

2020

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Extract from ELIS 2020 Universal Registration Document

	<p>This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p>
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Saint-Cloud, April, 30th, 2021

Xavier MARTIRÉ
Chairman of the Management Board



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Xavier Martiré

Chairman of the
Management
Board

Are you happy with Elis's performance in 2020?

In 2020, Elis proved the strength of its business model: in an environment marked by the Covid-19 pandemic and despite a 14.5% decline in revenue, the Group improved its EBITDA margin and generated record free cash flow, thereby reducing net debt by more than €90 million. This remarkable performance once again demonstrates the relevance of the Group's strategy: geographic diversification, a wide variety of customers, and an extensive product portfolio helped to limit the impact of the crisis on its financial results.

I would also like to underline that, from the very beginning of the crisis, the Group has made the health of its employees a top priority, and today I would like to extend my heartfelt thanks to the Group's employees who throughout 2020 pursued their work with passion and dedication. Thanks to them, we were able to continue delivering flawless service to our customers in all 28 countries, including public health organizations such as the NHS in the United Kingdom and the AP-HP in France, thereby contributing to the global effort to contain the pandemic.

To what extent has the crisis affected your business and how has the Group responded?

The extensive containment measures put in place in most of our countries clearly had an impact on our business, particularly in the Hospitality segment. As a result, Elis's revenue declined organically by 13.3% in 2020. In this environment, the Group adjusted quickly: operational and managerial structures were adjusted to protect margins and cash flow; more than 100 sites were temporarily closed and production teams were scaled back on a case-by-case basis.

In addition to these adjustments related to the business slowdown, the Group also embarked on an overhead cost-cutting plan in all countries in order to reduce its cost base over the long term. Over the past year, the EBITDA margin improved by 20 basis points and free cash flow after rental payments was €217 million, an increase of €43 million, or 24%, compared with 2019.

Can you tell us if the crisis caused you to change your CSR approach in 2020?

The Group is especially proud to have kept its CSR policy as a core concern despite the crisis. As a reminder, our policy has three priorities: to offer responsible products and services, to continuously improve our environmental footprint, and to promote the safety, professional development and diversity of our employees. Our model is environmentally conscious, since the concept of the functional economy encourages maintenance, reuse and recycling. In 2020, faced with the business slowdown brought on by the Covid-19 crisis, Elis's know-how and great responsiveness enabled us to make our water, energy and detergent consumption significantly more variable, thereby reducing the Group's environmental footprint. We are thus still on track to meet the ambitious 2025 targets for reducing consumption and CO₂ emissions.

What does the Group see for the year ahead in 2021?

There are clearly a number of uncertainties weighing on 2021, which could have a major impact on the Hospitality segment: the effectiveness of vaccine campaigns, the emergence of new variants, the resumption of international travel, etc. We have therefore adopted a prudent working assumption for organic growth in 2021, which could be around 3% for the year, taking into account a slight rebound in business beginning in the second quarter.

The impressive efforts achieved in 2020 and the Group's ability to make its costs variable should again enable us to slightly improve the Group's EBITDA margin in 2021. In addition, we expect free cash flow for the year to be between €190 million and €230 million, depending on the change in working capital at the end of the year.

“

The Group is especially proud to have kept its CSR policy as a core concern despite the crisis.

”

A look back at 2020, a year marked by the coronavirus crisis

Meeting the crisis head on

With the health and safety of its employees as its top priority, Elis took quick action to adapt to the new challenges that profoundly changed the countries where it operates. By developing special offerings, supporting its customers, making structural changes, and implementing a cash preservation plan, the Group was able to strengthen its positions and reassert itself as a preferred partner for its customers.

The teams in the Group's 28 countries have been fully committed since the beginning of the crisis to ensure service continuity for customers. Elis made daily deliveries to its customers, ensured security of supply, and met new demands. It also adapted its teams, temporarily closing, either mostly or completely, around one hundred plants to adjust production capacities to market demand and control costs in light of the significant reduction in revenue.



Launching new offerings

To better meet the new needs of its customers, Elis launched specific offerings related to hygiene, healthcare, and the facility disinfection. Attentive to its customers' needs, the Group tackled the new hygiene requirements for workwear and handwashing. It also regained market share in textiles for operating rooms, replacing offshore disposables, which are no longer in line with CSR standards and proved to be limited when it came to security of supply.



Proud of Elis employees' commitment to local communities

Elis's teams everywhere also mobilized to assist customers and support local communities. Between donating linen and helping disadvantaged communities, Elis's teams made investments on the ground to support the people most affected by the crisis. In Colombia, for example, Elis teams distributed nearly 1,000 bags of basic necessities to the elderly and disabled in three neighborhoods of Bogotá with the help of local authorities.

New governance structure with the creation of a CSR committee

In November 2020, the Group announced that its Supervisory Board had created a third standing committee focusing on corporate and environmental responsibility issues. This CSR Committee will be in charge of reviewing the Elis Group's CSR strategy, commitments and guidelines and ensuring that Elis is fully prepared for major CSR challenges, risks, and opportunities.



Business model

Resources

CUSTOMERS

- › **400,000** customers of all sizes across all sectors
- › **4** markets: Hospitality, Healthcare, Industry, Trade and Services
- › More than a century of know-how

HUMAN RESOURCES

- › **45,000** employees
- › Operations in **28** countries

FINANCIALS

- › Company listed on Euronext (SBF 120)
- › Strong business model ensuring profitable growth

FACILITIES

- › **420** production and distribution centers
- › Over **5,700** vehicles
- › **143** ISO 14001-certified sites
- › **81** ISO 50001-certified sites
- › A responsible industrial model
- › Product-service system

BRANDS

- › Recognized leadership
- › The slogan *"We empower your day"* to embody the brand's DNA. Elis delivers solutions that allow its customers to perform at their best on a daily basis and thus improve their performance, day after day.

Mission

To make its customers' lives easier and contribute to their success through a sustainable, responsible process.



Customer experience at the core of Elis's DNA

- › A Customer Experience department with almost **30** dedicated staff members
- › **26,000** satisfaction surveys carried out in 2020
- › An in-house Customer Satisfaction program

The four pillars of Elis's strategy

To deliver cutting-edge solutions, Elis's strategy is based on four key pillars.

Consolidation of position

Elis is consolidating its market share and geographic coverage through both organic and external growth, which are key to the sustainability of its multi-service model.

Network expansion

To find growth opportunities, the Group is entering new markets in geographical regions where it is already established or, in some cases, in new countries if they are considered to offer good potential.

Operational excellence

By controlling costs and promoting best practices, Elis can improve the productivity of its plants and production centers and also take advantage of economies of scale made possible by the density of its network.

Innovation

At a time of digital transformation and a massive shift in how products and services are being used, Elis's strong spirit of innovation means it can meet its customers' new requirements and create new services or optimize existing ones.

Elis relies on technological innovations and pursues the most promising ones so it can quickly adapt them to its business. This approach has led to a dozen or so partnerships with start-ups and innovative small businesses with the potential to optimize its offering.

Value created

CUSTOMERS

- › Ability to focus on core business
- › **85.8%** satisfaction rate in France, Belgium, Luxembourg, Spain, Portugal, Brazil, Italy and Switzerland

EMPLOYEES

- › **53%** women
- › **30%** of new managers are women

INVESTORS

Since the IPO*:

- › Shareholder return: **6%**, based on a share price of €15 in 2021

**Initial public offering.*

THE PLANET

Reduction in consumption between 2010 and 2020, in line with 2025 targets*:

- › Water: **-36%**
- › Energy: **-18%**

**Per kg of linen delivered - Europe.*

Focus on CSR

A naturally responsible model

As a rental and maintenance company, sustainability is the cornerstone of Elis's business model. Elis is committed to taking the necessary steps to satisfy its customers and provide quality service while reducing its impact on the environment and putting conditions in place to create a trusting and respectful relationship with employees and partners.

