

Fifth ETSA Communication on Engagement on United Nations Global Compact – October 2018

European Textile Services Association (ETSA)

Brief description of the nature of the business

The European Textile Services Association (ETSA) represents textile rental firms, suppliers of detergents, machinery, fabrics and garments, as well as national associations. ETSA is a not-for-profit organisation and was set up in 1994 to represent and promote the interests of these market-leading companies in Europe. Industry turnover in Europe amount to approximately €12 billion. We employ some 140 000 persons.

Textile services offer supply, rental and maintenance of textiles:

- Workwear and protective clothing for industry and services
- Hotel and restaurant linen
- Surgical and hospital textiles
- Dust mats and mops
- Dispenser textile towels for hand drying in washrooms and other washroom services
- Reusable industrial wipers

ETSA brings together 37 companies, associations and research institutes in the field of textile services:

- 11 textile rental companies
- 13 industry suppliers, e.g. machinery, detergent, fabric, and garment manufacturers
- 11 national textile rental associations and 2 research institutes

ETSA works with national associations in the following countries: Belgium, Denmark, Finland, France, Germany, Italy, Norway, Sweden, Switzerland, the UK and the US.

Statement of support

ETSA is committed to the UNGC principles of human rights. As the voice of the textile services industry in Europe, ETSA represents companies for whom sustainability and corporate responsibility are corner stones of their business strategy.

These European, market-leading companies have policies and codes of conduct which are based on, or incorporate, the principles of international organisations such as the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Children's Rights Business Principles and OECD Guidelines or the ICC Business Charter for Sustainable Development.

In addition, the operations of the textile services firms are certified in accordance with international management systems such as ISO 9001 (quality management) and ISO 14001 (environmental management). As the majority of our business is in Europe, our members also comply with EU legislation, which upholds the same principles and responsibilities as UNGC.

ETSA started as a member of UNGC in 2007 and is proud to re-confirm, through this fifth communication on engagement, that it remains firmly committed to the 10 principles of Global Compact. This communication is an opportunity for us to share how active ETSA is as an association, and how our member companies, as leading European service providers are actively involved in addressing the social, environmental and economic aspects of sustainability and corporate responsibility.

A sustainable business model

Sustainability is inherent to our business model. This is highlighted in the three key messages prominent on the ETSA website – we **rent, reuse and protect**. Our business offers textile products and services which are available to suit the evolving needs of a wide range of customers. We provide textiles to our customers in an environmentally friendly and socially responsible way. Renting textiles ensures customers have the required garment and linen supply when and where they need it, that the lifecycle of each textile is optimised, and that the textiles are recycled when they are no longer usable.

Optimizing water, detergent and energy efficiency

Within our industrial laundries, the use of clean technology enables us to reduce our consumption of resources and therefore minimise our environmental impact, which is essential for sustainable development.

A long lifecycle

The textile services business model is part of the circular economy. Everything is designed to maintain the textiles in circulation as long as possible: design and selection of textiles, type of washing and drying procedures etc. Textiles that are discarded at the end of their first life are either recycled, remanufactured as different products, or incinerated to create energy. By its very nature, the textile services business model provides a **more sustainable alternative to ownership of textiles, disposable textiles and washing textiles at home**.

Sustainability of the entire supply chain

Our members supply, manufacture, rent, transport, launder and recycle the textiles required by their customers. This service cycle may involve a long supply chain. Both the rental firms and the suppliers to the industry take a proactive approach to ensure full responsibility for the sustainability of this supply chain.

ETSA's environmental commitment

Aligned with the UN Global Compact's environment principles, ETSA's Environment and Laundry Technology Network has taken the lead in outlining our industry's commitment. ETSA members commit to provide their customers with services that are environmentally sustainable, socially responsible, and with greater resource efficiency, based on the following principles:

- Long life cycle
- Supply chain responsibility
- Optimising water and energy consumption
- Environment-friendly detergents (compliant with REACH), packing delivery and delivery
- Pro-active waste management.

Many ETSA members (companies and national associations) are members of UNGC in their own right, alongside our own association. In this communication, we have selected examples of their work, the work of other member companies, as well as projects and activities run by the association for all its members, to illustrate our engagement with the UNGC principles.

