

...a change in  
our step...



# Contents

## 3 Intro from CEO

- 4 About PHS
- 5 Our services
- 6 Celebrating 50 years
- 7 Our priorities

## 8 Environment

- 10 Carbon
- 12 Fuel
- 14 Energy
- 16 Water
- 18 Waste

## 20 Health & Wellbeing

- 22 Health & Safety
- 24 Wellbeing

## 26 People

- 28 Working with us
- 30 Training & Development

## 32 Community

- 34 Customers
- 36 Suppliers
- 38 Community



Designed by Arts Factory. All profit generated through our business activities provides opportunities for disadvantaged and marginalised people in our local community.

# Intro from CEO

This is only the second introduction to a Corporate Responsibility Report that I have written as CEO but as you'll see it's certainly been a year of change. We have delivered a resilient financial performance in what has been a tough economic environment but also taken the time to think strategically about how we can better help our customers respond to the changing environment facing all businesses.

This year we have closely examined what our customers expect of our service, how our structures and processes support those aims and engaged with our people to find out how they feel we are performing. These learnings have helped shape our strategy and our new management team is now driving a transformation of the business. Throughout all this, it's become clear that sustainability is key to our future success in ways that may not have been previously recognised. Our company was founded with the specific aim of helping organisations manage their environmental impacts and environmental stewardship is at the heart of our product rental business model, yet our focus on practical, low-cost services means that we haven't necessarily presented our range as a coordinated sustainability offering. This is changing as we recognise that responsible businesses need not just seamless and perfect service but comprehensive, assured and measurable solutions to support their own Corporate Responsibility objectives.

The PHS Group celebrated its 50th anniversary this year and perhaps our mood of reflection is a result of this milestone. Our business has had many great successes over the last 50 years, all of which we should celebrate but we now face the challenge of becoming a business ready to lead our marketplace into the next 50 years in a responsible and sustainable manner. Our challenge in the coming year is to ensure that sustainability is at the heart of our strategic success and becomes a practical and everyday part of the services we provide to our customers.



**Gareth Rhys Williams,**  
Chief Executive Officer



# About PHS

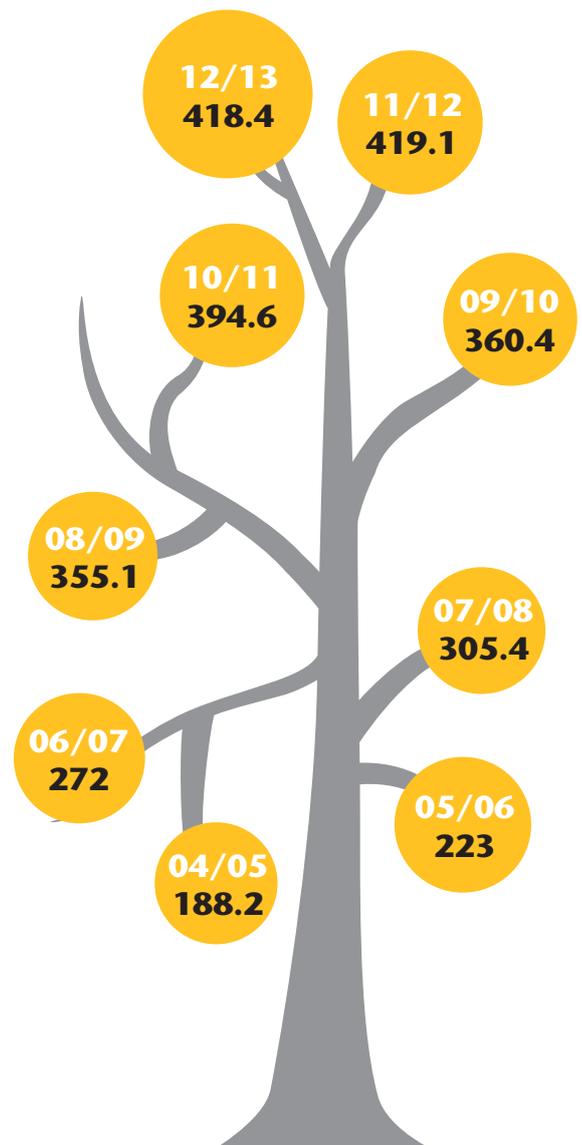
The PHS Group is well known for its washroom services but, as one of the UK's leading providers of workplace services, we offer a complete range of solutions to help keep businesses running smoothly.

Founded in 1963 as one of the first providers of sanitary disposal in the UK, the PHS Group has grown rapidly over the last 50 years to now offer over 200 products and services to over 200,000 customers at more than 450,000 locations nationwide.

## Financial Performance

PHS delivered a resilient performance in the face of challenging conditions across our markets with Group revenue flat at £418.4m (2012: £419.1m) and EBITDA down 9% to £112.8m (2012: £124m). Our Hygiene and Workplace Services sectors performed in line with expectations, with strong growth in our Confidential Data and Compliance businesses.

## Revenue by year



# Celebrating 50 years

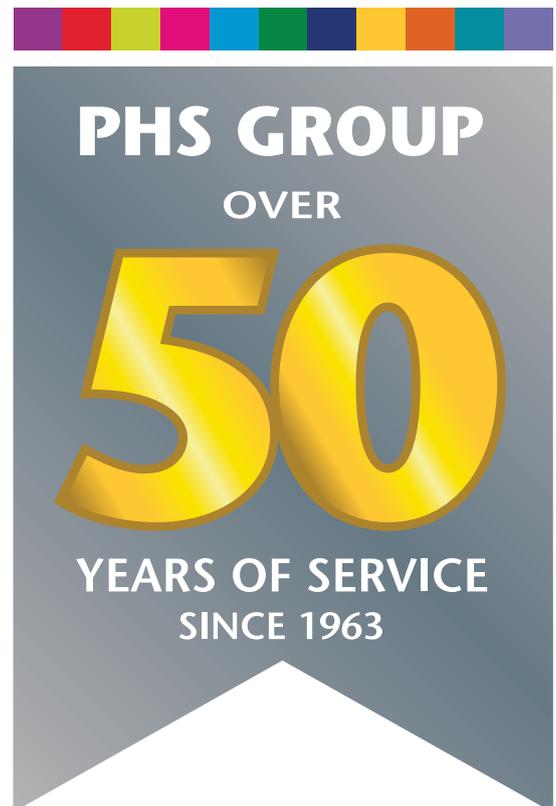
2012/13 marked our 50th Anniversary and this was an opportunity to reflect on half a century of growth and diversification and the establishment of a loyal customer base.

The PHS Group has always provided our customers with practical and cost-effective ways to manage their impacts and to do this we have worked hard to manage our own resources effectively. This commitment to the efficient use of natural resources is evident in our rental business model which allows us to own and control the complete lifecycle of our products. We know that this is the sustainable business model of the future and is key to our sound growth strategy.

## Celebrating in Style

Our 50th Anniversary was also an opportunity to recognise the contribution of our dedicated and hard-working employees. On the 14th August – our official 50th birthday – employees from across the business took the opportunity to celebrate in style. Parties were held at offices throughout the UK and some of our longest serving employees were invited to a VIP reception at our Caerphilly Head Office.

PHS Group sites throughout the UK were decked in balloons and bunting and many employees leapt at the chance to dress up in 1963 themed outfits. A number of our sites also chose to think of others on this special anniversary and used the celebrations to fundraise for our new partner charity **Together for Short Lives**.



The success we have achieved throughout our 50 years is down to our fantastic, dedicated staff and our loyal customer base. This year we have been celebrating this success and all the great people who have been part of it. Here's to the next 50 years!

**Gareth Rhys Williams,**  
Chief Executive Officer

# Managing our performance, supporting our customers

It goes without saying that as the UK's leading workplace services provider and a trusted supplier to some of Europe's largest companies we are committed to acting responsibly. To ensure a transparent and robust approach to monitoring our performance in these non-financial areas, we measure our performance in 4 key areas: Environment, Health & Safety, People and Community.



However, measurement is just the beginning and our focus is upon achieving genuine improvement in these areas and ensuring that these priorities are fully integrated into our business strategy. In common with many businesses, it has been a challenge to incorporate a large number of non-financial measures into our business strategy in a meaningful and integrated way. This work continues and we are currently working with senior managers throughout the business to ensure that our approach is relevant to our operation and reflects our customers' needs.

