

Corporate Responsibility
Summary Report
2014/2015

“We thrive on supporting our customers to tackle the environmental challenges that confront us all.”

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KEY FACT

The PHS Group published its first Corporate Responsibility Report in

2011



Intro from the CEO

Since joining PHS in December 2014, I've spent much of my time getting to know the business – its services, customers and people.

From our frontline service teams to our sales and support functions, the PHS team cares deeply about our business in the widest sense. This report gives an insight into that passion to do the right thing and tracks our aim to make a positive impact for our customers, our people and the wider environment.

What's particularly exciting about working for PHS is that driving sustainable business is about more than just *our* impacts. PHS exists precisely to help our customers to improve their own environmental performance. We thrive on supporting our customers to tackle the environmental challenges that confront us all.



Our primary aim with this report is to give you an insight into our organisation and the challenges that we, and our customers, face. We try to do this in an honest and transparent way and this report will highlight the areas where we know we could do better, as well as celebrating our successes. You'll not only read about how we have reduced both our organisational carbon footprint and our accident rate, but also what we are doing to find better ways to manage difficult waste streams. I hope you find it both interesting and useful and I would welcome your feedback on our approach.

A handwritten signature in black ink, appearing to read 'J. Tydeman'.

Justin Tydeman
CEO, PHS Group

PHS Group KPIs 2014/2015

In 2014/2015, the PHS Group delivered £385 million revenue

£385 million



We reduced our carbon footprint by -16% versus 2013/2014



In 2014/2015 our energy saving range helped our customer save an estimated £3.5 million of in-use electricity

3.5m

In 2014/2015 our water saving range helped our customers save the equivalent of 1000 Olympic swimming pools of water

1000



17% of our people have worked with us for 10 years or more

10 years



Last year we managed nearly 140,000 tonnes of waste for our customers

140,000
tonnes



Our workplace accident rate is the lowest it has been since reporting began 12 years ago



Last year we delivered over 40,000 hours of training in-house

40,000



The PHS Group conducts over 20 million services each year

20million



Environment: 20,000

trees planted through our National Forest Partnership

Health: £100,000

employee supported fundraising for Together for Short Lives



Our Journey

The PHS Group was founded over 50 years ago with the aim of helping customers to create better, safer and more environmentally efficient workplaces. In that time we have experienced a period of significant expansion that took us from being a small sanitary disposal services company to being one of Europe's largest workplace services providers.

After 50 years of consistent growth, the PHS Group is entering a new chapter in our long history as we seek to deliver sustained organic growth by helping our customers to face today's environmental challenges. We know that our products and services address a fundamental need in organisations and that the role of resource management, energy efficiency and workplace wellbeing are more important than ever to our customers. We need to ensure that our customers clearly understand the benefits that our services can bring and that we deliver on our promises consistently and sustainably.

