

United Global Compact. Communication progress 2017.

Company Name

Berendsen plc

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Country

United Kingdom

Contact Name

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Position

Group Risk Manager

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Submission Date

18 April 2017

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Membership Date 27 January 2009

Number of Employees

15,000+

Sector

Support Services

Highest level executive

Chief Executive Officer

Introduction and progress since joining

Berendsen plc became a signatory to the United Nations Global Compact on 27 January 2009. This is our 8th communication on Progress. We outline below the progress we are making in each of the areas covered by the United Nations Global Compact's ten principles on human rights, labour, the environment and anti-corruption.

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 higher levels of cooperation and innovation in the areas outlined in the Global Compact's ten principles. As a Support Service, we understand the importance of ensuring we can grow with our client's demands to provide a service which benefits our customers, our environment, our communities and our world as a whole.

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.

James Drummond
Chief Executive Officer

Signature



Our business and its impacts

We continue to be a focused European textile, hygiene and safety solutions business. We lease, source, clean and maintain 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: Workwear, cleanroom, mats, washroom, healthcare and hospitality. Through our network of laundries and other production facilities we provide service solutions to each of these areas. We also provide direct sales and production.

Within each of our business lines there are market dynamics that 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 often expand with them, working efficiently across national boundaries. Our services are often critical for the safe day-to-day running of our clients' operations (e.g. hospitals, food industry, R&D centres). Our track record in understanding evolving standards and our ability to devise innovative products and services 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, and include:

- The production and/or purchase of textiles, much of which is sourced from overseas. As a consequence we are mindful of ensuring that appropriate labour practices are applied throughout our supply chain;
- The washing, drying and packing of textiles at our plants where we use of water, energy and detergents. These 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 the appropriate training, tools and equipment to create a safe and healthy working environment:
- The delivery of our products and services involves a high level of logistics. We therefore understand the importance of continually reviewing the routing of delivery vehicles to ensure the most efficient use of our fleet resources and fuel; and
- Our operations recruit from the local community and many of our plants are in suburban areas. We therefore 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, and provide the highest standards of cleanliness. Increasingly we need to be innovative and flexible to meet these demands, 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 where we operate. Our strategic restructuring, which took place after a review of our business strategy in 2015, will allow us to focus on our customers and deepen our understanding of their markets. This will in turn unlock greater opportunities for our businesses going forward.

Each of these sectors contribution to our total group revenue in 2016 and 2015 was as follows:

Business overview		
	2016 Revenue	2015 Revenue
Core growth		
Workwear	£347m	£314m
Facility • Mats; • Washroom; and • Cleanroom.	£259m	£226m
Healthcare Managed linen supply to hospital wards; Sterile textiles supply to operating theatres; and Supply of single use textiles, dressing packs and sterile consumables.	£317m	£299m
 Hospitality Managed linen supply; Product innovation; Workwear supply and chef wear; and Restaurant textile services. 	£187m	£179m

Our strategic approach to sustainability

"Corporate Responsibility (CR) and our credentials in this area influence our ability to attract and retain customers, employees, investors and suppliers. It is key to sustainability over the long term. Therefore, we continue to work hard to integrate CR in our business processes and in the decisions we take."

By focusing on smarter working practices and continuous dialogue with our stakeholders, we believe that corporate responsibility brings a number of opportunities to our business:

- Our corporate responsibility commitments help us contribute to our customers' own sustainability commitments;
- New ideas and technologies improve how we work, reducing our environmental impact and our operating costs;
- Being a good employer and supporting our people to do their best work helps us attract and retain high performing individuals and create a great place to work; and
- Seizing the opportunity to be a more responsible business helps differentiate us from our peers and stand out in a competitive marketplace.

These opportunities have informed how we focus our efforts on CR

Throughout 2017 we will be reviewing our Corporate Responsibility strategy and policies so that we can continue to improve and develop our approach to sustainability, for the benefit of our customers, employees, local communities and environment.