With a model based on the product-service system, Elis is committed to sustainable development that limits negative externalities related to energy and raw material consumption and reconciles economic growth and environmental footprint. The Group's goal is to contribute to a change in consumption habits so that they are more environmentally friendly and consistent with evolving practices.

Every day, Elis aims to go even further, prioritizing sustainable product design and working with suppliers to use sustainable materials. In terms of logistics, the bedrock of Elis's close customer relationships, the Group is optimizing every mile traveled. It is also currently testing the use of electric vehicles, even though the technology has yet to offer an adequate compromise between range and loading weight. At its industrial sites, Elis is streamlining the use of water, energy, and laundry products.

Key figures in 2020

Savings achieved by the Group since 2010, per kg of linen treated

-36%
water
(in Europe)

-18%
thermal energy
(in Europe)

-12% CO₂
(Group-wide)



“
Our know-how, the commitment of our employees, and the trust of our shareholders are key elements to the sustainable development of our business.

Xavier MARTIRÉ
Chairman of
the Management Board



Elis's CSR commitments aim for 360-degree corporate responsibility and are focused on three key areas. For each of these commitments, the Group has defined ambitious goals for 2025 for reducing the consumption of water, energy and detergent, recycling textiles, product durability, and employee well-being.

Continuously reducing the environmental footprint of its business

- › Promote more sustainable choices that incorporate reduction, reuse or recycling
 - 80% of textiles recycled by 2025
 - Identify and implement new ways to recycle: sound insulation, recycling within the industry, converting textiles into reusable thread
- › Improve the eco-design of products and increase their lifespan
 - offer at least one sustainable product per service line
- › Reduce consumption of natural resources and greenhouse gas emissions by 2025 relative to 2010
 - per kg of linen delivered*
 - -20% CO₂ emissions (Group-wide)
 - -35% thermal energy (in Europe)
 - -50% water consumption (in Europe)

Elis is expanding its clean vehicle fleet

To reduce the environmental impact of its vehicles, Elis added to its clean fleet in 2020. This transition to cleaner, more sustainable, and responsible transport can be seen throughout the Group, which now has 160 hybrid vehicles, 59 electric vehicles, and 35 vehicles running on biodiesel or biogas.

“
 Our rental, laundry and maintenance model significantly reduces pressure on the environment as a result of better item use, reduced and more responsible purchasing, maintenance, and optimized logistics.
 ”

Frédéric DELETOMBE
 Engineering, Purchasing and Supply Chain Director

”





Taking responsibility for our impact on society

- › Continue developing a responsible supply chain
 - 95% of service providers will be covered by a CSR assessment
- › Underscore the Elis Code of Ethics
 - Anti-corruption training for people in at-risk positions
- › Empower the next generation through educational support
 - The Elis Foundation’s budget will be tripled

The Elis Foundation is growing

Launched in March 2019, the Elis Foundation celebrated its first anniversary and, at the start of the 2020 academic year, welcomed a second cohort of graduates who had received their baccalaureate diplomas with honors and distinctions. These highly motivated young people have diverse backgrounds.

Empowering our employees' well-being and growth

- › Ensuring employees are safe
 - 50% reduction in lost-time accidents
- › Helping everyone grow both personally and professionally
 - Launch the Chevrons program in all host countries
 - Develop talent internally
- › Promote diversity:
 - 40% of management positions held by women

HR strategy: “40% of management positions held by women”

Elis has decided to increase the number of women on the Group’s management teams in the coming years. It is essential for the cultural enrichment of the company that more women attain management positions. The Group has set a goal of having at least 40% of its management positions held by women by 2025. To achieve this goal, action plans will be implemented within the company and deployed internationally.



“ I am pleased to say that in 2020, a woman was appointed to the Executive Committee and another assumed a director position in a southern European country.

Didier LACHAUD
Human Resources and CSR Director





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Disclosure of non-financial performance AFR

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Disclosure of non-financial performance

The Group's approach to CSR

Elis is a multi-service provider offering textile, hygiene and facility services solutions. With our international scale and position as market leader comes a responsibility not only for our own people and customers, but also for the environment and society at large. Acting as a responsible company has long been fully integrated as part of Elis' business model and is fundamental to who we are, reflected in our values of respect, integrity, responsibility and exemplarity. We depend on resources that are under pressure from the effects of climate change, like fossil energies, water and textile materials. World population growth also poses new challenges for our hygiene and pest-control products. Sustainability concerns are increasing among our people, talents, customers and investors.

In recent years, we have taken steps to formalize our approach to CSR by setting targets and establishing performance measures. For Elis, CSR is not a distinct program that runs parallel to the rest of the company; CSR is inseparable from our daily operations and to Elis' development and strategy. This reflects the fact that our multi-

service business exemplifies the notion of a "circular economy," in which the take-make-dispose model of production is replaced by a system that minimizes waste and maximizes the value of resources. With its business model, Elis is at the forefront of the product-service system, encouraging maintenance, reuse and recycling. At the same time, we genuinely involve our employees, ensuring a positive workplace environment in which diversity is promoted and ethics and integrity instilled in all we do.

At the heart of our CSR strategy are three complementary focus areas: responsible products and services, our environmental footprint and employee well-being and growth.

This strategy is supported by our 2025 sustainability goals in which we want to do our part in creating a more sustainable world for society, the environment and our own people.

Xavier Martiré – CEO

2.1 THE GROUP'S APPROACH TO CSR

2.1.1 Vision

Elis' primary responsibility is to ensure the well-being and professional development of its employees. Our human resources are a pillar of the culture that underpins everything we do. This culture is based on the values that have been the core of Elis' DNA from the very beginning: respect for others, exemplarity, integrity and responsibility.

The Group's ethical and responsible conduct are the key to our success and longevity.

Respect for others and exemplary conduct under all circumstances are factors that contribute to our employee's job satisfaction. The principles that are shared by all Elis employees can be summarized as follows:

- › act with integrity, responsibility, and exemplarity;
- › respect the dignity and rights of others;
- › act in an environmentally-friendly way;
- › comply with all laws and regulations;
- › continuously improve performance.

Respect for those principles and values is a major factor in the Group's positive reputation and performance.

The Elis Group does not compromise when it comes to integrity, which it believes must govern its business relations and professional practices every single day.

The Group's business model is based on the concept of the product-service system and offering a range of high-quality products and services. This business model, which is centered around the life cycle of products, has led the Group to improve both their resource efficient design and sustainability in contrast to traditional modes of consumption, which encourage disposable products or planned obsolescence; this business model puts less pressure on the environment.

Thanks to the continuous improvement of its industrial performance, Elis also contributes to reducing water and energy consumption compared to traditional laundry services.

The Group's business model, which reflects the value chain of Elis' products and services, is described in chapter 1, section 1.2.

2.1.2 The Group's commitments

The Group's commitments are demonstrated by the priority given to employee comfort and safety, the attention paid to employees' career development, the promotion of the true value of work, and profit sharing.

Its Code of Ethics states the principles that apply to everything the Company does and provides a reference framework for what the Group expects from its employees, its managers and its partners. The Code is intended to help everyone seek out and make the right decision in any given situation, in accordance with the prevailing laws and regulations in each of the countries where the Group operates.

The Code sets out rules of conduct all stakeholders must adopt in four major areas:

- › protecting employees;
- › acting with all stakeholders with integrity, responsibility, and exemplarity;
- › protecting Group assets;
- › limiting environmental impact.

This Code is intended to form the foundation on which all internal standards and charters adopted by the Group are based, including the Supplier Code of Conduct, the Code of Conduct for Trading and Market Activities, and resources developed by the Group to combat the risk of corruption. The documents referred to are publicly available on the Elis website.

The Code of Ethics and its principles apply to the Group as a whole and to all of its activities, whether with its employees, the way it does business with its suppliers, customers and stakeholders, or its activities with other players.

