

It takes a big step...  
...to leave a small footprint



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# Intro from CEO

Having recently joined the PHS Group, I am delighted to be introducing this report which provides a brief update on our aim of becoming a more sustainable business.

During my time with the organisation, I have already seen evidence of the commitment of our people to improve our environmental performance and a wide recognition amongst employees at all levels that our impact on society is about more than our financial performance. Naturally, whilst our ability to continue to be a profitable and stable economic business is essential, I can confidently say that here at the PHS Group we also strive to have a broader role.

In this report you will find an update on the progress we've made against the challenging targets we set ourselves last year. I am pleased to say that in most cases we have achieved, or are on-track to achieve, these objectives. However, I genuinely believe that as a business which holds honesty as one of its core values, it's also important to recognise those where we need to do more. This includes areas such as health and wellbeing, where we recognise that our responsibilities extend beyond simple protection to playing a more active role in promoting the benefits of a healthy and active lifestyle.

This report also represents an opportunity for us, as an organisation which for 50 years has had environmental protection at the heart of its business proposition, to provide an update on the latest developments in this arena. PHS is proud to be working with suppliers and partners to develop innovative and sustainable solutions to challenges such as the need to divert waste from landfill. In addition, successes such as the Carbon Trust Certification of a number of our services are leading the marketplace in providing demonstrable evidence of our environmental performance. By focusing on identifying better solutions and providing our customers with the verified information they need to make better choices, we aim to become a real example of how a growing business can also be a sustainable one.



Gareth Rhys Williams, CEO





# About PHS

The PHS Group is the UK's leading workplace service provider and now takes care of over 250,000 customers at over 300,000 locations throughout the UK. The PHS Group consists of 10 operating companies, offering a diverse portfolio of services aimed at improving people's work and leisure environments, while making life easier for facilities, building and people managers. These services include everything from washroom and floor care to landscaping, drinking water provision and recycling services (and much more).

The PHS Group has grown rapidly since its foundation in 1963 and its annual turnover for last financial year reached £419.1 million with an operating profit before central costs of £102 million. PHS is also a significant employer with over 5,000 personnel operating from a network of over 100 regional service branches.

# Our Priorities

Here at PHS we have always tried to minimise our impact on the environment. From the very beginning this approach has been inherent in the way we manage our licensed sites and control our use of natural resources. However, like many organisations, this was accepted as 'just something we do' and not necessarily defined as a robust and considered strategy.

This changed in 2010 when our 3 Year Sustainability Strategy was launched and our 'Footsteps' targets were given board approval. This strategy laid out our aim of becoming a more sustainable business and set challenging targets in key sectors. These priorities can be defined according to 3 simple areas:

## Corporate Responsibility

- Recognising our responsibilities in the '4 pillars' of Environment, Health & Safety, People and Community

## Financial Profitability

- Managing our resources effectively to ensure that we remain a profitable, long-term business proposition

## Market Innovation

- Driving innovation and leading the market by offering a broad range of services that help and encourage our customers to better manage their own environmental impacts

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. Not only do we strive to operate our own business in a more sustainable manner, we also recognise our role in helping customers do the same.

Many of the services that PHS provide are essential to the operation of a facility or subject to strict legal requirements. However we strive to encourage customers to go beyond legal compliance and see the many and varied benefits that a greater focus on environmental effectiveness can bring; services such as our Flow-saver® Water Management System can save up to 96% of urinal water use and our electrical and power-quality services can help customers to both improve safety and cut their energy bills.

In a marketplace that can often appear to be saturated with environmental claims, we believe in providing customers with the most robust and reliable information available to help them make better choices. In a world first for the industry, both our sanitary disposal and drinking water dispenser range now hold the Carbon Trust's Carbon Reduction Label.

Not only does this highlight our efforts to begin measuring and reducing the carbon impact of our services, it also demonstrates our commitment to providing accurate and externally verified information that customers can trust.

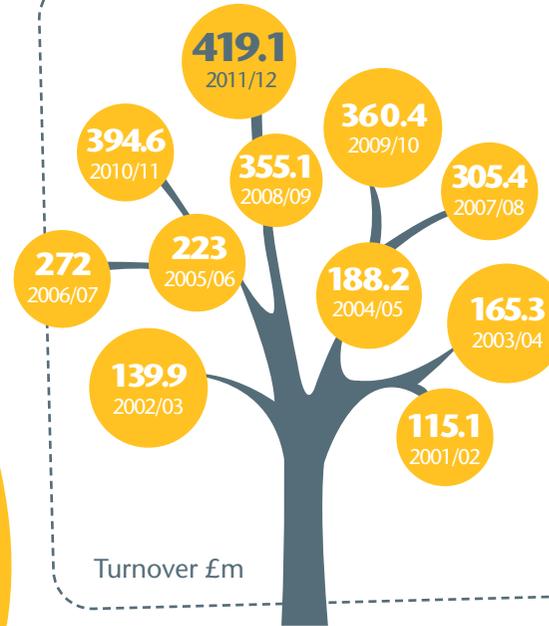


# KPIs

Last year we set ourselves challenging targets in each of the areas of Corporate Responsibility.

The following charts detail our performance in each of these key indicators. Further detail on our achievements last year and our ongoing plans can be found in each of the relevant sections.

## Financial



PHS increased turnover by 6.2% to £419.1m (2011: £394.6m) but saw a small reduction in operating profit before central costs by 0.4% to £129.0m (2011: £129.6m).

Central costs increased by 8.8% to £26.7m (2011: £24.8m), leading to a decrease of 2.6% in operating profit before exceptional costs and impairment loss to £102.0m (2011: £104.8m).

