

# UNITED NATIONS GLOBAL COMPACT – COMMUNICATION ON PROGRESS

<b>Company Name</b>	Berendsen plc	<b>Submission Date</b>	19 April 2013
<b>Address</b>	4 Grosvenor Place London SW1X 7DL	<b>Membership Date</b>	27 January 2009
<b>Country</b>	United Kingdom	<b>Number of Employees</b>	Approximately 15,000
<b>Contact Name</b>	Chris Perkins	<b>Sector</b>	Support Services
<b>Position</b>	Group Risk Manager		
<b>Telephone Number</b>	0044 207 259 6663		

## INTRODUCTION AND PROGRESS SINCE JOINING


This is our third 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.

Since 1 January 2012 we have been operating under a business line structure, rather than a geographical basis as we have done in the past. This move has been implemented well with the ongoing support of our 15,000 employees.

## STATEMENT OF CONTINUED SUPPORT

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

<b>Signature</b>		<b>Name/Position</b>	<b>Peter Ventress Chief Executive Officer</b>
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## 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, continuously working towards optimisation of our production processes, to provide a more cost-effective service than would be provided by a typical in-house solution. We buy or manufacture ourselves the textiles we provide to our customers, striving for continuous improvements in the quality of the products provided and the logistics we offer. These are then rented to customers on contracts typically of at least three years and we charge for ongoing laundry services. Contracts in the healthcare market may though be longer. Our customers vary greatly in size. Many of our workwear customers are small or medium sized local businesses, but can also be large 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 in 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 in 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 2012 was as follows:

	<b>% of 2012 Group Revenue</b>	<b>% of 2011 Group Revenue</b>
<b>CORE GROWTH</b>		
<b>WORKWEAR</b> <ul style="list-style-type: none"> <li>• Managed supply of dedicated garments;</li> <li>• Fitting and selection advice; and</li> <li>• Automated dispensing solutions.</li> </ul>	29%	29%
<b>FACILITY</b> <ul style="list-style-type: none"> <li>• Mats;</li> <li>• Washroom; and</li> <li>• Cleanroom.</li> </ul>	22%	21%
<b>UK FLAT LINEN</b> <b>Hotels and restaurants</b> <ul style="list-style-type: none"> <li>• Managed linen supply;</li> <li>• Product innovation;</li> <li>• Workwear supply and chefwear; and</li> <li>• Restaurant textile services.</li> </ul> <b>Healthcare</b> <ul style="list-style-type: none"> <li>• Managed linen supply to hospital wards;</li> <li>• Sterile textiles supply to operating theatres; and</li> <li>• Supply of single use textiles, dressing packs and sterile consumables.</li> </ul>	20%	20%
<b>MANAGE FOR VALUE</b>		
<b>HOTELS OUTSIDE UK</b>	29%	30%
<b>HEALTHCARE OUTSIDE UK</b>		
<b>CLINICAL SOLUTIONS AND DECONTAMINATION</b>		

Our businesses operate from more than 125 service centres in 14 countries across the UK and Northern Europe.

## LABOUR AND HUMAN RIGHTS

### ***Our Policies***

Our people are central to our success and we are fully committed to continuing to make our business a great place to work. Our emphasis is increasingly on developing and retaining our own talent, combined with external recruitment when we need to introduce new skills or create positions which support our growth plans.

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. Our supplier whistleblowing policy initiative enables suppliers to raise with us any issues or concerns they may have relating to the supply chain.

We have confirmed our commitment to the UK government's recent request that all businesses in the FTSE 350 sign up to the Prompt Payment Code. As a signatory to this we undertake to pay suppliers on time and provide them with clear guidance on for example payment procedures and how disputes will be handled.

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 updated Health and Safety Policy identifies the key principles to be adopted to ensure that best practices are in place across the group. Each of our business units are required to adopt and operate with appropriate health and safety documentation, at all times considering the appropriate local legislation and specialist operational requirements. We are working towards the development of company health and safety standards which go beyond the requirements of local legislation.

Our diversity strategy is focused predominantly on gender diversity. In 2012 we outlined our commitment to improving gender diversity with particular emphasis on the number of women in management roles. Our Gender Diversity Policy is focused on increasing the pool of female candidates we have for senior management and executive roles by 2016.

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

### **Maintaining a motivated, healthy and safe workforce**

During 2012 we changed the way we operate, introduced a new focus on business lines, and communicated the new Berendsen Vision and Values programme and the concept of "One Berendsen". To demonstrate the commitment we have made and the progress so far, by the end of 2012 communication of our Vision and Values programme to all of our 15,000 employees was virtually complete. Through all these changes our people continued to perform at a high level and we are proud of their engagement, skills and positive attitude in going the extra mile to surpass customer expectations and deliver the highest standards of service.

We place a high priority on employee communication and achieve this through various means. Our new group intranet, the Berendsen Universe is accessible to all employees through their work or home computer, and provides a substantial amount of information and news. In addition we have introduced an online newsletter and regular webinars by the Chief Executive Officer, Chief Financial Officer and other senior management provide updates on company performance. The majority of our businesses conduct employee surveys which are well supported. During 2013 we will introduce a new One Berendsen employee engagement questionnaire across the whole business.