All Group employees, regardless of rank, whom they report to, or geographical region of activity, must be both promoters and guardians of this Code of Ethics.

The Group's principles are consistent with the fundamental principles laid down by:

- › the United Nations Universal Declaration of Human Rights and the European Convention on Human Rights;
- › the United Nations Convention on the Rights of the Child;
- › the United Nations Global Compact.

2.1.3 CSR policy

Elis's CSR policy aligns with the Group's overall strategy, which is based on customer satisfaction, the ability to enter new territories and markets and generating continuous, profitable and sustainable growth. Elis strives to provide a working environment that respects human rights and promotes diversity while limiting its environmental footprint.

Elis's commitments are based on three pillars:

Manage our impact on society through responsible products and services

- › Ensuring that our products are produced in a manner that respects people and the planet
- › Respecting the Elis Code of Ethics throughout the value chain, whatever our function or the country in which we operate
- › Empowering those directly or indirectly connected to Elis through educational support

Continuously reducing our business's environmental footprint

- › Promoting more sustainable choices that incorporate the reduction, reuse or recycling of our raw materials and products
- › Increasing the value of our products by improving their resource-efficient design, lifespan and end-of-life use
- › Reducing our consumption of natural resources (water, energy, fuel) to limit greenhouse gas emissions

2.1.4 CSR governance

To steer and coordinate its sustainability ambitions, Elis has set up a governance structure overseen by the Chairman of the Management Board and headed by a CSR Director who reports directly to the Chairman of the Management Board.

To facilitate the Supervisory Board's work on CSR-related matters, the Supervisory Board also set up a standing committee to deal with these issues in 2020. The CSR Committee is tasked with assisting the Supervisory Board in monitoring and anticipating issues relating to the Company's CSR strategy, both in terms of its definition and implementation. The CSR Committee is expected to begin its work in 2021. The Company's commitment to CSR is reflected in the compensation policy applied to members of the Management Board, who thus have annual, individual non-financial goals related to CSR topics. These goals are reviewed annually and are published in the annual report on corporate governance.

The Group wants to lead by example, particularly through its integrity and honesty, and to share its values with its employees and partners.

Promoting the well-being and fulfillment of our employees

- › Working together to ensure our employees' well-being and safety
- › Enabling each other to grow both personally and professionally
- › Promoting diversity and equal opportunity

The key elements for the sustainable growth of the Group's business are: the Elis experience, employees proud of their Company and its values, and shareholder confidence. Individual buy-in at all levels of the Group is essential to ensure the success of this approach and, by extension, total customer satisfaction.

2.1.5 Assessment of non-financial risks

Methodology

The Human Resources, Legal, Quality, Safety, and Environment and Purchasing departments have formed an in-house working group to describe and assess the CSR risks that could affect the Elis Group's performance. Its work is based on the Group's business model described in chapter 1, section 1.2.

The risks identified and examined cover the following four areas:

- › the social impact of our business;
- › the environmental impact of our business;

Similarly, a global CSR review is presented annually to the Executive Committee. As CSR is a broad subject, closely-linked to the Group's day-to-day activities, subareas have been defined and placed under the responsibility of our Executive Committee members and their teams:

- › The CSR Director
- › The Human Resources Director: subjects linked to human resources
- › The Engineering, Purchasing and Supply Chain Director: subjects related to health and safety, the environment and responsible purchasing
- › The Marketing and Innovation Director: product development and sustainable innovation.

In addition, the key CSR and sustainability issues are reviewed during the annual collection of worldwide data on human resources and quality, safety and environment (QSE) and during meetings organized alongside this exercise.

- › the impact of our business with regard to human rights;
- › the impact of our business with regard to the fight against corruption.

Some thirty risks were initially identified in 2018 and a risk matrix was created. In order to identify its material risks, Elis assessed the likelihood of occurrence, as well as the potential consequences at the legal, operational and financial level and on brand image. The CSR risks were reassessed in 2019 and 2020. The risk associated with Covid-19 was also taken into account in 2020.

Disclosure of non-financial performance

The Group's approach to CSR

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The significant new risks and opportunities identified in 2020 are:

- › risks associated with climate change: increased attention from investors and customers and strengthening of regulations;
- › circular economy opportunities: becoming a leading company in the circular economy (eco-label or eco-design to reintroduce recycled products into the manufacturing of textile articles, or in other industrial applications).

This study and assessment were validated by two members of the Executive Committee and some risks were taken into account, even though they did not emerge as significant after application of the rating.

Of the risks assessed, the following were not selected:

- › the impact on economic performance and employee working conditions of collective bargaining agreements entered into within the Group; good labor relations mean that the Group negotiates balanced collective bargaining agreements that protect the interests of both the Group and its employees;
- › the risks related to initiatives aimed at combating discrimination and promoting diversity and measures taken for people with

disabilities; the Company is committed to promoting diversity and equal opportunity without these initiatives creating any risk for the Group or the Company itself.

Corruption risk was also not selected as a material risk, firstly because the Group has implemented procedures to combat corruption and influence peddling, especially in countries considered vulnerable (see the paragraph entitled "Combating corruption and influence peddling" in section 4.2 "Elis Group's internal control and risk management system" of this document), and secondly because the percentage of business activities and sites that could be considered vulnerable to corruption at Group level is very small. Similarly, given the Group's business activities and the location of its sites, its exposure to the risk of tax evasion is minimal (see the paragraph titled "Tax policy" in section 4.2 "The Elis Group's internal control and risk management system" of this document).

In addition, the following social aspects were not considered to pose a significant risk to Elis's business activities: food insecurity, animal welfare, responsible, fair and sustainable food, and the fight against food waste.

Summary of material non-financial risks and key performance indicators

Social	Environment	Responsible Purchasing
<ul style="list-style-type: none"> › Challenge: Ongoing dialogue with employees <ul style="list-style-type: none"> - Risk: Temporary halt to business with operational, financial and reputational consequences - KPI: Percentage of employees working at sites or in countries with stable or increasing results (when comparison is possible) › Challenge: Occupational health and safety <ul style="list-style-type: none"> - Risk: Employee injuries, accidents or illnesses - KPI: Frequency rate › Challenge: Managing short-term absenteeism <ul style="list-style-type: none"> - Risk: Business disruption - KPI: Percentage of employees present throughout the year who had no days absent during the year - KPI: Percentage of short absences (up to seven days) out of all absences › Challenge: Recruitment of key personnel <ul style="list-style-type: none"> Risk: Difficulty recruiting certain types of candidates due to a market unsuited to our needs - KPI: Recruitment rate of permanent staff (number of permanent hires/permanent staff as at December 31) 	<ul style="list-style-type: none"> › Challenge: Having the required environmental permits for our activities <ul style="list-style-type: none"> - Risk: Not obtaining environmental permits - KPI: Percentage of countries with a system for managing environmental permits^(a) › Challenge: Climate change, energy management and associated costs <ul style="list-style-type: none"> - Risk: Insufficient response to the growing expectations of investors and customers and the strengthening of regulations related to climate change - KPI: Ratio of CO₂e discharged per ton of linen delivered - Risk: Increased energy-related costs - KPI: Thermal energy consumption ratio (excluding fuel for vehicles) in kWh per kg of linen delivered - KPI: Ratio of kg delivered per liter of fuel^(b) › Challenge: Protection of water resources <ul style="list-style-type: none"> - Risk: Reduction in water resources that could result in the temporary closure of laundries - KPI: Ratio of water consumption in liters per kg of linen delivered - Risk: Untreated wastewater discharged into municipal networks for regulatory or other reasons - KPI: Percentage of wastewater treated before being discharged into the natural environment^(c) › Challenge: Circular economy <ul style="list-style-type: none"> Opportunity: Becoming a leading company in the circular economy (eco-label or eco-design to reintroduce recycled products, or in other industrial applications) - KPI: % of product and service families with at least one sustainable collection - KPI: % of used textiles recycled 	<ul style="list-style-type: none"> › Challenge: Sustainable purchasing <ul style="list-style-type: none"> - Risk: Unethical practices on the part of our suppliers in conducting their business - KPI: Percentage of direct purchases covered by a CSR assessment

(a) Environmental permits required for the operation of sites (operating permits, discharge authorizations, etc.).