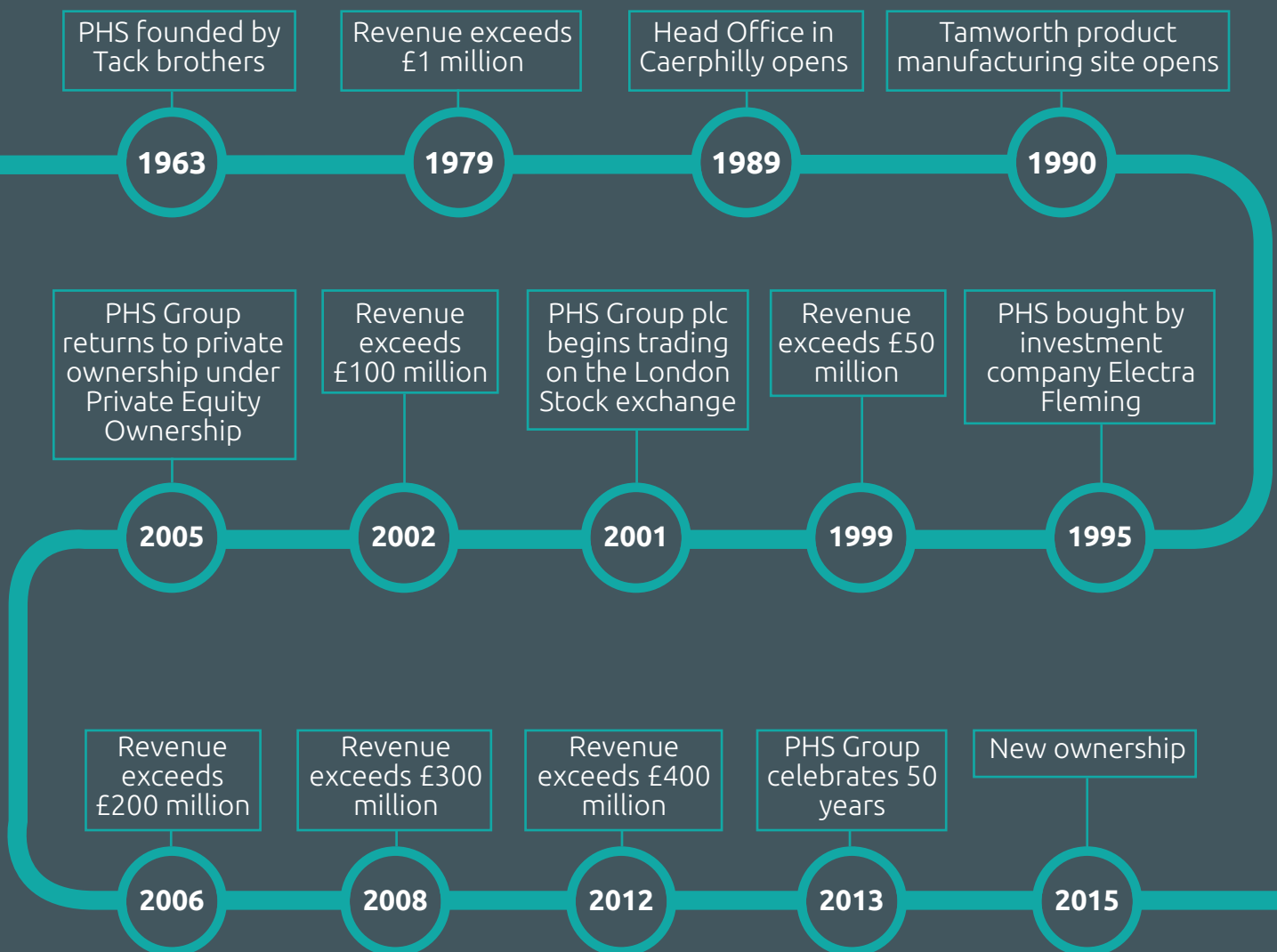
We know that delivering this will require focus and commitment from all areas of our business and for this reason we are currently working on our new sustainability strategy. This strategy will outline our aims and also the kind of business we want to be. It will act as a route map to crystallise our focus and define the values and behaviours that will transform us for the better.

A time of change for
the PHS Group

KEY FACT

In 2014/2015, the PHS Group delivered £385 million revenue

£385 million



Environment

Managing our own environmental impacts and supporting our customers to reduce theirs

Carbon p 10

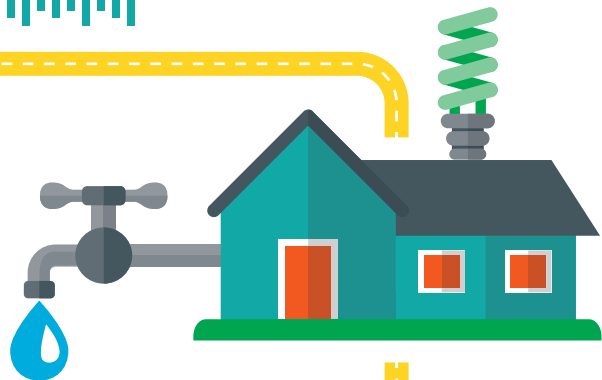
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Resource Management



Customer Water and Energy Saving



Carbon Reduction



Carbon

Our performance

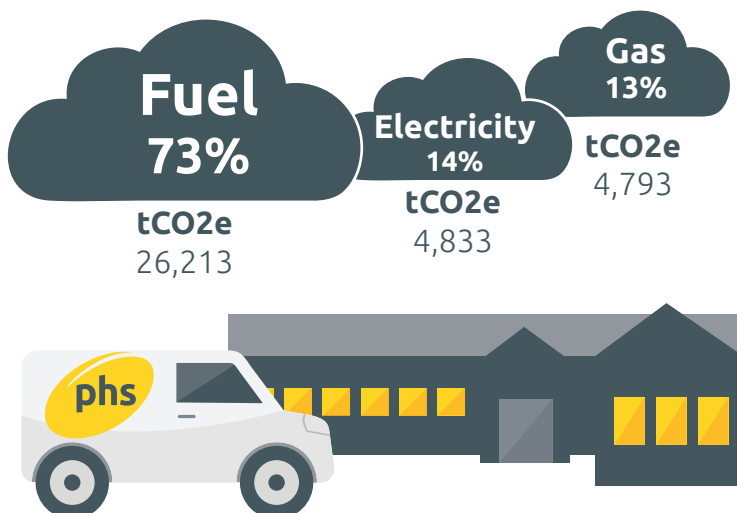
Our customers rely on us to help them create safe and environmentally efficient workplaces and we know that we can help reduce their wider supply chain impact even further by carefully managing our own operation.

