

PHS Sustainability Report 2015/16

Meeting customer **hygiene** needs
with a **sustainable** focus



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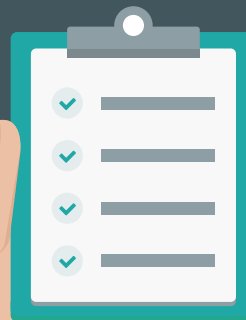


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CEO Introduction

Every day, customers at over 280,000 locations trust us to deliver services that help them manage the environmental impact of their building and create safer and happier places to work. It's why we exist.

As you'll see from this report, the past year at PHS has been an exciting one of challenge and change. Our focus has been to reduce the complexity in our business for ourselves and our customers. To achieve this we are changing many of our ways of working and have invested in new technology so that we can better manage our business and its wider environmental impact. Our efforts to improve our operational efficiency have enabled us to reduce our organisational carbon footprint by an impressive 6% versus last year.

Our customers remain at the heart of these changes. Our focus is on helping them to respond to the wider challenges that we all face, from ensuring their legal compliance to providing healthier workplaces. One key challenge is the better management of waste and I am pleased to say that we are leading the industry in finding better, more sustainable alternatives to landfill for difficult waste streams.


I hope you find this report an interesting and useful insight into our efforts to champion more sustainable products and services.



Justin Tydeman
CEO



PHS Group KPIs 2015/16



Last year we reduced electricity use at our head office by

6%

Last year we improved the average mpg of our fleet by

9%



We have reduced our organisational carbon footprint by 6% versus 2014/15¹



6% reduction

¹Manually adjusted to exclude impact of organisational divestment.

Each year we collect on average 140,000 tonnes of waste from our customers

140,000 TONNES



Every PHS supplier must abide by our stringent Ethical Code of Practice

Ethical



We estimate that our water saving products help our customers to save 2.6 million cubic meters of water annually¹



2.6million

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

Last year we reduced our vehicle accident frequency by 10%

10% reduction



During our partnership, we have raised over £113,000 for our chosen charity Together for Short Lives

£113,000



Last year, our service team undertook over 5 million service visits

over 5million



People

Engaging our people

Since 1963 PHS has delivered reliable and responsible services through our team of over 3,000 people.

One of our aims this year has been to engage people in all areas of the business in our ambition to be 'brilliant' at what we do. As part of this, we launched a major programme to engage our people in developing new systems and ways of working. With 3 ongoing workstreams and 43 events across 18 locations, this programme sought to leverage the practical experience of our people to ensure that customers remain at the heart of our business and continue to drive our operation day in, day out.

Our common understanding of how we work at PHS is called 'Our Approach':

We connect to our customers

- ▶ We know the right thing for our customers and listen to their feedback

We take responsibility

- ▶ We know when something needs to be resolved and are proud to take ownership to make things happen fast

We respect each other

- ▶ We work together to overcome obstacles

We know what value for money is

- ▶ We challenge how things are done so that we get the best result

KEY FACT

Last year, over 3000 of our people attended our employee engagement workshops

3000



2016/17 focus: Next year we will invest £6M in new systems and tools to better connect to our customers.

A new approach to growing our business



OUR PRIORITIES

- ▶ WIN MORE CUSTOMERS
- ▶ TRANSFORM IDEAS INTO ACTION
- ▶ REDUCE COMPLEXITY



OUR APPROACH

- ▶ WE CONNECT TO OUR CUSTOMERS
- ▶ WE TAKE RESPONSIBILITY
- ▶ WE RESPECT EACH OTHER
- ▶ WE KNOW WHAT VALUE IS

DOING THE DETAIL

- ▶ COMBINING IMPROVED TEAMWORK AND BETTER USE OF TECHNOLOGY
- ▶ SIMPLIFYING OUR SALES PROCESS FOR OUR CUSTOMERS
- ▶ RESOLVING OUR CUSTOMERS' ISSUES FIRST TIME



Waste

Developing innovative solutions to industry challenges

As a hygiene services provider, part of what we have always done for our customers is ensure their legal compliance when dealing with sanitary waste. It's what the business was set up to do over 50 years ago.

