

United Global Compact. Communication progress 2015

Company Name Berendsen plc	Contact Name Nagore Marco	Submission Date 15 April 2015	Number of Employees Approximately 15,000
Address 4 Grosvenor Place London SW1X7DL	Position Group Risk Manager	Membership Date 27 January 2009	Sector Support Services
Country United Kingdom	Telephone Number 0044 207 259 6663		Highest level executive Chief Executive Officer

Introduction and progress since joining

This is our sixth 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 corporate responsibility. Many of the markets that we operate in are continuing to demand suppliers that are embracing the ideals outlined in the Global Compact's ten principles.

Statement of continued support

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

Peter Ventress
Chief Executive Officer



Our business and its impacts

We continue to be a focused European textile maintenance business. Our business provides specialist service solutions to source, clean and maintain the textiles that our customers need to keep their business running. The European textile rental market in which we operate can be broken down into six key areas.

Through our network of laundries and other production facilities we provide workwear, facilities, hotel, restaurant and healthcare textiles. We also provide some direct sales and production.

Within each of our business lines there are market dynamics that will influence individual market segments. The specialist services we provide are predominantly non-core activities for our clients. Our density and scale in our key geographies allows us to provide an expert and cost-efficient service, meeting our client's needs and allowing them to free up capital to invest in their own business. As clients expand, we can expand with them, working efficiently across national boundaries. Our services may be non-core but they are often absolutely critical for the safe day-to-day running of our clients' operations (e.g. food industry, R&D centres, hospitals). Our track record in understanding evolving standards and our ability to devise innovative products and service to meet them means we are a partner of choice in many industries. Our economies of scale mean that we can launder and sterilise far more cost-effectively and efficiently than our clients. Our focus on reducing our use of water, electricity, chemicals, oil & gas and CO2 emissions (WECO) not only gives us a competitive advantage but also gives our clients the confidence to use us as part of their own environmental supply chain due diligence.

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 2014 and 2013 was as follows:

Business overview

	2014 Revenue	2013 Revenue
Core growth		
Workwear	£295.3m	£305.8m
<ul style="list-style-type: none"> • Managed supply of dedicated garments; • Fitting and selection advice; and • Automated dispensing solutions. 		
Facility	£237.7m	£243.3m
<ul style="list-style-type: none"> • Mats; • Washroom; and • Cleanroom. 		
UK Flat Linen	£207.5m	£204.6m
Hotels and restaurants		
<ul style="list-style-type: none"> • Managed linen supply; • Product innovation; • Workwear supply and chef wear; and • Restaurant textile services. 		
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	£298.1m	£300.5m
Healthcare outside UK		
Clinical solution and decontamination		

Our businesses operate from more than 125 service centres in 16 countries across the UK and Europe.

Human rights and Labour principles

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5

Businesses should uphold the effective abolition of child labour.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Our Policies

In relation to 3 and 6 principles

Our ability to look after the well-being and development of all our people has a direct impact on our overall strategic performance. By engaging our people we improve customer satisfaction and retention and ultimately Berendsen's growth prospects.

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;
- Non-toleration of victimisation, sexual or other harassment or bullying; and
- Regular feedback through biannual employee surveys.

Our Group Ethics Policy is complemented with appropriate training material and "Questions and Answers". We recognise the importance of reinforcing the key messages in this policy to our people regularly.

Our Health and Safety Policy, last reviewed and updated in 2013, 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 goal is a working culture that is inclusive for all. We are committed to eliminating discrimination and encouraging diversity amongst our workforce. We aim for our employees to be representative of the communities in which we operate and for each of our people to feel respected and able to give their best.

In relation to 1, 2, 4 and 5 principles

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 main human rights risks relate to our suppliers. We reduce these risks by closely managing our supply chain and awarding contracts to large and trusted suppliers.

We maintain a firm focus on child labour, forced labour and labour conditions. We are absolutely committed to ensuring that child labour is never used by any Berendsen supplier.

