



Interim
Corporate Responsibility Report

2010



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Introduction by the Chief Executive



“An honest and open approach is the only way to foster genuine improvement”

Peter Cohen, Chief Executive

Welcome to the PHS Group's first Corporate Responsibility Report which I hope you will find both interesting and informative.

As an organisation with nearly 50 years experience operating in often complex and highly regulated markets, it might be surprising to learn that this is our first Corporate Responsibility report. I hasten to add that this does not reflect a lack of evidence of our commitment to be a responsible organisation, but rather a more recent recognition that we haven't always been the best at promoting our achievements in this broad arena.

Like many organisations, environmental and ethical Best Practice is fundamental to our operation and just part of 'what we do'. I do, however, believe that this overview of our approach is a welcome demonstration of the drive, experience and passion that exists within the PHS Group.

On a more personal note, I am proud to lead an organisation like PHS which is full of talented and committed individuals who are constantly striving to improve our performance. And as a businessman with over 30 years of commercial experience, I am also increasingly aware of the new and unique challenges that lie ahead of us all if we are to build a more sustainable economy.

If I had to sum up the purpose of this report, it's about being proud of our achievements - by that I mean recognising and valuing the contributions we have all made and continue to make to this organisation - but also appreciating the scale of the task ahead of us. No company is perfect but I genuinely believe that if we are to achieve our goal of becoming a more sustainable business we must be honest and open about how we can improve and work together to help address those areas. In this way, we can all be part of building a stronger, more resilient and sustainable business.

A handwritten signature in black ink, appearing to read 'Peter Cohen', with a stylized flourish at the end.



Our Approach



More than 60% of the Group's business is certified to ISO 14001, the international standard for environmental management systems, and many of those not already certified are actively working towards it.



PHS has been certified by the Safe Contractor scheme.



Footsteps is our initiative designed to engage all staff in the drive to become a more sustainable business.

As the market leading workplace services provider and a trusted supplier to some of Europe's largest companies, the PHS Group is committed to operating as a responsible business.

We believe that this dedication to acting responsibly is demonstrated every day through our commitment to go above and beyond our legal obligations to protect our staff and the wider environment, to support our customers to achieve their own performance targets and our drive to engage with stakeholders and the wider community.

At PHS we also understand that a strong approach to corporate responsibility and resource management makes good economic sense. By operating our own business in a more sustainable manner and helping our customers to do the same, the PHS Group is perfectly placed to be the partner of choice for responsible organisations seeking to improve their environmental and social performance.

Whilst we are rightly proud of our experience and successes in areas such as environmental management and employee development, we also

acknowledge the scale of the challenge ahead of us. PHS recognises that our aim to become a more sustainable business is not a simple one and will require considerable effort by all and a co-ordinated and consistent approach.



“At PHS, our commitment to operate as a sustainable business has always been fundamental to our organisation and at the heart of our continued success”

Chris Lodge, Executive Committee Member
with responsibility for Sustainability

Definition

Much debate and a degree of confusion surrounds the use of terms such as “Sustainability” and “Corporate Responsibility”. We therefore believe it is important to outline exactly what these terms mean to us and how they impact on our day-to-day activities.

Sustainability

Sustainability and sustainable development are broad terms which are generally associated with the ability to meet needs without compromising the availability of future resources. At PHS, we believe that the concept of sustainable business development, can be broken down into 3 key areas:

Market Innovation

Drive innovation and lead the market by offering a broad range of cost-effective services that help our customers to better manage their environmental impacts.

Financial Profitability

Manage resources effectively to ensure that we remain a profitable long-term business proposition.

Corporate Responsibility

Recognise our responsibilities and communicate with our stakeholders, via an integrated CR approach.

These key areas form the basis of our strategic aims, objectives and priorities.



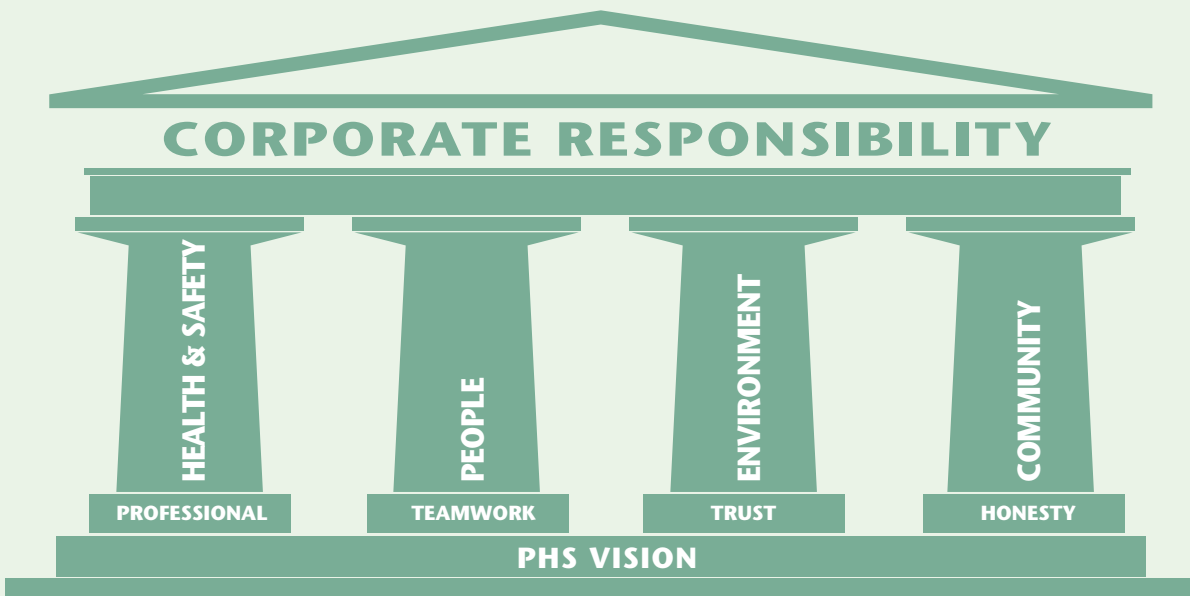
Emma Wood, Group Sustainability Manager

“Defining what ‘sustainability’ really means for PHS is an important first step”

Corporate Responsibility

Corporate Responsibility (CR), also known as Corporate Social Responsibility (CSR) is often described as an organisation going above and beyond their legal obligations. Within PHS, we separate these obligations into 4 key areas, the '4 pillars' which reflect our existing values and vision.