Though legislation has changed over the years and attitudes to dealing with waste have shifted, our ambition remains to help customers find better, more sustainable and cost-effective ways of managing their waste. Our expertise in waste now expands beyond the washroom to incorporate recycling equipment, healthcare waste and materials recycling. We still pride ourselves on bringing the same practical, customer focused approach to every type of material and every customer request.

Today, the PHS Group is one of the UK's largest collectors of sanitary and nappy waste and we are dedicated to finding a better solution for managing this difficult waste stream. We are at the forefront of this industry challenge and are confident that our solution, which is currently on trial, will in time eliminate the need to dispose of this waste via landfill.

KEY FACT

Each year we collect on average 140,000 tonnes of waste from our customers

140,000
TONNES

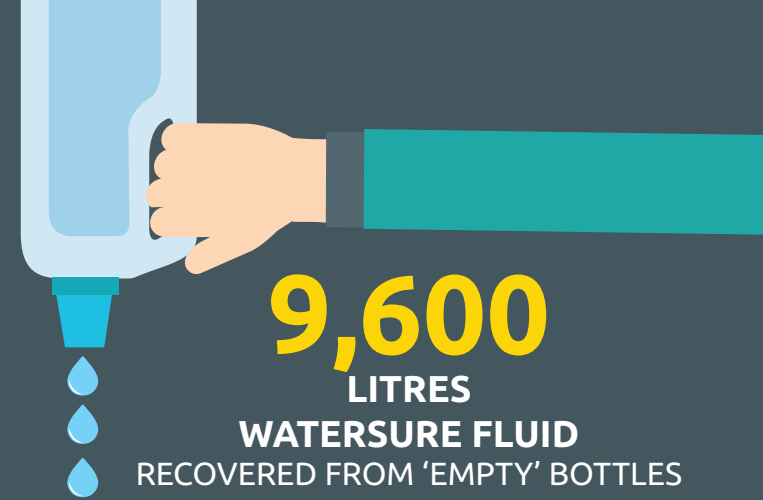


2016/17 focus: We will launch our innovative process enabling us to offer an environmentally effective alternative to landfill for sanitary waste.

2,300
PRODUCTS
RECONDITIONED



Maximising the
product lifecycle



9,600
LITRES
WATERSURE FLUID
RECOVERED FROM 'EMPTY' BOTTLES

41,000
PARTS REUSED



50
TONNES
PLASTICS RECYCLED



55
TONNES
METAL RECYCLED



35,000
BATTERIES
RECYCLED



Energy & Water

Providing water & energy saving solutions to our customers

Part of our role as a trusted services provider is to alert our customers to ways in which they can better manage their own environmental impacts.

On most sites, washrooms are a surprisingly high user of water and energy. Our range of water and energy saving equipment for the washroom provides a significant opportunity for customers to make savings, with the benefit of low up-front costs and a quick payback. In fact, we estimate that our washrooms water controls have helped our customers to save the equivalent of 1,000 olympic swimming pools of water.

This year we have successfully launched our AeraMax and Airstream Pure range, both of which are carefully designed to help our customers improve hygiene and air quality on their sites. These products support our overall aim, which is always to deliver innovative products that enable our customers to make practical and cost-effective improvements. It's just one of the ways in which we can demonstrate genuine environmental impact throughout the value chain.

KEY FACT

We estimate that our water saving products help our customers to save 2.6 million cubic meters of water annually¹



2.6million

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

2016/17 focus: We are investing over £1 million in improving the energy and water efficiency of our Swindon laundry.