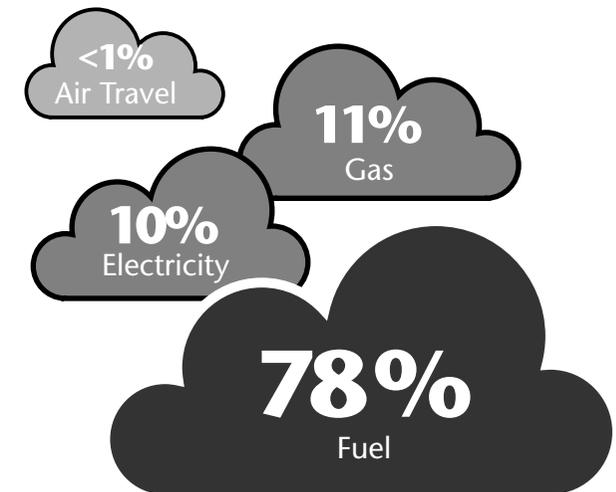
## Carbon

### PHS Group GHG Emissions by Scope (2011-2012)

Scope	tCO2e	%
Scope 1	39,155	89%
Scope 2	4,609	10%
Scope 3*	162	<1%
<b>Total</b>	<b>43,926</b>	<b>100%</b>

\*currently air travel only

### PHS Group GHG Emissions by Source (2011-2012)



# Health & Safety

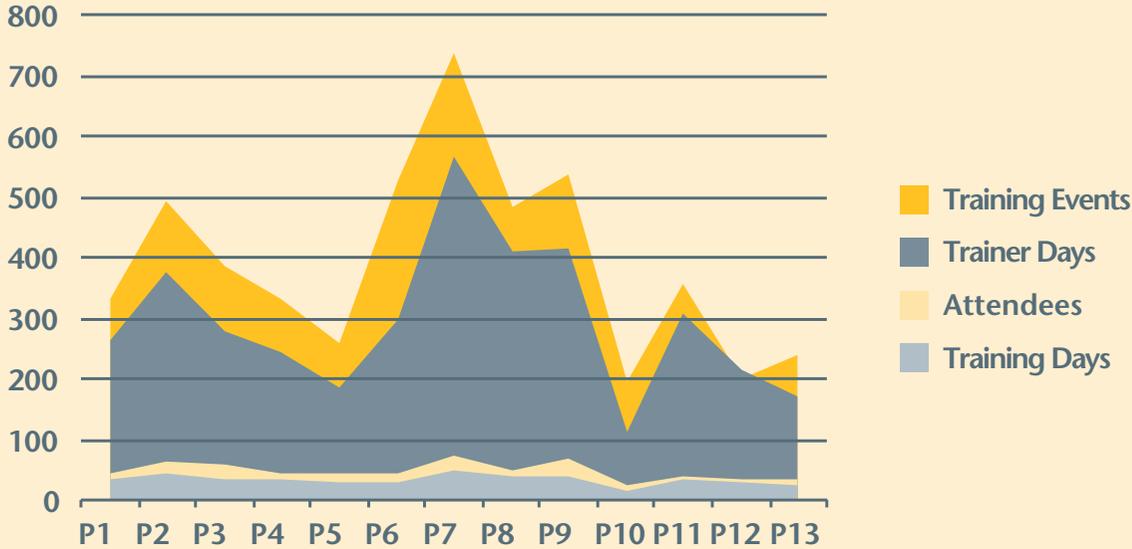
## Accident Rate



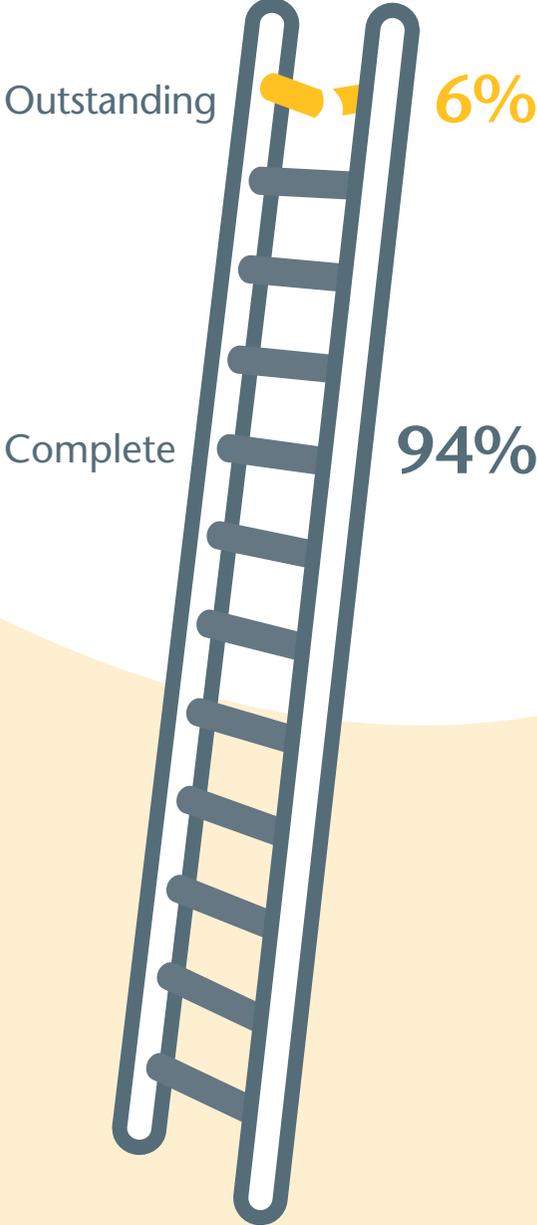
2007/08	151.4
2008/09	142.6
2009/10	144.9
2010/11	133.7
2011/12	121.2

# Group Training Performance

## Training

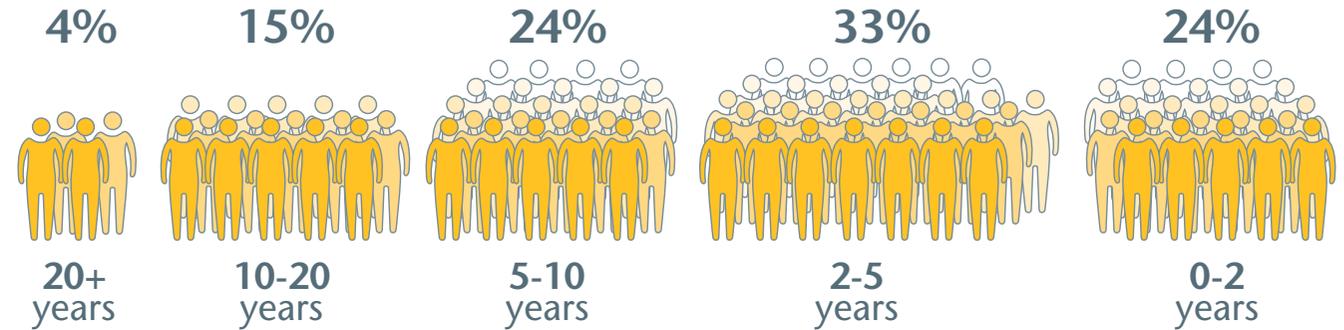


## IOSH Managing Safely Training Target 2011-12



# Length of Service

## Length of Service Profile



# Community

## Community Engagement



# Q&A

Emma Wood, Group Sustainability Manager, answers a few questions about the PHS Group's performance over the last 12 months and how the business views its broader responsibilities.

