

Environmental and Social Responsibility Statement



“We recognise our duty to stakeholders to operate the business in an ethical and responsible manner. We are committed to developing our Environmental and Social Responsibility (‘ESR’) agenda, recognising that it can play a major part in leading and influencing all of our people and operations”.

Section 172 of the Companies Act 2006 (the ‘Act’) requires the directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders. Our key stakeholders are our people, the communities in which we do business, our customers, our suppliers, our shareholders, non-government organisations as well as Government organisations and regulators. The Act also requires the directors to have regard to the impact of the company’s operations on the environment.

We work hard to ensure that we provide the right resources, energy and focus to meet the expectations of all of our stakeholders in relation to ESR.

Our Stakeholders

The success of our strategy is reliant on the support and commitment of all our stakeholders. Their interests are important to us and we are committed to maintaining strong, positive relationships with them, built on a foundation of mutual respect, trust and understanding. The table below provides a high-level overview of how we engage with our stakeholders. Further details are then provided on pages 29 to 33.

	Description	Areas of focus	Why we engage	How we engage
People	Our employees who work in our business	<ul style="list-style-type: none"> • health and wellbeing • diversity and inclusion • recognition and careers 	Our people are at the heart of our business and key to our ongoing success. We want our people to thrive in a fair and inclusive work environment.	There are many ways we engage, including engagement surveys, employee focus groups, site meetings, internal social media and newsletters.
Communities	The people who live in the local communities around our sites and operations	<ul style="list-style-type: none"> • fair employment and equal opportunities • local causes and issues • health and wellbeing 	To build trust by operating responsibly and sustainably and addressing issues that are material to our communities. To provide employment opportunities to local people to help support the community.	We operate many local employment programmes to recruit and develop local people to work in our sites. We partner with local charities and organisations to raise awareness and donate funds to help local causes.
Customers	The businesses and organisations to whom we provide goods and services	<ul style="list-style-type: none"> • working within defined sectors, we provide solutions to match specific market and customer requirements • health, wellbeing and focused sustainable customer relations initiatives • technology and innovation to support customer requirements 	By understanding what is important to our customers, we ensure that our services are tailored to support their individual business objectives.	We aim to have open and transparent relationships that are based on honesty and respect. We conduct independent customer surveys which measure satisfaction levels.
Suppliers	Our trusted partners who source and supply products and services to us	<ul style="list-style-type: none"> • workplace health and safety • supply chain integrity • human rights 	To develop mutually beneficial and lasting partnerships aimed at addressing shared challenges in responsible and sustainable sourcing and to communicate our supply chain standards, expectations and commitments.	We regularly communicate with our suppliers and we have also hosted multi-supplier conferences. We aim to pay suppliers within agreed contractual terms and endeavour to work in a collaborative manner with them in order to resolve any disputes that may arise.
Shareholders	Individuals or institutions that own shares in Johnson Service Group	<ul style="list-style-type: none"> • financial performance • competitive positioning • strategy and outlook • ethical business practices and sound governance • leadership and succession planning • debt and liquidity • sustainability 	Our philosophy is to engage in regular, open and transparent dialogue with our existing and prospective shareholders. We value their thoughts and opinions which are shared with the Board. The Board reviews the feedback and, where relevant, takes appropriate actions to address any concerns.	We engage with our existing investors through one-to-one and group meetings, presentations, conference calls and at our AGM. The Group CEO and Group CFO dedicate significant time to engaging with our major shareholders.
Non-Governmental Organisations (NGOs)	NGOs support us with knowledge and expertise on key industry, social, environmental and economic issues	<ul style="list-style-type: none"> • human rights • climate change • social issues 	To ensure we stay up to date and develop effective action plans so we can have a positive impact on key social, environmental and economic issues.	We engage with NGOs through regular communications, interactions and meetings as well as through industry association memberships and at forums and conferences.
Government & Regulators	Regional and national government bodies and agencies which implement and enforce applicable laws across our industry	<ul style="list-style-type: none"> • public health policies • workplace health and safety • human rights • climate change • legal and regulatory compliance 	To communicate our views to those who have responsibility for implementing policy, laws and regulations relevant to our businesses.	Through a series of industry consultations, forums and conferences.

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Our People

We recognise that our people are key to the success of the Group and we value the contribution of each and every one of our employees. We strive to create an inspiring working environment where everyone is engaged and motivated.