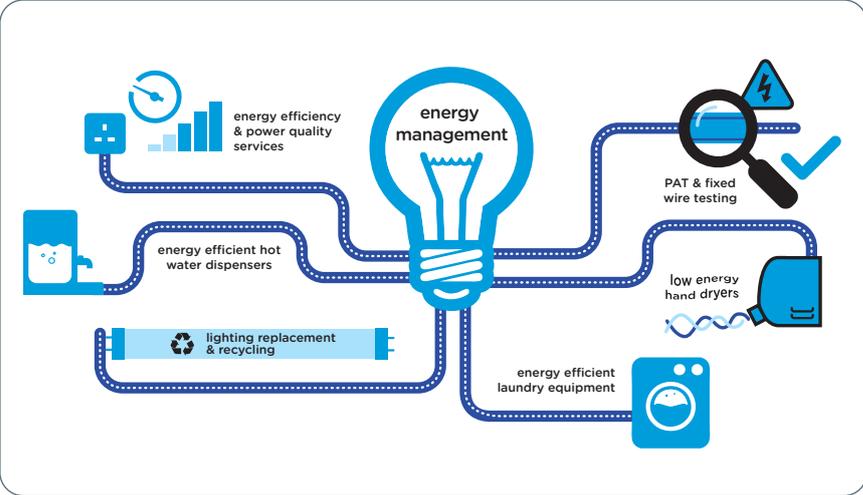
The PHS Group is also working with leading external organisations, such as **Business in the Community** and **Forum for the Future**, to ensure that our aims are translated into a robust and practical roadmap of sustainable business. **Forum for the Future** is one of the UK's most respected and innovative organisations and has over 17 years experience helping companies find new opportunities and new models for

sustainability. The PHS Group has recently commissioned Forum for the Future to undertake some research with our Key Account Customer and Sales Managers to identify opportunities to both improve our own performance and offer our customers new and cost-effective ways of supporting their own responsible business aims.

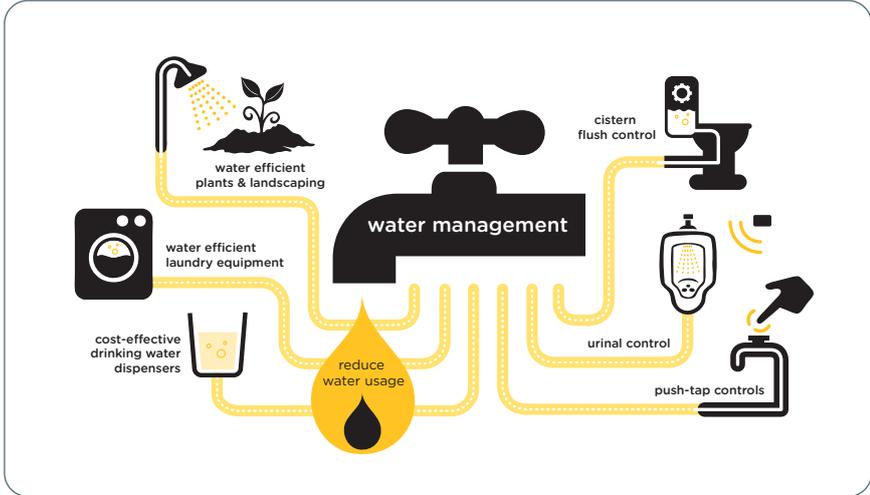
As our work to develop an integrated strategy continues, this Corporate Responsibility report will only cover our performance last year. We hope to publish our strategy in the New Year which will outline our ongoing commitments, actions and timescale in each of our four priority areas.

# Energy

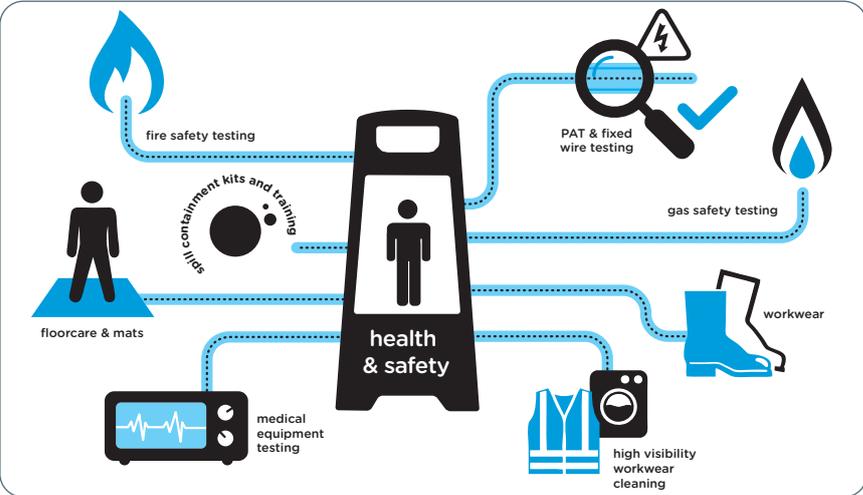
The PHS Group is currently made up of 15 well known brands that offer a broad spectrum of services, many of which address distinct sustainability needs and are designed to help organisations better manage their own environmental performance.



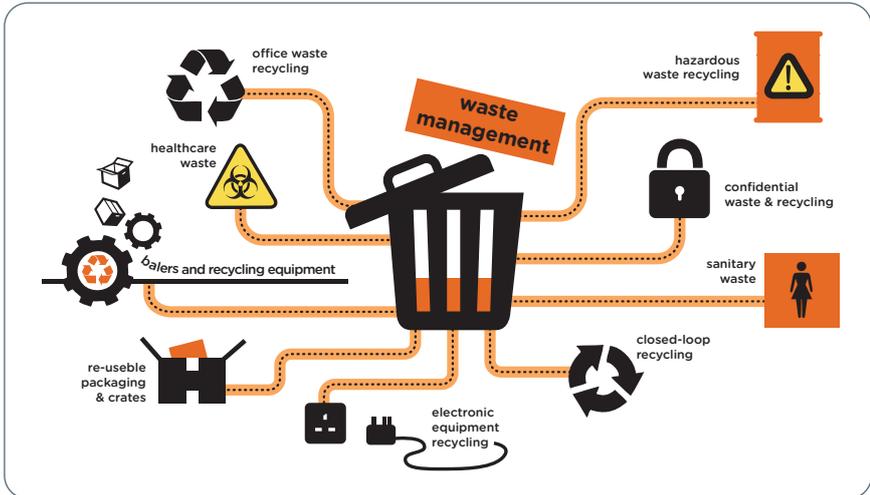
# Water



# Health & Safety



# Waste



# Environment

## 8 Environment

- 10 Carbon
- 12 Fuel
- 14 Energy
- 16 Water
- 18 Waste



driving less  
delivering more



# Carbon

## Measuring our performance

The PHS Group has been measuring its Organisation Carbon Footprint since 2008 and our measurement and reporting systems continue to evolve and develop.