(b) KPIs defined in 2020, objectives being developed.

(c) Treated on-site or connected to an external treatment plant.

Elis implements appropriate policies with relevant indicators to prevent, identify and mitigate the occurrence of these risks.

For each indicator, the scope covered is specified in order to calculate the rate of coverage.

As is standard:

- › the coverage rate for social indicators is calculated on the basis of the number of employees (total employees of contributing entities/total consolidated employees);
- › the coverage rate for environmental indicators is calculated on the basis of revenue.

Reporting scope

The declaration of non-financial performance applies to all of Elis's business, including all of its subsidiaries in all countries of operation.

The entities acquired in 2020 (Clinilaves Lavanderia Industrial EIRELI and Lavanderia ASPH Ltda in Brazil, 2MB Servitec in Spain, Haber Textile Dienste GmbH & Co KG and Haber Geschäftsführungsgesellschaft GmbH in Germany, Rentex Vertriebs GmbH in Luxembourg, Textile Washing Company k.s. and Gonser Textil Washing spol.sro in the Czech Republic) were not included in the 2020 report.

They will be included in the 2021 report or, at the latest, the 2022 report (in order to set up reporting and ensure it is reliable).

Where applicable, new entities have been added to the reporting scope (those acquired before 2019 but not included in the 2019 report, and entities acquired in 2019).

A few minor logistics sites with no environmental aspects have been excluded from the scope of environmental reporting.

2.2 EMPLOYEE-RELATED RISKS

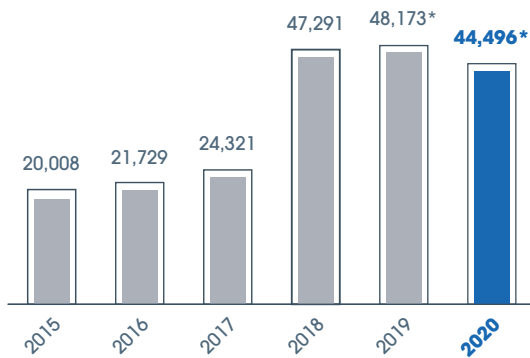
2.2.1 Ongoing dialogue with employees

Challenge

Social conflicts or even strikes caused by a lack of monitoring and prevention of social tension could have an operational and financial impact due to temporary inactivity, and a reputational impact as an employer and supplier within the local community. No events of this magnitude have occurred in recent years, but if they did, the consequences are likely to be significant. As a company

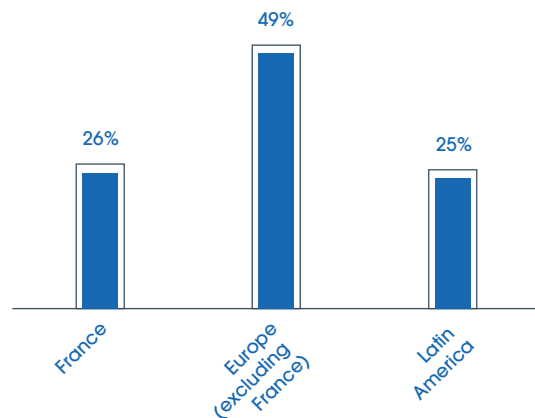
committed to its employees' wellbeing, Elis makes every effort to ensure ongoing close contact between management and employees at every level. Because its employees are the guarantors of the quality of its service, the trust that the Group places in these relationships every day is essential and was a key factor in coping with the effects of the health crisis in 2020..

NUMBER OF EMPLOYEES



* Scope of CSR.

BREAKDOWN OF TOTAL WORKFORCE (PERMANENT AND NON-PERMANENT) BY REGION AS AT DECEMBER 31, 2020



Policy

Every day, at each site, Elis employees create value. This is the result of a close relationship between the Company and its employees, established on the basis of a common vision and ambition since Elis was created, which naturally allows them to promote and contribute to performance.



Elis's long-held values are an integral part of our social policy:

- › respect: accepting everyone's differences, recognizing everyone's commitment, valuing each contribution;
- › integrity: remaining true to our values, respecting our commitments, being honest;
- › responsibility: listening to our customers and our employees, working to protect the environment and being involved at the local level, taking responsibility for the quality of our service;
- › exemplarity: serving as an example to all, both internally and externally, embodying the company's values in everything that we do, remaining humble.

Together with the communications department, we have created several types of documents to facilitate the sharing of our values among all Elis employees and to insist that they be applied.

Measures implemented

Communication during the health crisis

Against the backdrop of an unprecedented health crisis, Elis had to take operational measures throughout 2020 and put in place communications adapted to the context of each site and country. Some sites continued to operate, others had somewhat reduced activity during the year, while some were forced to close temporarily.

Communications to employees at the sites were organized so as to minimize health risks by using posters, messages broadcast on television screens, and communications to individuals or very small groups of people.

For teleworking employees, communication was done via email, online meetings, or telephone.

For furloughed employees, most of whom do not have business email, communication was done by regular mail or telephone and the sending of memos or personal emails on a very regular basis to keep them informed of the site's situation and get updates from them.

Because of the part-time furlough, shifts were organized so that almost all employees could work, even on a reduced basis, and thus be informed of changes in the situation.

Some countries used a dedicated application or specific email address to answer employees' questions.

Employee representatives were involved in managing the crisis and were informed and consulted on the measures taken throughout 2020.

Elis's core value: a commitment to local communities

Throughout the health crisis, Elis's teams, wherever they were, mobilized to provide assistance and support to local communities. From donating linens to helping underserved populations, here are some examples of our actions in recent months:

Employees in Colombia distributed basic necessities to three neighborhoods in Bogotá.

In Spain, at the beginning of the lockdown period, the La Alumnia site (Zaragoza) donated masks, hydro-alcoholic gel and sheet paper to the health center and to the Guardia Civil (Spanish police) of La Alumnia, and the Getafe site donated clothing for the healthcare employees and residents of two care homes in Madrid and a hospital in Seville.

In France, the Saint Thibault des Vignes site donated protective fabric gowns for the staff of a Children's Home and the Loudun site provided gowns for nursing staff and offered free cleaning services during the crisis.

Employee representation

Since employee regulations are specific to each country, staff representative bodies are created accordingly.

For example, in France in 2018 and 2019, new employee representative bodies created by the Order of September 22, 2017 have gradually been introduced at different sites.

Created in 2018, the European Works Council has 28 members, covers approximately 32,900 employees in 22 countries. The EWC leads discussions and formal meetings with its members on the Group's current situation and outlook. In 2020, due to the health crisis, only the select committee met.

72% of Elis employees are covered by a collective bargaining agreement. These agreements, which mainly concern working time organization, remuneration or working conditions contribute to the ongoing dialogue with the employees, and their representatives.

Elis for All

In 2019, Elis launched its first employee shareholding plan, "Elis for All," in 16 countries. The aim is to increase employee engagement and give employees the opportunity to capitalize on Elis's success.

During the first operation, which took place in September 2019, eligible employees were able to purchase Group shares directly or indirectly via a mutual fund, thereby participating in the Group's growth.

In 2020, Elis once again wanted to give its employees the option to become long-term partners in the Group's development and to invest in the company. To this end, in late 2020, Elis obtained approval from the AMF for a second employee shareholding operation, which should take place in May 2021.

Elis Chevron – rewarding our employees' work

The effectiveness of the Elis model is strengthened by a strong culture of conviviality, as a way for employees to engage. The best example is Elis's "Club des Chevrons" (Chevrons Club) which has been rewarding the most deserving production and maintenance operators for more than 30 years. In 2019, this club brought together employees from the entities of the former Berendsen Group for the first time. The same program has been set up in Brazil. In 2020, due to the health crisis, it was not possible for the Club des Chevrons to meet and the reward trip was postponed to the end of 2021.