Whilst the impact of COVID-19 has tested the strength, resilience and adaptability of our teams more than ever, our overriding focus has been the safety and wellbeing of our people during these difficult times. Our Workwear business did experience some softening of demand during the year, however, the pandemic clearly impacted our HORECA business more seriously due to the UK's hospitality sector being either closed or the subject of restrictions for the vast majority of the year. During the course of 2020, and as a result of subdued demand, a number of our HORECA sites were, and in some cases still are, mothballed. Through the utilisation of government support (the Coronavirus Job Retention Scheme) we have tried to protect as many viable jobs as possible, however, the significant reduction in volumes that we have experienced coupled with the protracted recovery in our end market has meant that we have had to evaluate our staffing needs and take the necessary steps to right size our headcount to ensure that we avoid carrying excess costs. As part of this process, the Group sought to offer voluntary redundancy where possible, in order to reduce the level of any compulsory redundancies.

Notwithstanding the events of 2020, we remain committed to employing, developing and retaining our diverse talent to ensure we have a truly engaged, high performing and fulfilled workforce so we can drive our business forward.

Our Culture

Our corporate culture defines who we are, what we stand for and how we do business and it is integral to the success of the Group. Our strong reputation has been built on the solid foundation of an ethical culture, underpinned by a well-defined and effective system of governance. The Board defines the purpose of the Group, identifies the values that guide it and remains committed

to upholding the highest ethical standards, operating on the principle that the tone at the top sets the standard for the rest of the business.

Over the years, we have carefully developed a common set of expected behaviours based on our corporate values and an effective system of governance, both of which have been influential in shaping and embedding a strong ethical and governance culture across the Group. The Board is responsible for changes to corporate governance and culture, however, from a practical perspective, the Executive Directors and senior managers are responsible for implementing behavioural and governance changes and for clearly articulating to colleagues in the wider business the reasons for change, its benefits or the consequences of not changing, providing encouragement and support to colleagues to ensure that ethical standards are maintained and good governance is put into practice.

The success of our business is dependent upon a strategy which benefits our investors, employees, clients, suppliers and the wider stakeholder community. We have invested time and resources in communicating with employees and designed training and development programmes to educate and encourage the high standards of conduct. They reflect our vision to be the market leader where we are renowned for our great people, great service and great results.

Employment Policies

The employment policies of the Group embody the principles of equal opportunity and are tailored to meet the needs of its different businesses and the locations in which they operate.

The Group's employment policies and procedures are described in detail in its Staff Handbook, a copy of which is made available to all employees. This handbook takes account of relevant employment legislation and best practice. New policies, procedures and related training are developed and delivered as required.



Code of Ethics and Bribery

The Group has a written code on business ethics (the 'Code of Ethics'), which is reviewed regularly by the Board and sets out guidelines for all employees to enable the Group to meet the highest standards of conduct in business dealings, including those with overseas suppliers. On joining the Group, whether by way of acquisition or otherwise, all employees are made aware of these standards and procedures to ensure compliance is achieved.

Senior employees are required to sign an annual statement of compliance with the Code of Ethics. A dedicated and confidential Whistleblowing hotline service is available to employees should anyone wish to report perceived improprieties. Arrangements are in place to ensure that any reports are followed up and the appropriate action taken.

The Group's anti-bribery policy sets out how employees must act to ensure that our zero tolerance approach to bribery and corruption is upheld.

Modern Slavery Act (the 'Act')

Our business principles lay down the standards we set ourselves to ensure we operate lawfully, with integrity and with respect for others. As part of this, we are committed to implementing and enforcing effective systems and controls to confirm that slavery and human trafficking is not taking place anywhere in our supply chain or in any part of our business. We fully acknowledge our responsibility to respect human rights as set out in the International Bill of Human Rights and we are also committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations.

We expect our suppliers to have suitable anti-slavery and anti-human trafficking policies and processes within their businesses and to cascade those policies to their own suppliers. Our standard supplier contractual terms and conditions include a provision requiring suppliers (and each of their sub-contractors) to comply with the Act. The standards we expect will address a broad spectrum of working conditions including

fair remuneration, working hours, no child labour, respect, non-discrimination, health, safety and wellbeing, as well as freedom from forced labour.

As part of any tender process, we will ask prospective suppliers to confirm compliance with the Act at the pre-qualifying questionnaire stage. We will not progress to working with any supplier which does not comply with the Act. Throughout the life cycle of any supply agreement we reserve the right to conduct audits on our suppliers to verify compliance with the Act. We will assess any instances of non-compliance on a case-by-case basis, taking any remedial action accordingly.