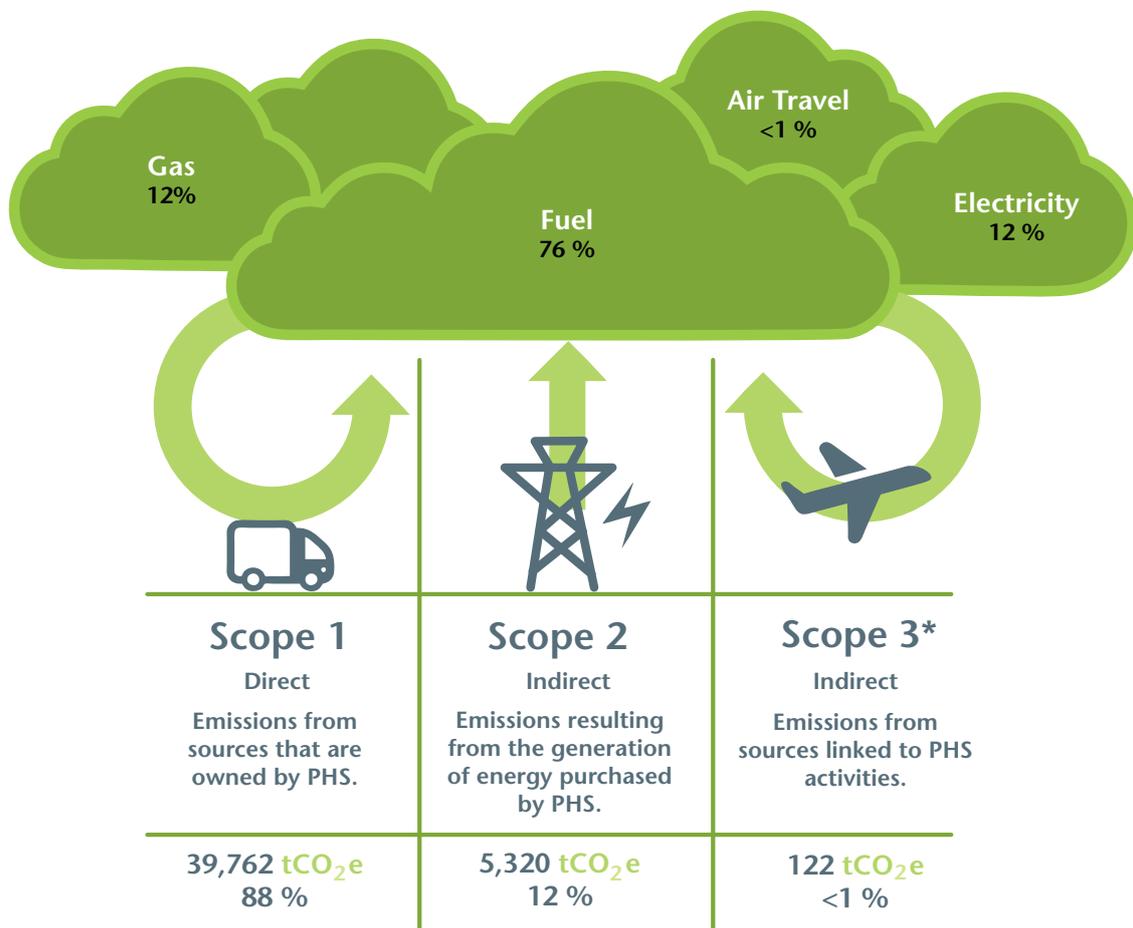
In 2009 we set ourselves the target of reducing our Scope 1 & 2 organisational carbon intensity by 10% in 3 years. However alongside our business growth and diversification, changes to the way in which we report have made ongoing targets challenging. Despite significant efforts within our more established businesses to reduce emissions, disappointingly we missed our 10% target.

The source of our emissions is also changing and whilst vehicle fuel remains dominant at 76%, the gas and electricity used at our network of over 140 sites has increased slightly to now represent 24% of our organisational carbon footprint. Our challenge going forward is to capitalise on the successful management processes and investment projects that have been undertaken at our established sites to ensure that there is a consistent approach to efficiency and carbon reduction at all locations, new and existing.

Carbon is not solely an environmental concern... whether that be fuel in our service vehicles, the electricity used by our IT systems or the gas needed to power our operational equipment. In simple terms, effectively managing these resources makes both economic and environmental sense.

**Simon Woods,**  
Chief Financial Officer





PHS Group GHG Emissions by Scope (2012-2013)

**Total emissions: 45,204 tCO<sub>2</sub>e**

\*currently limited to air travel only

## Promoting best practice

Our Resource Management strategy is central to our drive to actively reduce our Scope 1 & 2 carbon emission but we do not under-estimate the scale of this challenge. However, we are confident that the building blocks of improved visibility, awareness and expertise will drive investment in both energy and fuel efficiency and enable PHS to achieve our challenging long-term aims.

With a fleet of over 2,800 vehicles, the PHS Group is acutely aware that fuel-related carbon emissions remain our most significant environmental impact and a critical element of our carbon reduction strategy. Whilst alternative fuels may present an opportunity in the long-term, we recognise that every single one of our 2,800 drivers needs to understand the importance of fuel efficiency and share our aim of reducing our fuel use. To achieve this, the Group is launching a new 'Drive Well' training programme designed to promote professional driving skills and Best Practice fleet management processes.

### Data visibility

- Improved reporting
- Oneview smart meters
- Annual Review meetings

### Investment

- Energy efficiency cap-ex process
- Buildings & relocations

### Engagement

- Overnight and weekend usage campaign
- Energy efficiency posters

### Expertise

- IEMA Environmental Awareness
- Carbon Trust bespoke courses

### Best practice

- Sector clusters: warehouses, laundry & process engineering
- Sharepoint forum

# Fuel

## Measuring our performance

The PHS Group now operates a fleet of over 2,800 vehicles and vehicle fuel is responsible for over 75% of our total carbon emissions.

In recent years, not only has our fleet grown, but our vehicle profile has also changed. This has been led not only by the expansion in our services but also by the recognition that selecting the smallest practical vehicle for the task at hand is one of the best ways to maximise fuel efficiency. Whilst traditional vans still dominate, a number of our Divisions now utilise car-derived or combi vans as their primary service vehicle.



No one can deny that as the cost of fuel has risen, so has our focus on trying to manage and reduce it. We've had to work hard to identify practical ways to improve our fuel efficiency and it's a challenge that everyone in our operation faces on a daily basis.

**Clare Noble,**  
Managing Director,  
PHS Wastemanagement

## Fleet overview

As our services have expanded, our vehicle fleet has also changed and we now operate a diverse range of vehicles, from cars and small vans through to articulated lorries and specialist waste collection vehicles. Recognising that vehicle specification is critical to future fuel efficiency, the PHS Group is constantly reviewing this area and has recently invested in a fleet with compaction technology to triple the waste capacity of previous vehicles.

Total:  
**2,888**

**832** Cars



**1647** Vans



**409** HGV



## Promoting best practice

As a nationwide service company, the bulk of our fuel usage is linked to our operational vehicles. However, we also recognise that there is a distinct human factor associated with promoting fuel efficiency. For this reason, our **Drive Well** Programme is targeting our company car drivers as well as service personnel. Although our sales and management fleet make up less than 10% of our fuel use, we know that their support for this cultural change process is critical.

At the PHS Group, we encourage our people to make sustainable travel choices where ever possible and have invested over £180,000 this year to support the roll-out of our Video Conferencing (VC) facility. With 19 VC suites throughout the UK, remote meetings have increasingly become the norm.

In addition, telephone conferences increased by 46% compared with last year. Not only does this equate to a carbon saving of over 160 tonnes, it also meant that our people spent an estimated 374 days fewer driving to meetings.

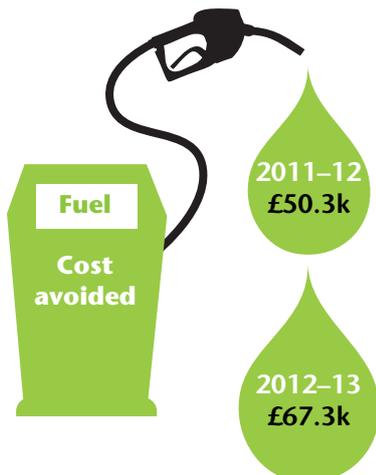
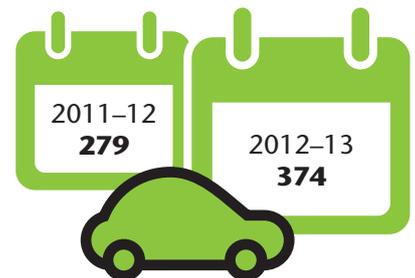
### Total conference calls



### Carbon avoided (tCO<sub>2</sub>e)



### Days saved



### Miles avoided



# Energy

## Measuring our performance

Last year we set ourselves the challenging target of reducing our energy use by 5% in our established businesses.