These 4 pillars are defined as follows:



Health & Safety	People	Environment	Community
Ensuring the Health & Safety of our staff, customers and anyone who comes into contact with our services	Providing our people with a challenging, supportive and rewarding place to work	Respecting the environment and managing the impact that our operation has on it	Maintaining an ongoing dialogue with our stakeholders including customers, suppliers and the local community and acknowledging our wider role within society

Current Assessment

Whilst the PHS Group are, and always have been committed to operating in a responsible and compliant manner, we also acknowledge that becoming a truly sustainable business entails much more than this. Aptly described as a 'journey', we recognise that becoming a more sustainable business will require considerable change and a commitment to drive pro-active improvement in all areas of our business.

Strengths & Weaknesses

The first step in our strategic development has been to undertake a baseline assessment of our performance to help us recognise what we have already achieved and identify the areas we need to focus on. This assessment has formed the basis of our new 3 year strategic approach.

Strengths

- Commitment and willingness of staff to recognise our broader responsibilities
- Expertise and experience in environmental protection and waste management
- Strong range of products & services designed to help our customers improve their own environmental performance

Weaknesses

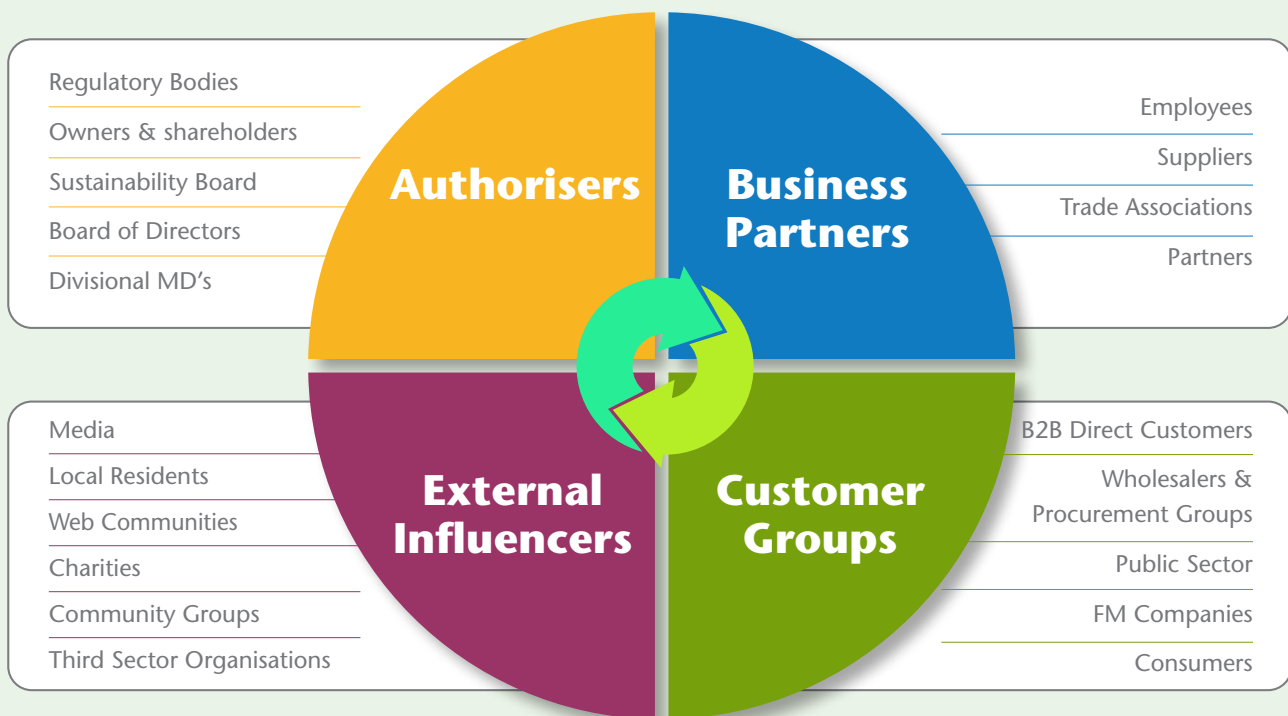
- Accurate and verifiable data required to support more sustainable choices and demonstrate impact
- Consistent and focused approach to long-term sustainability targets across all Divisions within the PHS Group required
- Formalised policy to ensure supply chain cooperation required

We have already begun addressing some of these weaknesses and have committed to further improvements in our 3 year strategy.

Stakeholders

Being aware of our stakeholders and their expectations of our wider responsibilities is a key strategic task. As part of the development of our 3 year Sustainability Strategy, we have sought to identify our primary stakeholders and remain committed to responding to their concerns and questions.

In brief, our stakeholders fall into 4 key areas:



A key objective within our 3 year strategy is to undertake a formal consultation programme with all of these stakeholders.