## What are your three Corporate Responsibility highlights from last year?

There are quite a few I could mention but if I had to pick three I would say:

- Being well on track to achieving our 10% carbon reduction target (6.7%) in only our 2nd year of a 3 year target
- Achieving 2 world firsts by gaining the Carbon Trust's Carbon Reduction Label for our PHS Washrooms sanitary disposal service and PHS Waterlogic water dispensers range
- Successfully diverting nearly a quarter of our sanitary waste from landfill to a facility that recycles 95% of the component materials of this difficult waste stream
- And I know it's one more than you asked for but I must also mention the amazing increase in our employee volunteering levels from 201 hrs to over 564 hrs, or the equivalent of over 70 working days!

## What is your most important task for next year?

From an internal perspective it's definitely to improve our carbon management, particularly fuel. Fuel accounts for 78% of our carbon footprint and is currently fundamental to all the

services we offer so any 'to-do list' that doesn't include this is missing the biggest opportunity of all. However, more broadly it's definitely to grasp the opportunities that this area presents and 'nudge' our customers to understand the benefits that our better products and services can bring.

## What would you say is the Group's biggest challenge in the sustainability arena?

In all honesty, I would say that we have only scratched the surface in recognising the critical role that the supply chain plays in sustainable development. I think our biggest challenge is to find a practical way in which we can understand our supply chains and how we can work with our suppliers and customers to address some of the bigger issues.

## Finally, what's your general impression of the Group's performance?

I think we're probably our own worst critic and as an organisation we need to recognise and promote the great work that we have always done in this area. Clearly, there's lots more we can do to improve but we should also be very proud of our achievements to date.



# Environment

Carbon  
Energy  
Fuel  
Water  
Waste



Growth with  
a positive  
outcome



# Carbon

## Our Objective

In 2010 we set ourselves the target of reducing our organisational carbon intensity by 10% in the next 3 years. Reporting year 2011-2012 was our second year of working towards this target.

## How we're doing

Although our target reduction period does not end until 2013, we are pleased to report that our focus on energy and fuel management already looks to be paying dividends. When compared against our base line year of 2009 – 2010, the quantity of carbon generated per £ of turnover has reduced by 6.7%.

The PHS Group has been measuring its carbon footprint for many years and during that time our reporting processes have undergone considerable improvement and development in line with the Greenhouse Gas (GHG) Protocol. We are confident that our Scope 1 and 2 emissions now represent a robust measure of our carbon impact and following the publication of standardised guidelines, we are hoping to expand this next year to include significant Scope 3 emissions.

“Carbon Trust Wales have been working closely with the PHS Group since 2010 and have been impressed with their comprehensive approach to carbon management. Our newly commissioned project at PHS Group Head Office looks set to be an innovative and exciting proposal that could deliver significant carbon savings.

Lee Evans,  
Account Manager, Carbon Trust Wales



## PHS Group GHG Emissions by Scope (2011-2012)

Scope	tCO <sub>2</sub> e	%
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## Case Study

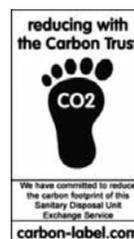
The PHS Group recognises that accurate and verifiable information regarding the carbon impact of our services is critical to our customers.

In a marketplace saturated with claims, our approach is always to provide our customers with the latest and most robust data available. For this reason, both the PHS Washroom sanitary disposal service and the PHS Waterlogic drinking water dispenser range now hold the Carbon Trust's Carbon Reduction Label.

In a world first for their respective industries, The Carbon Reduction Label identifies that these services have had their carbon footprints calculated and then independently certified by the Carbon Trust against an internationally recognised standard. A carbon footprint is the total amount of

carbon dioxide (CO<sub>2</sub>) and other greenhouse gases emitted by a product or service during its entire life-cycle, including production, transportation, use and disposal.

However, measurement is just one important area and action to support genuine improvement is equally important. By displaying the Carbon Trust's Carbon Reduction Label, PHS is also making a commitment to measure and reduce the carbon footprint of these services over the next two years.



## Our aims for next year...

We continue to work hard towards our 3 year factored Scope 1 + 2 target and are confident that this will be achieved. In addition, the Sustainability Team has been tasked with examining the quality of our Organisational Footprint, with particular

reference to our Scope 3 emissions. Whilst the PHS Group is a complex business made up of a large number of supply chains, this year we will begin the difficult task of identifying, highlighting and managing our most significant Scope 3 impacts.



# Energy

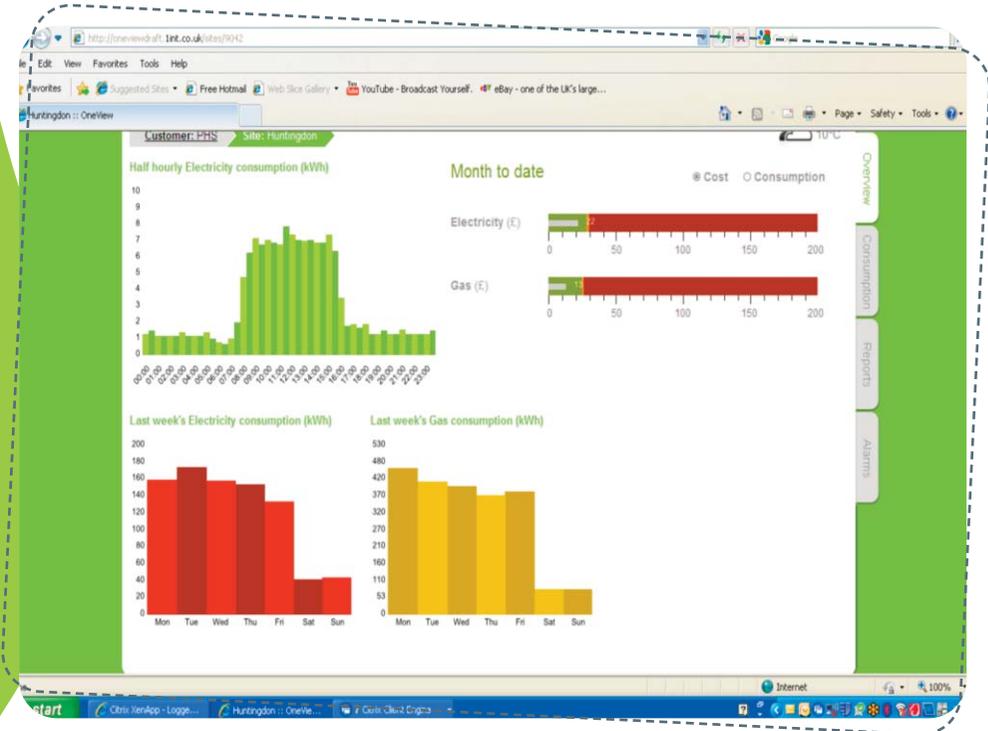
## Our Objective

In 2010 we set ourselves the target of reducing our organisational carbon intensity by 10% in the next 3 years. Reporting year 2011-2012 was our second year of working towards this target.