Supplier contracts incorporate our code of conduct, with suppliers signing their confirmation. The key principles of our code of conduct are:

- Act with the highest degree of integrity, morality and honesty in all matters;
- Understand and comply with all relevant laws and regulations in their respective countries;
- Not participate or be involved in any activity that might result in or could lead to a conflict of interest between themselves, fellow employees or their employer;
- Not accept or offer anything of value in the nature of an inducement, facilitation payment or bribe;
- Report or present all information in a balanced, transparent and prompt manner; and
- Not use company assets or information other than in the interests of the company, unless for example, obliged by law or regulation to make a disclosure.

We have a supplier whistleblowing scheme in place which enables suppliers to raise with us any issues or concerns they may have relating to the supply chain.

We regularly conduct supplier visits and these are complemented by our assurance provider's independent audits, which report on each supplier's level of compliance and alert us to any areas that require improvement.

We also have teams of quality managers working at supplier plant level across much of our business, and their responsibilities include maintaining a clear focus on corporate responsibility matters including human rights.

Implementation

Vision and Values

Our One Berendsen Vision *"We take pride in doing what we're best at, delivering unsurpassed levels of service, so our customers can do what they're best at."* and Values of *determination, caring, empowerment and teamwork* represent the core principles we stand for and believe in as a Group. These form part of our Performance and Development Review (PDR) so that all our employees' performance is also evaluated in accordance to our values.

In 2014 we continued to motivate, engage, develop, reward and recognise our employees.

Employee engagement

In 2014 we continued communication and discussion of the company-wide "One Berendsen" employee engagement survey completed in September 2013. We worked with employee groups to identify three to four improvement actions for each of Berendsen's 140 workplaces, all aimed at further enhancing levels of engagement before the survey is undertaken again in 2015.

Employee communication

We place a high priority on employee communications and make use of a variety of channels to provide a wide range of company information, news and promote knowledge sharing and best practice exchange. We continue to develop as a source of information Berendsen Universe which is our group intranet accessible to all employees. In 2014, we published eight editions of our corporate newsletter highlighting company successes in sales, product news and other developments across the whole company with each issue introduced by the CEO giving regular updates on company performance.

Training and development

In all areas of the business we invest in the development of our people's skills and in 2014 we spent over £2.11 million on training and development. In addition to management and leadership development programmes, we invested in the skills development of our people in the areas of safety awareness, driving, customer service, engineering, selling, and our CL2000 methodology.

In 2014 we continued to add to the learning and development opportunities provided through the Berendsen Academy. The Academy, first launched in 2012, is a Berendsen's in-house "corporate university" for furthering company knowledge, expertise and leadership development. In 2014 the Academy trained over 200 managers in pricing and commercial terms to improve the profitability of our contracts and support our strategy for higher growth.

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 2013 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 are a cornerstone of our PDR (Performance and Development Review) process. In 2014 we continued to embed LEAD through the introduction of LEAD Development Centres. These are intensive and stretching one day events aimed at building competency around LEAD behaviours. They are either one to one, or group based programmes and result in each participating manager being provided with a tailored development report identifying leadership strengths and opportunities for ongoing learning and development. In total, 56 managers took part in LEAD Development Centre programmes in 2014. In addition, we extended the programme to plant level managers within our UK Flat Linen business with 32 managers participating.

Management rewards

We reward our managers based on their performance, potential and contribution to the success of the business. We aim to provide competitive fair rates of employee pay and benefits in every country where we operate. In 2014 we continued to focus on clear and transparent links between performance and reward. We incentivise managers through annual bonus programmes aligned to the key performance objectives of each business line which in turn are in support of our strategy for growth. The new Berendsen Long Term Incentive plan, first introduced in 2012, rewards approximately 100 managers for the achievement of strategic goals and encourages share ownership.

Diversity

Our goal is a working culture that is inclusive for all. We are committed to eliminating discrimination and encouraging diversity amongst our workforce. We aim for our employees to be representative of the communities in which we operate and for each of our people to feel respected and able to give their best. One of our commitments in this respect is to improve gender diversity. Whilst 43% of our employees are female, they occupy only 24% of middle management roles, and 9% of senior leader roles. In 2014 we undertook a more detailed analysis of women in management positions across the company with a view to achieving a better understanding of their aspirations and career development needs. We are committed to the development of practical initiatives which will help us achieve our gender diversity objectives for 2016.

