

# UNITED NATIONS GLOBAL COMPACT – FIRST COMMUNICATION ON PROGRESS

<b>Company Name</b>	Berendsen plc (formerly known as The Davis Service Group Plc)	<b>Date</b>	20 January 2011
<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 16,300
<b>Contact Name</b>	Chris Perkins		
<b>Position</b>	Risk Manager	<b>Sector</b>	Support Services
<b>Telephone Number</b>	0044 207 259 6663		

## INTRODUCTION AND PROGRESS SINCE JOINING

This is our first Communication on Progress, and so as a new participant we are only required to report on two of the Global Compact's issue areas. Within this document we focus on human rights and the environment.

Berendsen plc became a signatory to the United Nations Global Compact on 27 January 2009. Participation in the Global Compact is providing 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 also increasingly demanding of suppliers that are embracing the ideals outlined in the Global Compact's ten principles. We have since also become a member of the UK Global Compact Network and have found this to be particularly useful as a new participant.

Our board reviewed the Global Compact's principles in detail, and immediately after joining our Chief Executive wrote to the Managing Director of each of our business unit explaining its significance and encouraging them to introduce our participation to our customers, suppliers and employees. In that letter he explained that as participants we are making commitments to:


- Set in motion changes to business operations so that the Global Compact and its ten principles become part of strategy, culture and day-to-day operations;
- Publicly advocate the Global Compact and its principles via available communications channels; and
- Communicate annually and publicly on progress made in implementing the Global Compact principles.

In October 2009 we distributed an initial fact finding questionnaire to all of our business units in order to gather further information about how they are applying each of the Global Compact's ten principles. At this stage we are using the information collected to identify what should be our immediate areas of focus. Our business units reported no significant areas of non-compliance with the principles although there are of course areas where we can improve.

In the final quarter of 2010 we completed a comprehensive strategic review of our business. Following this, during the first half of 2011, we will be looking again at our Group Corporate Responsibility (CR) Vision and Strategy. This will involve assessing whether the CR areas that we are currently managing are the most appropriate, and whether there are any other areas of risk or opportunity where we could or should be doing more. Where considered necessary, our Group CR Policies will be modified to take account of newly identified areas of focus.

## STATEMENT OF CONTINUED SUPPORT

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

<b>Signature</b>		<b>Name/Position</b>	<b>Peter Ventress Chief Executive</b>
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## OUR BUSINESS AND ITS IMPACTS

We are a focused European textile maintenance business, that through our network of laundries and other production facilities provides workwear, facilities, linen to hotel and restaurants and the healthcare industry, as well as providing some direct sales and production. Our business model is designed to allow our customers to focus on their own core business deliverables. We provide 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 leverage 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 textile maintenance solution. We buy or manufacture ourselves the textiles that we provide to our customers. We then rent these with ongoing charges for laundry services on service contracts typically of at least three years, although contracts in the healthcare industry may be longer. Our customers vary in size with many in workwear being small or medium sized local businesses. The hotels that we serve are very often large chains and in the healthcare sector large hospitals.

We are aware of and acknowledge the different impacts that our business has on the communities and wider world within which we operate. Due to the nature of our business this manifests itself in varying degrees across the product 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;
- 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 need us to source the products that they need, providing the highest standards of cleanliness. We need to be innovative and flexible, but reliable and timely with our service offering, while at the same time following appropriate operational and employment standards.

The 5 key business lines in which we currently operate are explained below. Their contribution to our group revenue in 2009 was as follows:

	<i><b>2009 % of Group Revenue</b></i>
<b>WORKWEAR</b> <ul style="list-style-type: none"> <li>• Managed supply of dedicated garments; and</li> <li>• Fitting and selection advice; and</li> <li>• Automated dispensing solutions.</li> </ul>	33%
<b>FACILITIES</b> <ul style="list-style-type: none"> <li>• Dust control mats;</li> <li>• Washroom, cabinet and roller towel supply;</li> <li>• Washroom supply; and</li> <li>• Wiper supply.</li> </ul>	13%
<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>	18%
<b>HEALTHCARE</b> <ul style="list-style-type: none"> <li>• Managed linen supply to hospital wards;</li> <li>• Sterile textiles supply to operating theatres;</li> <li>• Supply of single use textiles, dressing packs and sterile consumables; and</li> <li>• Decontamination of surgical instruments.</li> </ul>	30%

**SALES AND PRODUCTION**

- Product design and fitting;
- Production;
- Product sourcing; and
- Retail outlets.

6%

Our businesses operate from 126 different plants in 15 countries across the Nordic, Continent and UK and Ireland Regions.

**HUMAN RIGHTS*****Our Policy***

We have a Human Resources and Employee Policy outlining that we appreciate our responsibility to our employees, and understand the importance of creating and maintaining a working environment where the basic rights of all employees are recognised. All of our employment is 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-toleration 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.

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 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 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.

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

During 2009 we completed a detailed review of the extent to which our major overseas textile suppliers would confirm that they were adopting appropriate working practices relating to human rights, freedom of association and collective bargaining, child labour, compensation, discrimination and how they were working against corruption. We distributed by email a detailed questionnaire to 278 of our textile suppliers and obtained the following results:

Positive confirmations received	263
Failed to respond and therefore removed from supplier list	15
Total suppliers surveyed	278

In 2010 we have repeated this review, but this time using a web-based solution. This solution has speeded up the process, been well received by our suppliers and is enabling us to analyse the responses received in greater detail and in a much more efficient way. This exercise will be repeated again in 2011 and annually thereafter.

Our two main sourcing business units are based in the UK and Sweden. During 2010 they have both continued to visit our overseas textile suppliers in order to obtain further assurance that appropriate working practices are being adopted. Where any issues are identified (such as for example overtime above the local legal maximum) 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 2011 and beyond.

## THE ENVIRONMENT

### ***Our Policy***

We 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 are 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.

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;
- 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?***

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

Whilst some of our business units have already been measuring and monitoring their CO<sub>2</sub> emissions, we implemented a group-wide policy in the second quarter of 2010 to ensure that all of our business units will measure, monitor and report CO<sub>2</sub> emissions data after having applied consistent criteria and formulae. As a consequence 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 each country's local conversion factors and are further analysed between the different utilities used, such as oil, gas, electricity and diesel/petrol.

We are not yet in a position to provide consolidated group CO<sub>2</sub> emissions data, or comment on the performance of any individual business unit. We will report the data collected in 2011 in our next Communication on Progress and will be using this data to set appropriate business unit and group emission targets for the future.

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

We are in particular focusing on continued reduction in our consumption of water and energy. The environmental working group that we set up in 2008, comprising representatives from each of our major business units continues to meet on a regular basis. As reported in our 2009 Annual Report and Accounts they have agreed the optimum machine layout for each of the different types of laundry that we operate. The objectives of this optimisation process are to achieve increased productivity and lower water and energy consumption. Business units 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. In 2010 we have

continued to make these types of investments in our core laundry operations, spending over £2.8m. This capital expenditure relates to projects designed to specifically reduce our use of water and energy and where opportunities are identified to make further savings investments will continue in 2011 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 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.

## **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 2012.

## **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. Following our joining the Global Compact we wrote to the Managing Director of each of our business units encouraging them to introduce our participation to our customers, suppliers and employees. Accordingly this Communication on progress will 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.