



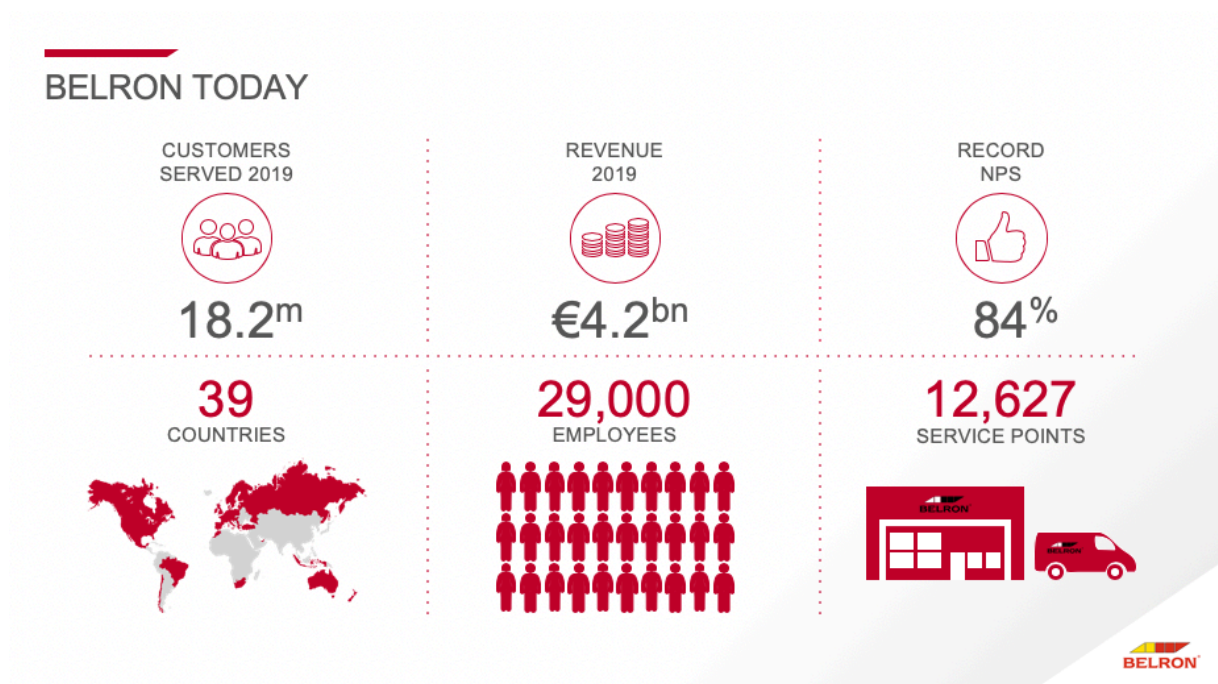
## UNITED NATIONS GLOBAL COMPACT Communication on Progress (FY 2019)



## About Belron®

Belron® is the worldwide leader in vehicle glass repair, replacement and recalibration (VGRRR) operating through wholly owned businesses and a network of franchises in 39 countries, across six continents. Belron owns more than ten well-known brands in the industry including Carglass® across Europe; Autoglass® in the UK and Safelite® Autoglass in the USA and employs 29,000 people over half of whom are highly skilled technicians.

Belron exists to “make a difference with real care”, impacting all its four stakeholders: its customers; its people; society and its shareholders. This is a clear purpose that is shared by every business wherever they operate.



The following statement and report are a review of progress for reporting year 2019, across the company's VGRRR business. The report is made available to all stakeholders through the internal intranet and the Belron website, <https://www.belron.com/aboutus/whatwestandfor/> and will be published on the UNGC website.

## CEO Statement

2019 was another outstanding year for Belron, as we remain committed to our purpose of making a difference to our customers, our people and society whilst delivering strong growth and profit.

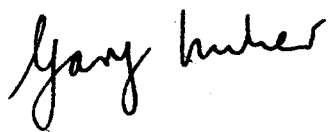
These successes, combined with a continued focus on building our brands and strengthening our partnerships with insurance, fleet and lease companies saw us delivering record sales and serving a record number of customers. We were proud to have achieved an overall NPS (Net Promoter Score) of 84.2 for the year.

The engagement of our people is a significant contributor to our overall success. We were pleased that we were able to maintain high engagement levels throughout the year and award 77 people across the business with a Belron Exceptional People Award for 'outstanding achievement'. We are forever grateful to the wonderful people here at Belron.