As a mobile service organisation, carbon emissions from our fleet remain a key area of concern for us and our customers. We are working hard to understand our role in reducing global carbon emissions and we believe that being open and transparent about our performance is important. We voluntarily complete the Carbon Disclosure Project and are proud to say that our disclosure score has improved 12% in the last 2 years.

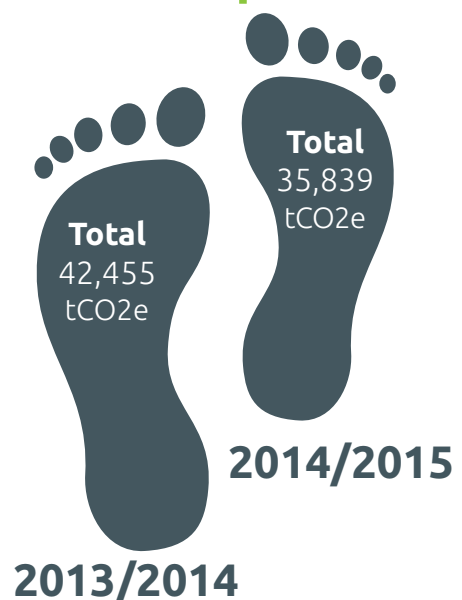
The changing profile of our business in the last year has helped us to reduce our direct organisational carbon footprint by 16% but the challenge of managing our own operational and fleet efficiency remains.

Our size and operational strength allows us to deliver transport and carbon efficiencies throughout the supply chain and it's a staggering fact that the PHS fleet of over 2750 vehicles travels on average 170,000 miles each day. Vehicle fuel is responsible for 73% of our direct organisational carbon footprint and our challenge is to ensure that each and every one of our vehicles is utilised efficiently and all of our drivers understands the role that they play in reducing the environmental impact of fuel. The introduction of new routing technology and behavioural telematics has supported these aims and been critical to our success in reducing our organisational carbon footprint.

Organisational carbon emissions by source 2014/2015



Direct Organisational Carbon Footprint



KEY FACT

The PHS fleet travels over 170,000 miles each day, equivalent to 7 times round the world

170,000
miles



Achieving reductions in
our most significant
environmental impact



Viewpoint

“One of the biggest ways to help manage our carbon impact as a business is to make sure that we are using our fleet as effectively as we can. This means having the right vehicles, following the most efficient routes and being driven by people who understand their role in saving fuel.

Over the last 2 years we’ve really started to address each of these areas and the reduction in our fuel bill speaks for itself. Our next challenge is to consider how our fleet will

look going forward and understand how and where we can utilise alternative fuels. In all honesty, given the distances that 95% of our fleet travel each day, I don’t think that plug-in electric vehicles are right for us just yet but we know that in future we must, like all businesses, become less reliant on fossil fuels.”

Dave Reynolds

Head of Fleet, PHS Group

Water & Energy

Our performance

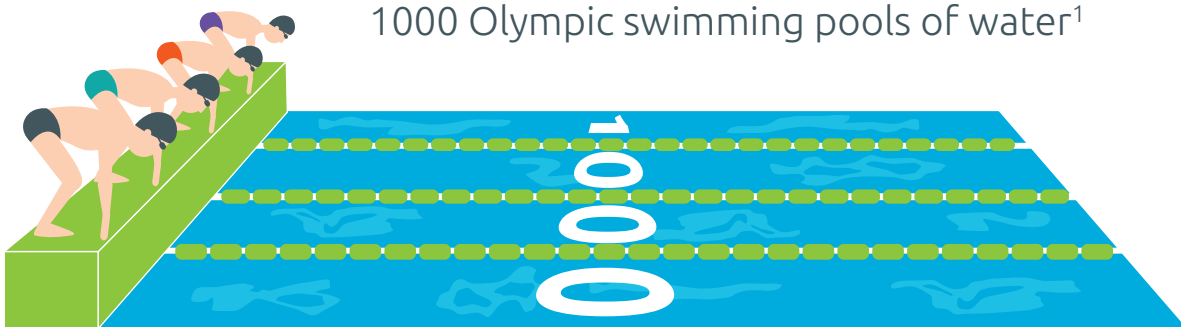
The biggest contribution we can make to reducing energy and water use is to help our customers identify efficient and measurable savings.