3 Year Sustainability Strategy

Following on from the review of our current performance, PHS has recently developed a 3 year Sustainability Strategy. This strategy builds upon our successes and seeks to align our sustainability objectives and practices alongside the existing organisational structure and approach. The aim is to ensure that our strategy is consistent with our values and culture, whilst reflecting the need to promote a new co-ordinated approach to sustainable business development.

Objectives

The objectives set out in our strategy reflect our current position and performance and represent our overarching Group commitments. Each of these priorities are within the control of PHS and represent our biggest opportunities to meet our primary aim of fostering a more sustainable business approach.

Our 3 year objectives are laid out on the following page. These form the commitments that have been made by the Board and Business Improvement Team. How we will achieve these targets are further defined in our specific Divisional Business Plans.

Planning

Our sustainability objectives are laid out in the PHS Group 3 year Sustainability Strategy. These headline objectives will then be broken down into annual Divisional targets and action plans. Each Divisional Managing Director will be responsible for delivering the targets with the support and expertise of the Sustainability team. Performance against the sustainability objectives laid out in the Divisional Plans will be monitored internally as part of the standard full year and half year reviews.

People

Our acknowledgement that becoming a more sustainable business won't be an easy task is reflected in the name we have chosen for our sustainability drive. PHS Footsteps, our environmental and sustainability initiative, is a step-change programme designed to align our sustainability strategy with our company values and daily practices, set realistic yet challenging targets and lead the marketplace in demonstrating a genuine commitment to becoming a more sustainable business.



The PHS Group is committed to ensuring that employees are made aware of our commitments in these areas and the critical role that they can play in achieving these goals. Employees will be encouraged and supported to take an active part in this programme and our successes will be communicated regularly to all members of the team.

PHS Group Sustainability Objectives

Market Innovation

- We will ensure that our product range represents a sustainable choice for our customers, allowing them to minimise their own environmental impact.

Financial Profitability

- We will capitalise on all opportunities to maximise resource efficiency to ensure that PHS remains a transparent and profitable investment prospect.

Corporate Responsibility

Health & Safety

- To ensure all new managers receive required H&S training within 3 months
- To reduce vehicle accidents by improving driver skills and awareness

Environment

- We are committed to reducing our carbon footprint by a minimum of 10% in the next 3 years

People

- To continue to be recognised as an Investor in People
- To continue our commitment to communicate regularly with staff via PHS people
- To undertake ongoing diversity monitoring

Community

- To undertake a formal assessment of our Sustainability Strategy involving all stakeholders
- To encourage and support staff to undertake community projects and mentoring
- To produce an annual Corporate Responsibility Report



Environment



More than 60% of the Group's business is certified to ISO 14001, the international standard for environmental management systems, and many of those not already certified are actively working towards it.



A partnership led by Lime (part of PHS Datashred) scooped the Best Partnership Project for Recycling at the National Recycling Awards 2010.

Carbon Disclosure Project (CDP)

The PHS Group is committed to providing relevant, high quality environmental information to our stakeholders and for this reason we publish our carbon performance annually as part of the Carbon Disclosure Project (CDP).

“We are committed to reducing our carbon footprint by 10% in the next 3 years”

Carbon & Energy Management



How we manage our business

PHS is committed to ensuring that the environmental impacts of our products and services are controlled and managed appropriately. This includes closely monitoring our own energy use, measuring our carbon footprint and publishing this openly.

With over 100 regional locations and a broad range of functional and energy profiles, managing the energy performance of each PHS service centre is a significant challenge. Whilst information is collated centrally, due to the specialist nature of the service operations, each site and ultimately Divisional Managing Director is responsible for their own energy management.

As part of our ongoing focus on benchmarking and improvement, the PHS Group has this year submitted our carbon performance to the Carbon Disclosure Project. This is a voluntary measure designed to drive and demonstrate our increasing commitment to working with the wider marketplace to address the challenge of carbon reduction.

Our carbon performance is currently measured in line with the Greenhouse Gas (GHG) Protocol and the 2009/2010 results for our UK businesses are shown in the chart opposite. Efforts to improve our reporting are ongoing and will focus on ensuring that our Scope 1 and 2 figures are accurate and relevant as our business grows.

How we help our customers

Whilst the PHS Group already records and publishes its organisational carbon footprint, the ability to provide our customers with verifiable data on the carbon impact of specific goods and services has also been recognised. In 2010, PHS employed an external environmental consultancy to undertake a detailed product carbon footprint for one of our PHS Waterlogic point-of-use water units. This research allowed us to demonstrate that customers can achieve significant carbon savings, up to 72% in high usage areas, by choosing our point of use water dispenser over a traditional bottled water cooler.

Our Experiences

In recent years, PHS has, like many companies, become increasingly aware of the importance of ongoing energy consumption when purchasing goods and equipment. The recent installation of heat recovery systems at our larger laundries is one such example. This significant investment of nearly £125,000 has already helped us to significantly improve the efficiency of our laundries and resulted in an energy saving of 23%.



Our 3 year strategy

The PHS Group are committed to reducing our organisational footprint by 10% in the next 3 years.

At PHS we firmly believe that access to accurate measurements are the key to improved energy and carbon management. For this reason, we are investing in 'smart' electricity, gas and

water meters in all our locations. These meters will allow site managers to access immediate feedback on energy consumption, trend and anomalies and enable us to target our investment at those locations where maximum benefit can be gained.

Organisational Carbon Footprint

Area	tCO ₂ e
Scope 1	38074
Scope 2	4438
Scope 3 *	88
Total	42600

* Currently recording air travel only

Fuel Management



How we manage our business

As a nationwide service organisation, a significant environmental impact of our business is the emissions produced by our commercial fleet. Vehicle emissions account for 75% of our carbon footprint and we are acutely aware of the need to better manage and minimise our energy usage in this area.