2019 was also a record year of fundraising for charitable causes with over €5m raised, including a record amount at the Spirit of Belron Challenge where we were privileged to celebrate 25 years of our global charity partner, Afrika Tikkun. Our fundraising efforts rounded off a truly incredible year for Belron, and one in which we are extremely proud and thankful to all those people who made it possible.

This report for 2019, marks our 10<sup>th</sup> year of being Signatory to the United Nations Global Compact. We are as committed as ever to ensuring the Ten Principles of responsible business are embedded across our business and reflected in the way we work and the decisions we make.

Belron takes its societal responsibilities extremely seriously and we continue to work hard to improve our recycling rates and sustainability metrics across the company. However, we know there is still more to do and we look forward to seeing the outcome of our sustainability strategy review starting in 2020. The outcome of this work will help to shape our agenda and focus our sustainability ambitions over the coming years.

A handwritten signature in black ink, reading "Gary Lubner".

**Gary Lubner**

**CEO, Belron®**

## Overview

The Ten Principles of the Global Compact are set out in the Belron code of business ethics blueprint, from which each of its corporate business units develop their own localised code of conduct. This approach enables each business to customise and personalise its ethical code to include local policies and legislation to resonate with its people and market conditions whilst maintaining the core Belron ethical culture. The General Manager in each business is responsible for ensuring that all their people are made aware of the localised ethical framework and how it applies to their role including specific responsibilities, objectives and actions.

The commitments in the ethical framework provide the foundation for each businesses' corporate responsibility activities. These activities include minimising environmental impact; making a positive difference to societies in which they operate and ensuring every aspect of business is operated in a responsible and sustainable way.

Belron is committed to being considered world class by each of its stakeholders. To measure progress for its corporate responsibility commitments, Belron is using an externally assessed sustainability tool provided by Ecovadis. The topics in the assessment are based upon international standards including: UNGC Principles, ISO26000 Framework, the Global Reporting Initiative Standards and the International Labour Organisation conventions. The Belron businesses are assessed on their policies in place, the actions to implement the policies and the results of those actions in four key areas: environment; labour practices & human rights; ethics; and sustainable procurement.

Once the analysis is completed by Ecovadis, each business receives a full scorecard and a rating score between 1 and 100. A score of 37 to 45 results in a Bronze rating, 46-61 Silver and 62+ Gold. The scorecard provides guidance on areas to prioritise in order to make improvements. Each business is then responsible for deciding the action plan for improvement, with support from the Group Corporate Responsibility team.

This process also enables Belron and its businesses to benchmark against over 60,000 other organisations from over 150 countries who have been assessed by Ecovadis. World Class is interpreted as being in the top 2% of all businesses assessed, which equates to a score of 70 or above.

18 of the Belron businesses were reassessed in 2019 resulting in a total of 12 being rated Gold and 9 rated Silver. Overall, the Belron group has again made good progress towards its target of having each of its corporate businesses Gold rated by the end of 2020 (an average score across the four pillars of 62 or more). In terms of overall performance, the average score for the Belron Group has increased from 60.4 in 2018 to 62.9 at the end of 2019, achieving its target of a group average of 62.

During 2019 it was decided to weight the external assessment scores by the average number of employees in each country to clearly show the effect that some of the larger countries have on the overall score for the Group. Recalculating the score in this way changes the overall score at the end of 2018 to 57.0 and at the end of 2019 to 59.3.

To achieve the target of being gold rated by the end of 2020 Belron will look to support the improvement actions of the individual businesses, particularly those who are silver rated. A key focus of this is the significant action being taken to improve the way suppliers are chosen and managed to include ethical, sustainable and environmental criteria, and an added focus across the Group on non-financial results and KPIs.

Belron engaged with the materiality analysis conducted by its majority shareholder D'Ieteren. This was to identify the main impacts Belron has on its wider ecosystem, through a series of interviews and surveys

with internal and external stakeholders. The outcome will support the overall sustainability strategy going forward including identifying key non-financial performance indicators, setting targets, and establishing a management review process to track progress and actions for improvement.

Belron wants to ensure that sustainability is fully embedded within its everyday activities, supported by the culture and purpose of the business, enabling Belron to remain resilient in a changing environment.