We know that the savings our products and services make on our customer's sites far outweigh our own energy and water consumption. Products such as our innovative urinal control system and low energy hand dryers offer customers practical and reliable solutions to actively reduce both their cost and environmental impacts. Last year we estimate that our energy saving products saved our customers over 27 million kWh of in-use electricity and our water saving products the equivalent of 2.6 million m³ of water.

In fact, to ensure that we can measure these impacts accurately and provide customers with relevant savings estimates, we have had these claims independently assessed by an external consultancy and our calculation methods have been verified. We want our customers to know that they can rely on the information we provide and that our products offer a genuine opportunity to save money and reduce wastage.

Annual customer water saving

In 2014-15 our water saving range helped our customers save the equivalent of 1000 Olympic swimming pools of water¹



¹ Customer water saving estimate made utilising FY14-15 PHS Contract Pool product numbers and externally verified savings, assuming every product replaces less efficient comparator.

Helping our customer to manage their water and energy

KEY FACT

In 2014/2015 our energy saving range helped our customer save an estimated £3.5 million of in-use electricity²

3.5m



Viewpoint

“As a workplace services provider we know that the most significant thing we can do is to help our customers save water and energy on their sites. Education is a key part of this and we’re passionate about helping customers to see these opportunities and understand how simple actions can save them money and help use limited natural resources more efficiently.

But this doesn’t mean that we rest on our laurels. Over the last few years, we have undertaken a number of projects to help us reduce our own energy and water consumption – from lighting upgrades across our estate to investing in the latest technology for high energy and water consuming processes such as our laundries. We’re facing the same challenges as our customers and these experiences helps us provide better products and more efficient services.”

Emma Wood

Group Sustainability Manager, PHS Group

² Customer electricity in-use saving estimate made utilising FY14-15 PHS Contract Pool product numbers and externally verified savings, assuming every product replaces less efficient hand dryer. Representative electricity cost from DECC.