## How we're doing

Our carbon reduction target underpins our approach to energy management and our encouraging reduction of 6.7% when factored against revenue has been driven primarily by our efforts to reduce gas and electricity at our operational sites. Whilst we recognise that a relatively mild winter has contributed to a slight reduction in energy related emissions, we believe that the improved visibility provided by our smart metering project has achieved genuine savings.

Our ongoing programme to install smart meters, which began in 2011, has led to the provision of half-hourly data at over 60 of our largest sites. Having access to detailed half-hourly usage profiles has already helped identify issues with an estimated annualised cost of over £20,000.



“ The PHS Group faces a number of significant challenges when it comes to managing their energy but Evolve Energy have been working hard to provide them with easily accessible data via the OneView platform. The results speak for themselves and we're delighted that we can support their genuine commitment to improve energy effectiveness ”

**Bob Millar,**  
Head of Energy Information Services, Evolve Energy Limited

## Case Study

Our Head Office in Caerphilly is one of our largest premises and with over 350 people on site is a significant electricity consumer. Unlike most of our locations, where operational processes account for the majority of utility costs, this site poses energy awareness and building management challenges which are common to many organisations.

We are currently working on 2 complementary programmes to help tackle energy use at this site. The first is a project with Carbon Trust Wales to examine the complete building envelope and identify the most appropriate solutions for lighting, heating and ventilation on site. The second is an energy awareness programme in conjunction with Business in the Community that will encourage employees to focus on energy costs, both at work and at home. It is hoped that these co-ordinated efforts will enable PHS to better manage energy costs at this location and demonstrate what can be achieved.

## Our aims for next year...

Our 3 year carbon intensity target continues to drive our approach to energy management.

However, we also recognise the need to make absolute reductions in our established businesses. For this reason, every existing site within the business will this year be tasked with making a 5% absolute reduction in their electricity and gas consumption.

A member of



# Fuel

## Our Objective

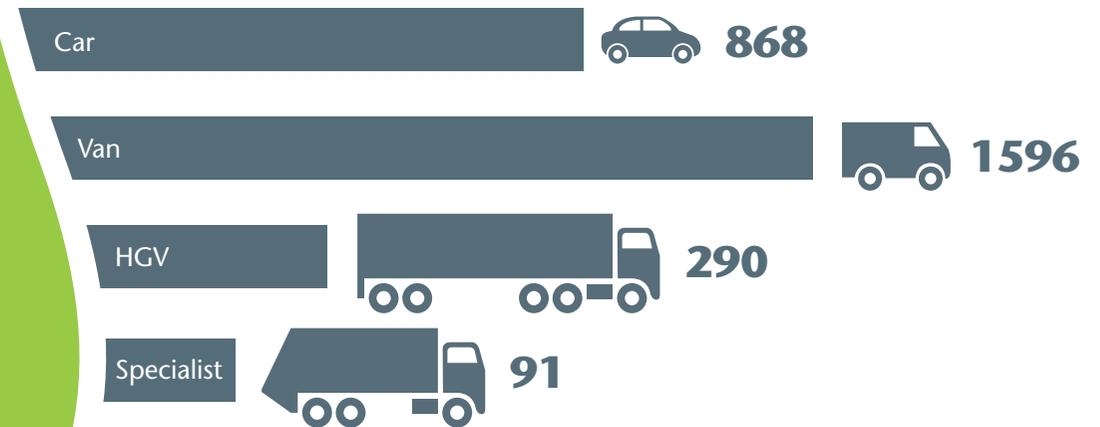
In 2010 we set ourselves the target of reducing our organisational carbon intensity by 10% in the next 3 years. Reporting year 2011-2012 was our second year of working towards this target.

## How we're doing

Fuel emissions contributed 78% of our total organisational carbon footprint this year and fuel is also one of our largest external costs. As such, fuel management is critical to PHS, both from an environmental and financial perspective.

In 2011 the PHS Group commissioned the Energy Saving Trust to undertake a comprehensive 'Green Fleet Review' (GFR). This detailed audit looked at the entire PHS fleet from company cars and the so-called 'grey fleet' through to all vans under 7.5 tonnes. The audit highlighted a number of key areas for improvement; such as data availability, route optimisation and vehicle specification and has proven to be invaluable in helping us to develop a more strategic and co-ordinated approach to fleet and fuel management across all Divisions.

## PHS Group Fleet Profile 2011 – 2012



“ With over 2,800 vehicles, the PHS Group is exactly the kind of company that we hope could make significant savings following a comprehensive Green Fleet Review. We look forward to seeing the impact of our recommendations and are confident that PHS will benefit greatly from their commitment to fuel management ”

**Chris Endacott,**  
Director, Gfleet Services Ltd

## Case Study

In Divisions that operate a specialised fleet, fuel management has always been a business priority. PHS Datashred is one such example and their efforts to reduce their fuel consumption were recently recognised by the National Recycling Awards.

The judges in the Fleet Initiative of the Year category were highly impressed with PHS Datashred's fuel management project which resulted in annual savings of nearly 350,000 litres. However, it was their ability to gain buy-in from all levels of the business that really differentiated PHS Datashred and has been fundamental in the achievement of such ambitious fleet management targets.

**national recycling**  
awards 2012  
**winner**

In Association With  
**UPM**  
The Biofore Company

## Our aims for next year...

Fuel represents the single most significant part of our carbon footprint and as such our 3 year carbon intensity target continues to be our primary focus. However, as with energy consumption, we also recognise the need to make absolute reductions in our well established businesses. For this reason, each Division will this year be tasked with making a 5% absolute reduction in their fuel consumption.



# Water

## Our Objective

To create improved visibility of water usage to enable accurate reporting and monitoring at both site and Group level.