Employee surveys

The commitment of each and every individual is key to the Group's success. This commitment is measured periodically through a survey sent to all employees, who respond individually and anonymously. Employees can thus give their opinions on a variety of issues such as working conditions, training, career development, working time and safety via anonymous individual questionnaires. It demonstrates the importance attached to corporate climate and the working environment at all levels.

The results of each social survey are eagerly awaited and allow us to determine the areas of improvement specific to each site.

The results are communicated to the employees by the management team together with the action plans defined in the response to the survey.

This periodic measurement of employee commitment is essential for the relationship of trust that the Group maintains with its staff on a daily basis and that underpins the quality of its service.

This employee survey is a key indicator of Elis's human resource policy.

Key performance indicator (KPI) and outcomes

In all, 25 countries periodically conduct employee surveys. In 2019, a total of 6,935 employees in 14 countries responded to an

employee survey (compared with a total of 9,881 employees in 10 countries in 2018). The health situation did not allow the surveys that were planned for 2020 to take place. A survey will be conducted in 2021 in most of the countries as soon as health conditions permit.

At the sites or in countries where a comparison can be made with previous surveys, the 2019 results were stable or improving for 87% of employees surveyed.

Due to the health situation, we do not have more recent KPIs as we are unable to conduct the surveys in a manner that is safe for employees.

(2018: 87%)

2.2.2 Managing short-term absenteeism

Challenge

Absenteeism is a reality that affects the Group. A reactive attitude towards absenteeism caused by internal and external factors could cause a negative operational and financial impact.

In our business, unexpected and short-term absences impact us the most. These absences have a variety of consequences:

- › company productivity and performance can suffer: production delays, quality issues, poor customer service;
- › work teams must be reorganized on short notice to replace absent workers;
- › workloads must be redistributed, other employees must be asked to step in and ensure additional effort;
- › it represents a cost for the company in terms of administrative and replacement costs, plus it can have an indirect financial impact linked to the repercussions on the quality of customer services (dissatisfactions that have to be dealt with, durability of contracts, etc.).

This year, Elis was also confronted with absences related to Covid-19 (sick and vulnerable people, contact cases, childcare issues, etc.).

Policy

Although each absence has its own particular characteristics and employers are not permitted to ask employees about the medical reasons for their absence, the Group has nevertheless implemented a series of collective measures to prevent absences and limit their impact on its business. There is no international policy for absenteeism, as this issue is very much linked to different climates (for example, influenza is not a major concern in Brazil, Chile or Colombia, unlike in European countries). Policies are decided at the national level, based on each country's legislation and regulations, and sometimes by collective agreements for each sector.

Measures implemented

Preventative measures

Each site has introduced measures in accordance with their specific issues:

- › vaccinations against influenza (or other diseases) are offered every year at certain sites;

- › some sites pay a bonus to employees who have perfect or near-perfect attendance;
- › in 2012, French entities introduced the Gest'Elis program, aimed primarily at preventing musculoskeletal disorders (see below), which will be rolled out at various Elis sites outside France;
- › training sessions on job-specific body movements and postures are provided to production and distribution staff;
- › tools for monitoring absences are made available to managers and training is offered provide them with the skills and knowledge to deal with absenteeism cases;
- › some countries link a portion of managers' variable compensation to the absenteeism performance of their teams.

Return-to-work interview

Management may set up an informal interview after an employee returns from a short- or long-term absence. Return-to-work interviews allow the Company to demonstrate to employees not only its concern for them, but also how much absences impact its business. These interviews are conducted in full compliance with medical confidentiality obligations. The interviews update employees about the site and how business is going and gauge how employees feel about their work and the quality of life in the workplace. Appropriate measures may be taken following these interviews.

Versatility

The company encourages employee versatility, so they can step into a variety of positions at processing centers in order to replace an absent colleague. This is ensured by cross-functional training and job adjustments or modifications to documentation material, with the simplest positions being filled by employees on fixed-term contracts.

Absences related to the health crisis

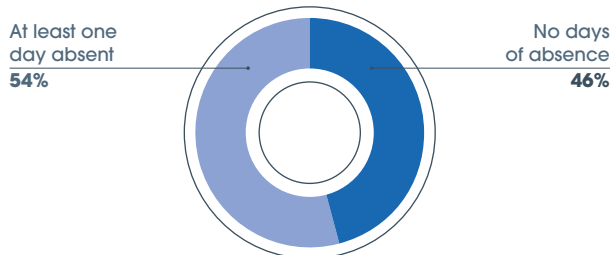
Throughout 2020, management was particularly committed to implementing and adapting health measures at the sites. Work processes have been adapted to minimize the risks of contamination. Personal protective equipment has been made available to all employees.

Key performance indicator (KPI) and outcomes

Number of absences shorter than 7 days (paid or unpaid): 78,518

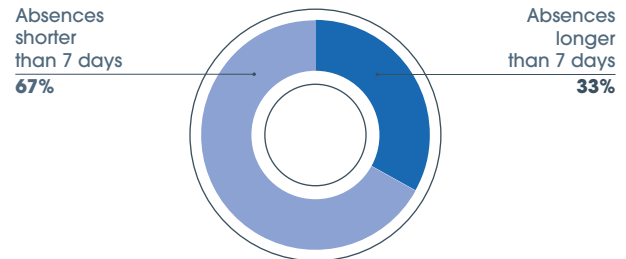
In 2020, the coverage rate was 94%(compared with 73% in 2019).

KPI: NUMBER OF EMPLOYEES WITH PERFECT ATTENDANCE



In 2020, the coverage rate was 93%.
(In 2019, the coverage rate was 94.3%.)

KPI: BREAKDOWN OF DAYS ABSENT



In 2020, the coverage rate was 94%.
(In 2019, the coverage rate was 73%.)

2.2.3 Health and safety

Challenge

When an Elis employee is doing the job he or she was hired to do, he/she can be exposed to some risks that can cause injuries, accidents or disease. This could result in legal proceedings and could have significant financial and operational consequences if the person concerned has core competencies. Thus, for the Elis Group, the health and safety of its employees and everyone else at its sites is paramount. To this end, it strives to offer a safe, healthy working environment by preventing the occurrence of workplace accidents, injuries and occupational diseases. With its ongoing expansion and entries into new regions and markets, the Group wants to become an example in terms of health and safety.

Policy

The Elis Group's health and safety policy is designed to reduce the accident rate to zero by improving workplace safety. This means reducing risks, preventing accidents, and applying the Group's safety standards in all countries and across all businesses with the involvement of all employees. This internal policy is rolled out internationally and reviewed frequently. The main commitments in the Elis Health and Safety policy are:

- › ensure workplace safety by reducing and preventing accidents;
- › apply the Group's safety standards in all our countries and businesses;
- › involve all employees, so they actively contribute to maintaining a safe work environment;
- › ensure compliance with legal requirements in all countries where we operate.

The Group is committed to a process of continuous improvement to reduce the number of risk situations. Its priorities are to strengthen the Group's safety culture by promoting and raising awareness, preventing fire and handling risks, improving workstation ergonomics, work-place hygiene and preventing business-specific risks.

Measures implemented

In 2020, Elis continued to implement its corporate safety strategy. In each operating region, the Cluster/Country QSE teams work closely with the Group QSE Department to define and improve the Group's safety standards. These teams also assist countries and sites with operational deployment and monitoring their application.

The measures introduced in 2020 with the support of the QSE network primarily involved:

- › standardizing incident and accident reporting and safety indicators for all operations;

In 2020, Elis consolidated the rigorous monitoring of incidents within the company, in particular via the corporate incident reporting system (CIRS), to record all information relating to incidents, their causes and the measures taken as a result, and to communicate the associated indicators. To achieve the objective of reducing the accident frequency rate by 50% by 2025, this objective has been broken down by region and according to the current maturity of each one.