Gender statistics 2014			
			Female %
	Female	Male	
Board of Directors	2	5	29%
Senior Managers	11	110	9%
Middle Managers	41	128	24%
Employees	6,326	8,325	43%

Supply chain and overseas textile suppliers

We regularly visit suppliers and use a single assurance provider to carry out independent audits of these suppliers to ensure that our ethical standards are being correctly observed, including those relating to human rights and working conditions. During 2014 the assurance provider completed four audits at supplier locations in Cambodia and Bangladesh. They made a number of recommendations to further improve the high standards that our suppliers adopt. We have been working with our external specialist and our suppliers to ensure that actions are complete, or are in progress, to address all of the recommendations made. This approach provides us with a standard audit process and reporting mechanism, highlighting each supplier's level of compliance, flagging any actions required for improvement. For added assurance, we have a supplier whistleblowing scheme which enables suppliers to flag up any issues or areas of concern.

Measurements of outcomes

- 69% employee engagement level. 8pts higher than benchmark norm.
- £2.11 million investment in 2014 in employees training and development.
- Four audits at supplier locations in Cambodia and Bangladesh completed with clear recommendations made to suppliers. No significant issues have been reported.

Health and safety

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

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 twice each year on health and safety, including details of all reported incidents, as well as incident statistics, including major injury rate.

Our Operational Risk Management Group has placed increased focus on health and safety including more accurate reporting and categorisation of incidents as they occur. If there were to be any instance of an employee becoming disabled during their employment with us, every effort would be made to make sure that their employment with us continues and that, where needed, appropriate retraining is arranged.

A new Health and Safety Director was appointed in January 2015. Implementing actions agreed from the commissioned independent review of Health and Safety completed in Q1 2014, completing a group-wide Health and Safety audit programme to monitor and access the ongoing improvement, rolling out a training programme for Country Health and Safety Managers and strengthening communication across business to enhance best practice are amongst the key priorities for 2015.

Major injury rate statistics for 2014 reported to the Board and included in our 2014 Annual Report and Accounts were as follows:

Health & Safety statistics

Business lines	Major injury rate	Number of major injuries
Facility	-	-
Workwear	0.79	5
UK Flat Linen	0.38	3
Flat Linen outside UK	0.54	3
Clinical Solutions and Decontamination	—	—
Total Group	0.44	11
Total Group– 2013	0.79	23
Total Group– 2012	0.51	15
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 2015 and beyond, including regular reporting to the Board.

The health and safety of our people is paramount. As we operate in many countries, local standards, both in terms of regulation and accepted best practice, do vary. Group-wide we want to achieve a much higher standard than mere compliance as the common standard.

Any health and safety related incidents, across the Group, are reported through our internal reporting system. This ensures that incidents are promptly reported to senior management and that actions are taken to try and prevent incidents of a similar nature occurring again.

Environmental principles

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals

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.

Implementation

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).

Water and energy consumption

Water plays an inevitably significant role in our washing processes and its effective use and recovery has an important impact on our overall environmental and operational performance. Water recovery initiatives form the spearhead of our drive to improve efficiency. Across the group, most operations now have water recovery systems in place. Typically, these lead to a reduction in water consumption of 20%-25%. Recent initiatives include the trialling of membrane water filtration technology that recovers our waste water for re-use.

Product innovation is also playing a part in reducing water consumption. For example, the recent shift from cotton to polycotton in our UK operations has also led to a reduction in water and energy consumption. In the UK, up to 75% of effluent is now recovered for re-use, which helps us cut consumption.

We also work alongside our suppliers to validate our water recovery processes. Chemical suppliers analyse our performance and identify areas for improvement, while our boiler water treatment suppliers check boiler operation and provide reports on efficiency. An efficient boiler is the mark of good energy management, and we check performance by monitoring the quality of the water. We also use flue gas thermometers, steam trap surveys and check on hot well temperatures to help us identify efficiency issues.

We will continue to focus on initiatives that will reduce our use of water and increase our recovery rate, as long as they also make commercial sense in reducing our cost base to the benefit of us and our customers.

Measurements of outcomes

- In the UK water consumption has been reduced by 32% from 9,512 litres/tonne shipped in 2008 to 6,499 litres in 2014.
- In November 2014 we were presented with the 2014 Silver Award from the prestigious Green Apple Award, for our accomplishments in reducing the environmental impacts associated with our operations.