## **LABOUR PRACTICES & HUMAN RIGHTS**

The Belron commitments to human rights are addressed in the Belron ethical framework and its Guiding Principles as well as through the programme in place to assess and audit suppliers. Belron people treat each other with respect and ensures that its activities do not contribute directly or indirectly to human rights abuses. The business adheres to and promotes clear ethical standards for itself and expects similar standards from all third parties who work with Belron or on its behalf.

In the company's Guiding Principles, it commits to promote a culture of respect and equal opportunity in which individual success depends solely on personal ability and contribution. It also commits to promoting an open and fair recruitment process, hiring and promoting people, on the basis of their ability for a role and their appreciation, respect and alignment with the Belron culture.

Belron outlaws the use of child labour in any form. It does not employ anyone below the age of 16 or the local legal minimum employment age should this be different in a country it operates in. It will not use suppliers who use child labour in any manner. All of its employees, contractors and suppliers working conditions are required to be compliant with national legislation and in cases where this is deemed insufficient, with the relevant ILO Standards. In no instance will inhumane treatment of its people or those in its supply chain be tolerated including any form of forced or bonded labour, physical punishment or any other abuse.

### **What was achieved in 2019:**

The Belron businesses have been developing and launching their localised codes of conduct. Through the awareness training carried out in the businesses, the best practice communication shared emphasised the importance and responsibility of speaking up. To support this, Belron provides a centrally facilitated Speak Up line through a third-party provider. Whilst Belron encourages concerns to be raised within the local country, the Speak Up line is provided as an additional channel to raise concerns confidentially. Belron is committed to ensuring that those who raise concerns are free from retaliation or reprisals.

During 2019, 22 reports were made to the Speak Up line by callers in seven countries and covering 14 separate matters. These were mostly raised by an individual about another individual colleague or manager or related specifically to the individual making the report (rather than being a report/claim about the business as a whole or a significant part of it). Each of these reports was investigated by the local business unit supported by the central legal team, and appropriate feedback on the investigation provided to the Speak Up line. The Ethics Hotline in the US business (also through a third-party provider) received 43 reports during the reporting year. Eight of these reports were substantiated and appropriate action was taken including, policy reviews and additional training.

In 2019, the Belron Group Supply Chain Management team formalised its approach to assess and monitor the sustainability activities of its Group suppliers. A key aspect of this approach is auditing of activities using the Ecovadis sustainability assessment as well as site-level audits. The on-site audits include interviews with workers on site. The workers are randomly selected from different departments and ensure a mix of gender representation. The interviews include questions on working conditions such as wages; working hours; and health and safety. The output from the interviews is included in the audit

report and corrective action plan. The Group Purchasing team works closely with suppliers on all areas of non-compliance or improvement opportunities in order to maintain ongoing development.

During the year, Belron conducted on-site audits with four Group suppliers. There were two non-compliances that were recorded, both in relation to overtime accounts and payments. Both of these were remedied by working in partnership with the supplier and the revision to internal policies.

In compliance with the UK Modern Slavery Act, Belron International Ltd and Belron UK Ltd published their slavery and human trafficking statements. These statements provide an overview of the businesses approach to ensuring there are no incidences of modern slavery in their own operations or within the supply chain. This includes the due diligence processes for onboarding new suppliers and the ongoing management of existing suppliers, and the training provided for procurement teams.

## **BELRON People**

Belron employees are at the very core of the business' quality of service. Therefore, their well-being and engagement are paramount. Furthermore, fostering employees' well-being is increasingly relevant in attracting and retaining talent. Belron continues with its aspiration to provide an environment for its people which is "the best place they will ever work".

Whilst each Belron business has its own policies and procedures in place with regards to people management, the core culture is maintained across the Group: the Spirit of Belron – which is described in the four dimensions of Care, Driven, Collaborative and Genuine. The Genuine attribute encompasses the business's Guiding Principles of Integrity, Respect and Trust.

With 29,000 people across the business in different roles, Belron recognises the areas that contribute to an employee's overall wellbeing which include feeling valued; recognition; a commitment to supporting communities through 'giving back'; and that ethics and responsibility are fundamental.

For these areas to be meaningful for Belron people, the business units have many programmes in place that include training and development; recognition programmes; flexible working; feedback and community involvement.