## How we're doing

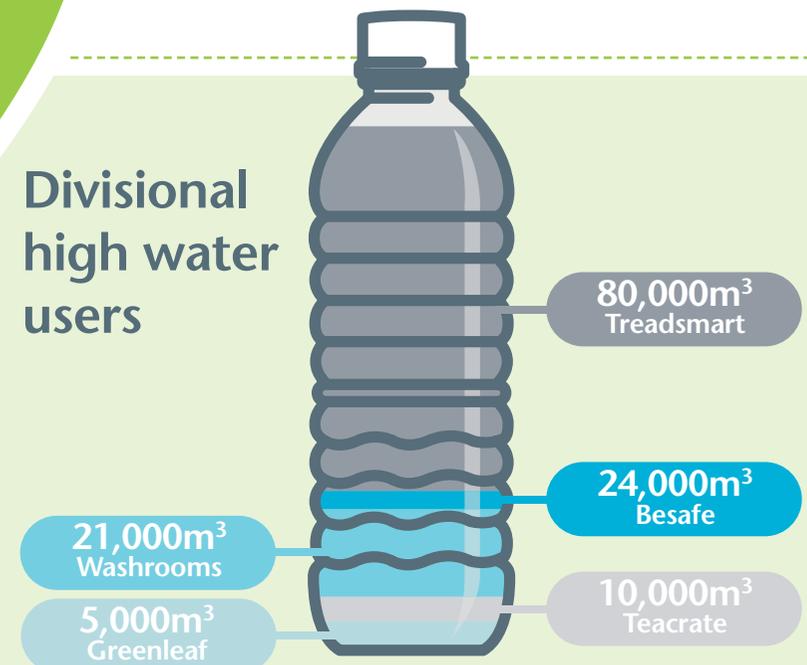
The PHS Group is acutely aware of the need to conserve water, with many of our Divisions using high volumes of water as a result of their service operation. However, finding a cost effective means of monitoring real-time water usage has proven to be a difficult task.

Our efforts this year have therefore focused on identifying leaks and ensuring that our baseline water consumption figures are accurate and appropriate. In order to achieve this, we have been working with Cadantis Associates Ltd, water auditing and analysis experts, who are undertaking a detailed investigation at our largest Divisional sites. Rather than this being a simple billing verification exercise, on-site water audits will be completed to ensure that we have a robust and reliable measurement on which to build our future automated metering solution.

“ Cadantis is pleased to have been selected to work with PHS Treadsmart to investigate opportunities for more sustainable water use. Water is often the forgotten utility but for a business like PHS, the cost of ignoring problems, such as leaks and mis-billing, can be significant ”

Glen Collins,  
Director, Cadantis Associates

## Divisional high water users



## Case Study

Poole Stadium, owned by Stadia UK, is just one example of how the PHS Group is helping customers to reduce their water usage.

The stadium, which on race nights can accommodate up to 4,000 speedway fans, estimates that they have saved the equivalent of nearly £15,000 per annum by replacing their old urinal water control units with PHS Flow-saver® intelligent water management systems.

The PHS Flow-saver®, which can save up to 96% of water compared to an uncontrolled urinal cistern, also outperforms traditional controls by utilising an infra-red sensor to detect movement and flush only according to use. This ensures that maximum water savings are made without ever compromising hygiene.



## Our aims for next year...

We have challenged each of our sites to reduce their water usage by 5%. To help support them in these efforts, we will be rolling out a programme of site water audits to those Divisions that represent our Top 5 largest water consumers.



# Waste

## Our Objective

Recognising the need to develop an environmentally effective alternative to landfilling offensive waste, last year the PHS Group committed to identifying a new disposal route for sanitary waste.

## How we're doing

PHS Washrooms is the UK's largest commercial collector of sanitary waste and is therefore acutely aware of the need to find an environmental and cost effective alternative. Whilst sanitary and nappy waste accounts for only 2% of the UK's total landfill waste, it is clear that this disposal route is not an environmentally sustainable option.

During 2011, PHS has been working closely with Knowaste, the UK's only sanitary and nappy waste recycling facility. This plant in the Midlands is capable of processing 36,000 tonnes of absorbent hygiene products into consistently high-quality reclaimed plastics and fibres for re-use in new products. 23% of our total washrooms offensive waste from 4 locations has been sent to Knowaste, which equates to nearly 1.6 million kg of waste that would otherwise have been sent to landfill.

*“ We are delighted to be working with PHS to develop an absorbent hygiene product (AHP) recycling scheme that offers a genuine, environmentally friendly alternative to landfill. With the support of waste companies such as PHS, we look forward to expanding our operations to service the entire UK ”*

**Roy Brown,**  
CEO of Knowaste



## In-house product recycling 2011-2012

### Case Study

PHS has been offering customers assured and reliable waste management services for nearly 50 years.

Yet we recognise the need to practice what we preach, and as such have a strong history of ensuring that the products we offer our customers are dealt with effectively at the end of their serviceable life. A few highlights of our enviable record in this area are shown opposite.



**30,500**  
components re-used



**56**  
tonnes of batteries



**70**  
tonnes of packaging



**125**  
tonnes of metal



**49**  
tonnes of sanitary  
bin plastic



**161**  
tonnes of aerosols

### Our aims for next year...

PHS remains committed to finding a cost and environmentally effective alternative to landfill for all our sanitary and nappy waste. Whilst we must remain conscious of the wider environmental impact of transporting waste, it is hoped that the opening of

additional processing facilities throughout the UK will allow us to successfully re-direct further volumes in the near future.



# Health, Safety & Wellbeing

Health & Safety  
Wellbeing



Minding  
your step



# Health & Safety

## Our Objective

Last year we committed to ensuring that every new manager received their required, IOSH accredited training within 3 months.

## How we're doing

We believe that a safe environment is not merely one in which there is an absence or low number of serious injury incidents, but is the result of active participation by management and employees in identifying hazards and taking positive action to eliminate or control them. Recognising the critical role that managers play in fostering this culture, we have focused our efforts on ensuring that our managers are equipped with the knowledge and skills they need to ensure the safety of their teams.

At the beginning of 2011, 267 managers were identified as priorities for our IOSH accredited Managing Safely course. By the end of this financial year, only 16 managers have yet to successfully complete the course. All of these 16 remaining managers will however complete their training by the end of August 2012.

“ The Health and Safety of employees, contractors and customers is a critical concern for every company but none more so than PHS. As a company that operates in highly regulated and often high-risk industries, the commitment of PHS to this area is evident at all levels of the business

Dr Nick Williams,  
Safety, Health & Environment Manager,  
PHS Group

”

## IOSH Managing Safely Target 2011-12



## Case Study

The effective management of Health and Safety is fundamental and an integral part of the PHS Group. The Group launched its current Health and Safety Initiative in May 2008 which set out to focus on ten key areas:

- Management commitment
- H&S training
- Risk assessments
- Fire / site transport risk assessments
- Slips, trips & falls
- Accident reporting/investigation
- Control of contractors
- Permits to work
- Work at height
- Manual handling

Each of these areas is closely monitored and the relevant Divisional Health & Safety

Champions are tasked with driving performance improvement within their own business.