All new employees are subject to pre-employment checks to confirm their identity and eligibility to work in the UK prior to them starting work within the Group. Information is provided to all employees on their statutory rights including sick pay, holiday pay and any other benefits they may be entitled to by virtue of their employment. We pay all directly employed labour at least the living or minimum wage, as appropriate. Where recruitment agencies are used, we ensure they comply with all legal requirements. These procedures collectively help to address our on-going commitment to protect our employees' human rights and the elimination of all forms of forced and compulsory labour.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chain and our business, all Directors have been briefed on the subject and we provide training to relevant members of staff. Through this training, as well as through Group wide internal communications, all employees are encouraged to identify and report any potential or actual wrongdoing that they consider to be negligent, improper or illegal via a dedicated and confidential Whistleblowing hotline, which is available 24 hours a day.

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Diversity

We are committed to equal opportunities and the creation of an entirely non-discriminatory working environment where everyone is treated with dignity and respect. We consider a diverse range of candidates for employment and promotion and we continue to progress the levels of representation of women in our senior ranks. We strive to ensure that our policies and practices provide equal opportunities in respect of matters such as training, career development and promotion for all existing or potential employees irrespective of, amongst other matters, gender, ethnicity, age, sexual orientation, religion, belief or disability. All decisions are based on the merits of the individual concerned. The Group is dedicated to undertaking its business operations in a way which respects individual human rights, treats individuals with dignity and allows freedom of association.

Procedures are in operation to support the Group's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled every effort is made to ensure that they are retrained according to their abilities.

Employee Communication

Each business takes responsibility for fostering employee engagement through appropriately structured communications, training and incentive arrangements. Employee views are sought by management and taken into consideration when making decisions that may affect the employees' interests. A broader understanding of the Group and opportunities within it are made available to employees through a Group wide magazine.

During 2020, a significant proportion of our employees, particularly those working in our HORECA division, were placed on furlough. Whilst those employees were unable to undertake any form of work for the Group whilst on furlough, we were keen to maintain an informal contact with them and keep them updated about what was happening. We regularly wrote to those employees and also encouraged line managers to call their furloughed direct reports informally just to catch up on how they were feeling. In our communications to employees, we also made it clear that should they have any questions, no matter how trivial, then they should not hesitate to contact either their line manager or human resources contact in order to discuss any matters further.

Employee Engagement

As we reported last year, during 2019 we engaged an external research company to undertake an employee engagement survey within our Johnsons Workwear business. The response rate was a very encouraging 77% and the results of the confidential survey enabled managers to produce local action plans designed to make their part of the business an even greater place to work. A total of 26 initiatives were identified, split into five key pillar groups, give something back, promote health and wellbeing, training and development, trust in leadership and active listening. Whilst the COVID-19 pandemic has led to the delay of a number of these initiatives being implemented, 18 had been completed by the end of January 2021 with the remaining initiatives in progress. Examples of the initiatives completed to date include the provision of free WiFi in canteen areas, charitable donations, 'baby boxes' being given to expectant families and the setting up of an Employee Assistance Programme, which provides access to a free and confidential counselling service offering mental health, financial and legal

support. Further initiatives over the coming months, and when conditions allow, will include recommend a friend schemes, volunteering days, new employee uniforms, teambuilding events and 'meet the MD' sessions.

In addition to the above, the Group has also worked in close partnership with a UK registered charity, the 'Fashion & Textile Children's Trust', who specialise in offering grants to families working within the business and who are suffering with specific financial hardship issues. We intend to continue partnering with them in supporting their fundraising efforts to support the children of families working within the fashion and textiles sector.

The Board are aware that whilst surveys are a powerful way to engage people, and are a useful source of information, they are not, on their own, sufficient as an indicator of workforce views. Consequently, prior to the COVID-19 pandemic, we were in the process of organising local focus groups with employees in order to discuss and better understand the results of the survey in greater detail. Peter Egan, Chief Executive Officer, and Nick Gregg, Independent Non-Executive Director and Chair of the Remuneration Committee, were due to attend certain of the focus group meetings. Those meetings were, unfortunately, postponed as a result of COVID-19. Notwithstanding that, Peter and Nick did meet with Johnsons Workwear management, together with the external research company that undertook the employee engagement survey, in order to more fully understand the results of the survey and the initiatives thereon.

In 2021, when conditions allow, it is our intention to rearrange the meetings with employees referred to above and to engage an external research company to undertake a further employee engagement survey within our Johnsons Workwear business. We also intend to extend the employee engagement survey across our HORECA business in order to develop a wider understanding of our employees' views and to extend our initiatives further.