The PHS Group's fleet encompasses a broad range of vehicles, from small cars and commercial vans to articulated lorries and highly specialized waste collection trucks. The bulk of our fleet is made up of highly-efficient diesel engines which we believe currently offer the most efficient and practical vehicle choice. We do however continue to monitor the market to ensure that developments in this area are investigated and any opportunities to further improve our efficiency or utilise alternative fuels are capitalised upon.

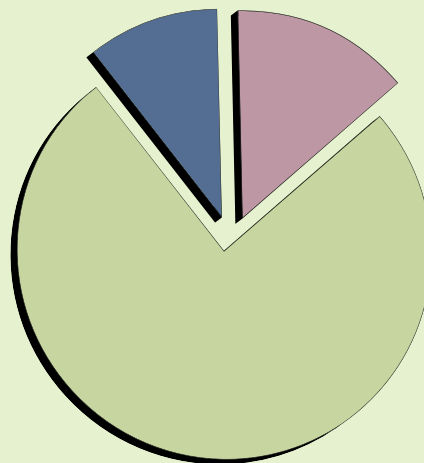
How we help our customers

As with many projects, we have found that our focus on improving fuel performance has had significant benefits in a number of related areas. The ongoing improvements to our vehicle tracking and route scheduling technology, as well as helping us to better manage our fuel use, have also delivered a broad range of operational benefits that help us to actively improve the service we offer our customers. These projects have enabled us to reduce vehicle breakdowns, build better routing schedules and improve the on-time performance of our services.

Our Experiences

All of the vehicles within the PHS fleet are fitted with Masternaut "Greener Fleet" tracking and performance monitoring systems. This installation project, which started over 3 years ago with PHS Washrooms, has helped us achieve a fuel-related carbon reduction of nearly 800 tonnes.

Carbon Emissions by source



Gas	14%
Electricity	10%
Fuel	75%
Air Travel	<1%
Total	100%

Our 3 year strategy

As fuel represents 75% of our carbon footprint, our 3 year reduction target of 10% is likely to be achieved in large part by ongoing developments in route and vehicle efficiency. As an organisation we are currently working on a number of projects to further improve our fuel performance; including driver training and behaviour, engine management and route scheduling.

“We have found that our focus on improving fuel performance has had significant benefits in a number of related areas.”

Water Management



How we manage our business

Perhaps more so than many other businesses, the PHS Group are acutely aware of the need to conserve water and the close link between water supplies and climate change. Droughts and hosepipe bans have a significant impact on the ability of PHS Greenleaf, our interior and exterior plant company, to both grow and maintain planting. Conversely, extreme weather conditions such as floods and snow represent a major challenge to a nationwide, mobile service organisation. As an illustration, last winter our largest Division, PHS Washrooms recorded the equivalent of over 750 snow days (lost working days by employees) which was a 15% increase on 2008-2009.

As a result of the plant nurseries and laundry facilities we operate, water is also recognized as a considerable environmental impact for our business. Where water is used as part of the operational process, such as in our Treadsmart and Washroom Divisions, its usage is closely monitored and water is re-used wherever possible. These laundries are, by their very nature high water consuming processes yet simple practices, such as recycling water from the final rinse cycle in the next pre-wash can significantly reduce our water demand.

How we help our customers

PHS Washrooms is committed to providing products and services that help our customers to minimise their water usage. Our range of Water & Energy Saver products has been specifically designed to enable customers to reduce the amount of water and energy used in the washroom without compromising hygiene or performance. Innovative and award-winning products, such as the Flow-saver® water management system, have been proven to reduce washrooms water consumption by as much as 96% compared to an uncontrolled urinal cistern.

Our Experiences

The water efficiency of our service centres is considered, not only as a part of the operational process, but also as a part of our "Good Housekeeping" practices. All of our sites have already been fitted with the complete range of PHS Washrooms water savings range making our washrooms perfect examples of the simple ways that significant water reductions can be achieved.



The Flush-wiser® can save up to 30% on every flush

Our 3 year strategy

PHS are committed to managing our water use effectively and ensuring that waste is minimised wherever possible. Our upcoming meter upgrade programme will ensure that sites have greater visibility of water usage and going forward, operational targets and benchmarks will be implemented.



Waste Management



How we manage our business

At PHS we carefully design our products and services to ensure that wherever possible waste is minimised and products reused or recycled. We operate a number of specialist product refurbishment and repair facilities and are proud to achieve product recycling rates of nearly 97% on specific product lines. Our commitment to improving the environmental performance of our own operation means that the environmental impact of our products is considered at each stage of the design process. For example, the plastic used in our range of sanitary waste bins has been carefully selected to allow us to develop a long-life, closed-loop recycling process. Each year, PHS recycles on average 50 tonnes of bins into new sanitary disposal bins.

Wherever possible, we will also ensure that waste is recycled in-house to limit carbon miles and help us demonstrate our ongoing Duty of Care. This means that every week, nearly half a tonne of paper is sent to PHS Datashred for recycling, each year over 1 million washrooms aerosols are recycled by PHS Aerosolrecycling and the fluorescent light tubes from all our sites are sent to Recyclite, a PHS Wastemanagement company which last year recovered over 11 tonnes of mercury.

How we help our customers

PHS Wastemanagement, one of our specialist waste management companies, owns and operates PHS Aerosolrecycling, the only facility in Europe capable of recycling 100% of aerosols including can, contents and any residual propellant gases. Last year alone PHS Aerosolrecycling recycled 360 tonnes of mixed solvents, nearly 400 tonnes of metal and 30 tonnes of potentially harmful propellant gases, which would otherwise have been released to the atmosphere.