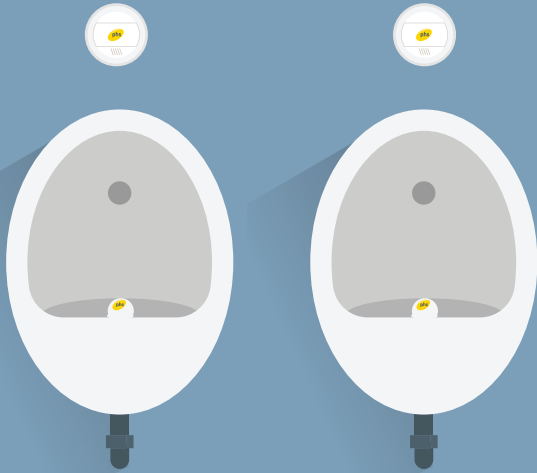
Delivering washroom water and energy savings for our customers

OVER 1 YEAR, OUR PRODUCTS ACHIEVE AVERAGE SAVINGS OF:

FLOWSAVER

194,220

LITRES PER URINAL SYSTEM



"Customer water saving estimate made utilising externally verified savings, assuming replacing uncontrolled cistern."

FLUSHWISER

13,050

LITRES PER TOILET



"Customer water saving estimate made utilising externally verified savings, assuming replacing 9 ltr non-domestic toilet."

LOW ENERGY HANDRYER (AIRFORCE)

770 KWH

PER DRYER



"Customer energy saving estimate made utilising externally verified savings, assuming every product replaces average warm air hand dryer."

Carbon

Delivering carbon efficient services for our customers

The operational challenge of servicing customers at over 280,000 locations means that the PHS Group is, by necessity, a mobile organisation.

We run a fleet of over 2,500 vehicles and last year our operational fleet travelled over 43,680,000 miles. Vehicle emissions are therefore one of our most significant environmental impacts. Managing this impact is of great concern to us and one that is shared by many of our customers. Whilst fuel management has always been a priority for us, 2015/16 has seen the rollout of a number of projects that have helped us to significantly reduce the operational impact of our vehicle fleet.

Key projects in 2015/16 included the ongoing rollout of our routing efficiency software, the completion of our behavioural telematics installations, the purchase of over 1,000 new high-efficiency vehicles and the ongoing promotion of better driver skills through our 'Drive Well' programme. Together, these initiatives have helped us achieve a 9% improvement in our average mpg and, alongside organisational changes, have played a key role in enabling us to reduce our overall carbon footprint by an estimated 6%.

KEY FACT

We have reduced our organisational carbon footprint by 6% versus 2014/15¹



6% reduction

¹Manually adjusted to exclude impact of organisational divestment.

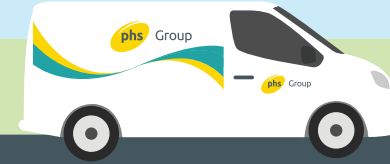
2016/17 focus: Our work to reduce the carbon impact of our operation will continue with the roll-out of route optimisation technology to all our fleet.

START

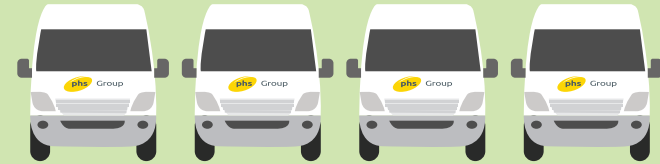
Focus on fleet improvements 2015/16



REPLACEMENT OF 17 7.5 TONNE TRUCKS
WITH SMALLER BOX VANS



1000 VEHICLES REPLACED
WITH LATEST MODEL



BEHAVIOURAL TELEMATICS
INSTALLED IN
ALL SERVICE VEHICLES



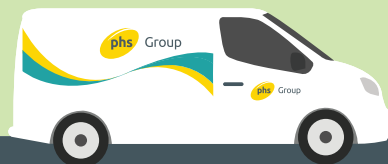
ROUTING SOFTWARE
INSTALLED ACROSS ALL AREAS
OF THE BUSINESS



FLEET TRAVELLED
43,680,000 MILES



OUR JOURNEY
CONTINUES



OVERALL 9% IMPROVEMENT IN MPG



Health & Wellbeing

Promoting health & wellbeing for all stakeholders

Many of the services provided by the PHS Group are focused on health & wellbeing in public and office spaces.