Resource

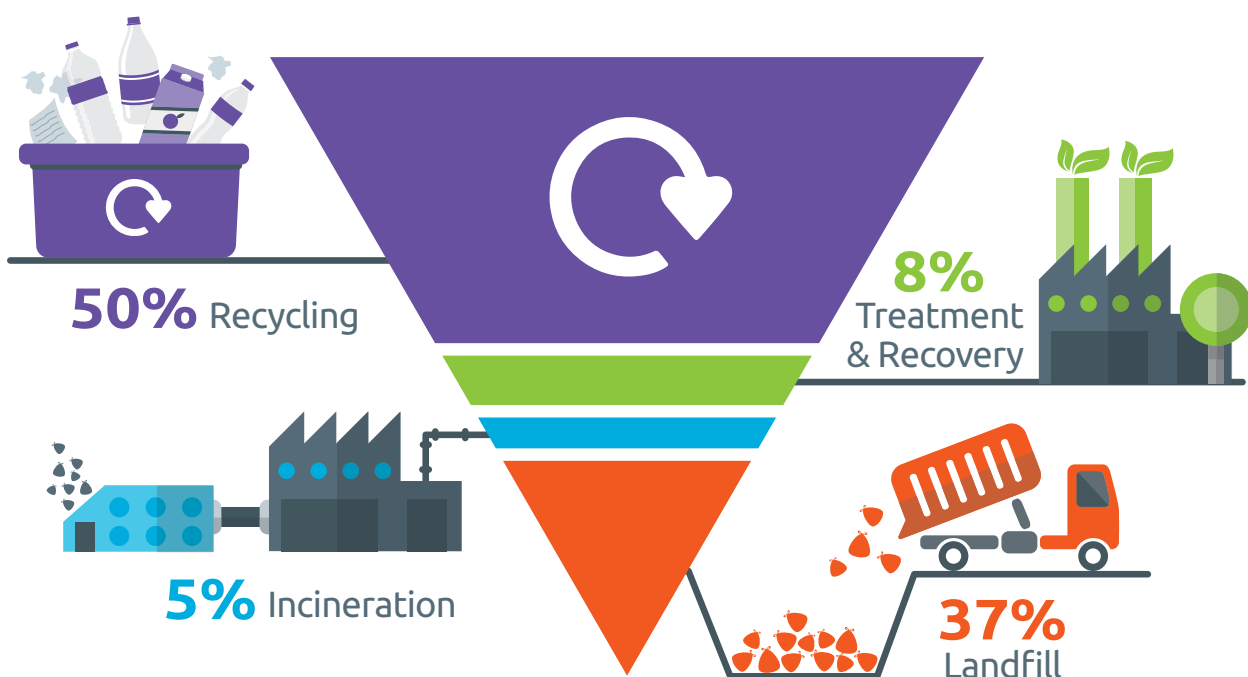
Our performance

Last year the PHS Group managed over 140,000 tonnes of waste on behalf of our customers.

This ranged from confidential material to sanitary and medical waste. 37% of this waste was sent to landfill, which highlights one of the most difficult challenges facing the waste industry today, particularly when dealing with waste streams such as absorbent hygiene products. As waste specialists, we know that landfilling waste is neither an environmentally nor financially effective long-term option.

It's our belief that simply replacing landfill with incineration that doesn't offer energy recovery is not a long-term solution. As the UK's largest collector of sanitary waste, part of our challenge is to find an alternative way to deal with this difficult waste stream and we are currently investigating new ways to ensure that this waste is no longer sent to landfill.

Waste by treatment route



KEY FACT

Last year we managed nearly 140,000 tonnes of waste for our customers

**140,000
tonnes**



Meeting the challenge
of turning waste into
a valuable resource



Viewpoint

"I have worked in the waste industry for over 20 years and in that time I've seen many changes. However, there's no doubt that when it comes to finding cost and environmentally effective alternatives to landfill, progress can appear slow. I know that the pace of change can be frustrating, both for those of us who work in the industry and our customers but this is a challenge we must work together to meet.

This is why I am committed to developing a better solution. I've made it my mission to follow an approach that treats even the most unpleasant and difficult waste streams, like nappies and sanitary, as a resource. I, like many within the industry, believe that we must look at waste differently. We need to find new and innovative ways to see this material as an opportunity and a resource that can be of real value not merely a problem to be managed."