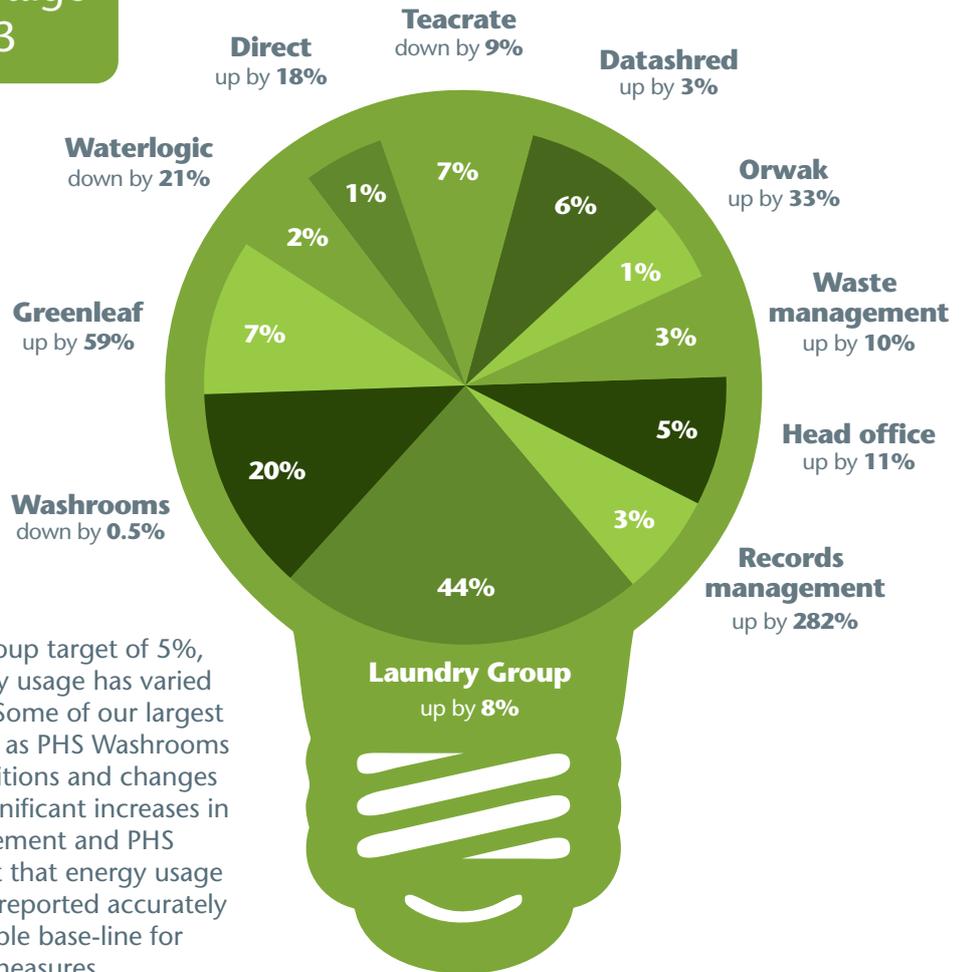
As a business that has in the past grown dramatically via acquisition, we recognise that energy consumption can fluctuate significantly year on year as new businesses are bought or sites consolidated. Our focus remains on ensuring that energy management is a consistent requirement throughout the PHS Group and efficiency a key priority for both our stable and rapidly growing businesses.



The PHS Group has 140 properties throughout the UK and recognising the impact that these sites have on our future energy requirements is important to the long-term success of our business. We have the opportunity to manage our energy costs for years to come by investing in our buildings and considering energy efficiency as part of our criteria when opening new sites.

**Andrew Knight,**  
Group Property Manager

## Energy profile & percentage change 2012 – 2013



Whilst we have missed our overall Group target of 5%, the chart opposite reveals how energy usage has varied significantly between business units. Some of our largest and well-established operations, such as PHS Washrooms have remained stable but new acquisitions and changes to reporting processes have led to significant increases in Divisions such as PHS Recordsmanagement and PHS Greenleaf. However, we are confident that energy usage within these businesses is now being reported accurately and that these totals represent a reliable base-line for future energy reduction targets and measures.

## Promoting best practice



To ensure a consistent and effective focus on energy efficiency is maintained throughout the PHS Group, we have created a network of Divisional Environmental Champions and site level Footsteps Leaders. With over 140 locations throughout the UK, this network of resource is designed to monitor energy usage and actively support improved energy efficiency.

Ensuring these environmental leaders have the right skills and expertise is a key component of our Resource Management Strategy. 130 of our Footsteps Leaders have already undertaken an IEMA certified Environmental Awareness course and our Divisional Champions attend regular energy workshops which have been developed specifically for the PHS Group in conjunction with the Carbon Trust.

### Attendees at energy training courses in 2011-12



# Water



## Measuring our performance

The PHS Group is committed to managing its water use effectively and ensuring that waste is minimised wherever possible.

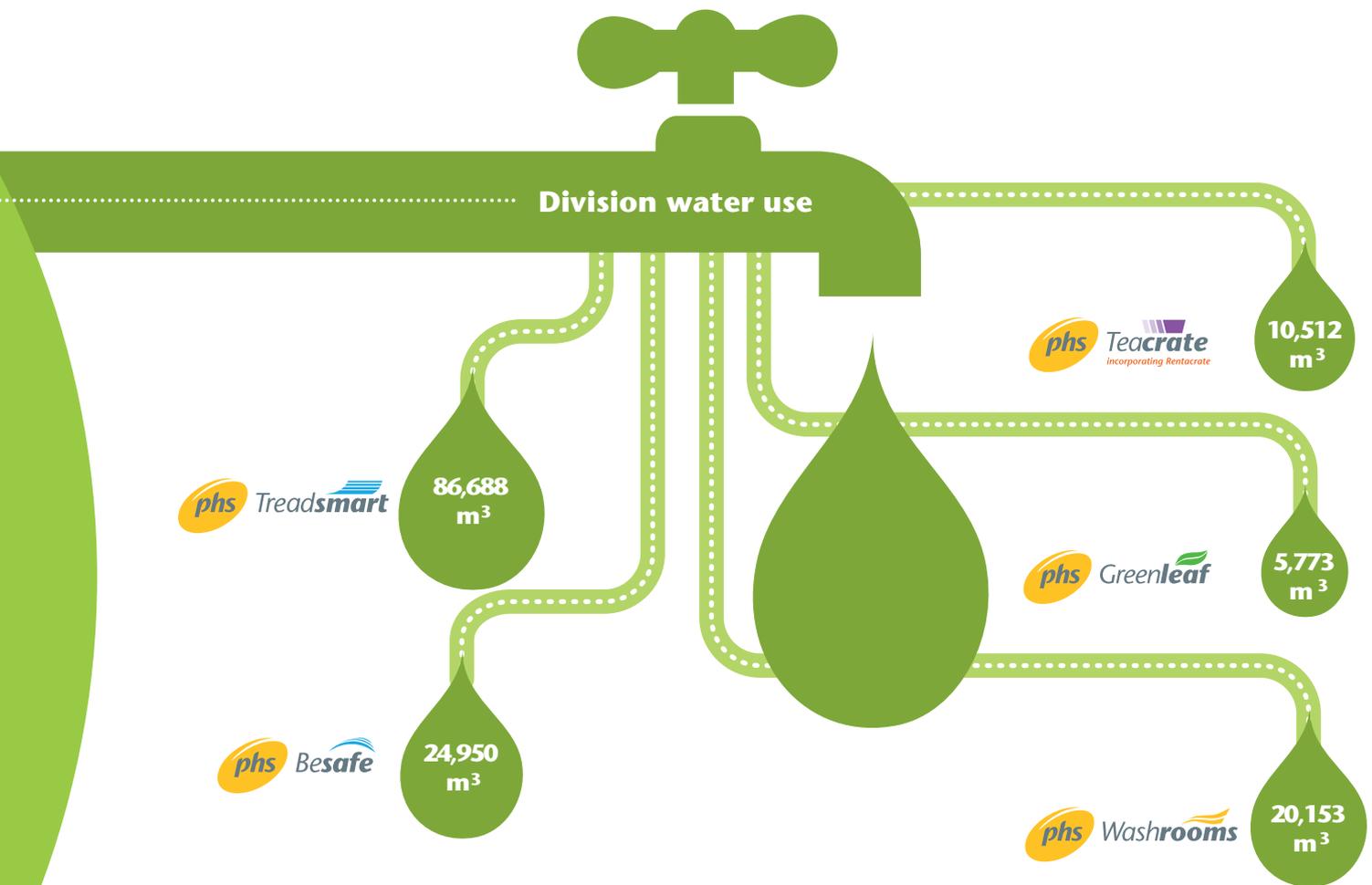
The water efficiency of our service centres is considered not only as part of the daily operational process but also as part of our Resource Management strategy. In a number of Divisions, water is a key part of the operational process and therefore a significant environmental impact. The efficient use of water is particularly important at our laundry facilities and at our plant nurseries.

In many businesses, water remains the forgotten utility but the PHS Group is committed to improving water efficiency at all our sites. Each of our sites has been fitted with our own washrooms water saving range and every Footsteps Leader is responsible for monitoring consumption. Last year we worked with a water auditing and analysis specialist to undertake a detailed review of our largest water consuming sites. This process demonstrated the environmental and financial impact of improved leak detection and we are currently investigating suitable technologies to support this.



The laundry sites are the biggest users of water within PHS and we have long been aware of the need to control consumption. My team are always looking for ways to improve our washing operation and I know that effective process management is as important as new technology in achieving this.

