

Our Way
of Working
Integrity, Respect & Trust



United Nations Global Compact Communication on Progress 2015





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About Belron®

Belron® is the world's largest vehicle glass repair and replacement (VGRR) company, and the only dedicated provider of VGRR services operating on a global basis. Belron has operations in 34 countries across five continents, specialising in the replacement of irreparably damaged glass and the repair of chipped windscreens.

- **Every three seconds** we complete a job for a motorist
- **Every day** we do over 7,900 windscreen repairs
- **Every week** we complete 110,000 mobile jobs



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CEO Statement of continued support

Belron® is pleased to reaffirm its continued support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

Being a signatory to the UN Global Compact enables us to demonstrate to all our stakeholders our commitment to being a sustainable business. The Ten Principles are embedded in all that we do - in the way that we operate our business and treat our people, the way we manage our impact on the environment and the way in which we give back to the communities we work in.

In addition to our support of the UN Global Compact's principles we continue to be guided by our four Corporate Responsibility commitments which influence all of our day-to-day operations:

Ethical responsibility – we continue to ensure our way of working is maintained through regular training and monitoring and we are guided by our principles of **integrity, respect and trust**

Environmental responsibility – we continue to take meaningful steps in reducing our impact on the environment

Social responsibility – we continue to be actively involved in supporting communities around the world and selected causes as a global group

Employment responsibility – we continue to strive for exceptional levels of engagement for our employees

At the core of Belron is our unique culture - the Spirit of Belron - and a set of values which we continue to preserve. This culture and these values provide a foundation for how we operate as a business.

Our approach also provides a platform for meeting the requirements of a number of external standards and commitments, including the United Nations Universal Declaration of Human Rights and is most evident in our Code of Ethics – Our Way of Working.

During 2014, we took the opportunity to review our corporate responsibility strategy and evaluated a number of programmes and platforms which could help in assessing our progress against our corporate responsibility objectives, how initiatives are being embedded across the business; how they compare to best practice and how they could further enhance the agenda.



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We chose the Ecovadis Sustainability assessment tool to enable our businesses to benchmark where they are and identify opportunities for improvement. This tool covers the areas of environment, fair business practices, labour practices and human rights and sustainable procurement. Both the criteria and methodology which Ecovadis use in developing their assessments are in line with international corporate responsibility standards such as the Global Reporting Initiative, ISO 26000 and the UNGC.

Our experience has been that when our businesses have adopted comparable measures it provides focus, drives progress and facilitates the sharing of best practice.

In this Communication on Progress we provide a summary of our on-going commitments, policies and procedures in place and our results and highlights from 2014.

A handwritten signature in black ink that reads "Gary Lubner".

Gary Lubner
CEO, Belron®



Human Rights

Principles

- 1. Businesses should support and respect the protection of internationally proclaimed human rights; and**
- 2. Businesses should make sure they are not complicit in human rights abuses**

Commitment

All Belron operations continue to be managed and operated to high ethical standards that protect and support the rights and interests of all human beings. All employee, contract and supplier working conditions are required to be compliant with national legislation and in cases where this is deemed insufficient, with the relevant International Labour Organisation (ILO) Standards.

Belron has systems in place to ensure that the Articles of the United Nations Universal Declaration of Human Rights are assessed, prioritised and implemented as they apply to our sphere of influence. This means that in no instance will inhumane treatment of employees be acceptable including any form of forced labour, physical punishment or other abuse.

Policies & Procedures

- Belron Code of Ethics - Our Way of Working - available in 21 languages
- Ethics on-line portal (www.belronethics.com)
- Our Way of Working awareness sessions
- Supplier audit programme
 - Criteria are designed to reflect the principles of the UNGC, legislative requirements and our own code of ethics. This Labour Compliance Assessment looks at many different areas including; child labour, health and safety, discrimination, environment and business ethics.
- International speak up line - available in local languages
- Supplier code of conduct

Highlights and Results from 2014

During 2014 the Belron Ethics website was updated to provide all our businesses with a central online portal where they can download the Our Way of Working codes and Speak Up line posters in their local language.

This website also hosts the awareness training through an online module. Whilst it is preferred that the awareness training is carried out face to face by the employee's line manager, it is realised that this is not always possible. The online training module contains the same awareness training and is concluded by a five dilemma assessment.