More details on the examples provided in this communication, in particular on our environmental commitments, may be found on the ETSA public website, www.textile-services.eu.

Robert Long, ETSA Secretary General

18 October 2018

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. and make sure they are not complicit in human right abuses

ETSA commitment

ETSA is committed to the UNGC principles on human rights. As the voice of the textile services industry in Europe, ETSA represents socially responsible textile rental firms as well as suppliers of detergents, machinery, fabric and garments. Our members have human rights policies and codes of conduct, which are based on, or incorporate, the principles of international organisations such as the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Children's Rights Business Principles and OECD Guidelines.

Implementation and measurement

Textile service companies supply garments and flat linen services across all European markets. Raw materials are sourced both locally and globally to meet the ever-changing needs of their customers.

Our members are fair and responsible employers and comply with both global guidelines and local legislation. Their ethical guidelines are the foundation stones of their global supply chains, ensuring that goods and services are sourced only from reputable suppliers. Long-term partnerships are favoured and overseas suppliers are required to comply with strict codes of conduct.

***Beirholm** adheres to the Universal Declaration of Human Rights. Their overall approach to working with business partners is based on the company's core values: openness, dialogue, commitment, honesty and being pro-active. This underlines the company's dedication to the Human Rights Principles. Beirholm's Code of Conduct and BSCI is implemented by the cooperation with their key producers. Beirholm has a preference for producers who are certified according to international standards SA8000 and/or Sedex. In 2016, more than half their turnover was produced at SA8000 certified producers.*

***Rentokil Initial** supports the rights of people as set out in The Universal Declaration of Human Rights (UDHR). Rentokil Initial acknowledges the responsibility of business to respect human rights, by acting with due diligence to avoid infringing on the rights of others and to address any adverse impacts in which they are involved, in line with the UN Guiding Principles on Business and Human Rights.*

Labour

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

ETSA commitment

ETSA is committed to promoting the benefits of free association and adherence to collective bargaining agreements among its members. While the association does not have a mandate to be involved with trade unions at the European level, we acknowledge the role of union representatives and encourage our national associations and member firms to maintain social dialogue with social partners at the national level.

Implementation and measurement

CWS-boco group's Sustainability Report 2017 has been prepared based on the G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). The internationally recognized GRI guidelines define aspects and indicators which the company uses to measure its economic, social and ecological performance and the impacts of its commercial activity. The GRI guidelines facilitate transparency and comparability in the company's reporting on its various areas of activity. The reporting companies are bound by individual and/or country-specific collective bargaining agreements.

Rentokil Initial company's values are reinforced throughout their communications programme. Developments in Corporate Responsibility are reviewed as part of the discussions that occur at the group's European Forum. This forum comprises colleague representatives from all European businesses, including trade union representatives for those businesses where collective bargaining agreements are in place.

Labour

4. Businesses should uphold the elimination of all forms of forced and compulsory labour;
5. Uphold the effective abolition of child labour

ETSA commitment

ETSA upholds the elimination of all forms of forced and compulsory labour and the effective abolition of child labour. ETSA member companies closely monitor their own supply chain integrity to ensure that neither suppliers nor suppliers of suppliers engage in, or support, the employment of children.

Implementation and measurement

Our member firms are committed to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in their supply chain or in any part of their business. This includes fair remuneration, working hours, no child labour, respect, non-discrimination, health, safety and wellbeing, as well as freedom from forced labour.

A combination of procurement policy principles and supplier assessments among our members ensure implementation of principles 4 and 5. Suppliers must undertake to comply before doing business with our member firms. This is ensured by means of a combination of internal and external audits.

CWS-boco: *their Fairtrade code allows the origin of the cotton for sustainable rental workwear to be traced precisely. The fairtrade code is linked to a whole range of social requirements including the prohibition of forced labour, exploitative child labour and discrimination.*

Johnson Service Group: *The Group is committed to not knowingly conducting business with individuals, agencies, or companies that conduct, support, condone or facilitate human trafficking or slavery. As part of this commitment, all Directors have been briefed on the subject and the Group provides training to relevant members of staff. The Group fully acknowledges its responsibility to respect human rights as set out in the International Bill of Human Rights and is also committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout its operations.*

Lindström: *accountability of procurement requires common understanding with our suppliers. They visit their suppliers regularly.*

Labour

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

ETSA commitment

ETSA and its member companies uphold the elimination of any form of discrimination with regards to employment and occupation.