**John Kay,**  
National Operations Manager,  
PHS Treadsmart

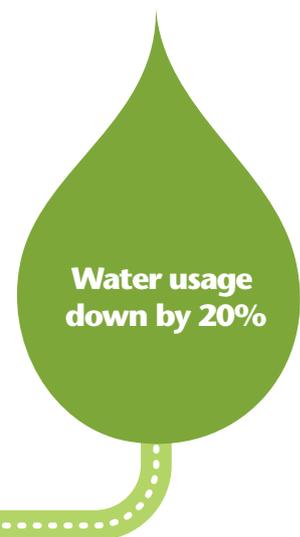


## Promoting best practice

Where water is used as part of the operational process, the impact of technology on our use of water can be particularly important. A number of our laundry sites have already invested in technology to both re-use water and recover the heat from waste water. These laundries are, by their very nature, high water consuming processes yet simple changes such as recycling water from the final rinse cycle in the next pre-wash can significantly reduce our water demand.

One example of the impact that technology can have is the recent laundry upgrade at our PHS Besafe site in Tividale, West Midlands. Each year PHS Besafe washes 980,000 roller towels and our investment in new laundry equipment has enabled us to reduce our water usage by over 20%, despite a steep increase in products washed at this site.

## PHS Besafe water savings



# Waste

## Measuring our performance

Environmental responsibility is inherent in our business model, which by focusing on providing service and rental products allows us to control the entire product life-cycle from design through to ongoing maintenance and end-of-life disposal.

Our service approach enables the PHS Group to demonstrate a level of environmental stewardship and commitment to ongoing improvement that may not be possible in a more traditional retail marketplace. For example, each year our PHS Washroom business recycles over 50 tonnes of plastic sanitary bins and recovers over 28,500 product components for repair and reuse.

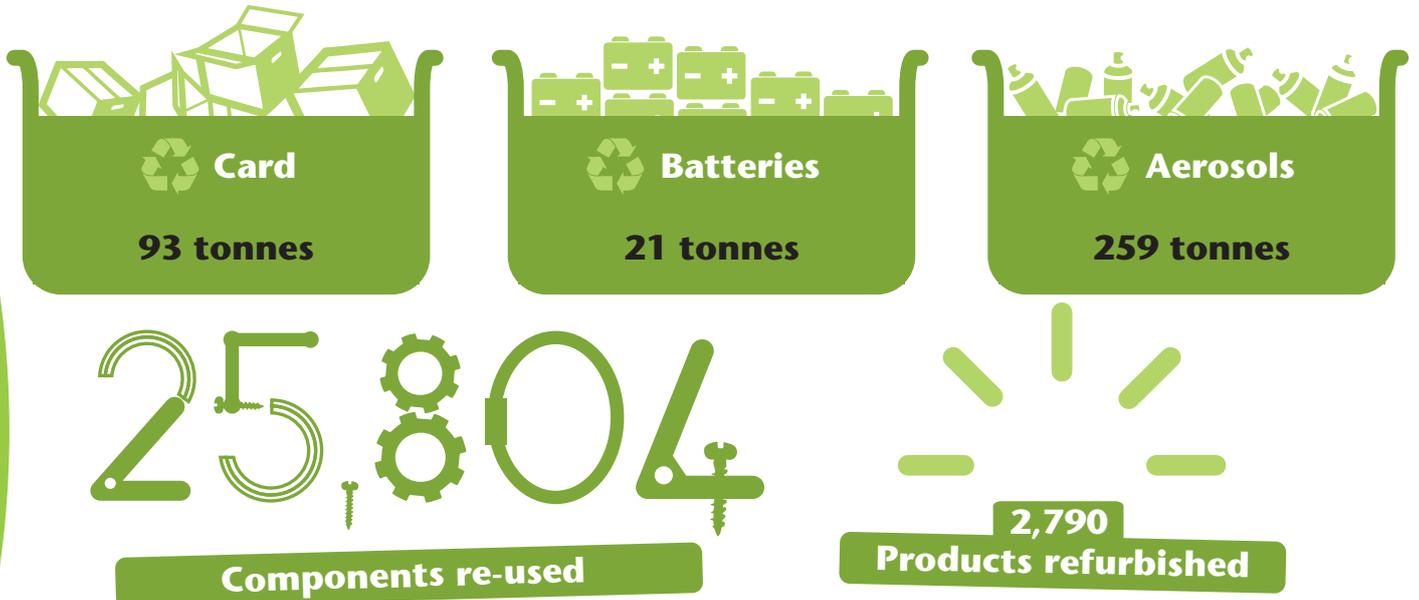


Dealing with waste in a cost-effective and environmentally focused manner is at the heart of our business operation. Not only do we ensure that our customers have access to the best treatment options available, we also manage our own business to reduce waste wherever possible. This isn't new to us, it's simply what we have always done.

**Stephanie Hutchings,**  
Sector MD

## How we minimise our own waste

Each year, PHS Washrooms recovers and recycles large volumes of raw materials and components from our redundant products

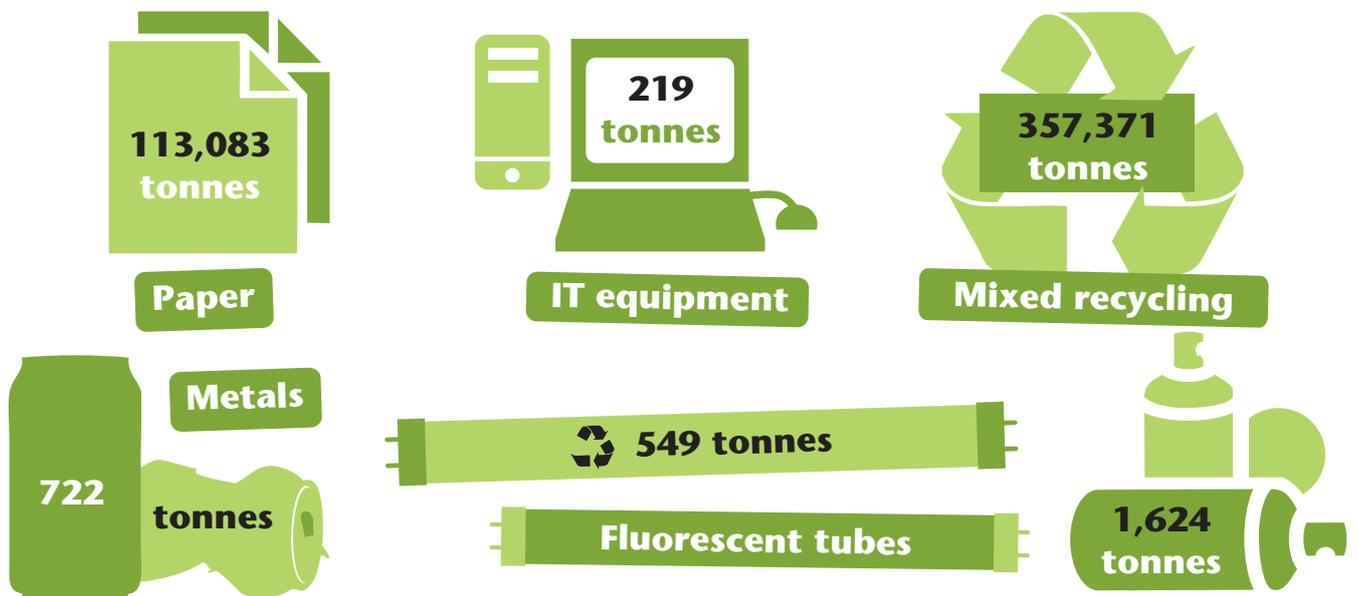


## Promoting best practice

For over 50 years the PHS Group has been at the forefront of identifying cost and environmentally effective solutions for managing waste. Our focus on finding environmentally-effective solutions for complex and hazardous materials means that this waste can range from confidential paper to fluorescent lighting and from food waste to solvents.

We recognise that providing environmentally effective options can be a challenging task, particularly when dealing with complex materials such as sanitary and nappy waste, but we are committed to supporting Best Available Technique options. We know that our customers are keen to support ways to divert waste from landfill and for this reason the PHS Group is focused on developing an environmentally-beneficial treatment method that allows us to better manage absorbent hygiene product waste and fully explore recovery and recycling options. Although this work is still in the research stage we are confident that active trials will begin in early 2014.

## How we manage our customers' waste



# Health & Wellbeing

## 20 Health & Wellbeing

22 Health & Safety

24 Wellbeing



..... you're at the heart  
of everything we do



# Health & Safety

## Measuring our performance

As would be expected of any responsible business, the Health and Safety of our employees is of paramount importance to the PHS Group.

Whilst our accident rates have remained stable for many years, a new initiative to actively improve our performance in this area was launched in 2011 and has succeeded in significantly reducing accidents within the Group.