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In 2014 the module was translated into seven languages including Swedish, Hungarian, Russian, Turkish, German, Mandarin and Brazilian Portuguese. Our business in Hungary used the module to successfully train their employees with other businesses using the module for refresher training on Our Way of working.

Our independent Speak Up system continues to prove very effective for Belron employees and the business as a whole. In 2014 twenty-six calls were made to the Speak Up line with various issues. Each call was reported to a central Belron contact who liaised with the business unit Executive team to resolve the issue.

Labour

Principles

- 3. Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining**
- 4. Businesses should support the elimination of all forms of forced and compulsory labour**
- 5. Businesses should support the effective abolition of child labour**
- 6. Businesses should support the elimination of discrimination in respect of employment and occupation**

Commitment

Every Belron business unit respects the right of all employees and contractors to be involved in trade unions or collective bargaining arrangements. We engage directly with our people through well-developed communication programmes, but we ensure that we as a business and our suppliers uphold the freedom of association and the effective recognition of the right to collective bargaining.

Belron outlaws the use of child labour in any form. We do not employ anyone below the age of 16 or the local legal minimum employment age should this be different in a country we operate in. We will not use suppliers who use child labour in any manner.

At Belron any form of discrimination based on race, nationality, religion, age, disability, gender, marital status, sexual orientation, pregnancy, union membership or political affiliation is unacceptable. We have policies and procedures in place should such situations arise to deal with them promptly and effectively.

We are completely committed to creating working environments in which everyone feels valued and can be heard. We are constantly creating a culture of communication with all employees using surveys, newsletters, the intranet, workshops and forums.



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- Employee forums and works councils active within business units
 - Where we have employee representatives we ensure that they are able to fulfil their duties without discrimination and that employee representatives have access to their members in the workplace
- European Works Council
 - Representatives from our 17 European countries are invited to be part of this structure for social dialogue. The structure is available in order to satisfy the needs of the Belron employees working across Europe for relevant and regular information and direct dialogue with Management on matters which affect them, especially transnational matters and to ensure that the methods and procedures to be installed satisfy the specific needs of the Belron Group by taking into account its organisational and management structure, culture tradition and social concepts.
- Health & Safety training for central office employees and specific training for our technician community.
- Human Resources policies and procedures in place to ensure employee wellbeing
- Global recognition programmes; the Belron® Exceptional Customer Service Award: www.belronheroes.com and we showcase our employees' talents at worldwide events such as Best of Belron® <http://www.bestofbelron.com>.

Highlights and Results from 2014

In our on-going commitment to ensure the integrity of our supply chain we have continued with our supplier audit programme where the criteria is designed to reflect the principles of the UNGC, legislative requirements and our own code of ethics. In 2014 our external audit partner, Elevate carried out four supplier audits in Spain and South Africa. These audits looked at the following areas: child labour, health & safety, freedom of association, discrimination, harsh/inhumane treatment, environment and business ethics. As well as onsite assessments, Elevate carry out employee interviews.

An example of our commitment to implement and maintain labour policies, reduce labour risks and respond to labour violations, our business in the US developed their Taking the High Road programme. This programme reinforces the belief of always doing the right thing when it comes to



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employees and customers. The programme is a set of competencies which help shape behaviour, with particular focus on living the values. To fully implement this programme, all employees were provided with a video, a pocket guide, in-shop posters that promote the 'open door' policy and steps for reporting ethical violations.

The Ecovadis external assessment which we adopted in 2014 as a strategic corporate responsibility tool also assesses our businesses policies and actions in labour practices. In this section is information relating to health and safety at work as well as accident rates. The majority of accidents statistics are monitored and managed at a local business level and we have a global central measurement - Accident Incident Rate (AIR) per 100 technicians. Each business reports centrally on a monthly basis the number of accidents where a technician is away from work for more than 3 business days. From this data we calculated the AIR which for 2014 was 3.2, down from 4.2 in 2013.

Our people vision in Belron is to be "the best place you'll ever work" and although facing tough market conditions, enhancing employee engagement is a key focus for the business. With a small group of Human Resources Directors from across the business, in 2014 we produced a common definition of what engagement means and are currently considering introducing a regular KPI in this area.