Implementation and measurement

At the European level, ETSA counts among its members 11 national textile service associations from Belgium, Denmark, Finland, France, Germany, Italy, Norway, Sweden, Switzerland, the United Kingdom and the US. This network meets regularly to pursue the exchange of information, to discuss common initiatives and to share best practices. Among other issues, this network enables each association to benchmark national labour laws and national market trends with other European countries on an on-going basis.

Follow-up is at a national level. However, ETSA maintains an updated overview of this information, which includes age, gender, male/female employee ratio by category, minimum wage, retirement age etc. of employees in the textile services sector in countries across Europe.

Members firms are committed to ensuring a working culture that is inclusive for all. They are committed to eliminating discrimination and encouraging diversity amongst their workforce.

Elis does not tolerate discrimination of any kind. The Group ensures that each employee can develop in his/her work without being subjected to discrimination on account, most notably, of gender, religion, origins, age, sexual orientation, physical appearance, state of health, disablement or political orientations.

Johnson Service Group is committed to equal opportunities and the creation of an entirely non-discriminatory working environment. The aim of its diversity policy is to ensure that no job applicant, or employee, receives less favourable treatment because of, amongst other matters, gender, marital status, race, age, sexual orientation, religion, belief or disability. The Group is dedicated to undertaking its business operations in a way which respects individual human rights, treats individuals with dignity and allows freedom of association; all decisions are based on the merits of the individual concerned.

Environment

7. Businesses should support a precautionary approach to environmental challenges

ETSA commitment

The textile services business model is intrinsically circular! Our business model is circular at its very core! Our businesses support a precautionary approach to environmental challenges, particularly when compared with other alternatives such as disposables, textile ownership and indeed washing at home.

We supply products as a service: choosing access to textiles over ownership of textiles. This leads to a more efficient use of resources.

Our rental business model means that our textiles are designed to last. And to be repaired easily. We constantly strive to extend the lifetime of our textiles. Again, this leads to a more efficient use of resources.

ETSA member companies strive continuously to minimise the environmental impact of their operations, while achieving their primary objective of ensuring the cleanliness and hygiene of their textiles.

The ETSA Environment and Laundry Technology Network brings together leading environment and laundry technology specialists. This Network shares best practices and cooperates on benchmarking. Working together at the European level and meeting every six months, this Network is responsible for projects and studies focussed on minimising the industry's impact on the environment.

Implementation and measurement

The ETSA Environment and Laundry Technology Network regularly carries out benchmarking studies on resource consumption. Water, electricity, chemicals, oil and gas ('WECO') are key natural resources involved in industrial laundering. Every three years, ETSA collects data from its member companies. The results of these WECO surveys are shared with member companies, enabling benchmarking against the European average, as well as a way of measuring progress.

Our fourth WECO study, carried out in 2015 (see also principle 8), collected data on resource consumption and efficiency. The survey is based on data from 242 plants from 11 different member companies from countries all over Europe. A common methodology and framework for collecting data was developed. For the first time, we also covered textiles:

- the average lifetime of textiles
- disposal of used textiles
- production volume (kg/year) and
- resource consumption related to production.

Our WECO surveys show reduction in consumption on water, electricity, detergents and oil/gas for both workwear and linen laundries. This has been achieved by the introduction of cleaner technologies, including lower temperature washing, continuous batch washers, gas-heated tumble dryers and water and heat recovery systems. Internal benchmarking enables laundries to measure their ongoing improvements.

In 2017/2018, we further developed the results of our fourth WECO study in order to focus on **textile recycling and waste**. Textile services companies are increasingly reusing and recycling used textiles. ETSA hired Southern Denmark University to carry out a survey of current practices among member firms, as well as solutions available for re-use and recycling. The results will be published in Q4 of 2018.

Life Cycle Assessments (LCAs) enable us to quantify the environmental impact of our products and services during their entire use; this is an on-going part of ETSA's work within our Environment and Laundry Technology Network.