Transport and logistics

All vehicles conform to the requirements of low emission zones and we always specify the latest and most efficient engines for new vehicles. In order to maintain tight control on our operations, we own and operate most of our fleets ourselves. We also constantly review fuel costs and usage. We have a range of initiatives and programmes in place to help us reduce this impact. The aim is to reduce fuel consumption by minimising harsh acceleration, braking, and excessive idling. Across the business, we monitor and regularly review vehicle routes to improve fuel efficiency and, wherever possible, use fewer large vehicles instead of more of the smaller ones. Large vehicles have the advantage of being able to carry greater volumes per mile driven, which enables us to reduce the overall number of vehicles on the roads at any one time.

Energy and CO₂ Emissions

Our activities consume energy and produce CO₂ and we work hard to reduce consumption and improve efficiency.

The initiatives on water recovery also have a positive knock-on effect on energy usage – when we use less water, it requires less energy to heat it. The recent initiatives including the trialling of membrane water filtration technology also help to recover the heat energy in the waste water which leads to further reductions in our energy consumption. Because the recovered water is already at a high temperature, we need less energy to bring it up to the correct temperature for washing.

Across several plants in Europe we are changing the preferred energy supply from “all oil” to take account of the opportunities offered by more sustainable local energy sources. In the future, energy for these plants could be derived from gas, solar power, wind and groundsource heat, in addition to oil.

We are on track to comply with Article 8 of the EU Energy Efficiency Directive which requires that large enterprises complete regular energy audits. In the UK, our first audit is due to be completed by the end of 2015. During 2014, we have identified what the audit process will require in our other operating countries.

As the table below shows, Kg of CO₂ per tonne of laundry shipped has fallen from 402Kg in 2013 to 379Kg in 2014, a reduction of 5.7%.

Our total CO ₂ emissions		
Kg of CO ₂ per tonne of laundry shipped	2014	2013
Facility	261	269
Workwear	500	522
UK Flat Linen	369	387
Flat Linen outside UK	359	391
Clinical Solutions and Decontamination	1,163	1,146
Total Group	379	402

We use the Greenhouse Gas Protocol methodology and conversion factors to assess our carbon footprint. We updated the conversion factors on 1 January 2014 to reflect the new factors used by the Protocol.

We are investing Combined Heat and Power (CHP) technology, initially at two of our UK sites. CHP could help us lower electricity costs, reduce CO₂ emissions and improve security of supply.

We value the role of the Carbon Trust Standard in helping companies reduce emissions and our UK business is proud of its existing certification which we will actively be looking to renew in 2015. The standard is only awarded to those organisations that measure, manage and reduce their carbon footprint, which is a

key priority for Berendsen. Our UK business also achieved the Carbon Trust Water Standard certification in 2012 and is currently going through the application process to be awarded this again. To be re-awarded this unique accreditation our UK business must demonstrate a 2.6% reduction in water usage from 2011 to 2013.

Anti-corruption principles

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Our Policy

We have zero tolerance of bribery and corruption and rolled-out our minimum requirements across the group in 2011. In 2014 we carried out an internal survey to discover our employees' understanding of our expectations and their duties. The results showed that 70% of respondents did believe that policies on anti-bribery and corruption were sufficiently well known by employees, and 60% said that training programme was in place. Although these were broadly positive results, areas for further improvement and strengthening were identified.

The audit process for new suppliers includes compliance with our anti-bribery and corruption requirements, a process that is overseen by our group procurement function. Each year, or upon any significant changes to the business, each business unit must complete an anti-bribery and corruption risk assessment, and bribery awareness is frequently an agenda item for management meetings.

Implementation

Our Group Ethics Policy, updated in February 2014, 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.

All businesses within the group are tasked with adopting a risk-based approach to managing any potential issues relating to bribery and corruption.

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 2015 and beyond.

Measurements of outcomes

- We had no cases of non-compliance in 2014.

Reporting

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 15 April 2016.

The importance of corporate responsibility continues to be recognised by our board and it has established policies that are distributed throughout the group. These group-wide policies cover ethics, health and safety, environment, human resources and employees, community and continuity planning for all the markets 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.

Communications on progress

Berendsen plc 2015 United Nations Global Compact Communication on Progress 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.