Share Schemes

Our Sharesave Plan, which has been in operation since 1987, fulfils our desire for employees to be able to share in the performance and success of the Group as a whole.

Our Communities

The Group believes that the interests of responsible businesses need to be aligned to the interests of the local communities where they operate. We seek to build trust by operating responsibly and sustainably and addressing issues that are material to our communities as well as providing training opportunities and local employment programmes to recruit and develop local people to work in our sites. We also seek to give back to the community where we can, contributing to charitable causes and local groups. Throughout the year, many of our plants have supported the local community through donations to local food banks, charitable donations, clothing donations and providing support to local schools.

Extending the community spirit even further, whilst on furlough, a number of our employees continued the Johnsons ethos and gave their time to their local communities. Examples include employees making scrub suits for the NHS, often using products donated by the Group, making bespoke face masks with proceeds from the sale going to local charities, assisting those who were shielding with their shopping and volunteering at foodbanks.

Our Customers

We serve a range of organisations from small owner managed enterprises to large multinational brands across a multitude of industries, however, our offering is always tailored for the needs of our customers. Our customer service teams are always on hand to meet the needs of our customers and, each year, we survey a sample of our existing customers as well as potential customers across our markets.

Everything we do starts with the aim of delivering a differentiated customer experience to generate value and create loyalty and we work hard to ensure a real focus on delivering the right quantity, at the right time and with no surprises for our customers.

Our Suppliers

Our suppliers provide products and services that assist us in executing our strategy. Consequently, they are a vital part of our value chain and, because of our size, we are often a vital part of theirs. We are committed to establishing long-term, open and fair relationships with our suppliers.

The Board fully supports the standards set out within the Prompt Payment Code ('PPC') in respect of all suppliers. The main features of the PPC are that payment terms are agreed at the outset of a transaction and are adhered to; that there is a clear and consistent policy that bills will be paid in accordance with the contract; and that there are no alterations to payment terms without prior agreement. Further details are set out within the Directors' Report.

As set out above, we are committed to implementing and enforcing effective systems and controls to confirm that slavery and human trafficking is not taking place anywhere in our supply chain, or in any part of our business, and we expect suppliers to have suitable anti-slavery and anti-human trafficking policies and processes within their own businesses and to cascade those policies to their own suppliers.

Our Shareholders

We have two main shareholder groups: institutional investors and individual, or retail, shareholders. We have an extensive investor relations programme aimed at keeping existing and prospective institutional investors informed on the business performance and strategy and we keep all shareholders up to date through regular communications, including the Annual Report, Interim Report and trading statements.

During the year, the Chief Executive Officer and the Chief Financial Officer maintained an active and constructive dialogue with both existing and prospective institutional investors following the release of our 2019 annual results in March, our 2020 interim results in September and additionally at or around the time of any other significant market updates, in order to ensure that the investor community received a balanced and complete view of our performance.

We also have a section of our website which is dedicated to shareholders and analysts (www.jsg.com/investor-relations/) which includes all of our financial results presentations since 2010.

The Annual General Meeting (AGM) provides the Board with the opportunity to communicate with private and institutional investors and we encourage their participation at the meeting.

Shareholders attending the AGM have the opportunity to meet and question the Board; this provides the Board with valuable feedback and helps them to understand the views of shareholders.

At the time of writing, Government measures are in force restricting physical public gatherings and unnecessary travel, due to COVID-19. In view of these measures and our responsibility to protect the health and safety of our Shareholders and employees, we are currently planning that our 2021 AGM will be held as a closed meeting. Shareholders will, however, be able to follow the proceedings of the 2021 AGM and ask questions via a live listen-only webcast facility. Further details on how to access the webcast are included in the Notice of Annual General Meeting accompanying this Annual Report. The measures being taken by the UK Government to help contain the spread of COVID-19 are subject to change, therefore, Shareholders are strongly urged to check the Company's website (www.jsg.com) in advance of the 2021 AGM in case there are further changes to the arrangements for the 2021 AGM.

Environment

The industry we operate in is, by its very nature, energy intensive, however, we recognise our responsibilities to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. We are committed to energy efficiency improvement and continue to take steps in a continuous improvement strategy. Our approach is to work through education, communication and direct action wherever possible. We aim to "Remove, Reduce, Reuse, Recycle" wherever we can.

