

Since August 2010 our business units have been measuring and reporting their Scope 1 and 2 CO₂ emissions analysed between laundry and other sites. These emission measurements are calculated using the GHG protocol methodology and each country's local conversion factors and are further analysed between the different utilities used, such as oil, gas, electricity and diesel/petrol. At the outset the quality of the data collected was very inconsistent although it has improved significantly since.

The group's CO₂ emissions for the year to 31 December 2011 will be reported in our 2011 Annual Report and Accounts. We are starting to investigate how we can set appropriate emission reduction targets for our businesses going forward, using 2011 as a base year.

Lower water and energy consumption

We remain particularly focused on continued reduction in our consumption of water and energy. Business units continue to invest in new technologies and plant and equipment where the financial savings are considered to be sufficient and the payback period appropriately short. These investments typically include water recovery and recycling systems, technologies to recover heat and energy from driers and boiler exhaust gas, technology that monitors drier temperatures to optimise drying time, and recovery of high pressure steam. As stated in previous years, where opportunities are identified to make further savings, investments will continue in 2012 and beyond. There is additional expenditure that we incur on other initiatives which also reduce our water and energy consumption but as a side-benefit.

We continue to use local plant performance indicators that measure our usage of water, electricity, chemicals and oil/gas compared to kilogrammes of textiles washed. These performance indicators are designed for business unit management's benefit as we think that the factors that influence usage rates are better managed locally. As a consequence these indicators are not consolidated into regional or group measurements. Each individual plant and each business unit as a whole will continue to agree usage targets for each month and year, against which they report on an ongoing basis.

ANTI-CORRUPTION

Our Policy

Our Group Ethics Policy states that we are committed to operating within the law of each and every jurisdiction in which we operate and to the highest ethical standards. We recognise that this can only be achieved with the continued integrity and commitment of our employees. The policy identifies key principles that should be adopted by all employees which include not accepting or offering anything of value in the nature of an inducement, facilitation payment or bribe.

What have we done and what we plan to do in the next year?

On 1 July 2011 the UK Bribery Act came into force. This consolidated much earlier legislation relating to anti-corruption, and outlined four categories of offence which are:

1. Offering, promising or giving a bribe to another person;
2. Requesting, agreeing to receive or accepting a bribe from another person;
3. Bribing a foreign public official; and
4. A new corporate offence of failing to prevent bribery.

It was made clear in the Act that the only defence a corporate entity might have in any case of “failing to prevent bribery” would be that it had adequate procedures in place. We recognised this early and in January 2011 we distributed Requirements on Anti-Bribery and Corruption to all of our business units. These requirements outlined how each business unit should carry out a bribery and corruption risk assessment at least annually or upon changes in the structure of the business, in order to identify the areas of greatest potential exposure. This assessment should include gaining an understanding of the background of the companies with whom we do business, and the risk of bribery in the countries in which we do or propose to do business. A number of other actions required of all business units were also communicated including:

- Ensuring that the Group Ethics Policy is made available across the whole business, an annual reminder of its importance to all employees by the relevant Managing Director, regular compliance monitoring, including disciplinary procedures in the event of unethical behaviour being identified;
- Strong internal communication on anti-bribery and corruption led by the senior management team;
- Documented policies and procedures covering segregation of duties, screening of payments to third parties, regular review of authority levels, selection and appointment of suppliers and other third party service providers, independent review of supplier terms of business, independent review and approval of terms of business with customers including any deviations from our standard terms, prevention of facilitation payments, arrangements with agents and other intermediaries ensuring documented agreements signed by all parties are in place stating that bribery and facilitation payments are prohibited, due diligence procedures for acquisitions, prevention of political donations, political lobbying activities and charitable donations, and policies on gifts, hospitality and reimbursed expenses; and
- A tailored training programme for all relevant staff and new employees (for which we provided our business units with suggested material).

To complement the instructions provided to all of our business units we subsequently distributed further guidance on how they should carry out their risk assessments and due diligence procedures.

We already have a well-established Incident Reporting System which covers a number of different areas. This has been extended to include any known instances of actual or suspected bribery and/or corruption.

Our Audit Committee is regularly updated on compliance with our anti-bribery and corruption procedures and this will continue into 2012 and beyond.

IMPLEMENTATION AND REPORTING

The importance of corporate responsibility continues to be recognised by our board and it has established policies that are distributed throughout the group. These policies cover ethics, the environment, our employees and the communities in which we operate. We have a comprehensive incident reporting system whereby any known or potential breaches of these policies are reported to senior management and the Board. In addition we require that each of our business units' Managing Directors provide biannual confirmations that these policies are communicated throughout their business and that they are being complied with. The Board is fully updated following receipt of these biannual confirmations including details of any areas of potential non-compliance.

We will continue to work with our business units on ongoing improvement and will report annually and publicly on the progress that we are making. Our next Communication on Progress will be published by 20 January 2013.

HOW ARE WE MAKING THIS COMMUNICATION ON PROGRESS AVAILABLE TO OUR STAKEHOLDERS?

It can be downloaded from our website (www.berendsen.com) and has been submitted to the United Nations Global Compact. It will also be made available locally to our employees in each of the countries in which we operate, and to our customers and other stakeholders upon request.