## **What was achieved in 2019:**

The Institute of the Motor Industry (IMI), that approves standards of training and accreditation for the automotive industry, has approved Belron International as an IMI Awarding centre for VGRR and ADAS recalibration. This stamp of approval endorses the Belron way of Fitting (BWof) as a Quality Assured Programme to an industry standard. Belron is the first global VGRRR company to be awarded this, giving independent credibility and a competitive advantage across the automotive industry as well as recognising and benchmarking the skill and development of the technicians.

Belron facilitated its annual European Social Structure forum in June, attended by employees from nine countries. Each one is a representative of all the employees in their business. During the meeting, the attendees received a general business update including results from all four stakeholder groups and an in-depth update on activities relating to corporate responsibility and sustainability including recycling rates, supply chain, and speak up reports and outcomes. A significant portion of the time in the agenda was given over to questions from the attendees. The questions ranged from product quality, budgets and targets through to investor plans and overall business strategy. There were a couple of supply chain questions that were not answered during the meeting but were followed up and information was shared with the attendees. Following the meeting, the attendees are sent the Minutes from the meeting and all presentation materials for them to share internally.



Belron once again celebrated some exceptional people across its business. The Belron Exceptional People Awards (BEPA) recognises, thanks and celebrates the Belron people who are making a big difference to



customers and colleagues. These are people in the business who consistently make a big impact; are highly regarded by colleagues or customers; and perform exceptionally time and time again. They are nominated thorough their local business and then all nominees are considered by a judging panel including Belron CEO, Gary Lubner. Winners receive a personalised thank you by a Belron director and are given a bespoke gift or experience that truly means something to them. In 2019, 77 BEPA winners were recognised from 23 Belron countries.

The Belron People Measure survey continues to have a consistent response rate of over 50% which is a key focus as the business wants to hear from as many people as possible. This 'pulse' survey is sent out on a monthly basis to between 25% and 100% of employees within each business, asking them to provide a score out of 10 on how work was for them in the past month, and verbatim comments on what was good and what could be improved. This helps the businesses to see commonalities across the Group and shape their agenda to take action. The average score across the business year on year is as follows:

- 2019: 7.5
- 2018: 7.5
- 2017: 7.8

There is no central Belron target in place, however each business agrees its own target score at the beginning of the year.

In addition, the external CSR assessment tracks the overall progress of performance in Labour Relations and Human Rights, which has shown continual improvement. This has reflected in the average scores for this area improving from 61.7 in 2018 to 65.2 in 2019.

Belron seeks to create an environment where all its people can thrive and be at their best, recognising that this is integral to the company's performance. In 2019 the business launched its talent review and succession planning process that will help future proof the business from the leadership team down.

### **People safety**

A key component of the Belron culture is the care it has for its people. The company demonstrates this through its focus on health and safety training and overall employee well-being.

Belron believes in creating a safe working environment for its people and customers. The business commits to providing everyone with the correct training and skills to feel confident in their role including stringent safety procedures for technicians so that they can deliver the highest technical standards.

Belron developed safety standards which are embedded in the Belron Way of Fitting. This is the method, tools, training and assessments developed and implemented across the group by the technical team of Belron. This includes Quality Starts with Safety - an awareness training of the importance of following the correct process when replacing a windscreen and the consequences of not doing it right; 1-2-3-Easy - a training programme on the ergonomics of how technicians can avoid injury while doing their job; and the STOP programme - how technicians should look after Self, Tools, Organise the work and use the right Process.

In addition, each business is responsible for implementing the necessary measures to comply with their national requirements and many businesses have dedicated Health and Safety and/or Internal Audit personnel to audit their procedures as well as highly skilled trainers to monitor and update training as needed. This local responsibility also covers Distribution and Warehouse activities and Customer Call Centres and Head Office personnel.

### **What was achieved in 2019:**

The Belron businesses continued to monitor and manage their health and safety incidents, with action plans in place for continuous improvements. To support the local process, Belron has implemented a common measure to be reported at Group level to track incidents across its operations.

Safety training and accident information is also included in the Labour Practices and Human Rights section of the Ecovadis sustainability assessment. Each business collects and reports its own KPI and is responsible for defining improvement actions to minimise the number of accidents. Actions to improve employee welfare and health and safety has helped to increase the CSR assessment score from 61.7 in 2018 to 65.2 in 2019.