The Group's continuous investment in state-of-the-art energy efficient capital equipment, further details of which are set out below, not only gives us a competitive advantage but allows us to reduce our environmental impact when compared to using older and less efficient machinery. Furthermore, our dense footprint of processing facilities allows us to be close to our customers. Being close to our customers means lower distances travelled to deliver and collect our products, which in turn means less fuel is used resulting, therefore, in a lower environmental impact when compared to other providers travelling significantly greater distances.

Board Responsibility

The Board is aware of its responsibilities with regard to the environment and receives regular reports on all environmental matters. The Board, as a whole, has overall responsibility for environmental, social and governance matters and Peter Egan, Chief Executive Officer, is the nominated Executive Director responsible for Health and Safety and the Environment.

Environmental Risk Assessment

Potential areas of risk are identified through the Group's risk assessment programme and mitigated wherever possible. Each business undertakes quantitative audits which enable a measure of environmental improvement to be made.

ISO 14001 is the international standard that specifies requirements for an effective environmental management system. It provides a framework that an organisation can follow, rather than establishing environmental performance requirements. Certain of our processing facilities have already achieved ISO 14001 certification and all of our businesses are subject to an annual environmental audit to ensure compliance with current legislation.

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Climate Change Agreement

The Group is party to a Climate Change Agreement, a voluntary agreement with the Environment Agency to reduce energy use and carbon dioxide (CO₂) emissions. In return, and subject to meeting the agreed predetermined energy reduction targets, the Group receives a discount on the Climate Change Levy, a tax added to electricity and gas bills. If the agreed energy reduction target is not met, the Group is required to pay a "buy-out fee", which is calculated per tonne of CO₂ (equivalent) emitted over the target.

Over recent years, and reflective of the significant investment made by the Group in energy saving initiatives and state-of-the-art energy efficient capital equipment, the Group has been able to successfully meet the vast majority of the targets set by the Environment Agency which has resulted in virtually no requirement to pay any buy-out fees.

The current scheme was due to end in December 2020 with the "Target Period 4" reporting date. However, the Department for Business, Energy and Industrial Transformation (BEIS) has agreed with our industry body, the Textile Services Association, to extend the scheme to December 2022 "Target Period 5".

Climate Change Act 2008

The Climate Change Committee (the 'CCC'), an independent, statutory body established under the Climate Change Act 2008, advises the UK and devolved governments on emissions targets and reports to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.

The CCC recently published its recommendations for the Sixth Carbon Budget advice report, which provides ministers with advice on the volume of greenhouse gases the UK can emit during the period 2033-2037. The report sets the pathway to Net Zero and is based on an extensive programme of analysis, consultation and consideration by the CCC. The four key steps set out within the CCC's recommended pathway are as follows:

- 1) take up of low-carbon solutions;
- 2) expansion of low-carbon energy supplies;
- 3) reducing demand for carbon-intensive activities; and
- 4) land and greenhouse gas removals.

As part of more fully developing our social and environmental strategy, we will take the above into account and continue to monitor developments in order to ensure we maximise opportunities for further gains and efficiencies as well as considering the long term impact and future implications of changes in the regulatory regime.

Our Ongoing Initiatives

The Board has always taken its environmental impact very seriously and is taking steps to improve the performance further. For many years, we have continued to invest in energy efficient capital equipment and update our operational procedures in order to reduce our energy, fuel, water and detergent usage and, in turn, our wastage. This ongoing investment has, unquestionably, reduced our environmental impact over the years whilst at the same time improved our productivity. Initiatives already undertaken across the Group include:

- replacing burners on main steam generation equipment;
- installing passive LED lighting in our main production areas which shutdown the power when required lighting levels are reached;
- provision of new skylights for increased natural light;
- installing inverter controlled equipment, which offers potential energy reduction of up to 10% on relevant equipment;
- widespread use of commercial tunnel washers, which are equipped with separate continuous compartments that allow laundry to progress through the different processing stages, ensuring optimal energy consumption;
- installing 'grey' water recycling, which reuses final rinse water on first washes on selective wash processes;
- rollout of wastewater heat reclamation which utilises the heat from used, outgoing water to heat incoming cold fresh water;
- in conjunction with our specialist suppliers, optimising the washing process in order to reduce the amount of detergent required;
- wherever possible, and with the agreement of our customers, reducing the amount of single use packaging;
- our transport and operational teams aim to reduce distance travelled by our commercial vehicles by optimising routes in order to assign customers to the nearest processing facility, concentrate customer deliveries to a limited number of areas and avoid routes crossing;
- wherever possible, ensuring that our commercial vehicles leave our sites fully laden and return fully laden – an empty or underutilised vehicle is not economical; and
- to better manage energy performance related to fuel consumption, the Group has been progressively implementing a fleet management tool and raising awareness of economic driving. Vehicles are fitted with trackers that monitor fuel consumption and excessive speed or braking.