The effectiveness of this focused approach can be seen in the significant reduction of our accident rate since the Initiative was launched. Whilst the accident rate (calculated per 1000 employees) has remained relatively stable in the last 2 years it has decreased by nearly 20% when compared against our baseline year of 2007/08.

### Accident Rate



2007/08	151.4
2008/09	142.6
2009/10	144.9
2010/11	133.7
2011/12	121.2

### Our aims for next year...

In order to improve overall levels of Health & Safety at each of our locations, the Group has this year committed to increasing the minimum site audit KPI performance by 10%, from 60% to 70%. These KPIs monitor Divisional compliance in a range of areas including the assessment of risk and implementation of measures to combat these risks, accurate completion of accident records and investigations, H&S training and the use of appropriately qualified contractors.



# Wellbeing

## Our Objective

As a new area to the Corporate Responsibility Report, no target was set last year.

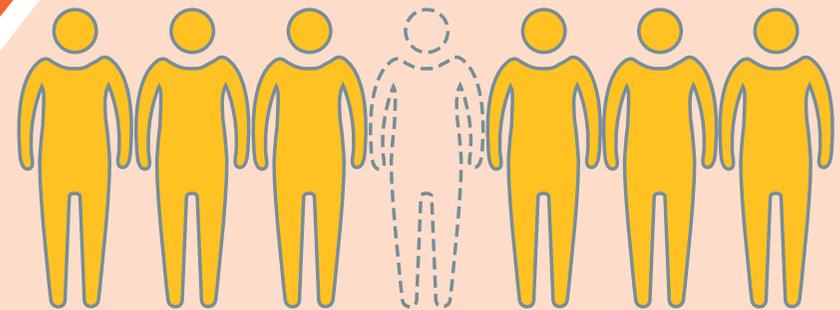
## How we're doing

Whilst our overall sickness rate of 3.1% is comparable with other equivalent industries, absence represents a major cost and disruption for the business. More importantly, as a service organisation we recognise that our ongoing success is reliant upon having reliable, well-trained and engaged employees.

In 2011, the PHS Group undertook a review of our current wellbeing practices with the support of Business in the Community. This review highlighted the predominantly reactive nature of our sickness policy and highlighted the potential benefits of a more pro-active strategy to promote employee wellness. In 2012 we hope to develop this approach further and ensure that the Best Practice evident in many of our Divisions is shared across the Group to create a consistent and comprehensive approach to health promotion.

“ It's encouraging to see an organisation like PHS recognise the value of workplace wellness. This is a new approach for many organisations and we're delighted to be supporting PHS to identify practical and productive ways of achieving genuine business benefits ”

Simon Harris,  
Wales Director for Business in the Community



**3.1%** sickness rate, average workforce of **5043**

## Case Study

One example of our efforts to encourage a healthier lifestyle amongst our people was the recent Healthy Travel Fair held at our Caerphilly Head Office.

This event was designed to encourage employees to utilise more sustainable and active travel on their daily commute. A number of local organisations attended including 'Dr Bike' who offered free bike servicing, the County Council who provided information on walking trails throughout the area and a smoothie bike supplying healthy drinks for those willing to undertake a stint on the exercise bike.

The event followed on from the launch of the Head Office Travel Plan, which was recognised this year with a Bronze Award through the Welsh Travel Plan Award scheme and built upon a number of existing discount schemes with local organisations such as gyms and chiropractic services. Co-ordinated programmes that address both the health and environmental impacts of employee commuting are also in development at other sites throughout the Group.

## Our aims for next year...

At PHS we recognise the need to formalise and improve our approach to wellbeing at work. This year we will be undertaking a strategic review of this area to identify the best ways in which to structure, support and communicate our commitments to employees.



# People

Working with us  
Recognition  
Training & Development



We're a happy  
bunch of soles...



# Working with us

## Our Objective

Our ultimate aim as a business, as outlined in our Vision Statement, has always been to offer “a challenging, rewarding career for everyone in the Company.”

## How we're doing

At PHS, 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, even though we have grown dramatically in recent years, more than 20% of our workforce have worked with us for ten years or more. Here are just two examples of what our people think of the PHS Group.

### What do you enjoy about your current role?

No two days are ever the same... I may be with a customer reviewing a contract one day, assisting the sales force pricing jobs another day or sourcing new disposal routes for our waste streams.

### How has your career progressed?

I joined PHS Washrooms as a Depot Manager 15 years ago, then became General Manager and eventually Regional Manager. Then just over 4 years ago, I had the opportunity to apply for my current position.

In each of my roles PHS has supported me to improve my skills and gain professionally recognised qualifications. I was also lucky enough to take part in the Group's senior management development programme 'Aspire'.

### What is the best thing about working for PHS?

The best thing about PHS is undoubtedly the people. PHS people go out of their way to be helpful and friendly and it's amazing what you can achieve by simply asking for help. I'm very lucky because I work with a

great team of people that I have known for many years and who all genuinely care about what they do and the service we offer our customers.

### What are your career hopes for the future?

Since I joined the Group over 15 years ago I've never been short of work or opportunity... I hope I'll continue to keep busy and see what the future holds!

**Tony Filson**  
Head of Operations,  
PHS Wastemanagement (Healthcare)



“ When I joined PHS almost 37 years ago, it was a small family owned business with around 200 employees, supplying and servicing one product. I firmly believe that our growth from that small company to the business we are today lies with its dedicated workforce and our commitment to supply customers with the best service we can. I am proud to be playing a small part in its continuing success

**Diane Stagg**

(one of our longest serving employees) Finance Department, PHS Head Office

”

### Our aims for next year...

As an organisation, we recognise the need to better engage with our employees. To facilitate this we will therefore be developing an employee engagement framework to better monitor the satisfaction of our people and capture the enthusiasm and commitment that exists within our teams.



# Recognition

## Our Objective

Our 'PHS Stars' scheme was launched in 2010 and last year, our aim was to encourage nominations from more areas of the business, from across a wider variety of roles and also from colleagues as well as customers.

## How we're doing

The quarterly 'PHS Stars' scheme was set up to recognise the outstanding contribution of our people in support of our four core values – Professionalism, Teamwork, Trust and Honesty. In 2011, there were over 100 nominations that were made by grateful customers and appreciative colleagues, from which the 16 "Stars" were chosen.

Last year, for the first time, this included winners from PHS Direct, Fazeley and PHS Compliance. Our winners encompass roles as diverse as Sales Support, Service Driver, Telesales, IT, Major Accounts, Stock Control, Service Administration and Marketing. Whatever the role, PHS Stars remains a vital element of our aim to reward and recognise the outstanding contribution that many of our people make to our business.