Our Experiences

Our drive to minimise and better manage waste even extends to healthcare consumables which, due to their limited shelf-life, cannot legally be used in the UK. Out-of-date products such as first aid kits, sanitary products and soap are donated to a charity which then distributes them to hospitals and orphanages in developing countries.

Our 3 year strategy

The better management of waste is a critical area for PHS and at the heart of the services we have offered for nearly 50 years. As part of our core strategy, we remain focused on identifying innovative services that offer customers genuine environmental benefits and lead the marketplace in demonstrating best practice.



PHS Aerosolrecycling recovers and recycles nearly 400 tonnes of metal each year



**“Each year, PHS
recycles on average
50 tonnes of bins
into new sanitary
disposal bins.”**



Health & Safety



PHS has been certified by the Safe Contractor scheme.



The PHS Group ensures that all suppliers undertaking work on their sites meet the requirements of the RoSPA accredited Human Focus scheme.



The internal Health & Safety courses delivered by the PHS Group are all IOSH accredited.



“PHS makes every effort to ensure that our operational practises minimise any potential harm”



How we manage our business

Health and Safety is ingrained within the culture of the PHS Group and is safeguarded, not only through the SHE (Safety, Health and Environment) Department, a team of dedicated Health and Safety professionals, but by all managers and a nationwide network of Health and Safety Champions.

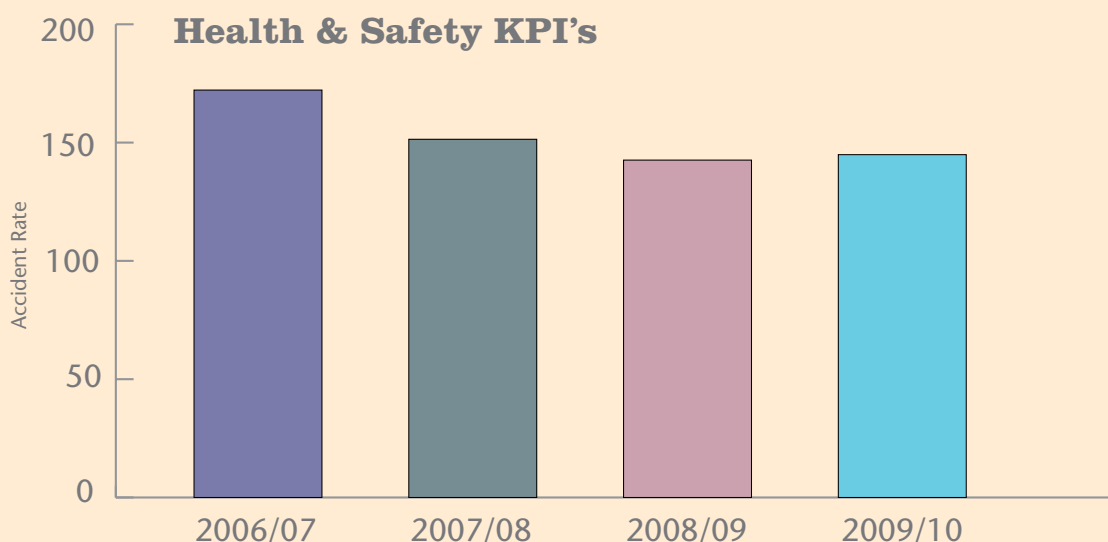
The Group has well-established health and safety systems and the training of our staff is a key priority. As a service organisation, we believe that the training of our staff in health & safety issues is more than just a mandatory requirement, its fundamental to our ongoing success. Our training department deliver a broad range of externally accredited qualifications in the field of Health and Safety, including the IOSH Managing Safely course, which all operational managers must attend and the IOSH Passport to Safety qualification which is a pre-requisite for all service technicians.

How we help our customers

As an organisation, PHS makes every effort to ensure that our operational practices minimise any potential harm, both to our own service personnel and those who may come into contact with our products or services. Our Health & Safety commitment encompasses not only our own service centres but also the products we place on our customers sites, the visitors and staff that use them and the safety of our drivers and the general public.

Our Experiences

The Group is committed to providing for the health, safety and welfare of all its employees and as an organisation where over 50% of our workforce is made up of mobile service technicians, this commitment extends beyond the confines of our own buildings. Our 'New Focus' initiative, a 3 year programme driven by the SHE Department, has enabled us to reduce accidents by 16% from our baseline year of 2007. The scheme ensured that all Divisions within the Group followed a comprehensive and consistent approach to accident reporting and was the foundation for our ongoing commitment to implement timely and appropriate training for staff at all levels.



Our 3 year strategy

Building upon the success of the 'New Focus' initiative, the monitoring and reporting of the Health & Safety performance of our organisation is an ongoing challenge for the PHS Group. We are committed to improving our reporting practices and ensuring that training is delivered in a timely manner. We will therefore ensure that

all managers are fully aware of their obligations to protect and manage the Health and Safety of their staff and that in-depth training is undertaken within 3 months of being appointed to the role. This will be achieved via our own IOSH accredited Managing Safely training programme.



People



INVESTOR IN PEOPLE

The PHS Group has been IIP recognised for nearly 10 years.

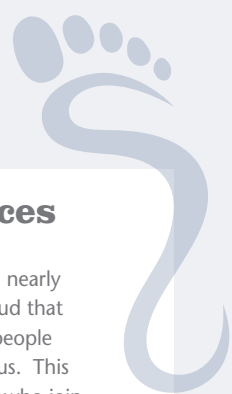


Footsteps is our initiative designed to engage all staff in the drive to become a more sustainable business.