In order to further reduce the Group's environmental impact, our intention is to remove paper from the 2021 Annual General Meeting ('AGM') voting process as far as possible. As a result, Shareholders will not receive a hard copy Form of Proxy for the AGM but will instead be able to register their vote electronically.

In addition to the above, 2020 saw us become involved in a number of initiatives that seek to reduce water usage, sustainably source materials, recycle products and reduce our fleet CO2 emissions, as further explained below:

Stalbridge Water Recovery

Water is a critical input when operating an industrial laundry. Once finished with, used water is discharged to the wastewater network. Prior to being discharged into the natural environment, all industrial discharge is treated either on-site or at a water treatment plant at significant cost to the Group. Reducing the amount of water discharged therefore not only offers financial savings to the Group but also benefits the environment.



The Group's processing sites obtain their water either from an underground natural supply (wells) or from the public water system. Once water enters our sites, we do our utmost to reuse it as many times as possible, for example, by utilising final rinse water on first washes on selective wash processes. Nevertheless, at some point we will have used the water as much as we possibly can and, at that point, it is then discharged as effluent into the UK's wastewater network. The discharge of effluent results in a cost to the business as well as having an effect on the environment. It makes sense, therefore, that the less effluent we discharge the better it is for the environment, whilst at the same time offering savings to the Group.

It is for that precise reason we are currently trialling a wastewater recycling solution at one of our HORECA sites. The solution, which utilises hollow-fibre ceramic technology, is designed in order to treat water discharge and recycle it such that it can be reused. If successful, we anticipate rolling it out to other sites across the Group.

Better Cotton Initiative

In June 2020, we became one of the first textile rental companies in the world to have its application to join the Better Cotton Initiative ('BCI') approved. The BCI is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.



Today, less than 25% of cotton is grown in a way that actively protects people and the environment. BCI is striving to transform cotton production from the ground up, educating cotton farmers in becoming more resilient to unpredictable climate conditions and be able to make a decent living from farming by producing Better Cotton – better for farmers, better for the environment. Better Cotton is grown in a way that protects and restores the environment, while also improving farmers' livelihoods. BCI Farmers receive training on the Better Cotton Principles and Criteria – one of six elements of the Better Cotton Standard System, BCI's holistic approach to sustainable cotton production which covers all three pillars of sustainability: environmental, social and economic.

The Principles and Criteria address how to use water more efficiently and consider water use in the context of local water resources, using land responsibly and conserving biodiversity, caring for soil health and lowering the impact of conventional crop protection practices (replacing them, where possible, with sustainable alternatives), preserving fibre quality and promoting Decent Work – work that offers fair pay, security and equal opportunities for learning and progression, in an environment where people feel safe, respected, and able to express their concerns or negotiate better conditions.

Farmers who adhere to the Better Cotton Principles and Criteria receive a BCI licence and can sell their cotton as Better Cotton. By helping farmers to grow cotton in a way that reduces stress on the environment and improves the livelihoods and welfare of farming communities, BCI aims to create long-term change.

BCI Membership has historically been for major global retailing brands and textile manufacturers and we are delighted, as part of our environmental and social responsibility efforts, to be able to join, support and promote BCI membership to help encourage sustainable purchasing of textiles through our supply chain and throughout our industry.

Textile Recycling

Textiles are finally becoming part of the circular bioeconomy. Working with our professional trade body, the Textile Services Association ('TSA'), we are participating in a trial to assess how we can recycle textiles that, for our purposes at least, have reached their end of life.



Currently, only a negligible proportion of the global production of clothing and textiles is recycled, the vast majority is either incinerated or sent to landfill. One of the biggest challenges in textile recycling is that fabrics rarely consist of pure cotton. After several years of development, Södra, a Scandinavian forestry group, has developed a new process for industrial-scale textile recycling for both cotton fabrics and blended fabrics (polycottons). The recycled textiles are used to make new dissolving pulp, which can then become new viscose and lyocell, or combined with a wood cellulose to create a pure, high-quality dissolving pulp which can be used to produce new clothing and other textile products. In other words, it is a raw material that is both recycled and renewable at the same time. The technique is a unique solution that enables circular flows in the fashion and textile industry. Whilst at an early stage, the results of the trial are encouraging and we are engaged in the next stage of assessing the wider implications of how we can participate in and benefit from a longer term trial.