“ In a service business like ours, it is our people who are the face of the company. By demonstrating outstanding commitment to our values, our 'PHS Stars' have shown that they are not only committed to our customers but to supporting each other ”

Gareth Rhys Williams,  
CEO, PHS Group



## Case Study

Many of our 'Stars' are worthy winners who have been nominated by customers because they exceed expectations.

Such winners include Anthony Hamilton from AWS, our Waterlogic business in Dublin, who gave up his free time to take ownership of a weekend installation for a customer. Stars who make an impact on the wider community are also recognised, such as Stuart Bates, who raised over £1253 for Children in Need by singing for Head Office staff during lunchtime.

Other Stars are commended for their commitment to the environment and their drive to make positive changes. Examples include Jo Thomas from Head Office, who suggested a change to our IT system that reduced our paper usage by an estimated 130,000 pieces of paper a year or Rob Gordon from PHS Compliance who introduced a save water scheme that will cut 39,000 litres of water a year at just one site.

## Our aims for next year...

To ensure that we are recognising contributions from across our Group, our aim in 2012 is to increase our 'Stars' nominations by 10% and to receive nominations from every division of our business.



# Training & Development

## Our Objective

Last year, our objective was to continue to be recognised as an Investor in People, which we have been since 2000.

## How we're doing

In July 2011, a comprehensive external review comprising 133 interviews at 17 sites and involving all of our divisions resulted in us maintaining this valuable recognition. This external review complements the ongoing benchmarking undertaken by Internal Reviewers as part of the IIP 'health checks'. This ongoing focus on communication with our people is fundamental to our approach to business improvement, providing senior managers with detailed information on areas for improvement.

During our external review, we were particularly pleased to hear of the positive feedback about the brand that was received throughout the Group, in all of our operating Divisions. It was also significant to note that many of our employees commented on the potential for PHS to grow. Despite the difficult economic conditions facing all businesses, it was positive to hear that our people are confident about the future and believe that PHS is a secure, rewarding and successful employer in these uncertain times.

“ Once again, PHS Group plc has demonstrated its genuine commitment to realising the potential of its workforce to achieve the business's ambitious objectives, by building strategies, policies and procedures based upon the best practice standards contained within Investors in People ”

Jenny Trickett,  
IIP External Reviewer



INVESTORS  
IN PEOPLE

## Case Study

As part of our continued investment in the development of our people, we have recently opened our state of the art Academy in Gloucester.

The Academy is however more than a training facility and is designed to play a central role in defining and differentiating PHS, supporting individuals and businesses within the Group and ensuring future sustainable growth.

The Academy is a flagship site which will become the focal point for training, meetings, manager's events, customer

presentations, national meetings and other stakeholder events. We believe that this significant investment also demonstrates PHS's commitment to service excellence and to the development of valuable skills and expertise amongst our people.

## Our aims for next year...

At PHS we are committed to delivering an integrated approach to developing excellence. Our objective next year is to increase our overall training activity by 10%.

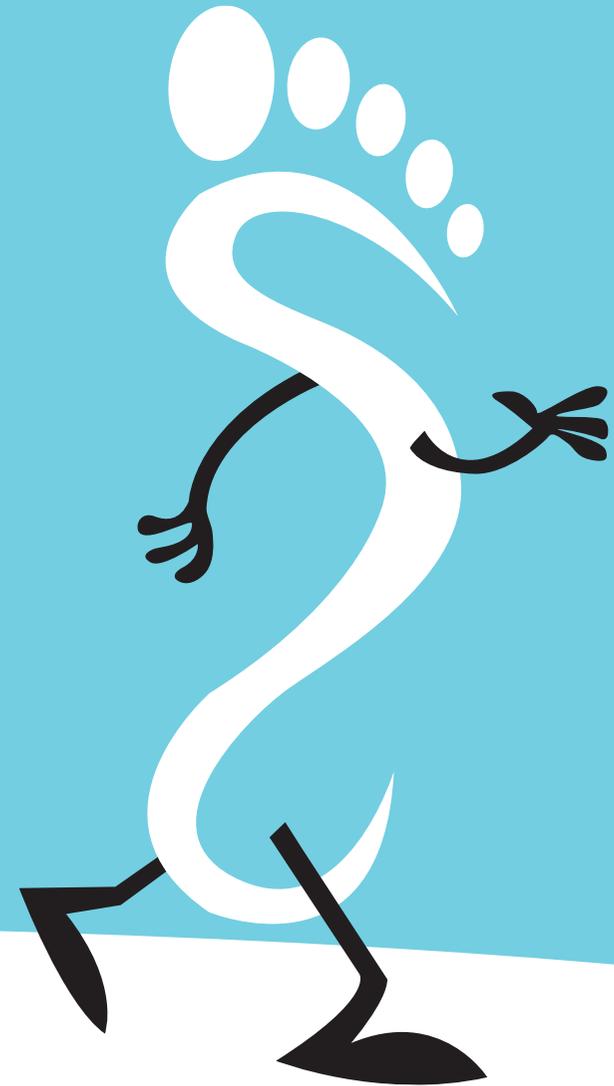


# Community

Customers  
Suppliers  
Community Engagement



We walk  
the walk



# Customers

## Our Objective

Given the diverse nature of the services offered by the PHS Group, the business has previously worked towards Divisional specific rather than headline Group targets in this area.

## How we're doing

At PHS we have always believed that an open, ongoing relationship with our customers is essential to any business. For this reason, we are committed to creating consistent and uniform standards of customer service throughout the Group to ensure that our customers can expect the same high level of customer service from each of our operating Divisions. This approach was reinforced this year through implementing the ICS (Institute of Customer Service) ServiceMark™ process and audit within a number of our business areas.

The ICS project has been trialed at both Divisional and Group sites including our largest customer service centre at Caerphilly Head Office. Having completed a recent review and training programme, our first service centre has already achieved the prestigious ICS ServiceMark™ accreditation and others are actively in progress. This professional accreditation, which enables companies to independently assess their service levels and be benchmarked against other organisations, is an important step in helping PHS to ensure a consistent and high quality approach to customer service.

“ In 2011, the PHS Group was named one of the nations top 500 'Business Superbrands'. Compiled following independent research by The Centre for Brand Analysis, it was judged that PHS possessed all the key markers of a Business Superbrand such as quality products, reliable services and trust to consistently deliver against its promises ”

**Andrew Johnston,**  
Group Head of Marketing



**Institute of  
Customer Service**

**ServiceMark™ accredited**

## Case Study

In 2011, PHS Washrooms was awarded the hotly contested 'Supplier of the Year Award' at Interserve's 'Best of the Best' Awards. The annual awards recognise Interserve's suppliers for their ongoing support of the business's operations.