Operational environmental efficiency A responsible supply chain Stakeholder engagement People and health & safety Our CR focus areas Innovative and efficient solutions

Vision, Mission & Values

The driving force behind our sustainability goals and the deliverability of our CR strategy are contained within our new Vision, Mission and Values. They represent the ethos Berendsen holds itself to and inform the decisions we make on a daily basis. They show that our customers, people, communities and environment are at the core of all that we do:

Our Vision: "Through great customer partnerships and innovation we will be respected for being the best, setting new standards and developing services that benefit all of our stakeholders"

Our Mission: "We are here to develop and provide value- added textile, hygiene and safety solutions"

Our Values:













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 principles 1, 2, 4 and 5

We thoroughly acknowledge the importance of supporting and respecting the protection of internationally proclaimed human rights. We have procedures in place 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 have a **Supplier Code of Conduct** which is communicated to suppliers and made available through our website. The key principles of our code of conduct ensure suppliers:

- Recognise and respect the protection of internationally proclaimed Human Rights;
- Abide and work in line with the United Nations Global compact principles on Human Rights and Labour;
- Ensure the provision of a safe working environment for employees;
- Strictly prohibit the use of Child labour OR any form of slavery, forced labour and Human Trafficking as defined in the Modern Slavery Act 2015;
- Ensure labour conditions are fair; wages reflect work performance and all legal requirements are complied with; and
- Prevent any form of discrimination based upon any distinction such as; race, gender, age, ethnicity, political opinion, origin etc.

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. These guidelines and hotline contact information have been communicated to suppliers and are also accessible via our website. The whistleblowing system is available in the countries languages our suppliers operate in.

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, and their responsibilities include maintaining a clear focus on corporate responsibility matters including human rights.

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 and in 2016 we published a public statement to this effect in compliance with the Modern Slavery Act 2015 requirements.

See this statement on our website: www.Berendsen.com

In relation to principles 3 and 6

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 the 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 recognises the importance of reinforcing the key messages about our values as a business and is currently under review so that we can communicate a strong consistent message to our employees in line with the new Berendsen Mission, Vision and Values.

Our 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, while considering the appropriate local legislation and specialist operational requirements. We are continually reviewing our Health and Safety policies and continue working towards achieving our objective of zero incidents.

Implementation

Vision, Mission and Values

Our One Berendsen Vision and Mission are supported by our Values of Determination, Caring, Empowerment, Teamwork, Safety and Integrity. These Values represent the core principles we stand for and believe in as a Group. They also form part of our Performance and Development Review (PDR) so that performance is evaluated in line with our values.

In 2016 we continued to motivate, engage, develop, reward and recognise our employees.

Employee engagement

In 2015 we conducted our second company-wide "One Berendsen" employee engagement survey. We had a participation rate of 84% and maintained our overall engagement score of 69%. We worked on the results of this survey throughout 2016, which will lead on to the third companywide survey in 2017.

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, knowledge sharing and best practice exchange. We continue to develop Berendsen Universe which is our group intranet accessible to all employees. In 2016, we published eight editions of our corporate newsletter highlighting business strategy, company successes in sales and services, product news and other developments across the 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. In 2016, a UK workforce transformation programme to invest in and upgrade our capability and get the right people into the right jobs was a key priority. The programme re-scoped and increased to circa 450 posts, resulting in 40% of middle management being upskilled and new talent being recruited into the business in the three largest UK business lines (Workwear, Healthcare and Hospitality). Those stepping into new roles will begin tailored professional development programmes to grow the business.

We will continue to invest in our leadership development programmes and will roll-out talent and capability programmes to all employees.

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 2016 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 support our strategy for growth. The Berendsen Long Term Incentive plan, first introduced in 2012, rewards managers for the achievement of strategic goals and encourages share ownership. Due to exceptional circumstances, including an organisational capability review in the UK, awards were not made in 2016 but will be made in 2017.