PHS Stars recognises and rewards the actions and dedication of individual employees and teams.

Values



How we manage our business

At PHS, we know that it is our people who make PHS what it is and we wholeheartedly believe that the key to our sustainable competitive advantage is having better people than the competition. Naturally, we are committed to achieving equal opportunities and offering employees the opportunity to benefit from fair employment, without regard to their sex, marital status, race, religion, age or disability. Yet we also believe that recognising the contribution that our people make is about more than legal compliance and is about creating a culture of shared values.

The PHS People initiative is about defining these values and our efforts to integrate them into our business. PHS People encourages every member of our team to reflect these core values in all that we do during our working day. To communicate this we've translated each of these values into practical examples to demonstrate how they apply to everyone within the business.

How we help our customers

When defining our values, we wanted to ensure that we were genuinely reflecting the thoughts and opinions of our employees. For this reason we involved everyone in this process and the feedback we had was overwhelming. As well as being able to see a consensus of opinion amongst our people, it also generated a wealth of practical examples and ideas about how we could improve the service we offer to our customers. We know that these ideas have helped us to provide customers with a simpler, more reliable and hassle-free service.

Our Experiences

The PHS Group was founded nearly 50 years ago and we are proud that a significant number of our people have built their careers with us. This includes a number of people who join us through our Graduate Recruitment programme. Over the years, these graduates have added significant value to the organisation and gone on to hold key positions within the company, including Clare Noble, now Managing Director of PHS Wastemanagement, who joined our graduate scheme over 20 years ago.

Our Values

Professionalism

we operate to the highest standards by...

- Doing what we say
- Always focusing on the customer
- Taking ownership and responsibility
- Acting with integrity

Teamwork

we work towards our shared values and goals by...

- Developing effective solutions
- Cooperating with and supporting one another
- Taking pride in what we do
- Respecting one another

Trust

we are loyal to our customers and colleagues by...

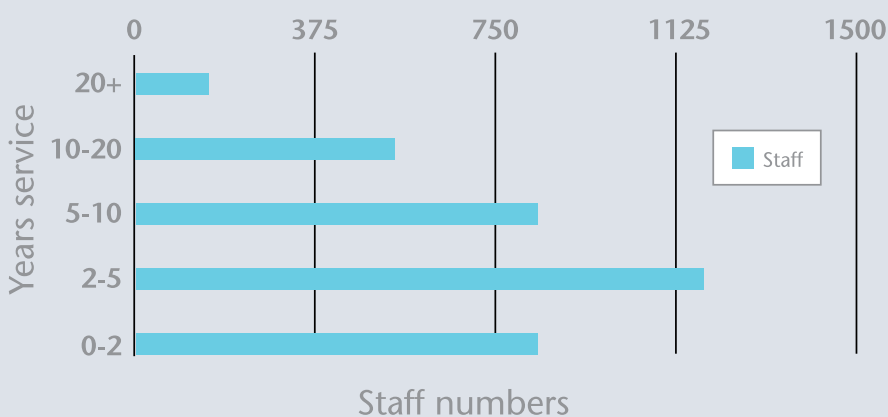
- Keeping our promises
- Acting responsibly
- Respecting the environment
- Solving their problems pro-actively

Honesty

we demonstrate our openness by...

- Being straight talking and genuine
- Acknowledging mistakes and putting things right
- Asking for regular feedback
- Sharing ideas

Length of Service Profile



Our 3 year strategy

As a business we are committed to ensuring that our values are reflected in all of our dealings with employees. However, we recognise that measuring and recording our performance in this area is a critical first step. For this reason,

we are working hard to improve our monitoring processes to ensure that all current, future and prospective employees are provided with the same opportunities to contribute and progress within our organisation.

Recognition

How we manage our business

To support and promote our values further, we introduced PHS Stars. PHS Stars recognises and rewards PHS employees who show exceptional, practical, working examples of the core values. This recognition scheme is a fundamental part of our communications strategy and part of our drive to reflect and promote our strong organisational culture.

PHS Stars recognises staff who embody our values of Professionalism, Teamwork, Trust and Honesty:

Sales Administrator Luda Molchanova who was nominated by Waterlogic customer, Selecta for her excellent customer service, commitment and dedication.



Katrina Stewart who was nominated for her amazing effort in organising the PHS Star Struck evening which raised over £4000 for Velindre Cancer Centre.

Stephen Harrison and Lewys Hall from Besafe whose efforts to help protect a motorbike rider following an accident on the M25 were instrumental in preventing a potentially dangerous traffic incident.

How we help our customers

The majority of the winners of the PHS Stars Award have been selected because of excellent customer feedback. Whether it has been travelling long distances at short notice to repair machines or potentially saving a customer's life, they have all gone the extra mile for the customer. We encourage and value this feedback from customers which allows us to highlight the 'unsung heroes' of our business.

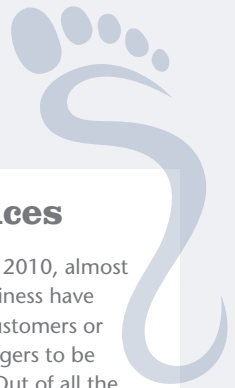
We will continue to recognise and reward outstanding examples of our values and have special initiatives to encourage our people to support each one. For example, for one quarter, we will focus on 'respecting the environment' from our Trust value.

Our Experiences

Since its launch in January 2010, almost 100 people across the business have been nominated by our customers or their colleagues and managers to be recognised as PHS Stars. Out of all the nominees, 17 of the most deserving have been awarded the prestigious PHS Stars Award for their outstanding commitment to our values.