Clare Noble

Hygiene Operations Director, PHS Group

People

Our team of 5000 people
delivering great service for
our customers

Working with us p 18

Health & Wellbeing p 20

Development p 22



Working with us

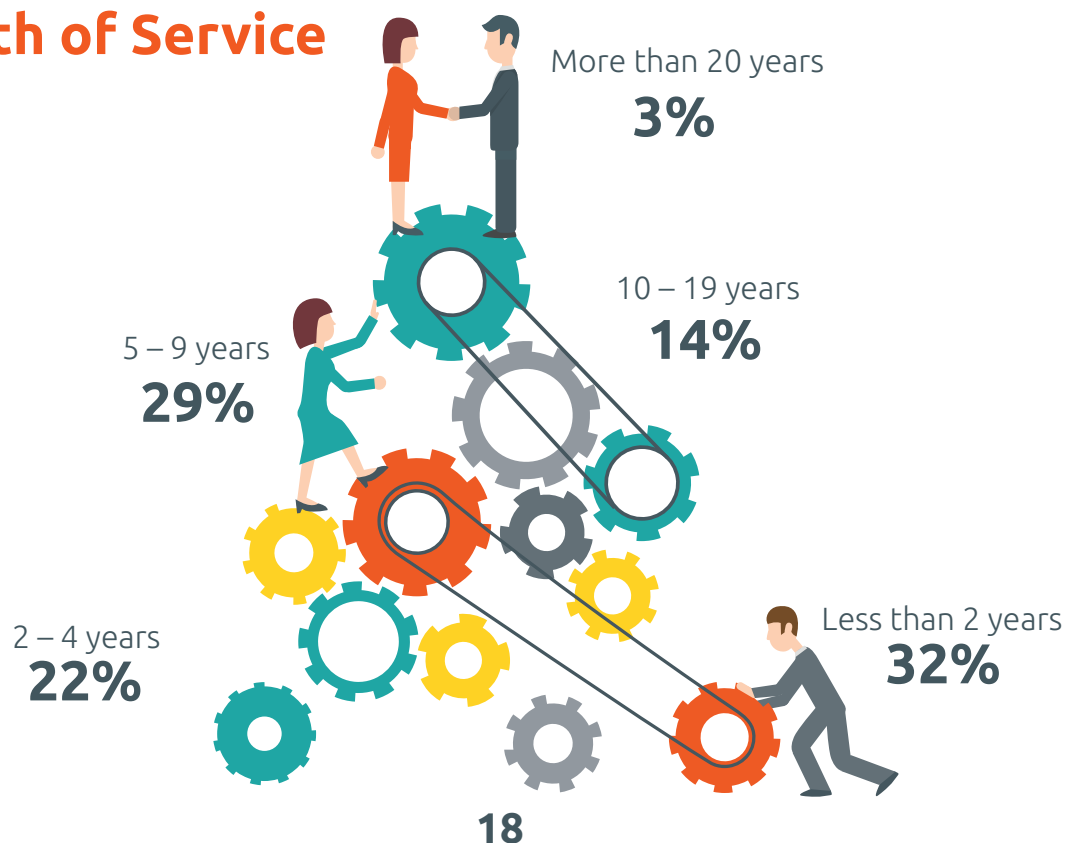
Our performance

We are a people business and the social impacts of our organisation have always been clear to us.

We are proud to invest in offering local, permanent employment opportunities throughout the UK to people of diverse backgrounds because having people who share our ambition to provide outstanding service to our customers is of the utmost importance to us. This ethos is reflected in the loyalty of our people, 17% of whom have worked with us for ten years or more. We greatly value the expertise and experience that these individuals bring.

We also recognise our role in building a sustainable workforce for the future and for this reason we are currently increasing the number of apprentices within our organisation. Attracting talented young people to the business and offering them opportunities to develop and contribute are critical to ensuring the ongoing success of our services.

Length of Service



KEY FACT

17% of our people have worked with us for 10 years or more



Providing full-time,
permanent roles
in local communities
throughout the UK

Viewpoint

Apprentice case study

"I was one of 6 apprentices that started with the Capital Capture Division of PHS last year to work in their London Head Office. Having completed my BTEC Level 3 Diploma, I was looking for a position that offered me the opportunity to develop my IT skills. PHS was the perfect opportunity.

Since joining the business, I've been working in the support team. This is a really interesting role and I particularly enjoy helping clients to solve their problems and improve their processes. I'm grateful for the opportunity PHS has given me and am looking forward to the next chapter of my career."

Dauda Kabbia
IT Apprentice



Health & Wellbeing

Our performance

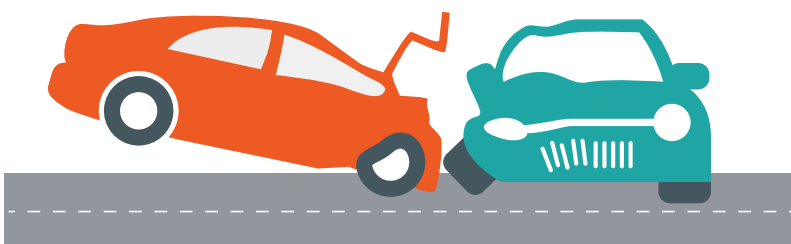
The health, safety and wellbeing of our employees is of paramount concern to us.

The importance of keeping our people and those who come into contact with our services safe cannot be overstated and we are proud that this year we have been able to reduce our workplace accident rate by 19%. Yet we also recognise that PHS is a mobile organisation and as such we are acutely aware of the risks our people face when driving.

It's a sobering fact for any employer that 2 out of the 5 people killed on our roads every day are driving for work and we take our responsibility to keep our people safe very seriously. For this reason, our Drive Well Programme provides ongoing support and 121 coaching to help our people face the stresses and challenges inherent in driving on today's roads.

2014-2015 Road and workplace accident performance³

Vehicle incident rate reduced by
13%



Workplace incident rate reduced by
19%



RIDDOR incident rate reduced by
24%

³ 2014-2015 versus 2013-2014

Making workplaces safer,
whether on the road
or in the office

KEY FACT

Our workplace accident rate is the lowest it has been since reporting began 12 years ago



Viewpoint

"I've been with PHS for about 6 months and when they told me I was going to go on a driver coaching session, I admit I was a bit dubious. Like everyone I suppose, I thought I was a good driver and wondered what benefit I could possibly get out of a driving lesson. You know what though, it was absolutely brilliant and the things I learnt made me realise that I was potentially putting myself or others at risk.

The session really opened my eyes and not only have I learnt a new way of driving that helps me and the company save money on fuel, it's also changed my working day. My day is now much less stressful and the things that used to bother me, like other drivers bad habits, just don't get to me anymore. I often used to feel drained after the end of a day spent battling traffic and rushing around but not anymore. Honestly it's like a different job!"