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. More than half of our employees are female and they occupy 36% of middle management roles (2015: 29%), and 11% of senior leader roles (2015: 11%). These figures are an increase from 2015 and show our continuing focus on gender balance. We are committed to the development of practical initiatives which will help us achieve our gender diversity objectives for 2017.

Gender statistics			
	Female	Male	% Female
Board of directors	2	5	29%
Senior management	15	127	11%
Other management	361	636	36%
Employees	7484	6770	53%

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. In 2016, in total nine textile suppliers were audited in Bangladesh, Pakistan, Cambodia, Indonesia, Malaysia, China and India. No significant issues relating to ethical standards were reported but a number of recommendations were made to further improve the high standards that our suppliers adopt. We have been working with external specialists and 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 and 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

- Nine audits at supplier locations completed with clear recommendations made to suppliers. No significant issues have been reported.
- 8 issues have been reported through the whistleblowing system in 2016.

Health and safety

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 regularly on health and safety, including details of all reported incidents, as well as incident statistics, including major injury rate. Health and Safety is now the first item on the agenda at all formal management meetings

Management

Safety will always be one of our core values. We recognise that our people are vital to our success and we have a duty to protect them while they work to deliver the success of our company. Doing the right thing by delivering on this duty will not only secure our employees' health and safety at work, it will also support Berendsen's strategic direction by ensuring that the health and safety threats to the business are proactively resolved before they negatively impact our people and our success. We believe that a poor health and safety record is incompatible with a high performing sustainable business.

Performance

In July 2016, we launched the Berendsen Incident Reporting System (BIRS). Through this first step in our health and safety eenablement programme we have delivered on the reporting and investigation targets we had for 2016. The improvements we have achieved and the enhanced awareness and accessibility this has delivered has resulted in a marked increase in reporting by all employees. This is evident in the 597 near-miss reports and 1,478 safety observations that have been drafted and acted on during Q3 and Q4 2016. In 2015 we did not have these statistics.

As a consequence of the reporting improvements we have made, there is an increase of 0.99 reported major injuries per one million hours worked for 2016. We believe this to be an increase in openness and reporting, not an increase in occurrences. This is very positive, as we now have a clearer picture of the key safety issues across the business and the incidents that result from them. We are now developing and implementing programmes to eliminate or reduce the identified risks.

Major injury rate statistics for 2016 reported to the Board and included in our 2016 Annual Report and Accounts were as follows:

		Major injury rate*	Number of major injuries
	2016:	0.77	3
Facility	2015:	-	-
	2016:	1.87	11
Workwear	2015:	0.86	5
	2016:	1.20	8
Healthcare	2015:	0.60	4
	2016:	0.45	3
Hospitality	2015:	0.87	4
	2016:	0.99	25
Total Group	2015:	0.54	13

* Number of fatalities and major injuries/total hours worked $\times 1{,}000{,}000.$

Next steps and priorities for 2017

- Proactive action based on analysis of reported data to address the root causes of injuries across the Group and reduce all injury rates
- Begin the process of taking the best practice standards that we have from across the business and applying them where they add value to other areas of the Group
- Improve our health and safety audit process
- Expanding our KPIs to have an even more proactive focus on our safety performance
- Deliver against the strategic communications plan to continue the development of our fair and just safety
- Introducing multi-lingual e-learning for our workforce

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 and energy 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. Changes in process account for most of the reduction in this water usage. These reductions have been achieved through the introduction of highly technical wash systems that produce high quality work using much less energy and water with an additional benefit of reduction in fabric damage. Product innovation is also playing a part in reducing water 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 have installed reverse osmosis systems at sites where the boiler water supply has a high Total Dissolved Solids (TDS) count. These systems ensure very high quality water is supplied to the boilers reducing the need to blow down boiler water to maintain the water quality within the boiler.

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 for our business and our customers.

Chemicals and detergents

Between 2015 and 2016, we implemented a new enzyme process in the washing cycle in another 31 laundries (20 in 2014), which partially replaces detergents and chemicals as well as improving whiteness and quality. From an environmental perspective, this leads to a reduction in resources used and fewer harmful substances contained within the waste water.