Our 3 year strategy

As a geographically diverse organisation where more than 50% of our workforce are field based, we recognise that communication is a constant challenge. Our aim over the next three years is to embed our values into our processes so that we can make sure we really live and breathe them. The PHS Stars award is critical to this communication strategy to allow us to recognise and reward our employees who are shining examples of our values in action.



Training and Development

How we manage our business

Central to PHS's vision is the commitment to offer "a challenging and rewarding career to everyone in the company". We therefore encourage our people to train and develop throughout their careers with a comprehensive offering of internal programmes, delivered by our dedicated team of training professionals.

The Group's Investors in People (IIP) standard, which we have held for 10 years, underpins our focused approach to training and development. Talent management is a key element of this process and we offer both internal and externally accredited training for team members, including ILM (Institute of Leadership and Management), CIM (Chartered Institute of Marketing) and our own 'Aspire' senior management development programme.

How we help our customers

As a service provider, our people are crucial to the quality of service that our customers experience. We focus on good customer service through our training programmes and communication processes, ensuring that our people are properly trained, developed and managed. Many of our programmes are accredited by bodies including ILM, IOSH, ISMM, City and Guilds and NCFE. This ensures that our internal programmes are delivered to a high standard and customers can rest assured that our service personnel can operate safely, courteously and efficiently on their site.

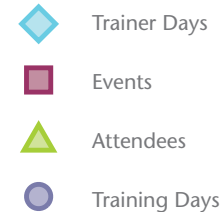
Our Experiences

In the first half of 2010, our internal training team delivered 167 training events to 1,771 of our people. This equates to 2,225 training days across a broad range of subjects areas including corporate induction, customer service, sales skills, I.T., product knowledge and management development programmes.

“We focus on good customer service through our training programmes and communication processes”

Our 3 year strategy

We are committed to continuing to be an Investor in People and using the good practice of the IIP standard as a business improvement framework. Our three year strategy is to ensure that as we acquire businesses and integrate them into the Group, we use the 'health check' and Action plan process to encourage consistency in good management practices. We also aim to go beyond the IIP standard and achieve bronze recognition.



Training Performance YTD



“Our customers and suppliers are key in our drive to improve performance”

Community

Business *in* the

Community

This year PHS Group team members took part in a number of BiTC events, including a community action day to redesign the garden of Thames Reach rehabilitation centre in Southwark, South London.



For many years, employees at our Head Office in Caerphilly have been working closely with the local charity Ty Hafan, which offers a home-from-home for children with life-limiting illnesses.



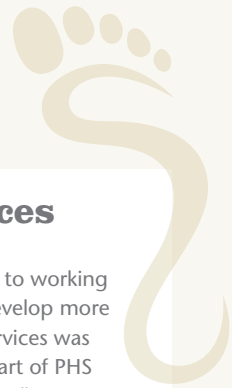
For over 7 years, PHS Greenleaf has worked with the Wish Upon A Star foundation to help terminally ill children visit Father Christmas in Lapland.



PHS Direct is working with the National Forest to plant six hectares of land at Overseal, close to their offices in Dordon.



Supply Chain



How we manage our business

At PHS Group we take our broader impact on society and the supply chain seriously and are committed to managing this impact closely. In our dealings with our customers, suppliers and the wider community we strive to reflect our company values of teamwork, honesty, professionalism and trust.

Our customers and suppliers are key in our drive to improve performance and develop practical and environmentally beneficial processes. Many of our suppliers are trusted, long-term partners who have worked with PHS for many years. We value these relationships and recognise the importance of consistency of supply and experience. Whilst we are committed to making simple purchasing decisions, such as using recycled paper, we believe that our impact on the supply chain is much more than this and we have always focused on identifying long-term solutions.

How we help our customers

As the UK's leading workplace services provider, the development of a supportive and positive ongoing relationship with our customers is fundamental to the services we offer. We actively work with our customers to help them better understand and manage increasingly complex areas such as waste management and energy compliance.

One example of the way in which we work with our customers is the broad range of free support services we offer to help them manage their waste. Workplaces as diverse of manufacturing sites, schools and NHS clinics have all taken advantage of the advice and practical tools we offer to implement an efficient and cost-effective waste segregation schemes. Whether it be posters, training meetings or our unique online waste segregation game, the PHS Group provides practical and proven solutions to help our customers better manage the environmental impact of their workplace.

Our Experiences

This year, our commitment to working with the supply chain to develop more efficient and sustainable services was recognised when Lime, a part of PHS Datashred, was awarded the "Best Partnership in Recycling" at the National Recycling Awards. For their 'Yoyo' closed-loop recycling project. By working closely with customers and paper suppliers, this 'Yoyo' closed-loop recycling project has been able to recycle over 325 tonnes of paper from the London lawfirm Freshfield. This new 'Yoyo' branded recycled paper is then used by Freshfields to meet over 50% of their demand for office paper.

Our 3 year strategy

At PHS we recognise that sustainable development will not be achieved without the co-operation and support of our customers and suppliers. We also appreciate that the international nature of modern business means that it is becoming increasingly difficult to monitor the ethical and environmental performance of suppliers. For this reason,

PHS is committed to establishing an Ethical Procurement Policy and providing our broad network of purchasers with guidelines and training to ensure that their procurement decisions make a positive contribution to our drive to become a more sustainable business.



Lime staff collecting their award at this years National Recycling Awards

Community Engagement

How we manage our business

At PHS we take our broader contribution to society seriously and support a wide-range of both national and local initiatives. Over the years, a number of our operating Divisions have built long-term relationships with charities where we provide time, expertise and services rather than merely offering a financial contribution. These charities include The One Foundation, Wish Upon a Star and Ty Hafan – the Welsh charity dedicated to supporting children with life-limiting conditions.