By sending our end of life textiles to Södra, we become part of a long-term effort to solve one of the world's most challenging sustainability issues. The TSA are also working with another partner in the UK who may also offer longer term opportunities for recycling and re-use of textiles to help us participate more fully in the circular bioeconomy.

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Electric Vehicles

We are currently assessing the feasibility of introducing electric vehicles, where practicable, into our company car scheme. As the mileage range increases, with many new models claiming to offer a range approaching 300 miles, electric cars are now, theoretically, better equipped than ever to deal with the needs of business motoring. Subject to a satisfactory outcome of our feasibility study, we anticipate being able to introduce electric vehicles to our company car fleet which should help us to reduce our impact on the environment whilst also potentially providing financial benefits to both the employee and the Group.



Actions for 2021

The Board is acutely aware of the UK's target to bring all greenhouse gas emissions to net zero by 2050. Whilst the Group has for many years now been committed to doing business responsibly and reducing any adverse impacts of its operations on the environment, 2020 reflects the first time we have publicly provided details of our greenhouse gas emissions, in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements. The Board considers this an opportune event to develop our reporting systems such that we are able to disclose more fully the management of our environmental footprint, including carbon emissions, natural resources and waste as well as the goals and targets to reduce our emissions in the long term.

In order to facilitate this, the Group is currently in the process of bolstering its resources such that it will, going forward, have a dedicated in-house function to focus on sustainability, social and environmental matters. Once in place, and following a detailed review of, inter alia, each of the major inputs (e.g. water, electricity, gas, fuel, chemicals, plastic) and outputs (e.g. effluent, waste, end-of-life textiles) of the Group's processes, the Board anticipates it will be able to agree an action plan, together with specified targets, of those areas whereby action can be taken to further reduce the impact of the Group's operations on the environment. The Board envisages that following this social and environmental impact assessment, it will be better placed to more fully develop its social and environmental strategy and be able to set meaningful and realistic Greenhouse Gas reduction targets.

Notwithstanding the significant investment the Group has made over recent years in investing in state of the art, energy efficient machinery, it realises that there is still more to be done. The Board remains committed, wherever reasonably practicable, to continuously improving the energy performance of processes, buildings and the vehicle fleet by encouraging the purchase of energy-efficient appliances and services and implementing best practices for efficient and rational use of energy across the Group.

Streamlined Energy and Carbon Reporting (SECR) Requirements

The Group is required to report, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, its energy use and carbon emissions for the financial year ending 31 December 2020. As allowed by the legislation, and in order to allow for sufficient time to compile the data and complete the reporting, the annual period used to calculate energy use and emissions was set as the 12 months ending 30 September 2020.

The figures include all material Scope 1 and 2 emissions, plus Scope 3 emissions for employees' own vehicles used for business purposes, as required to be disclosed by the legislation. Furthermore, an intensity ratio has also been provided in order to express the business' annual emissions in relation to a quantifiable factor, or normaliser. The intensity ratio calculated for the Group is tonnes of carbon dioxide equivalent (tCO₂e) per £million of revenue.

		2020 Reporting Year
Combustion of gas (Scope 1)	(tCO ₂ e)	49,145
Combustion of fuel for transport purposes (Scope 1)	(tCO ₂ e)	14,728
Purchased electricity (Scope 2)	(tCO ₂ e)	7,470
Transmission and distribution of electricity (Scope 3)	(tCO ₂ e)	642
Combustion of fuel for employee owned vehicles (Scope 3)	(tCO ₂ e)	130
Total emissions	(tCO₂e)	72,115
Intensity ratio: tCO ₂ e per £million of revenue		313.8
Energy consumption used to calculate above emissions /kWh	<i>kWh</i>	357,449,332

Emissions included in Scope 1 above are those direct emissions arising from the combustion of gas and the use of fuel in company owned vehicles. Scope 2 emissions are indirect emissions, namely purchased electricity. Scope 3 emissions are also indirect and relate to fuel used in employee owned vehicles used for business travel and emissions in relation to electricity transmission and distribution losses.

An 'operational control' approach has been used to define the emissions boundary. This approach captures emissions associated with the direct operation of all sites, plus company-owned and leased transport. The information used to compile the report was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

Energy efficiency initiatives previously undertaken, together with those which are proposed are set out on pages 34 to 36.

Health and Safety

The Board is aware of its responsibilities on all matters relating to the health, safety and welfare of employees, visitors and customers on Group premises, and to others affected by the Group's activities.