Kevin Williams, Service Driver

Development

Our performance

At PHS we know that our business is defined by our people. They make us what we are.

For our people to be effective in their roles and in order to retain them in a competitive marketplace, we recognise that we need to provide opportunities for all colleagues to grow and develop. In this respect the PHS Group has always been committed to developing talent in our organisation and has a strong tradition of internal training and development.

We constantly look for feedback from our colleagues to help us improve what we do and last year our employee survey highlighted the need to make our people aware of the training available to them and the opportunities that exist to develop. In response we launched a number of projects to enable us to better identify and match training needs and also launched a new Talent Development Programme pilot. This programme is open to team members at all levels and has been designed to identify and invest in the growth of our talented senior managers of the future.

Employee survey summary

82%

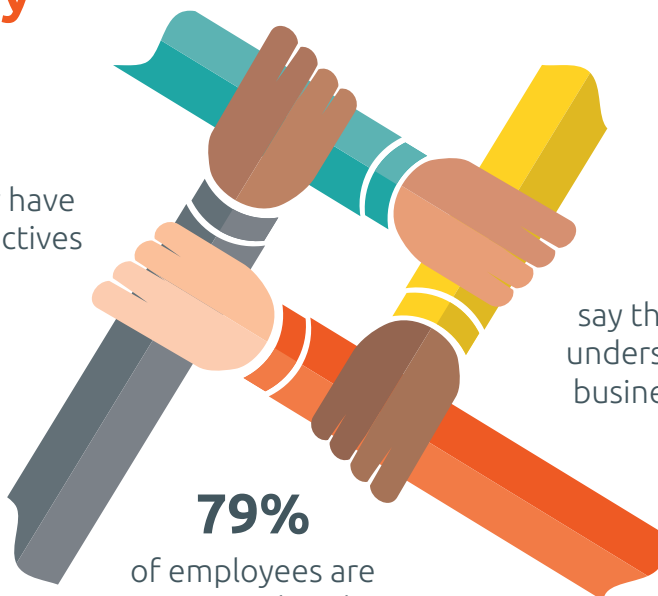
state that they have clear work objectives

72%

say that they have a clear understanding of what the business wants to achieve

79%

of employees are committed to the future of PHS



KEY FACT

Last year we delivered over 40,000 hours of training in-house

40,000



Investing in our people
to deliver great service



Viewpoint

"I joined PHS in 2002 on the graduate development scheme, and have since progressed from Operational Support Manager to Branch Manager and Regional Operations Manager – the position I've held since 2008. During my time with PHS, I've been lucky enough to undertake a wide range of roles and received lots of support, both from colleagues and via the formal training programmes.

One of the best courses that I've been on during my time at PHS was the Group's Talent Development Programme. The opportunity to share ideas with people from other areas of the business and be tasked with working in a completely new area was a great experience, even though it was a little daunting to have to present to the CEO. As a manager now, I recognise that succession planning and developing future managers really are our biggest challenges. If we want to be a healthy and competitive business, we need to ensure that we are preparing our best people for the next step in their careers."

Jo Tranter,
Hygiene Regional Operations Manager

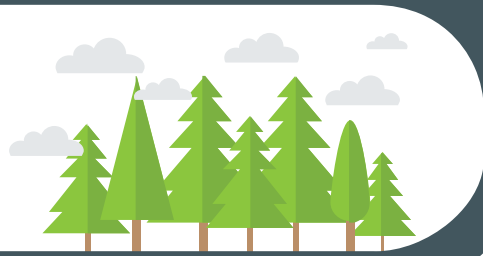
Customers

Conducting over 20 million services each year and adding value to the supply chain

Customer Satisfaction p 26

Supply Chain p 28

Community p 30



Customer Satisfaction

Our performance

As a service organisation, making sure our customers remain happy is vital to our success.

Our ongoing economic performance relies on our customers staying loyal to us and trusting us to deliver exceptional service levels across our complete portfolio. We monitor our success in this area via our customer survey which provides our customers of all sizes the opportunity to give us honest and open feedback

Our aim is always to ensure that our customers are happy with the service they receive, so we judge our overall performance by asking one simple question: "How likely is it that you would recommend PHS to a friend or colleague?" The responses we receive to this single question form our Net Promoter Score (NPS) – a widely used customer loyalty metric. Last year, our Net Promoter Score improved by over 50%.