'Cool Chemistry' has been introduced in six of our UK flatwork sites completing all of the flatwork sites, to reduce wash temperatures and energy consumption. The wash chemicals are dynamically manufactured on site, reducing the need for resources as well as contributing to a reduced environmental impact

Transport and logistics

All vehicles adhere 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. 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 across the business. 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.

Initiatives on water recovery have a positive knock-on effect on energy usage – when we use less water, it requires less energy to heat it. This is also due to the recovered water already being at a high temperature and therefore needing 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 addition all UK sites currently run on gas. As burning oil produces 45% more CO2 per kWh that using gas, we are producing less CO2 Emissions in our plants.

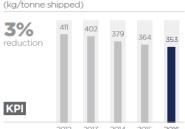
We are on compliant with Article 8 of the EU Energy Efficiency Directive which requires that large enterprises complete regular energy audits. As the table below shows, Kg of CO2 per tonne of laundry shipped has fallen from 364Kg in 2015 to 353Kg in 2016.

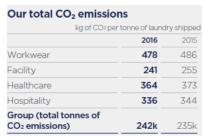
- Build new state-of-the-art laundries
- In the UK, we invested in high pressure presses that remove the water from the linen more efficiently requiring reduced energy for drying, as well as in more efficient batch tumble dryers
- Implementation of Oxyguard-40 processes (low-temperatures wash) in the Danish and Swedish hospitality laundries

Measurements of outcomes

- In the UK water consumption has been reduced by 37% from 9,512 litres/tonne shipped in 2008 to 5,952 litres in 2016.
- In the Cleanroom laundry in Bolsward, Netherlands, the ventilation system was renewed. As a result, the electricity consumption was reduced by approximately 20%
- The re-building and new buildings projects within Workwear brought us the opportunity to introduce state-of-the-art technology and processes. For example the rebuild of the laundry in Dietzenbach, Germany, reduced water and energy consumption by approximately 40%.

Group CO₂ emissions





We use the Greenhouse Gas Protocol methodology and conversion factors to assess our carbon footprint. We updated the conversion factors on 1 January 2016 to reflect the new factors used by DEFRA in the UK.

We value the role of the Carbon Trust Standard in helping companies reduce emissions and our UK business is proud of its existing CO2 and water certification. The water certification was renewed at the end of 2016 and we will actively be looking to renew the CO2 certification at the end of 2017. These standards are only awarded to those organisations that measure, manage and reduce their carbon footprint, which is a key priority for Berendsen.

We will continue to look for new innovative solutions. Some specific examples of our initiatives are:

 The testing of the new chemicals concept for Workwear laundries (Performance Industry) has been postponed, as the chemicals were not available yet. We now foresee that this testing will take place in 2017 in at least three laundries

Anti-corruption principles

Principle 10

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

Our Policy

Our goal is zero instance of bribery and corruption and have a policy which sets out the minimum requirements to ensure this stance is consistent throughout the Group. 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 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. We will be updating this policy to further strengthen and align our approach taking into account the new core value of integrity.

All businesses within the group are tasked with adopting a risk-based approach to managing any potential issues relating to bribery and corruption. An Anti-bribery and Corruption risk assessment is submitted by each business on an annual basis, the results of which are reviewed and reported to our Audit Committee.

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. We had 2 counts of minor internal fraud reported in 2016. These were incidents relating to misappropriation of company's assets. In these instances, appropriate corrective actions were taken and we had no customers affected as a result of these incidents.

We have developed an anti-bribery and corruption training content which is available in all our twelve Berendsen languages and all relevant employees will be trained in 2017

Measurements of outcomes

- We had 2 cases of minor internal fraud reported in 2016. We will aim to report zero instances of corruption in 2017.
- All businesses submitted their Anti-Bribery and Corruption risk assessments with no net risks being highlighted as high.