Interserve is one of the world's foremost support services and construction companies and PHS has been Interserve's preferred supplier of washroom services since 2003. Throughout their longstanding relationship PHS and Interserve have worked closely together to maintain the highest standards of service to all their customers. This strong partnership is just one example of how our ongoing approach to

outstanding customer care has helped to win business and maintain longstanding customer relationships.



## Our aims for next year...

At PHS, we know that our customers deserve excellent service from every part of our company. We have therefore committed to establishing a Group-wide Customer Charter which will outline what our customers can expect from us at each step of the customer experience.



# Suppliers

## Our Objective

Last year we set ourselves the target of establishing a Group wide ethical procurement policy and ensuring that all purchasers understood how their decisions could impact upon our aim of being a more sustainable business.

## How we're doing

Whilst many of our purchasing teams already consider sustainability as a key part of the procurement process, the challenge of integrating a co-ordinated and cohesive approach to procurement across our diverse businesses remains a significant task. The sheer range of suppliers, products and impacts makes the development of a practical yet relevant framework a complex and time consuming process.

However, our work on both our organisational and product carbon footprints has enabled us to undertake a detailed review of our most important supply chains. The process of investigating our broader supply chain impacts has allowed us to provide relevant and targeted information to procurement teams to aid them in the task of improving the environmental impact of our products and services.

“ The recent Product Carbon Footprint project undertaken by our UK partner PHS Waterlogic has really demonstrated how businesses can work together to build environmental improvements into the value chain. The process has given us an important insight into how a co-ordinated approach can drive innovation to provide customers with better products and services

**Chris Garner,**  
Group Marketing Director,  
Waterlogic International

”

## Case Study

The PHS Group firmly believes that community engagement should be about more than charity donations and we recognise that our purchasing power can also be a force for good.

We value our long-term suppliers, many of whom are local businesses and have recently begun to actively support social enterprises.

One such example is Arts Factory Design who have produced this Corporate Responsibility Report. The Arts Factory Design Team is a full service creative agency based in the Rhondda Valley, Wales that operates as

part of a social enterprise. The organisation's strap line is "No more throw-away people" and all profits generated by the business are used to provide opportunities to disadvantaged and marginalised people in local communities.



## Our aims for next year...

As part of our Scope 3 Organisation Carbon Footprint, we will seek to identify our most significant suppliers and engage them in a structured approach to supply chain corporate responsibility.



# Community Engagement

## Our Objective

Last year we set ourselves the target of increasing our community engagement in 2 key areas; a 10% increase in our financial donations and a 20% increase in our supported employee volunteering.

## How we're doing

We're delighted to say that our performance has far exceeded our targets in terms of both financial donations and employee volunteering. In fact, we estimate that the total financial impact of all community contributions is equivalent to nearly £98,000.

This has been achieved through a mix of corporate donations, supported employee fundraising and volunteering. Our own company donations have increased by 16% this year, a figure of which we are particularly proud of given the tough economic climate.

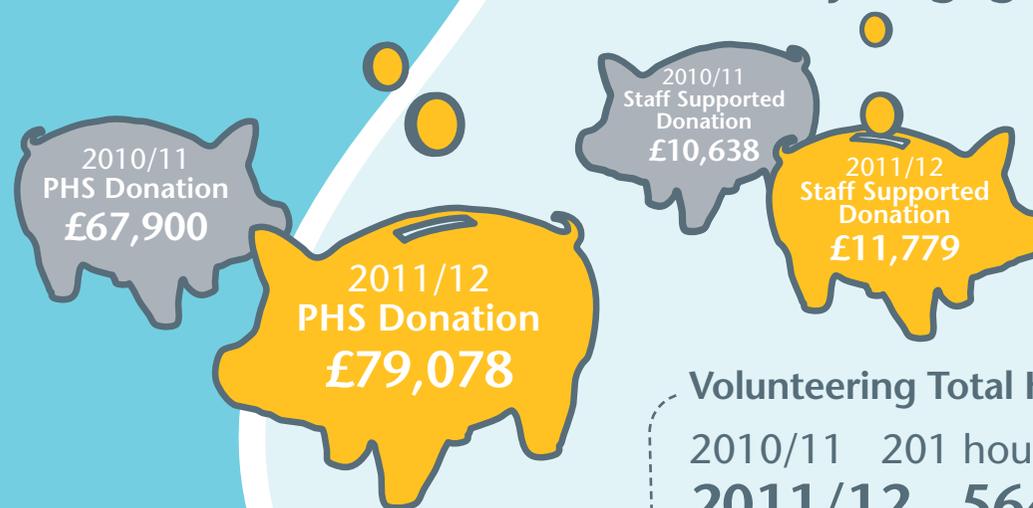
However, we are perhaps most encouraged by how our employees have welcomed the new Volunteering Policy. The number of employees regularly volunteering has grown significantly and total volunteering hours now stand at more than double the figure for 2010-11.

“I really want to take this opportunity to say a big thank you to everyone at PHS who took part in the Oxfam Collects at Work Scheme. The PHS collection was the largest scale campaign we have undertaken so far and the generosity of supporters, like those at PHS, is absolutely critical to our work”

Gary Henry,  
Corporate Relationship Manager, Oxfam



## Community Engagement



## Case Study

As part of our community engagement strategy, PHS has established a strong partnership with UnLtd, a charity foundation dedicated to supporting and developing social entrepreneurs and helping them become a force for positive change in the UK.

This partnership has seen a number of PHS' senior managers volunteer their time and expertise to act as mentors to local charities and social entrepreneurs.

One highly successful match, which has already had a positive impact for both participants, is between Paul McDonald, commercial manager with PHS Datashred, and BulliesOut founder Linda James. Working closely together, Paul and Linda have developed a strategic plan to ensure that this small charity has a secure financial

footing on which to grow and reach out to more young people impacted by bullying. The benefits of this mentoring partnership have been felt as much by PHS as Bullies Out. Not only has Paul enjoyed the opportunity to work with a charity close to his heart, he's also been exposed to a completely new sector and faced organisational challenges which have stretched his skills and given him a renewed sense of enthusiasm.

UnLtd\*



### Our aims for next year...

Our new community engagement strategy will be launched shortly, which will include a challenging new 3 year target. Our aim is to better co-ordinate our current contributions, engage employees at all levels of the business and develop an approach that encompasses skills and enterprise as well as financial donations.





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