The ETSA Environment and Laundry Technology Network takes a **full value chain approach**. We involve our fabric, garments and flat linen, chemical and machinery member partners in further developing our resource efficiency and in taking a precautionary approach. At our annual Forum meetings we have recently focused on: **fibre and fabric innovation** to achieve better eco-performance (2016); eco-performance of industrial laundry **machinery** (2017); and laundry technology – where will we be in 5 years' time? (2018).

*Our member firms operate in many countries. So finding global but also local ways to address textile waste is a high priority. As an example, in 2017 **Lindström** started collaborating with a local renewable resource company in Suzhou, China to find new ways to recycle their textiles. Today, the company reuses Lindström's mats as a heating mat.*

***Lindström's** sustainability report specifies resource consumption (energy, water or detergent) per kilo washed. This way, the evolution of resource consumption is clearer, as total consumption of energy, water and detergents rises along with growth of operations.*

***CWS-boco** are continually modernising their 43 laundry sites worldwide. For example, use of efficient plant systems and employ gas-powered mangles and dryers. CWS-boco reuse their process water. For instance, they wash hand towel rolls first, then reuse the water for dust control mats. They treat their own waste water and readily trial alternative washing techniques that use less water. Including repeatedly reusing washing water until the washing agents/detergents are no longer active.*

*As a front-line industrial player, **Elis** places its environmental responsibilities at the centre of its concerns and priorities. Elis has built a more sustainable economic model around the concept of economy and functionality, based on a range of high-quality products and services. Concerned with the life-cycle of its products and working on their eco-design and sustainability, Elis contributes to reducing pressure on its environment, unlike conventional modes of consumption that encourage disposable products or planned obsolescence.*

Environment

8. Businesses should undertake initiatives to promote greater environmental responsibility

ETSA commitment

ETSA is committed to promoting greater environmental responsibility among its member companies. ETSA members recognise the importance for industry to reduce its greenhouse gas emissions. We are committed to minimising the carbon footprint of textile services, while supplying customers with the products and services they require.

The textile services industry is circular by its very nature. By encouraging use of textile services rather than disposables and home washing, we support greater environmental responsibility. Whether by textiles designed to last longer, more efficient use of resources, or disposing of used textiles in a sustainable manner. This is all part of our circular economy approach.

Implementation and measurement

In 2017/2018 the **University of Southern Denmark** carried out research for ETSA on the reuse and recycling of used textiles. It includes data from 175 laundries from 8 member laundry groups.

This report explains how the textile services business model closely matches **circular economy** business models: (1) we provide product access rather than ownership, (2) we extend the lifetime of products by repairing, (3) we enable increased utilisation rates of products by shared use/access/ownership and (4) we transform waste into resources!

Part 2 of the report focuses on the four **disposal routes for used textiles**: reuse, recycling, incineration and landfill. It assesses each disposal route in terms of feasibility for linen and workwear (cotton, polyester blends and 100% polyester). It estimates the CO₂ impact of each option. And provides a detailed list of practical options (and contacts) for reuse and recycling.

Part 3 of the report presents aggregated data from **175 laundries from 8 member laundry groups** on how they currently deal with disposal/reuse. The report outlines reuse and recycling rates for linen, workwear and mats. It is the first time a pan-European data collection exercise of this type has been carried out. This will help the industry to make its best effort *to find the best ways to recycle and reuse textiles that have come to the end of their lifecycle*.

*To minimize their ecological footprint, **Lindström** constantly seek for new ways to reuse textile waste. Today they recycle 84 percent of their textile waste on a global level and their target is to get that number up to 90 percent by 2020.*

***Elis** continues the improvement of its environmental performance with the objective of preserving the natural resources essential to its activities. In France, for example, Elis's set goal is that by 2020 it will improve 25% of its water and energy ratios, thermal and detergent products in comparison to 2010. As of 2016, Elis had already achieved its goal in relation to its water use and will continue its policy of progress.*

***Johnson Service Group** is part of the **UK's Climate Change Agreement (CCA)**. It is constantly looking for new ways to reduce its carbon footprint and has put various initiatives in place, including continued*

investment in energy efficient capital equipment and the gradual rollout of passive ultra-low energy LED lighting.