As we continue to aspire to achieve external recognition for Best Employer status in all our businesses, Carglass Germany achieved this for the first time in 2014 and Smith & Smith New Zealand achieved 7th place position. During Q4, Belron International and Carglass France both submitted applications in their respective countries with the results being announced in the coming months.

In 2014 we received a record breaking 51 nominations for the Belron® Exceptional Customer Service Award with 16 of our businesses putting forward their enthusiastic and dedicated winners of their local recognition programmes. Each of the 51 heroes had an exceptional customer service story to tell. From these nominations, 21 winners representing 13 countries were awarded.

Environment

Principles

- 7. Businesses should support a precautionary approach to environmental challenges**
- 8. Businesses should undertake initiatives to promote greater environmental responsibility;**
- 9. Businesses should encourage the development and diffusion of environmentally friendly technologies**

Commitment

At Belron® we take our responsibility for the environment seriously and we aspire to grow our



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business in a manner that is environmentally sustainable. In order to achieve this we apply a precautionary approach in our decision-making and integrate environmental principles into our business strategy as outlined in our global Code of Ethics.

Over the past two years we have recognised that the biggest commitment from our business units can be gained by focusing on the business benefits associated with improvements in reducing energy and turning waste from a cost to a resource. Our focus therefore has shifted to producing tools that will help our businesses identify these opportunities, benchmark their performance against best practice within their own country, across the group and against industry best practice, as well as develop their own improvement targets.

Policy and Procedures

- Development of a new carbon footprint reporting tool
- Annual reporting of our carbon footprint to GRI within our parent company shareholders report
- Adoption of Ecovadis as an external measure of progress
- Development of a reporting template to compare branch product carbon footprint with the mobile products
- Development of a benchmarking tool to identify opportunities to reduce building related energy and the associated carbon footprint
- Sharing of best practice for using reverse logistics to centralise the disposal of waste
- Development of a strategy to centralise the evaluation of supplier's CSR credentials to promote greater responsibility within the supply chain
- Development of a template to comply with the European Energy Directive

Highlights and Results from 2014

In 2014 our key carbon intensity measure, CO₂ per prime job, reduced by 7%, compared to 2013. This has been driven by a continued focus on improving the efficiency of our fleet with the continued roll out of scheduling and route optimisation software, and through the improvement of driving behaviour. This has also seen a reduction in at fault driving accidents and improved road safety.

We are in the process of replacing our in-house environmental reporting software with an externally accredited software package which will be maintained and updated in line with the Global Reporting Initiative. It will help us develop a more robust measurement system as well as provide us with more opportunities to measure and manage the information we have, to identify best practice, and to focus on areas of opportunity for improvement.

The EU Energy Directive is starting to become law in Europe and we are finishing the assessment in our first country, the UK. We will use this experience to develop a best practice template for other countries which we will share not only in the EU but also in our other business units to help them identify further opportunities to reduce energy.

Linked to the work we are doing with the EU Directive we have developed a template to identify the best performing branches in terms of energy per square metre and to use this as a benchmark



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to calculate the energy saving opportunity available to each country. The benchmark will be linked to the best branch in the country, the best branch in Belron and also the industry benchmark.

All the above programmes will help us in our programme of continued improvement in our energy efficiency drive.

Belron® continues to review alternative fuel technologies to see how it can incorporate them into its future fleet. Low carbon vehicles will be a key element in reducing our environmental impact and we are determined to find a solution to successfully integrate these vehicles into our fleets. The current vehicles we have tested have been problematic due to the low range and slow recharging which limits the range of the vehicles to city centres. The other limiting factor has been the size of the vehicles as the current commercially available vans are not large enough and can only take 70 or 80% of the windscreens we sell. This means we have to organise separate routes for larger windscreens and this reduces our routing efficiency and offsets benefits gained from the low carbon technology. However, we are continuing to test new vehicles as they come on the market and the technology is improving so we are hopeful that we will find the right solution over time.

One of our biggest impacts on controlling emissions is our repair first strategy. In 2014 we carried out a piece of research to confirm the product carbon footprint of a repair compared to a replacement, and this showed that the carbon footprint of a repair was 1/5th of a replacement job. In 2014 this saved over 120,000 tonnes of CO₂. In addition, by repairing windscreens first where possible, we reduce the amount of waste and in 2014 this saved 45,000 tonnes of waste glass.