Overall accidents have reduced by 6% versus last year but encouragingly, serious reportable accidents have been reduced by over 45%. Our ongoing training programme to ensure that all employees complete the required IOSH accredited Health & Safety course has enabled employees at all levels to better recognise and manage risks in the workplace.

Improved reporting has also played an important role in allowing managers to understand the accident trends within their operation. Recognising that a high proportion of our accidents are linked to manual handling and falls, has led to an improved on-site induction process and highlighted the role that our network of Health & Safety Representatives can play in actively improving workplace safety.



Underpinning our processes and procedures is a genuine desire to protect our people. Every one of our managers in the business recognises this and we are all working hard to keep our people and our customers safe.

**Nick Williams,**  
Group Safety,  
Health & Environmental Manager

**45%**  
reduction in  
reportable accidents

**7%**  
reduction in  
total accidents



Accidents by type



Equipment, vehicles & property



Falling object



Manual handling



Needlestick



Slip / Trip / Fall



Chemical substance



Other



Working at height

Promoting best practice

As an organisation that employs over 2800 mobile service engineers, we recognise that driving represents a significant risk to our workforce. This year we are launching our new Drive Well Programme which will provide professional driver training to our operational managers and service personnel. With a well-proven link between fuel efficiency and safety, Drive Well also aims to provide drivers with the support and specialist coaching they need to drive safely and protect their own welfare as well as reducing our environmental impacts.

The Programme will also implement a Best Practice approach to accident management and investigation which will seek to identify and address underlying issues that may be contributing to vehicle incidents or driver welfare issues. This combination of both proactive and re-active management will ensure that employees at all levels are better equipped to deal with the challenges associated with driving and managing a modern fleet.

# Wellbeing

## Measuring our performance

Our sickness and absence rates have remained stable in recent years and despite a slight increase this year we remain broadly in line with national levels.

Whilst we are confident that our absence levels compare well to other companies within our sector, we are nonetheless keen to improve our performance.

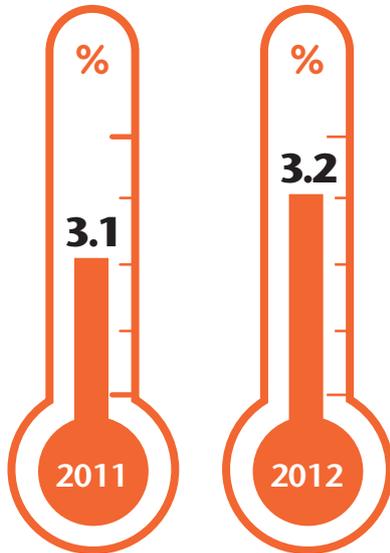
In 2013 we rolled out an extensive programme of absence management training for both our first-line and senior managers. As well as equipping managers with the skills they need to effectively deal with this area, the course was designed to go beyond strict legal requirements to consider the wider impact of absence upon our business. Managers were encouraged to recognise the ways in which they can support employees who are returning to work, undertake root-cause analysis to pre-emptively tackle future issues and safeguard the wellbeing of all their people.



To put it into simple terms, our people are our most important resource and it makes business sense for us to support them to stay healthy and in work...Anyone who thinks that promoting a healthier lifestyle to their employees doesn't have a direct business return needs to look again at their absence costs.

**Gareth Rhys Williams,**  
Chief Executive Officer

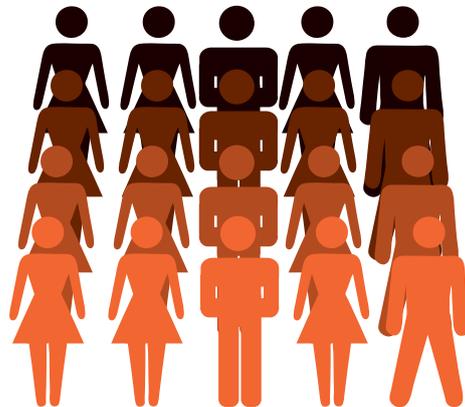
## Group absence rates



Although our absence rates have increased by less than 0.1%, the Group is keen to ensure that sickness levels are effectively managed and in 2012 we ran a series of absence management workshops for our front-line managers.



**10 workshops**



**177 attendees**

## Promoting best practice

Change is a constant in any business and the PHS Group recognises that this can be a challenge for managers both personally and when dealing with their direct reports. If handled badly, the organisation could face increased absence levels and ill health amongst individuals and potentially damage business performance.

To ensure that managers are equipped to effectively deal with the challenges presented by business changes, the PHS Group has developed a tailored programme to raise awareness of this issue and support managers to better recognise and deal with the wellbeing consequences of a rapidly changing business environment. The programme encourages managers to examine their own reactions to change and use this to better appreciate the responses of their people. It aims to build a workforce that is more resilient and adaptable and foster an environment of improved communication and collaboration.

The 'managing change' pilot workshop undertaken this year received very positive feedback and delegates welcomed the opportunity to openly discuss the issues associated with stress, absence and employee wellbeing. As a result of this positive feedback the course will be incorporated into the core management development programme and rolled out to employees throughout the business. The PHS Group is confident that equipping our managers with the skills and awareness to deal with this challenging area will actively support employee welfare and drive business improvement.

# People

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## 26 People

28 Working with us

30 Training & Development



..... we're with you  
every step of the way



# Working with us

## Measuring our performance

At the PHS Group, we genuinely believe that our people are at the heart of our continued success and their commitment and loyalty has helped make us the organisation we are today.

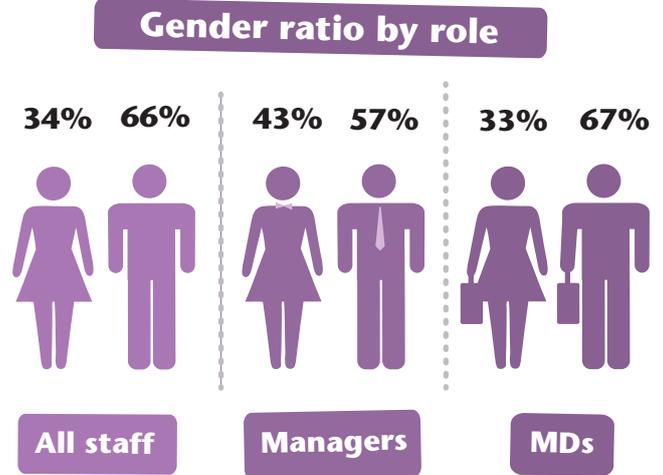
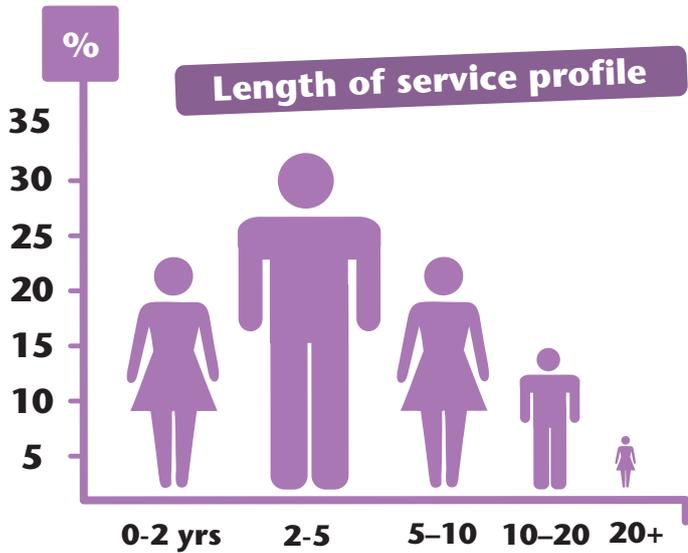
We think it speaks volumes that nearly 20% of our workforce have worked with us for ten years or more and that we have held the coveted Investors in People accreditation since 2002. Providing “a challenging and rewarding career to everyone in the company” is enshrined within our Vision Statement and we work hard to ensure that talent is recognised and supported.



It's important for our success that our people have the opportunity to voice their opinions and ideas about how we could improve their experience of working for PHS. Engaged employees will result in more effective processes which leads to improved customer service and a better company all round.