From the provision of pleasant washrooms and the effective management of healthcare waste risks to ensuring the safety of electrical equipment and promoting green spaces, our services help our customers to run safe, healthy and attractive premises. Naturally, we take our responsibilities in these areas very seriously and ensuring the safety of our products and services is our highest priority. Protecting people, both within our own operation and on our customers' premises, is one way in which we know we can add value to our wider stakeholders.

In 2015/16 we undertook a wholesale review of our approach to managing our quality, environmental and safety responsibilities. We have introduced a new Employee Assistance Programme to provide confidential support and advice to our people and have recruited a new Quality, Environment and Safety team (QuEST). This new team has begun the process of transforming the way we manage our performance by reviewing processes, enhancing reporting and ensuring that employees at all levels understand the human and operational impact of these areas.

KEY FACT

Last year we reduced our vehicle accident frequency by 10%

10% reduction



2016/17 focus: Our enhanced reporting processes will support our efforts to better protect employees and reduce Lost Time Injuries.

Transforming our approach to Health & Safety

STEP
1

RISK AWARENESS

BUILD ROBUST HAZARD IDENTIFICATION AND AWARENESS PROGRAMMES



PROMOTE ACTION

EMPOWER OUR PEOPLE TO MANAGE RISKS



LEARN AND IMPROVE

UTILISE REPORTING AND INVESTIGATION PROCEDURES TO DRIVE ACTION



STEP
3

SUPPORT OUR PEOPLE

PROVIDE EMPLOYEES WITH THE RIGHT TOOLS AND COMPETENCIES TO MANAGE THEIR WELLBEING



Supply Chain

Safeguarding the wider supply chain

The PHS Group has a core pool of over 400 approved suppliers and we are proud of our role in supporting other UK businesses.

From vehicles to product parts, materials and professional services, we rely on our suppliers to provide the expert support and value for money we need to keep our customers happy. However, as supply chains become increasingly complex and in many instances global, we recognise the inherent risks and responsibilities that this brings. A primary focus for us in 2015/16 has been to better document and audit our supply chains to ensure that all suppliers operate in line with our Ethical Code of Practice and are free from modern slavery.

This ethical approach incorporates both new suppliers, who must complete a detailed pre-qualification process to ensure that they are aware of PHS values and policies, and existing suppliers who are regularly assessed and audited based on risk. Where issues are identified, we actively work with our suppliers to resolve these and PHS will never knowingly use suppliers whose values do not reflect our own.

KEY FACT

Every PHS supplier must abide by our stringent Ethical Code of Practice



Ethical

2016/17 focus: We will continue to work with our partners to build efficient and ethical supply chains.

Combatting Modern Slavery

In-house

Supply chain



CHECKLIST

- Pre-qualification checks at supplier selection
- Anti bribery and corruption policy in place
- Supplier Ethical Code of Practice
- Risk assessment of all existing suppliers
- Due diligence checks based on risk
- Work with suppliers where issues identified
- Sanctions and termination for serious breaches

Foundation

Building links with the wider community

Supporting our employees to build closer links with the wider community has always been important to the PHS Group.

We have run our own charitable Foundation since 2012 and this year we have undertaken an extensive review of our approach to ensure that we continue to reflect the concerns of our people. We have sought to encourage greater engagement from our teams and support people in all locations and job-roles, including our remote and mobile workforce, to get involved. We strongly believe that an employee-led programme is the best way to deliver real value for our business, our customers and our wider stakeholders.

Our partnership with the charity Together for Short Lives is one example of how we engage with the wider community. In the last 3 years, this partnership has seen PHS and its employees raise over £113,000 for this very deserving cause. For many of our people, the chance to support this charity and see first hand the services they provide to local children with life-limiting conditions has been a highly rewarding and meaningful experience.

KEY FACT

We have raised over £113,000 for our partner charity Together for Short Lives



2016/17 focus: Our people are at the heart of our community engagement programme and their priorities continue to drive our approach.

Building links with the wider community



together
for
short
LIVES



WE HAVE RAISED OVER
£113,000

FOR OUR PARTNER CHARITY
TOGETHER FOR SHORT LIVES