*Furthermore, the majority of cars available to **Johnson Service Group** employees as part of the Group's car scheme are currently subject to a CO₂ restriction of 130g/km. The average CO₂ of its non-commercial fleet as at the end of 2017 reduced to 100g/km from 103g/km at the end of 2016 with 88% (2016: 82%) of vehicles having a CO₂ of less than 110g/km.*

***TSA** (Textile Services Association, UK) is committed to promoting environmental responsibility within the laundry industry in the UK. They continue to work on reducing the industry's energy consumption and carbon emissions. TSA negotiated the Climate Change Agreement (CCA) with the UK government to encourage laundries and textile rental services to use energy more efficiently. The UK textile rental industry has signed up to the UK Government's Climate Change Agreement to reduce their energy usage by 25% by 2020.*

Environment

9. Businesses should encourage the development and diffusion of environmentally-friendly technologies

ETSA commitment

ETSA's textile services groups and suppliers are continuously striving towards achieving even more sustainable development using environmentally-friendly technologies.

Implementation and measurement

The textile services industry continues to invest in new and cleaner ways to provide its services, and in doing so, to reduce its environmental impact. The technology used in the industry continues to improve.

*Since 2016 **Lindström** has been actively involved in a circular economy initiative led by VTT, the Technical Resource Center of Finland. The project is aimed at piloting and modelling a **closed-loop** business ecosystem in line with the principles of the circular economy. In the project called relooping fashion, used cotton clothing is dissolved and turned into new fibres for the textile industry by using a **cellulose dissolving** technique developed by VTT.*

*For **MEWA**, **water** is an essential resource. Their goal is to use as little fresh water as possible in their washing process. That is why they use a special recycling system for rinsing and washing water: the **cascading system**. Reusable washing water is filtered from the main wash and the rinsing cycle, treated and reused in the washing process at several stages during a cycle. By using the cascading system, they are also able to minimise the volume of waste water.*

*At **MEWA**, they work continuously to optimise their **energy** consumption by using resource-conserving technologies and more efficient production processes to increase the energy efficiency of their processes and operations. To reach this goal MEWA uses **multistage heat recovery systems** which make use of operational waste heat. The waste heat from larger plants is used to supply production machines. The operating water is preheated during heating procedures, thus conserving resources.*

*In addition to heat recovery, **MEWA** also makes use of **thermal recycling**. The pollutants washed out of the cleaning wipers are carried away in the operational waste water. In MEWA's waste water treatment facilities, during their operational processes they **extract the oils and solvents** from the waste water to reuse them as an energy source instead of fossil fuels. Moreover they subject the exhaust air generated by the thermal recycling of waste oils and do a thorough cleaning process before they release it.*

*At **SALESIANER MIETTEX** the **dosing technology** for the washing processes are constantly improved. It uses the Global **Chemical Leasing** Programme which promotes a business model that marks a paradigm shift from increasing the sales volume of chemicals toward a value-added approach.*

Anti-Corruption

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

ETSA commitment

ETSA is committed to working against corruption in all its forms, including extortion and bribery. Our member companies are committed to maintaining the highest ethical and leadership standards throughout their European and global operations.

Implementation and measurement

Our member firms have codes of conduct and anti-corruption policies which apply to employees, contractors and subsidiaries.

*To ensure that no corruption should take place in any form, **Beirholm** has ensured a steadfast zero-tolerance policy on bribery.*

***Ecolab's** code of conduct and anti-corruption policy is communicated through annual code of conduct training, which is mandatory for substantially all employees globally. All governance body members are required to certify compliance with the code of conduct on an annual basis. Detailed anti-corruption training is provided to the senior managers and sales leaders in all regions.*

***Elis** applies a zero-tolerance principle throughout the entire group when it comes to the fight against corruption, whether active or passive, public or private.*

***Johnson Service Group** has a Code of Ethics and bribery which is reviewed regularly and sets out guidelines for all employees to enable the Group to meet the highest standards of conduct in business dealings and to ensure that the zero-tolerance approach to bribery and corruption is upheld.*