**Sara Swain,**  
Group Organisational  
Development Manager

## PHS Group UK employee profile



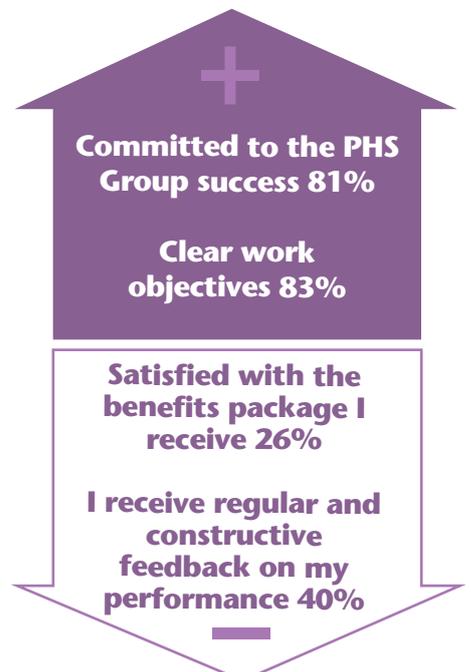
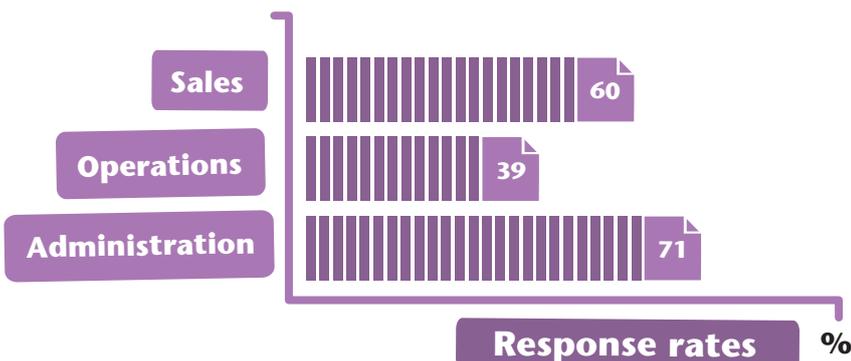
## Promoting best practice

Listening to our people and ensuring that their ideas and comments are heard is essential for any successful and responsible business. Within the PHS Group this is achieved, not only through regular contact with line-managers but also via our annual employee survey. However, engaging with a mobile and geographically remote workforce can be challenging and we acknowledge that our overall response rate of 51% needs to be improved if we are to gain an accurate insight into our performance as an employer.

Clearly response rates are important but the results and how this feedback is handled are of primary concern. All survey responses are entirely confidential and we use the aggregated data to track employee engagement throughout the business.

This year's report highlighted a number of areas, with strong levels of commitment to the company evident throughout and localised concerns around the frequency of feedback on performance. These key results have been published openly and reviews are already underway with both employees and senior management to identify and implement action plans. Fundamental to this is our belief that sharing best practice is the way to promote improvement within the PHS Group and that active co-operation across all areas is better for everyone.

## Employee survey response rates by area



# Training & Development

## Measuring our performance

In order to retain good people, an organisation must offer opportunities for growth and development.

Our in-house Training & Development Department offers over 100 courses incorporating Management Development, Professional Sales Courses, Customer Service, Operations, Health, Safety and Environmental Management. Many of these programmes are nationally accredited with recognised bodies including IOSH, City and Guilds, ILM, ISMM, SQA and, more recently, IEMA.

Last year the PHS Group increased the number of events it undertook by 22% and reached 26% more people than in 2011. However, as a business we recognise that there is a need to provide learning and instruction using many different platforms, such as on-line and via line management, so that employees can access it simply where and when it is needed. The quality of our courses is also a primary concern and they are therefore evaluated by the delegates. The effectiveness and usefulness of each course is measured and the improvement in skills and knowledge of each course delegate is reported.

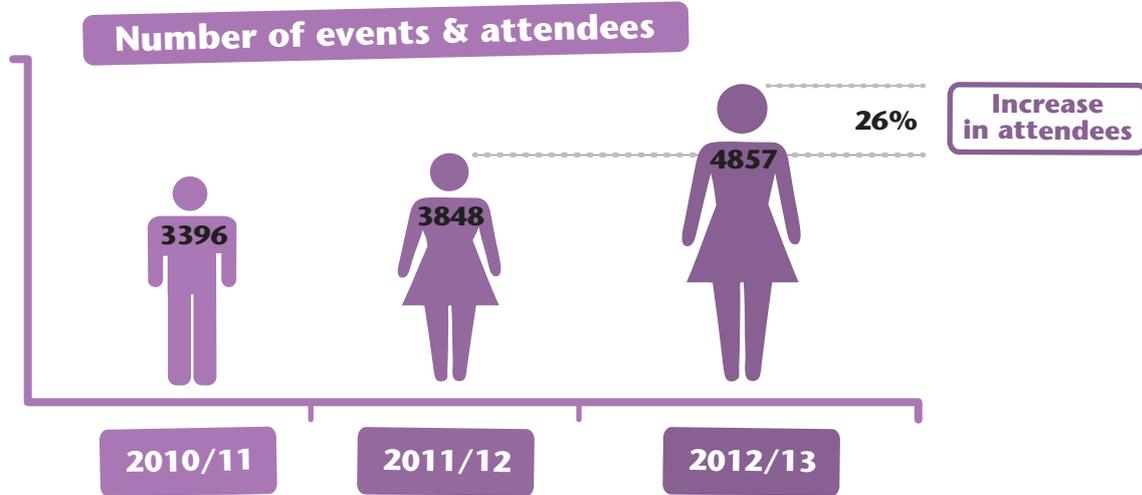
This ongoing feedback helps ensure that any training undertaken is appropriate and correctly targeted and that the business benefit is clearly defined.



We want our employees to feel a real connection with the business, to be committed to its growth and success. Providing development paths and opportunities, supporting talent and career progression are all ways of demonstrating that we not only take this seriously but that we actively seek out staff who are both capable and passionate about what they do. Because people are our business.

**Chris Lodge,**  
Training & Development Director

## Improving our training rates



## Promoting best practice

Talent and succession is an area that has seen considerable focus in 2012/13. In April, a project team was established with the aim of assessing the skills and talent of people across the business. This process was seen as the starting point for ensuring that talented individuals throughout the business are identified and given the support, training and opportunities they need to further develop their skills.

The project was also valuable as a business continuity exercise to identify succession plans and ensure that the organisation had a robust approach to service continuity in key roles.

In addition to monitoring the number of training events that our people have attended, we also recognise the need to ensure that all courses are relevant and effective. For this reason, delegates are asked to score each course they attend in terms of its usefulness and the ongoing improvement in skills and knowledge.

## Retaining our focus on quality

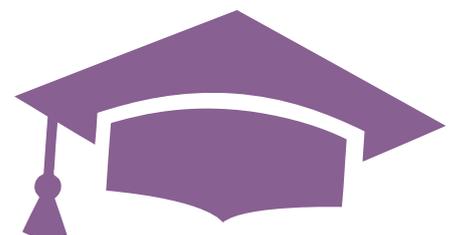
**Effectiveness & usefulness**

**88%  
Rating**



**Skills & knowledge improvement**

**30%  
Increase**



# Community

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## 32 Community

- 34 Customers
- 36 Suppliers
- 38 Community

..... you're part of  
the family



# Customers

## Measuring our performance

The PHS Group specialises in offering Best Value solutions to the challenges faced by busy site managers.

Our customers rely on us to fulfil the required work on their sites, whether they are offices, hotels or schools, allowing them to concentrate on running their businesses.

As a business we recognise that our long-term success rests on how effectively we meet the needs of our stakeholders. The PHS Group exists to serve its customers so to ensure that we are meeting their expectations we undertake regular customer surveys and actively encourage ongoing feedback.



Our aim is to be the work-place partner of choice by communicating to customers the full range of what we do and delivering every aspect of our service seamlessly and perfectly.

**Keith Hufton,**  
Group Services Manager

## Customer survey highlights 2012

Our 2012 survey sought views from over 2000 customers and highlighted the great work that our people do day after day but as always, there was room for improvement. We learnt that one of our customers' greatest frustrations was our rather outdated invoicing system. To address this, a project team was immediately put in place and our invoices have already been re-designed and simplified to the relief of many of our valued customers.