An analysis of the types of accidents is consolidated at Group level by activity (processing, maintenance, distribution, etc.), type of injury and type of risk (human, technical). This analysis helps to identify improvement actions to be strengthened in each country;

- › reinforcing the Elis safety culture providing materials that promote safety.

In October 2020, Elis launched its 10 safety golden rules, which are now communicated to the entire Group. These rules are based on creating a safe work environment and healthy habits. The launch has already been very well received and meets the expectations of our employees. The golden rules are now part of onboarding for everyone at Elis. A communication and activity plan is being implemented throughout 2021, with communications that highlight one rule each month so that each employee can fully internalize it and transpose it into his or her own work environment.



- › sharing feedback and good practices;
The most significant incidents related to employee safety and fire safety were shared throughout the Group and communicated via the QSE network to operational teams;
- › defining the priorities for strengthening and supplementing Group safety standards, based in particular on feedback from the most significant incidents.

Key performance indicator (KPI) and outcomes

With the support of the Group’s Human Resources Department and the various countries, reporting on safety indicators, frequency rates (FR) and severity rates (SR) is regularly published and updated in all the countries where Elis operates.
(Permanent and non-permanent staff)

	2020	2019	2018
Fatal accidents	0	0	0
Lost time accidents	1,141	1,529	1,658
KPI: Frequency rate ^(a)	14.32	16.90	19.15
Severity rate ^(b)	0.70	0.66	0.71

(a) Frequency rate = Number of accidents resulting in lost time, excluding commuting accidents, during the year/Total number of theoretical hours worked x 1,000,000.

(b) Severity rate = Number of calendar days of lost work due to workplace accidents with lost work of more than 1 day, excluding commuting accidents/Total number of theoretical hours worked x 1,000.

In 2020, the furlough hours were excluded from the theoretical hours

In 2020, the coverage rate was 100% (compared with 99% in 2019).

New standards are being created and will be rolled out as an expansion on the golden rules.

- › strengthening fire prevention with the deployment of a fire management standard in conjunction with the QSE Cluster team, training for the departments concerned, the fire prevention program and continuation of the fire protection strategy;

Elis now has a documented prevention strategy and a maturity assessment for each site. Although the insurer audit program was disrupted by the Covid-19 crisis, the prevention program is ongoing and should resume its normal course in 2021. The level of investment in line with the strategy has been reviewed and its monitoring initiated;

- › integrating safety principles into all new work equipment and new production lines with main suppliers;

integrating ergonomics principles by continuing the implementation of the Gest’Elis program. This program includes solutions to improve workstation layout/organization as well as the equipment and tools used. Information sheets are created for each affected workstation featuring details about how to perform the task correctly and tips on comfort and safety;

- › holding safety committee meetings at sites.
- › defining and implementing hygiene rules and protective measures in the context of the Covid-19 pandemic to allow our teams to continue to operate safely at our sites and for our customers.

The rules put in place have enabled us to continue our operations and prevented the development of Covid-19 clusters at our sites.

The QSE teams have assisted with the improvement plans within their respective scopes of activity:

- › in France, site visits were conducted by health and safety engineers to assess the safety procedures and identify the priority improvement actions to be carried out at each of the sites visited. "Minute safety" training materials have been implemented to help managers conduct monthly meetings with all operators;
- › in Brazil, daily safety discussions were maintained in the plants in connection with a safety monitoring program based on the training of over 200 staff members (supervisors, managers, team leaders) to work on the prevention of safety risks;
- › The United Kingdom launched a new safety campaign called The Safety Premiership. This has resulted in a 95% safety compliance rate, a reduction in lost-time accidents and over 30,000 safety observations submitted by employees. The Shrewsbury site won the challenge with, among other things, Zero Accidents in 2020.

2.2.4 Talent acquisition

Some types of candidates can be more difficult to recruit because of a labor market unsuited to our needs, or due to challenges related to our employer brand.

This may result in problems performing certain services or impact the quality of our services, or even lead to compliance issues. The Group's development strategy relies on its ability to recruit and retain competent, high-performing employees.

Policy

Elis is committed to providing a workplace that respects human rights and promotes diversity. Elis seeks to foster a culture of diversity and inclusion, ensuring that each employee can develop and grow without being subjected to discrimination, including on the basis of gender, religion, origin, age, sexual orientation, physical appearance, health status, disability or political beliefs. Elis promotes equal opportunities for all employees and candidates in terms of recruitment, access to training, compensation and social protection. Elis is committed to highlighting the benefits of diversity and how different knowledge and viewpoints contribute to building synergies and stimulating innovation.

Diversity and equality

The Elis Code of Ethics is the basic foundation for diversity and equality. Many countries have their own initiatives and sometimes local or national regulations that go beyond the Code of Ethics. The themes that often recur in the countries where Elis operates is gender equality, the gender salary gap, and recruiting people who are mentally or physically challenged.

Elis sites in France are covered by agreements on gender equality in the workplace and the recruitment of disabled persons, which were signed in 2019.

In 2020, Elis signed an equal opportunity plan for women and men in Spain.

Elis has decided to increase our efforts to move toward greater gender equality within the management teams over the next few years. It is essential for the cultural enrichment of the company that more women attain management positions. The Group has set a goal for 2025 of having at least 40% women in management positions. To achieve this goal, action plans are being implemented within the company and deployed internationally.

The individuals responsible for recruitment within the various Human Resources departments work with local employment agencies and other recruitment channels. Depending on the position targeted headhunting is used. Furthermore, on site level the General Managers have the authority to work together with agencies to be flexible in case of absenteeism and seasonal fluctuations in certain activities.

Referral policy

Employees are rewarded for using their network to find a new recruit who proves to be successful in the position (in the Netherlands and Germany, employees receive vouchers after the trial period and after the first year of employment. In France, they can choose to make a donation to the Elis Foundation or receive a cultural voucher).

Talentsoft

Talentsoft is a tool developed for the Human Resources department which was further developed in 2019. Talentsoft can be used to support and streamline processes. The following topics are part of the scope: recruiting, performance and competencies review, talent review, compensation and general HR analytics. In 2020, this tool was rolled out in new countries. These roll-outs will continue in 2021 and the following years, with the goal of making it available throughout the Elis Group.

Measures implemented

Targeted partnerships

Targeted partnerships with schools and universities are being developed in countries experiencing recruitment problems, the goal being to attract interns or apprentices. Site visits are being organized and the Group is participating in open houses at schools and universities to introduce the Group and its business lines. The partnerships with schools and universities differ depending on the country and the type of challenges they face. In Denmark, for example, HR teams are working in partnership with Aalborg University, where employees and former graduates spoke to students in 2020 about their careers.

Building on our reputation as an employer

The Company must boost its attractiveness and increase its recognition to encourage more people to join us. The Group's Communications and Human Resources teams have worked together to develop a new social media communications strategy aimed at promoting the jobs available within the Group and increasing the applicant pool, as well as uniting employees and strengthening internal cohesion.

To become better known and be able to recruit these types of individuals, Elis must increase its visibility among students and more experienced professionals. This objective can be achieved through the Group's presence on social media with articles, videos and pictures, which helps to both enhance the employer brand and provide information about job opportunities.

Programs aimed at young people

- › Management Trainee Program: each management trainee completes four projects over a two-year period. Each project lasts six months and one is international. The first and final projects are conducted in the trainee's country of origin, allowing them to create their own network and prepare for taking on their permanent role. Throughout the program, management trainees interact with staff in different business lines and from different operating departments. The variety of our business lines and locations means that we can offer them a multitude of opportunities. The recruits are often new graduates or people with a short work experience after their graduation.
- › International Exchange Programs: young people are hired and trained in the Group's key business lines (in the production and commercial segments), then sent to another country for 12 to 24 months to complete their training, share best practices and strengthen the Group's culture. The first exchange programs took place in 2013 and involved young Spaniards coming to France. Additional exchanges were then organized between Brazil, Portugal and Sweden. In 2020, employees from Brazil, Sweden and Spain were welcomed to French plants.