At the start of 2012, 120 of our leaders and managers across the business attended training sessions in the skills of giving and receiving feedback. This coincided with the introduction of a new company-wide consistent performance management process, known as "Performance and Development Review" (PDR). In 2013 the PDR process will be extended further, to include plant managers and their teams. PDR is aimed at ensuring clarity about roles and responsibilities and what is expected.

Our LEAD (Leadership Effectiveness and Development) model defines key areas of effective leadership and behaviour for our senior manager and plant manager roles. This was developed during 2012 and combines behaviours which have made us successful up till now with other behaviours our people believe will make us even more successful in the future. These behaviours will also be a cornerstone of our PDR process.

In 2012 we launched the Berendsen Academy, our in-house "university", which provides learning programmes and tools for the development of management and leadership capabilities. During 2013 the Berendsen Academy will begin a two year programme for over 300 of our senior managers, focusing on pricing and commercial terms. In all areas of the business we invest in the development of our people's skills and in 2012 we spent over £1.75 million on training and development.

We have a management trainee scheme, open to both current and externally recruited employees, which is designed to provide a pipeline of future management talent for the business. This is a two year programme in which participants develop project management and problem solving skills in roles within their country and overseas. Currently 16 trainees are following this programme, 6 men and 10 women.

In 2012 we made good progress in understanding better the gender diversity of our workforce. Whilst 43% of our employees are female, they occupy only 24% of middle management roles, and 11% of senior leader roles. Of our top 50 managers, only 3 are women. We are committed to the development of practical initiatives which will help us achieve our gender diversity objectives for 2016.

Our new Succession and Development Planning process is focused on the development of a pool of strong management with identified succession for the most senior positions; this is further complemented by our talent identification process.

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 for 2012 reported to the Board and included in our 2012 Annual Report and Accounts were as follows:

Business Line	Major Injury Rate
Facility	-
Workwear	0.27
UK Flat Linen	1.01
Flat Linen outside UK	0.56
Clinical Solutions and Decontamination	-
<b>Total group – 2012</b>	<b>0.51</b>
Total group – 2011	0.57
Total group - 2010	0.70

Major Injury Rate = (Number of major injuries/Total hours worked) X 1,000,000

The reporting and monitoring of all health and safety related incidents will continue into 2013 and beyond, including regular reporting to the Board.

### **Overseas textile suppliers**

Our main suppliers are based in Pakistan, Cambodia, Vietnam, and China. We appoint preferred suppliers in order to strengthen our buying position, increase levels of standardisation across the business and access valuable economies of scale. Awarding larger contracts to a smaller number of suppliers gives our contracts a greater degree of importance, enabling us to better influence any corporate responsibility issues within our supplier base.

We regularly visit manufacturers from whom we source products and have now appointed a single assurance provider that will be responsible for carrying out independent detailed audits of our major suppliers who manufacture products for us themselves.

The objective is to ensure that our ethical standards are being correctly observed, including those relating to human rights and working conditions. This approach will provide us with a standard audit process and reporting mechanism, highlighting each supplier's level of compliance, with actions required for improvement.

In our next Communication on Progress in April 2014 we will provide an update on the progress we have made with these audits.

## **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?***

The nature of our business means that in our everyday operations we inevitably use significant amounts of raw materials, energy and chemicals. Reducing the volumes used and better managing our overall environmental impact will make our business more sustainable, reduce costs for both ourselves and our customers and ultimately help us to win and retain more customer contracts.

Our priorities are therefore now well-established and are centred on our use of water, electricity, chemicals and oil/gas (WECO).

#### **Lower water and energy consumption**

We have many ongoing initiatives throughout the group to reduce our use of water, and increase water recovery. Most of our operations benefit from water recovery systems and these have led to consumption falling on average by between 20% and 25%. As we use less water so does our use of energy to heat it up for washing.

During 2012 we continued to install equipment at various sites to help us identify areas of high usage and therefore potential savings. For example we widely use meters which track hourly energy consumption as well as equipment that adjusts energy used according to the workload being processed.

We also work closely with our chemical suppliers to assist with the validation of our laundry processes. They provide us with reports on our performance and how efficiently we are operating. This provides us with opportunities to identify areas for efficiency improvement.

Vehicle movements account for a significant amount of our environmental impact and we regularly review vehicle routes to improve efficiency. All of our fleets conform to the requirements of low emission zones where required. Fuel costs and usage are under constant review.

#### **CO<sub>2</sub> Emissions**

Since August 2010 our business units have been measuring and reporting their Scope 1 and 2 CO<sub>2</sub> 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.

This year for the first time, we are able to report consolidated data for the group that compares 2012 to 2011. This data is shown below:

<b>Kg of CO<sub>2</sub> per tonne of laundry shipped</b>	<b>2012</b>
Facility	280
Workwear	521
UK Flat Linen	398
Flat Linen outside UK	389
Clinical Solutions and Decontamination	1,230
<b>Total group – 2012</b>	<b>410</b>
<i>Total group – 2011</i>	<i>434</i>

We remain particularly focused on continued reduction in our consumption of water and energy. Business units continue to focus on good housekeeping and opportunities 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 flash steam. As stated in previous years, where opportunities are identified to make further savings, investments will continue in 2013 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/sold. 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, although in 2013 we will work towards consolidating these at a

business line and group level.

## 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?***

In January 2011, following the introduction of the UK Bribery Act, 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 2013 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' Country Managers 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 19 April 2014.

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

It can be downloaded from our website ([www.berendsen.com](http://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.