**Helpfulness of field based service staff** 

**93% of customers are satisfied**

**Ease of use of their products** 

**98% of customers are satisfied**

**Reliability of their products** 

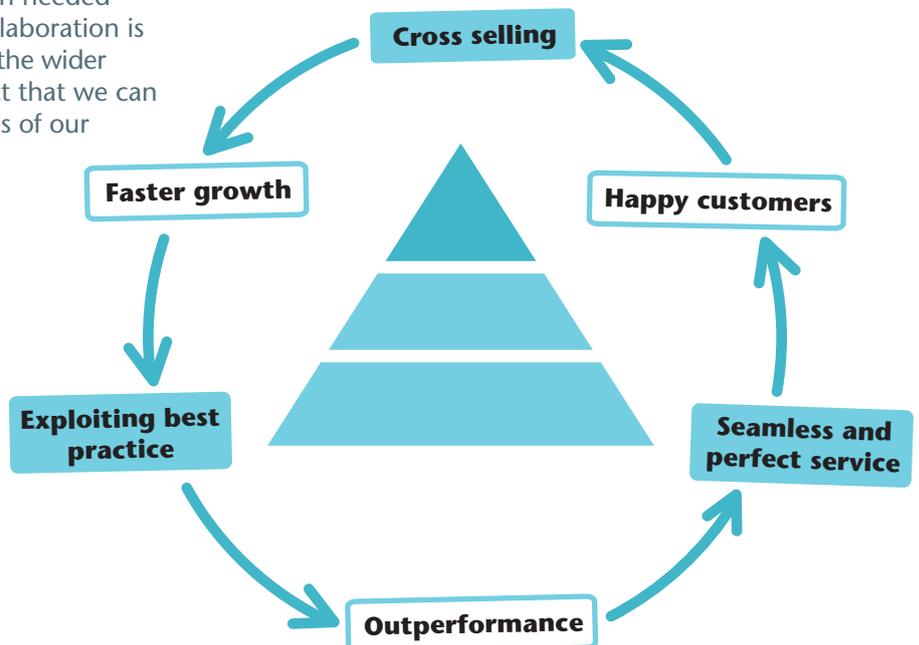
**94% of customers are satisfied**

## Promoting best practice

One of the key messages from the customer survey was that many of our customers are interested in other PHS products and services that they don't currently buy from us. This clearly represents a significant opportunity for the PHS Group and alongside projects to improve communications and improve our service efficiency, this became one of our Crucial 3 aims. This value chain is extensive and part of our ongoing effort is to identify partners whom we can trust and represent best value for us and our customers.

With a total spend of over £180 million the PHS Group faces both a significant challenge and an opportunity. We strongly support collaboration within the supply chain and believe that this can bring much needed visibility and assurance for customers. Collaboration is also an important first step in recognising the wider social value of our business and the impact that we can have in tackling issues beyond the confines of our organisation.

Under the banner "Together we are stronger – A new strategy for sustainable growth" the PHS Group is now wholly focused on these significant opportunities to operate our business in a more cohesive and efficient way. We are committed to identifying and sharing operational excellence, and where necessary introducing best practice from outside, to improve the performance level of the entire company and add genuine value to the services we provide our customers.



# Suppliers

## Measuring our performance

Procurement is a key business process that can support financial profitability and the development of an organisation's wider social value.

It is clear that the PHS Group cannot expect to meet the needs of our customers without the ongoing support of our broader supply-chain. With the growth of global value-chains, organisations have to work together to ensure responsible business practices and documenting this is now more important than ever. To this end, the Group has recently reviewed and updated all of its procurement policies to reflect our ongoing commitment to responsible procurement.

Part of our journey to developing a world class approach to procurement is our challenge to consolidate our suppliers to ensure that we engage with organisations who are a good match for us and are able to provide the assurance that we, and our customers require. Better supply chain visibility is particularly critical to the management of social, environmental and corporate issues and we recognise that this can only be achieved by engaging with suppliers who are willing to take a collaborative approach to tackling these wider social issues.

Our focus is to develop and maintain an innovative and collaborative approach with our suppliers that will deliver great service, great value for money and that supports mutual sustainable growth.

**Tony Ritchings,**  
Group Director of Procurement



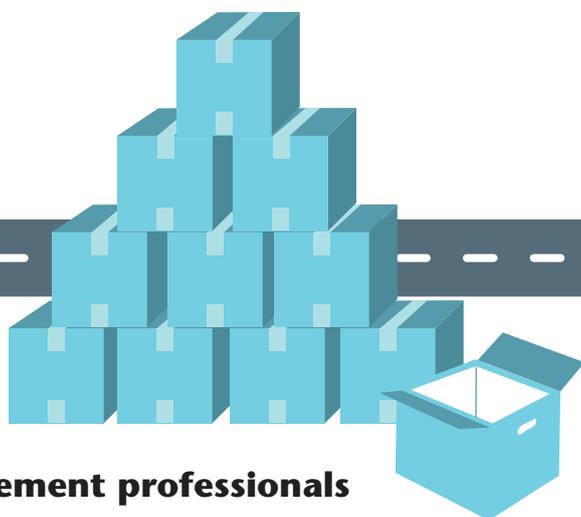
## Procurement KPIs



**Supplier spend**  
**£170.5 million**



**Active suppliers 5000**



**29 Procurement professionals**



**Average invoice value £234**

## Promoting best practice

In recent years the PHS Group has been actively seeking to engage with the not-for-profit Social Enterprise sector. This commitment was recently recognised when the organisation was one of the small number of commercial companies shortlisted in the Welsh Social Enterprise Awards.

Like many organisations, PHS's engagement with the Social Enterprise sector initially began as a volunteering exercise in conjunction with **UnLtd**. When the scheme was launched in 2011, 9 senior managers – including 6 Directors – volunteered to mentor Welsh social entrepreneurs. However, this engagement has gradually expanded and the Group is now buying goods and services from a number of Social Enterprises, including the **Artsfactory** a full-service marketing agency who produce our annual CR report and **Greencap**, a former reemploy site who now manufacture a range of PHS Greenleaf products.

Whilst our spend with the not-for-profit sector remains relatively small, our experience to date has demonstrated that such efforts make sense, not merely from a social angle but from a strict commercial one too. Our work with these organisations has opened up the business to suppliers who are providing excellent service in new and innovative ways.

# Community

## Measuring our performance

In 2012 the PHS Group was proud to launch its own, dedicated charitable body, the PHS Foundation.

The PHS Group has long recognised its role in strengthening the wider communities in which we live and work and at a time when many businesses feel that they have to make a choice between commerce and community, we are demonstrating our ambition to bring value to both with the launch of our own charitable foundation.

Whilst the business has always recognised its role in the wider community, the PHS Foundation will formalise partnerships and bring PHS employees together to achieve genuine local impact on a nationwide scale.



I know that like me, many of my colleagues are delighted to see the PHS Group demonstrating a genuine commitment to supporting the wider community. It's great that there are so many PHS employees out there who are keen to get involved and make a real difference.

**Emma Wood,**  
Chair of the PHS Foundation

### 10k Run

A team of more than 50 PHS employees successfully completed the National Forest 10k run last September in an effort to raise £10,000 for Together for Short Lives.



### Red Nose Day

Employees taking part in this year's Red Nose Day



### Brighton & Hove Food Festival

Enthusiastic PHS volunteers educated children on composting at the Brighton & Hove Food Festival.



### 3rd Lancing Rainbows

3rd Lancing Rainbows, one of the winners in our 2013 Community Impact Awards.

## Our Charity Partner

The PHS Group has a proud history of supporting a number of local children's hospices, so when selecting our first nationwide charity partner we thought it only right that we honour this legacy. Helping support children with life-limiting conditions is a cause very close to our people's hearts and we are therefore proud to be working with the charity 'Together for Short Lives' to help the 49 specialist children's hospices throughout the UK. Together for Short Lives is the only national charity working across the UK to help ensure that every child and young person unlikely to reach adulthood, and their family get the best possible care and support whenever and wherever they need it.

## Fundraising Match

At any point in time you are likely to find a wide range of fundraising activities taking place within the PHS Group. The generosity of our people and their willingness to share their time and enthusiasm with those less fortunate than themselves never ceases to surprise us and is a genuine source of pride within our organisation. For this reason, we are happy to match any funds raised by our people for our charity partner.

## Community Impact Awards

The Community Impact Awards are how we recognise the activities of our people who are already having a positive influence on their local community. We know that many of our 5000 employees are already active in their communities in a wide range of roles and as a business we want to promote, reward and recognise this contribution. Any permanent member of staff who works with a local community group can apply for an award of up to £500 and reflecting the varied and often informal nature of this kind of community engagement, applications are welcomed from all kinds of organisations. Our first awards, held in May 2013, resulted in winners as varied as a Search and Rescue team, a children's bereavement charity and a community choir.

To see a detailed profile on each of our winners, visit our website [www.phs.co.uk](http://www.phs.co.uk)

## Volunteering

At the PHS Group, we have learnt that sharing our expertise, time and skills with the wider community is a mutually beneficial arrangement. Not only are we able to contribute in new and innovative ways to organisations with social aims but it's also an opportunity for our people to see the very real impact of their efforts. We encourage and support volunteering throughout our organisation and at all levels of the business.

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