Board Responsibility

The Board takes its responsibilities seriously with regards to health and safety and has nominated Peter Egan, Chief Executive Officer, as the Director responsible for such matters.

Health and safety matters are a permanent agenda item at all Group and subsidiary Board Meetings. A summary report outlining the Group's activities is provided on a regular basis for Group Board Meetings, including up to date statistics relating to accidents and incidents that have occurred since the last report.

Internal Resource

The Group has a dedicated 'Technical Department' which, on a day to day basis, is responsible for matters relating to health and safety and the environment. The Technical Department oversees and supports the business with respect to all relevant policies, procedures, audits and compliance monitoring relating to health and safety and environmental matters. Additionally, they provide support in such areas as engineering, planned preventative maintenance ('PPM'), capital projects and general technical advice. Members of the team possess relevant qualifications and regularly liaise with external entities such as the British Standards Institute, the Health and Safety Executive, customer auditors, machinery, detergent and energy suppliers, insurance companies and local authorities.

Quality monitoring systems operate throughout the business and are regularly updated in respect of new processes, equipment and standards. An ongoing review of other relevant accreditations that compliment and support business processes is also undertaken, an example being the implementation of EN 14065. Proactive management of PPM is achieved via a pre-determined programme, ensuring all equipment is maintained to relevant safety and performance expectations. Health and safety is monitored via unannounced health and safety audits at all premises, health and safety meetings, initiatives such as focus on 'near misses' and root cause analysis of incidents to prevent repeat. Capital investment projects are supported by providing expertise on utilities, energy management, labour efficiency and engineering management to ensure delivery to time and budget. The environmental impact of our business operations is monitored in various ways, with recommendations on initiatives to reduce our carbon footprint such as heat recovery and water recycling.

Health and Safety Policies

All of our businesses are required to have clearly defined health and safety policies and procedures relevant to their operations and risks. They are required to implement all defined policies and procedures into the work environment which are audited annually by Group representatives to ensure that they are fit for purpose. These audits, the results of which are notified to the Board, are in addition to each business' own protocols.

The Group health and safety policy statement is brought to the attention of all employees and copies of the statement are available upon request to all relevant interested parties.

COVID-19

The health and safety of our employees and customers has been, and remains, our absolute priority. As the COVID-19 pandemic unfolded, sites operated with enhanced health and safety protocols and Personal Protective Equipment (PPE). In line with government and public health guidance, and in order to ensure our operations were and remain COVID-19 secure, provisions and training were put in place throughout our operations to safeguard the health and safety of employees, including travel restrictions, remote working, social distancing, temperature checks and enhanced cleaning regimes.

The measures in place to combat the spread of the virus will continue to operate at least in line with government and public health guidance.

Safety Management Systems

We consider health and safety management as an integral part of good management generally, rather than as a standalone system. In order to enable comparable reporting across the Group, each of our businesses are required to have a Safety Management System, appropriate to their operations, that is in accordance with the guidance contained within either the internationally recognised 'Occupational Health and Safety Assessment Specification' standard (OHSAS 45001) or the Health and Safety Executive's 'Managing for Health and Safety' guide (HSG65).

All new companies acquired by the Group undergo a stringent audit of their existing Safety Management System in order to establish compliance with appropriate legislation and Group policy; any shortcomings are rectified, on a risk-based approach, as soon as is practicable.

Health and safety monitoring processes are in place across the Group, carried out by a dedicated centralised team whose primary objective is to ensure that safety standards are met. The same team also undertakes horizon scanning to keep abreast of and inform on new safety legislation.

All of our businesses have arrangements in place to consult with employees on matters which may affect their health and safety. The Group is in regular contact with regulatory bodies both directly, and via industry trade associations. The health and safety performance of each business is collectively benchmarked against other companies operating in similar business sectors.

Independent Audits

Testament to our culture, policies and working practices, our Johnsons Hotel Linen business has been successfully audited by representatives from Sedex. Sedex is one of the world's leading ethical trade membership organisations, working with businesses to assist them in operating responsibly and sustainably and, where necessary, to improve working conditions in supply chains. All of our Johnsons Hotel Linen sites were visited during 2019 and a SMETA (Sedex Members Ethical Trade Audit) was performed. The SMETA, which is designed to help auditors conduct high quality audits that encompass all aspects of responsible business practice, assesses each site based on standards of labour, health and safety, environment and business ethics.

Further site visits planned for 2020 were inevitably postponed as a result of the COVID-19 pandemic, however, we remain confident in re-engaging with the SMETA process as soon as conditions allow.