In 2020 Belron will collect and monitor monthly KPIs for work related health and safety incidents. This will support Group level and line management governance and enable focus to be brought on sharing best practice. To support this, the company will begin audits of current safety practices with the view to establish a global monitoring system by the end of 2020. The company's technical and innovation team will update all the core training programmes relating to both customer and technician safety.

## **ENVIRONMENT**

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

Being an international company with national businesses in six continents across the world, involving branches, warehouses and fleets, Belron has a direct and indirect impact on climate change.

Non-renewable energy sources, which contribute to climate change and air pollution, represent a risk for Belron due to volatility in pricing of fossil fuels plus the ever-increasing burden of carbon and air pollution taxes. Stakeholders are also becoming increasingly concerned about climate change and expect demonstrable action from large companies such as Belron towards the United Nations climate change target.

It can also represent an opportunity as in almost all its markets, Belron is a leader in offering a Repair First strategy, which on average reduces the carbon impact by 75% over replacement. Reducing energy consumption will also reduce costs of doing business.

Belron works hard to understand, measure and manage its environmental impacts. It monitors carbon emissions directly in its control, such as those related to the energy consumption of its branches and its fleet, as well as scope 3 emissions related to subcontracted logistics and travel.

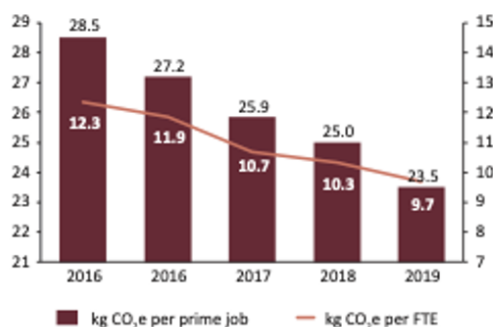


## What was achieved in 2019:

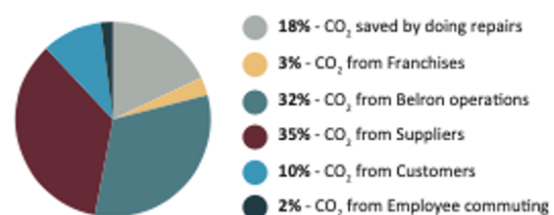
Many Belron businesses made big changes to their operating models with most opening additional low energy consumption branches to bring their service closer to the customer and which reduced mobile activity. In addition, stock and delivery frequency was optimized in many countries (with more to come in 2020) which has reduced the number of delivery journeys. This, coupled with an increasingly effective use of vehicle tracking, allowing optimized routing and improved driver behaviour, this means a significant reduction in Scope 1 fuel related carbon emissions.

Belron has now included the full scope 3 impact of its activities in the carbon reporting from each business and this enables Belron to see the total opportunity for reducing carbon emissions with all stakeholders. It also allows the calculation of product related carbon footprint for each business so they can compare the carbon impact of decision affecting mobile vs branch activity, and repair vs replacement. In order to ensure that the calculation is in accordance with the international standard for calculating carbon emissions and product carbon footprint, Bureau Veritas was engaged, and the model certified to ISO14067. This confirmation of the robustness of the reporting will allow each business unit to verify their product carbon footprint to an internationally recognised standard, to have confidence in setting future reduction targets and to use for external communication.

Belron's Carbon Emission Reduction Programme



Full Carbon Impact in 2019 of Belron's Activities



The Belron business in Germany continued with its off-setting initiative. The business off-set over 5,000 tonnes of CO<sub>2</sub> through off-setting its business travel, fleet activities and electricity consumption of branches. Going forward Belron will look at options of off-setting programmes for the whole business whilst continuing its carbon reduction of operational activities.

Overall, the Belron total carbon emissions fell in 2019. This has helped reduce the company's own carbon emissions intensity from 28.5kg CO<sub>2</sub> per prime job in 2015 to 23.5kg CO<sub>2</sub> in 2019 representing a 6.0% fall in 2019 and a total reduction over 5 years of 17.6%. The Belron Repair First Strategy again saved over 140,000 tonnes of CO<sub>2</sub> which represents 17% of total emissions.

Now that Belron has measured the full impact of its activities in Scopes 1, 2 and 3 it will evaluate the opportunity to formulate a group-wide carbon reduction programme.

## Waste Management

The biggest waste product by weight is the glass taken from the customers' vehicles. It is a potentially dangerous product if not disposed of responsibly and, while it cannot be reused, there is an opportunity to recycle the glass into other products. Recycling the glass efficiently helps Belron significantly reduce cost associated with waste as well as minimising its environmental impact.