Onboarding program

To help new employees settle in, onboarding is arranged for every new hire. This onboarding is developed in each country according to the position being filled. Onboarding kits are being developed in the various countries where the Group operates. It contains information for new employees as well as tools and resources that can be adapted to suit different situations. Most countries have a buddy/mentor program in place for new employees depending on the position to help them get settled in their new role.

Personal and professional development

The majority of countries have an annual performance review in place. This is a moment during which the manager and employee review the previous year, discuss measures for personal or professional development for the coming year, and identify internal mobility opportunities or targeted training to help the employee grow within their field of expertise or broaden their skills, making it possible for them to switch to a new role. This can mitigate recruitment issues, either as part of succession planning or at the request of the employee.

Training

Training is a key factor of success for the Group. It starts upon the arrival of new employees, with a program enabling them to discover Elis's values, culture, organizational structure and functions, and build themselves an internal network. Recognizing and developing the skills of all employees to upskill and promote mobility and career development, including internal promotion and geographic mobility, are crucial aspects to develop and nurture employees that make up Elis.

The human resources teams have the freedom to adjust their training initiatives to the specific challenges and opportunities where they are. This gives them the flexibility to quickly adjust their approach when labor market dynamics change and to promote internal mobility.

The Group offers a variety of training programs enabling employee development. The training programs that are internationally available are: the onboarding program, the management trainee program, the Sales Academy and the International Exchange Program.

These are trainings aside from the international programs, to uphold the knowledge and skill level for relevant positions.

For example, in France, there are specific professional development programs to meet future skill requirements for the following roles:

- › Production team leaders, through the École de maîtrise program: this enabled a number of production operators to move into team-leader positions;
- › Customer Service Managers, through the Filière d'Excellence Disco (FED) program: since 2010, this veritable corporate ladder has allowed service agents to advance within the Company.

Promotions

Elis recognizes and develops the skills of all employees to promote mobility and career development.

Certain vacant positions are filled through internal promotion. 340 in 2020 (1,700 positions in 2019).

26% of new managers are promoted internally.
(35.82% in 2019)

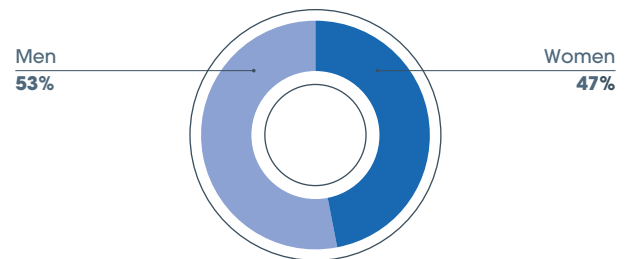
Key performance indicator (KPI) and outcomes

There was a total of 7,955 permanent new hires, 252 of them managers, with a hiring rate of 19.8%

In 2020, the coverage rate was 100%

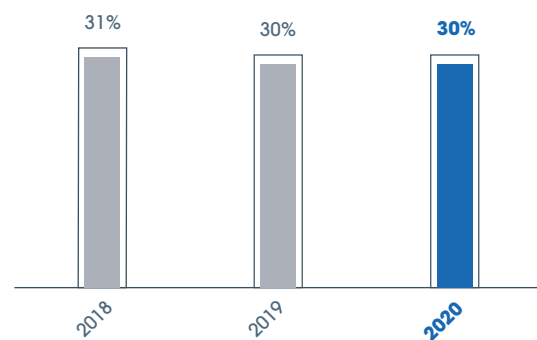
(In 2019, there was a total of 10,736 permanent new hires, 448 of them managers, with a coverage rate of 100% and a hiring rate of 24.7%)

BREAKDOWN OF NEW HIRES BY GENDER



In 2020, the coverage rate was 100%.
(In 2019, the coverage rate was 100%.)

PERCENTAGE OF NEWLY HIRED FEMALE MANAGERS



In 2020, the coverage rate was 100%.
(In 2019, the coverage rate was 99%.)

2.3 ENVIRONMENTAL RISKS

2.3.1 Having the required environmental permits for our activities

Challenge

Industrial laundry operations are subject to particularly strict environmental regulations. In most of the countries where Elis does business, such operations require a number of separate permits to cover industrial operations, chemical storage, withdrawal of water resources from the natural environment, and the discharge of industrial wastewater.

In many European countries, discharges into water are subject to authorizations by local authorities (waste water discharge license or consent) setting the conditions for discharges into municipal networks before treatment at wastewater treatment plants. When so required by local regulations, these specifications are also included in environmental permits covering discharges to municipal treatment plants or into the natural environment. The fact that Elis may not be able to discharge its wastewater into municipal collection systems or to other locations, for regulatory reasons, for example, could have operational and financial consequences.

In France, for example, each French processing site that washes more than five tons of linen per day is subject to a prefectural-level registration requirement, pursuant to France's regulation on classified facilities for the protection of the environment (ICPE), which sets, among other things, limits on water withdrawal, discharges into water, air emissions and waste management.

Policy

Elis makes every effort to ensure that it is in compliance with legal requirements, regardless of the country of operation, and that its industrial laundries have the necessary approvals and permits covering the entire operating cycle.

Organizational structure vis-à-vis the environment

The Group's Quality, Safety and Environment (QSE) Director reports to the Group Engineering, Purchasing and Supply Chain Director who is a member of the Executive Committee. The QSE Director is responsible for defining the Group's environmental policy and environmental risk prevention policy. A team of environmental engineers assists him with regulatory compliance management.

In the countries where Elis operates, QSE operational teams, or sometimes teams specifically dedicated to the environment, support the operational departments and help sites deal with the competent authorities to obtain, modify or renew permits. The teams are also responsible for helping sites manage environmental indicators and follow environmental best practices.

Operational deployment at each processing center is handled by a network of environmental officers (the plants' technical managers), who are trained in environmental best practices.

Measures implemented

Environmental compliance

Since 2018, all Group countries have implemented a system to manage each site's environmental permits. Whenever it acquires a new company, Elis performs environmental due diligence and systematically checks that the operator is compliant with local regulatory requirements and has the necessary permits.

To support its environmental management system and promote its efforts in this area to stakeholders, Elis holds ISO 14001 certification for a total of 143 sites, mainly in Germany (31), Sweden (26), Spain (23), Denmark (18), Norway (9), the Netherlands (10) and Poland (7).

Investments in environmental provisions and compliance

Elis invests in compliance and in improving its environmental performance every year. The amounts invested are mainly allocated to improving the on-site pre-treatment of water discharges, monitoring action plans following inspections by government environmental agencies, and the remediation of closed facilities.

Elis also regularly assesses its environmental provisions, especially when acquiring new companies.



Key performance indicator (KPI) and outcomes

Number of countries with a system for managing environmental permits: 100%.

The coverage rate was 100%.

AMOUNTS AND RESOURCES DEDICATED TO COMPLIANCE AND PREVENTION OF ENVIRONMENTAL RISK AND POLLUTION

(In millions of euros)

	2020
Compliance costs	5.6
Environmental provisions and guarantees	72.1
Compensation paid for environmental litigation	0

The coverage rate was 100%.

2.3.2 Protecting water resources

Challenge

Water is a strategic global resource and a real sustainability challenge for communities, companies, and in particular for Elis in relation to its activity.

For Elis, the management of water resources presents a twofold challenge:

- › minimizing water consumption;
- › managing the impact of its discharges.

Water supply is crucial to operating an industrial laundry, in large part due to the activity of washing laundry. The Group's processing centers obtain their water either from an underground supply (wells) or from the public drinking water system.