We also encourage our staff in their own efforts to support local charities and community organisations. At any point in time, a wide range of fund raising campaigns will be taking place within the organisation; whether it be for a nationally recognised event such as Children in Need or smaller, local initiatives such as sponsoring a brass band or coaching the junior football team. The generosity of our team members and their willingness to share their time and skills with those less fortunate than themselves never ceases to surprise us and is a genuine source of pride within our organisation.

Our 3 year strategy

Whilst we respect and value the independent efforts of our employees who already engage with a wide range of community groups, we recognise that as a business we could do more to support this. For this reason we are committed to developing a number of projects to support and actively encourage staff to share their skill and experiences with local schools and charities.

How we help our customers

We believe that our customers and suppliers would always choose to work with companies who recognise their role in the wider community and are committed to supporting relevant and thoroughly researched initiatives. As well as being 'the right thing to do', we also recognise that our staff and our organisation as a whole benefits greatly from this kind of support. We focus our efforts on projects that actively involve our staff, enabling them to both share and develop their skills and feel that they are part of an important and rewarding initiative.

Our Experiences

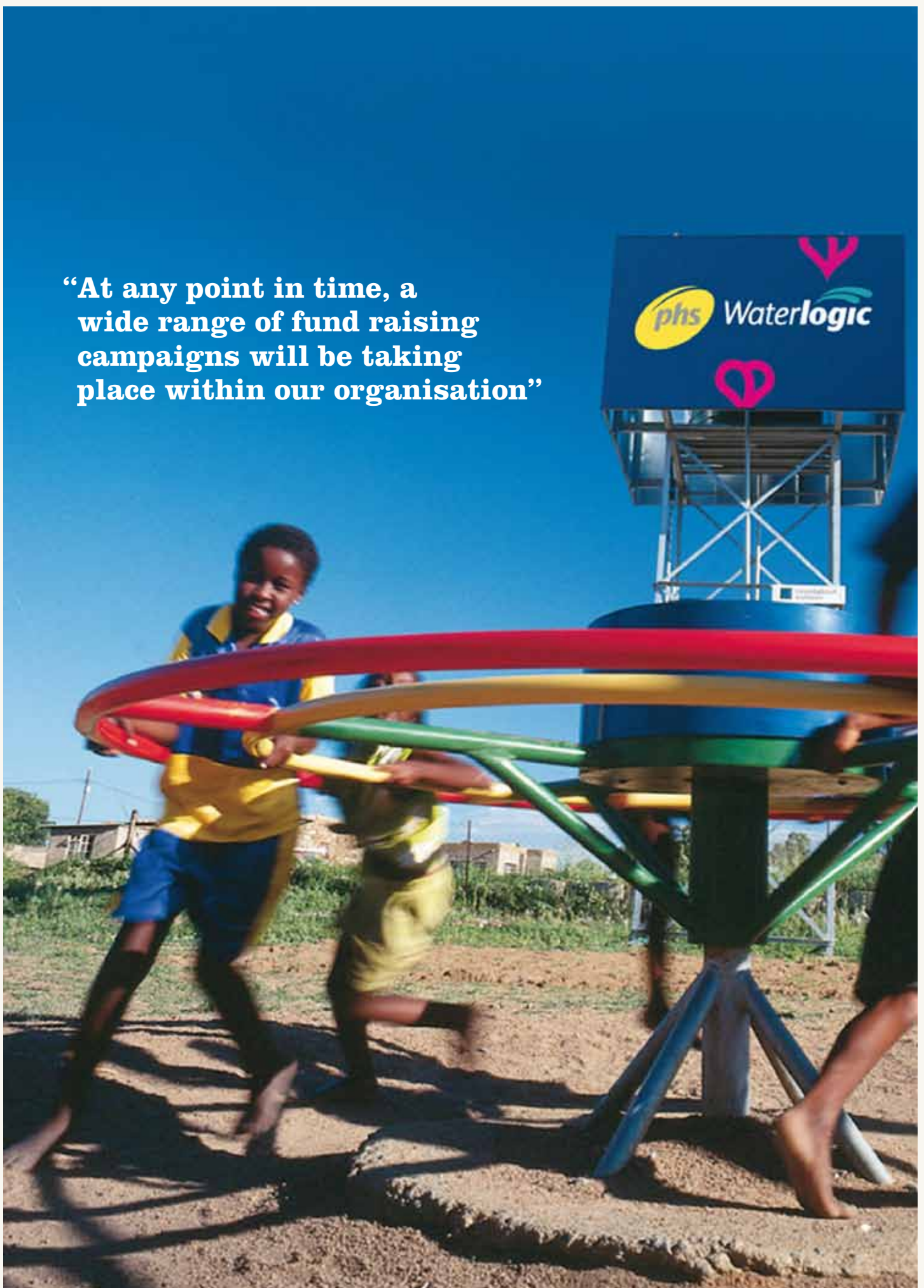


PHS Waterlogic, who supply point of use water dispensers, have recently partnered with Global Ethics. Global Ethics donates 100% of it's profits made from the range of 'One' branded products to fund humanitarian projects in developing countries. As part of this partnership, PHS Waterlogic has already funded the installation of a PlayPump® water system to provide clean, safe drinking water to the Khojane Primary School in Lesotho.



PHS Direct staff taking part in the inaugural National Forest 10k run

“At any point in time, a wide range of fund raising campaigns will be taking place within our organisation”





PHS Group, Western Industrial Estate, Caerphilly CF83 1XH
Tel: 02920 809 008 **Email:** footsteps@phs.co.uk
Website: www.phs.co.uk



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