Where we have to replace the glass we aim to recycle the waste as much as possible. Our US business established in 2012 an innovative glass recycling programme as a joint venture with our recycling partner, Shark Industries, and has seen the recycling rate for glass waste increase from 20% at the start to 89% in 2014. This enabled almost 29,000 tonnes of material to be diverted from landfill and to be recycled into secondary products such as building insulation material, carpet backing, and paint and glass containers. The programme received recognition with an Award for Innovation from insurers, USA in 2013.

In most of our countries the glass recycle rate is 100%. We are now focusing on Norway, Canada and Greece to improve their recycle rate.

Our supplier management process requires our business partners to adhere to our environmental principles and our supplier audit monitors and evaluates their environmental performance. However, we are increasing our governance and focus in this area by splitting our suppliers into three groups - strategic suppliers who we will ask to complete an Ecovadis assessment to benchmark their CSR performance; our middle range of suppliers who we will ask to complete a self-assessment which will benchmark them against Belron's suppliers and identify opportunities for improvement, and our small, low risk suppliers who we will continue to require confirmation that they adhere to our Code of Conduct, but will only assess if we have evidence of non-conformance.



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Anti-Corruption

Principle

10. Businesses should work against corruption in all its forms, including extortion and bribery

Commitment

Our ethical principles are in place to ensure that offences such as bribery and corruption are not tolerated within the business and our approach to it is detailed in the Code of Ethics. This code applies throughout the business and sets out our clear principles and guidelines for the prevention of bribery and corruption, money laundering and fraud.

Belron itself will not accept or offer money to induce favourable treatment for Belron, for example, accepting money from or donating money to any employee of a government organisation or a government official. Similarly, we do not tolerate any such activity by our employees or by those with whom we do business.

All Belron employees, contractors and external parties are encouraged to raise any genuine concern about any suspected misconduct or malpractice, including bribery, facilitation payments, extortion and money laundering provisions, ethical misconduct or any perceived infringement of their rights through our independent Speak Up line. All concerns are properly investigated in a fair and effective manner and we have mechanisms in place to ensure that no form of retaliation or reprisal for reporting suspected infringements takes place as a result of any raised concern.

Our legal team provides training and awareness to all our businesses on anti-corruption law and our anti-corruption policies to ensure that we continue to compete fairly and in compliance with all applicable anti-bribery laws.

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- International speak up line - available in local languages
- Supplier code of conduct
- China and Russia anti-corruption policy
- Key principles Anti-Competitiveness



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- Anti-Competitiveness online training module
- Anti-Bribery policy
- Risk Management Programme

Highlights & Results 2014

In 2014 we launched specific anti-bribery and anti-corruption compliance guidelines for our Carglass businesses in China and Russia. These guidelines apply to all Carglass Russia and Carglass China officers, directors and employees and to all agents, distributors and other intermediaries, key suppliers, independent contractors and consultants who work for or on behalf of Carglass entities in China and Russia.

This policy includes guidance on anti-bribery, entertainment and gifts, kickbacks, discounts and commissions and third-party liability. The guidelines also outline that Belron, Carglass China and Carglass Russia are committed to acting in strict compliance with the law and the highest standards of ethics, professionalism and business conduct. All employees of Carglass China and Carglass Russia must adhere to this policy and it is a disciplinary offence to fail to do so. Both businesses apply a zero tolerance policy in compliance violations.

Our Group Risk and Assurance which ensures consistency by completing periodic internal reviews throughout our businesses have developed a specific Ethical Conduct Programme to identify existing policies, procedures and controls already in place in relation to ethical conduct across the business. It covers the areas of oversight and management, relationships with business partners, confidential information and data protection, financial property and our people.

This programme helps the central team to raise awareness and gather knowledge on the businesses ethical conduct practices so that good practice may be shared, solutions developed and assurance measured. Following a successful pilot in our businesses in Germany, Sweden, Switzerland and Russia the next stage is in progress to roll out across the group.

How do you intend to make this COP available to your stakeholders?

Our COP is available through our internal intranet and on our external websites <http://www.belron.com/About-us/Corporate-social-responsibility/Our-reporting-approach/UN-Global-Compact.aspx> and www.belronethics.com. View the annual report as part of the D'leteren report <http://www.dieteren.com/en/newsroom/annual-report/2014>