Customer Satisfaction Summary

83%

of our customers found us helpful when dealing with a query

78%

of our customers are satisfied

+25.73

Net Promoter Score



KEY FACT

The PHS Group conducts over 20 million services each year

20million



Committed to delivering
the best service to our
200,000 customers



carillion

Making tomorrow a better place

Viewpoint

“PHS has been our chosen washrooms services provider for over 8 years. Within that time, we’ve developed a partnership that delivers genuine operational quality, as well as environmental benefits and cost savings for Carillion sites throughout the UK. We know that one of the biggest opportunities is to help our sites better manage the water and energy used in their washrooms and PHS’s support to deliver this is essential.

As a supplier of both infrastructure and services, we share the commitment not only to support high sustainable building standards and environmental performance, but also to provide high quality facilities for the people who use them. We’re also taking this forward as partners together in the built environment’s award-winning Supply Chain Sustainability School. The PHS Group’s focus on providing practical solutions to better manage water, waste and energy will help Carillion to achieve our goal of making tomorrow a better place and delivering customer benefits.”

Jeremy Lloyd

Category Manager, Carillion

Supply Chain

Our performance

Our choice of service fleet is critical to our service and has an impact across the wider supply chain. For this reason, it represents one of our most important purchases.

In the coming year, the PHS Group will replace over 1000 vehicles and this replacement programme represents a significant opportunity to influence the environmental performance of our fleet for the next 4 years. Specifying and procuring this fleet was therefore one of our largest procurement projects of 2014-15 and illustrates our commitment to build whole-life costing and environmental performance into our purchasing decisions.

Using these critical factors to define our purchasing requirements, PHS awarded the contract to Vauxhall, who have been our fleet providers since 2008 and it is anticipated that by September 2015 over 50% of our fleet will be in the market leading emissions class. PHS is also proud to support a fellow UK manufacturer and be part of securing skilled jobs at Vauxhall's plants in Luton and Ellesmere Port.

Anticipated Fleet renewal impact

	Weighted average of new fleet (2015)	Reduction versus previous fleet (2011)
Cars	98 gCO ₂ /km	-15%
Vans	164 gCO ₂ /km	-16%



KEY FACT

Last year we spent over £62,000 with UK social enterprises



Building partnership
that deliver wider
supply chain benefits



Viewpoint

“Vauxhall has been the chosen fleet partner for the PHS Group for over 7 years now and when the contract came up for renewal recently, we took the opportunity to really look at how we could maximise the opportunities to lower CO2 emissions and improve the MPG. By working together and openly sharing information we were able to make some significant improvements that had a positive impact for both the environment and PHS as a whole.

By moving to the New Insignia, PHS will save over 30g of CO2 and improve fuel efficiency by 19 mile per gallon. Taking advantage of our new Bi-Turbo engine on the Vivaro means that PHS will save a further 40g of CO2 and 9 MPG and have a fleet that offers the very best in terms of environmental, operational and financial performance.”

Steve Beattie

Regional Fleet Sales Manager, Vauxhall

Community

Our performance

The PHS Group established its own charitable Foundation in 2013 to define how we want to make a difference to the local community.

We firmly believe that our community engagement activities should have clear tangible benefits for the business. These benefits include helping us to attract, retain and develop our people, fostering teamwork and bringing us closer to the markets and communities in which we operate.

To ensure that our community activities achieve these aims, we have established mission areas. The areas where we feel we can truly make a difference are health, which we support through our corporate charity Together for Short Lives and Environmental, which is achieved through our partnership with the National Forest. Each of these partnerships has a clear aim and seeks to deliver tangible benefits to our organisation and the wider community.

Foundation Mission areas

Health:

£100,000

employee supported fundraising for Together for Short Lives



Environment:

20,000

trees planted through our National Forest Partnership



KEY FACT

During our partnership with Together for Short Lives we have raised

**over
£100,000**



Recognising our role
in the community
through the PHS Foundation



Viewpoint

"I've been the local fundraising champion in Wickford for over 2 years now and in that time I've got involved in all kinds of events, such as bake sales, raffles and quizzes. Recently, I was lucky enough to visit the Little Havens Hospice in Essex which is close to our office. Seeing first hand the dedication of the staff there and the way that they make it feel like a home away from home for the children made such a difference.

Although fundraising can be hard work at times, my visit to the hospice made it all worthwhile. I got to see the real impact of our donations and I was really proud to think that me and my colleagues at PHS were helping to make this amazing place possible. That was such a rewarding experience and it has really spurred me on to do more and help even more of my colleagues to see what we can achieve together."

Donna Kane

Operations Administrator,
PHS Washrooms Wickford



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