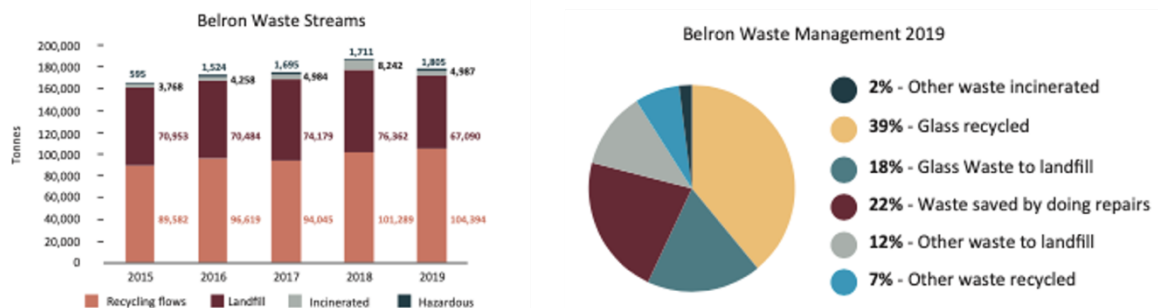
Ensuring that hazardous waste is safely disposed of and minimising the amount of general waste to landfill are two other areas of particular concern for Belron. The 'Repair First' strategy plays a role in the company's continuous effort to reduce waste by avoiding the need to replace the glass. However, when repair is not possible, Belron aims to recycle the glass waste and considers innovative approaches and supplier partnerships to achieve this.

Where recycling in its operating countries is not in place or is inadequate, Belron has evaluated alternative options such as reverse logistics and partnering with local recycling companies to increase the percentage of products recycled.

With other waste streams Belron aims firstly to minimise use by setting technical standards for the amount of product needed during each job and secondly, define clearly what to do with specific waste streams to maximise recycling.

### What was achieved in 2019:

The second windscreen recycling plant on the West coast of the US was brought into production by Safelite® in conjunction with its recycling partner, Shark. This increased the potential recycling in Safelite® from 70% to 90% with only a few locations not covered. A trial of the use of Supplainers (glass delivery boxes which are commonplace in Europe) to deliver and collect glass from the branches took place in 2019 which significantly improved the efficiency of glass handling and, when fully implemented, would allow all branches to recycle all their glass more efficiently, and raise recycling levels closer to the potential. In total, the amount of glass recycled improved from 62% in 2018 to 68% in 2019 with a corresponding drop in glass being landfilled.



Belron will continue to improve its recycling rates and will work with its recycling partners and business units to extend the ability to recycle all glass, particularly toughened glass. There will also be a review across all business units to see how best to support countries with recycling activities, especially those covering large geographic areas and limited windscreen recycling facilities.

Many of the environmental initiatives and activities across the business have resulted in the overall external CSR rating of environmental performance improved from 61.7 in 2018 to 66.2 at the end of 2019. The quality of reporting and management review were highlighted as significant improvements.

## ANTI-CORRUPTION

Belron is explicit in its Guiding Principles that it will not tolerate any forms or attempts of corruption or bribery either towards or by its people or partners regardless of local customs and business practices.

The Belron Guiding Principles are in place and upheld to ensure that offences such as bribery and corruption are not tolerated within the business. Anti-bribery and corruption is one of the compliance matters that the Group Legal team promotes throughout the business. The approach is business unit and market specific and therefore the policies and procedures adopted will depend on a number of factors including the relevant risk and local rules in each business unit country. In higher risk jurisdictions, more stringent measures are put in place to help prevent anti-bribery and corruption.

Training and awareness sessions on anti-corruption law and anti-corruption policies is provided where Belron perceives any material risk, in order to help ensure that each business continues to compete fairly and in compliance with all applicable anti-bribery laws.

The businesses' approach to anti-bribery and corruption is one of the topics measured within the Fair Business Practices/Ethics section of the Ecovadis sustainability assessment. In 2019, the overall average score across the Group in this area once again saw an increase; up from 64 in 2018 to 66.2 in 2019. All the businesses provide information about their policies, actions and results in relation to this topic as well as; conflicts of interest; fraud; money laundering; data security; and anti-competitive practices.

*End*