Unlike traditional modes of consumption, the rental and maintenance model – which fully fits into the product-service system – enables Group customers to benefit from Elis's services without having to purchase any products. This model simplifies customers' lives while also reducing pressure on natural resources and the environment. Through process optimization, the rental and laundry service is able to substantially reduce water consumption compared to a solution based on purchasing and in-house laundering.

This approach also extends the service life of products and maximizes their use by naturally encouraging their repair, reuse and recycling.

Since the nature of wastewater from laundries is the same as household wastewater, the vast majority of Elis's laundry facilities are connected to the municipal wastewater networks. Prior to being discharged into the natural environment, all industrial discharge is treated either entirely on-site or at the municipal water treatment plant with or without on-site pretreatment, depending on the case. The permanence of these connections, or of the possibility of discharging wastewater into the natural environment itself once it has been treated, is key to growing the Group's business while limiting its impact on the natural environment.

Policy

In accordance with its Quality, Health, Safety and Environment policy, Elis's environmental commitments are primarily aimed at furthering the circular economy aspect of its business model and improving its performance in terms of natural resource consumption.

These commitments are also reflected in the Group's CSR policy, thanks to a concerted capital expenditure program and the deployment and promotion of water-saving best practices. Throughout the Elis group the water and energy consumption reduction are central topics.

The Group has been committed to reducing its water consumption for many years and, consequently, the volume of its industrial wastewater discharges has been reduced. In 2019, ELIS revised its target for reducing water consumption in its laundries: -50% by 2025 compared to 2010 in Europe.

In addition, thanks to the self-monitoring of wastewater performed through regular analyses at most sites, the Elis Group has acquired in-depth knowledge of the quality of its wastewater and is working to improve it. Depending on local conditions, some of Elis's plants may have their own water treatment stations to ensure consistent discharges and quality levels.

Elis laundries are in regular contact with public sanitation services. In the event of changes in the quality or volume of a site's discharges, Elis reviews the potential measures to be implemented with the competent local authorities. If need be, the Group will invest in processes based on the treatment capacities of the local authorities and the local regulations in each country. The Elis Group monitors the topic on corporate level through annual surveys filled out by the local QSE and/or site teams, to get an updated view of how the wastewater is treated.

Measures implemented

The optimizations made in recent years are mainly based on the reduction of water consumption and better management of discharges.

These include:

- › increasing use of heavy-duty tunnel washers: equipped with separate compartments, they allow laundry to progress through the different processing stages by moving from one compartment to another;
- › regular monitoring of plants' water meters to prevent any losses;
- › optimization of washing equipment (fine-tuning of water flow monitoring) and related washing programs;
- › reusing press water for the first rinsing;
- › reusing water between washing equipment;
- › recycling of wastewater when discharged from the plant;
- › implementing the best available techniques at each opportunity to replace obsolete machines;
- › selection and management of the laundry products used for the industrial process (which affects water consumption);
- › self-monitoring of industrial wastewater in accordance with the requirements of industrial wastewater discharge ordinances or prevailing regulations.

In 2020, Elis optimized its washing processes by changing products or dosages at 124 sites, especially with an emulsion detergent technology to ensure optimal dosage. Elis also continued to deploy its program to replace powdered detergents with liquid detergents, which are easier to rinse and therefore consume less new water (18 since 2018). To carry out this program, Elis has mobilized a dozen or so chemical-water-energy process engineers in the field to manage each switchover;

- › wastewater treatment and recycling:

Elis is seeking to develop the reuse of its wastewater through specific treatment with the goal of significantly reducing water consumption and related discharges. For France, Elis has identified 2 pilot sites to be established in 2021.

Matching water needs with local resources

When choosing sites for its new processing plants, Elis conducts a hydrogeological survey to determine whether its water supply can be obtained from wells or from other sources (recycled water, municipal water, etc.) and consults with the competent authorities regarding the technical and regulatory feasibility of the provision of process water.

When planning to expand its operations, Elis verifies whether it has sufficient supply and implements measures to adapt to local constraints.

Before acquiring a new company, Elis performs environmental audits and systematically checks that the operator has the necessary resources.

Adapting water management in the context of climate change

The measures implemented by Elis to reduce its water consumption have helped reduce the potential consequences of droughts. Elis has begun to identify the sites at risk of drought on a country-by-country basis to target our actions to reduce and recycle water. The Group also complies with any exceptional measures that may be determined by the authorities in the event of drought: these go hand-in-hand with the continuous reduction of water consumption.

Disclosure of non-financial performance

Environmental risks

2

Risks related to climate change also include potential changes to flood risk prevention programs. Elis is incorporating appropriate constructive measures when building its new buildings.



Key performance indicator (KPI) and outcomes

Ratio of water consumed per kg of linen delivered: 9.4

The coverage rate was 100%.

Annual use of water for the Group's activities: water consumption (in millions of m³): 13.0

The coverage rate was 100%.

Water: 36% savings per kg of linen delivered since 2010

AREA: EUROPE*

* Laundries only. New facilities acquired in a given year are included in the ratio two years after the acquisition year.

% of wastewater treated before being discharged into the natural environment*: 100%

The coverage rate was 100%.

* Industrial discharge is treated prior to discharge either entirely at the site or at the municipal water treatment plant with or without on-site pretreatment.

2.3.3 Managing risks related to climate change, energy consumption and associated costs

Challenge

Climate change

The Paris Climate Agreements of December 2015 and the greenhouse gas reduction targets adopted by the European Union define a framework for the reduction of greenhouse gases by 2030 and 2050.

In the context of growing concern over global warming, Elis wishes to communicate its commitments and results in terms of reducing greenhouse gas emissions to all stakeholders.

Elis is regularly asked by its customers, particularly during tenders, to provide data in this area. Elis is thus called to account for its results in terms of reducing the impacts of climate change. This also means that Elis can contribute to the measurement of its customers' carbon footprints.

In addition, investors and credit institutions regularly assess the Group's response to climate change.

The main greenhouse gas emissions related to Elis's activities are:

- › thermal energy consumption;
- › electricity consumption;
- › fuel consumption.

Thermal and electrical energy

The Elis Group has been continuously improving its thermal energy performance in Europe for more than ten years, thanks to its focus on energy reduction. Its efforts in this area underpin the Group's resolve to strengthen its leadership position and involve all stakeholders, from the design and purchase of equipment to the daily operation of our facilities, in the ongoing quest for optimal energy consumption. This approach is fully in line with the Elis Group's drive for operational excellence.

Events such as changes in supply and demand, changes in energy-related taxes, or political events in oil- and gas-producing countries can cause fluctuations—sometimes significant—in the price of the thermal energy and electricity required to operate the Group's laundry facilities and processing centers. For this reason, the Group pays close attention to its energy costs and expected trends as it has a financial and operational impact.

Fuels

With several hundred thousand customers in Europe and Latin America, the logistics service provided by the Group's vehicles accounts for a non-negligible portion of the Group's CO₂ emissions and its consumption of fossil fuels. This is the subject of an optimization strategy with ongoing priority objectives to limit fuel consumption and reduce emissions of pollutants and nitrous oxides (NO_x). Elis is also adapting its delivery fleet to low-emission zones and preparing for a possible reduction of fossil fuel availability and the associated rising costs.

Policy

Climate change

Through its CSR policy, Elis has made a commitment to continually reduce its direct and indirect environmental footprint, and in particular to reduce greenhouse gas emissions generated by its activities.

In 2020, Elis set a Group-wide target of a 20% reduction of its CO₂ emissions intensity by 2025, compared to 2010.

In addition, Elis has launched a program to assess its global emissions including scope 3 (including suppliers, inbound logistics, product end-of-life, etc.) on a voluntary basis.

Thermal and electrical energy

The Group has set the following consumption reduction targets:

- 35% thermal energy from 2010 to 2025. The process to reduce energy consumption, which is fully in line with the Group's drive for operational excellence, underpins the following program, which is designed to:

- › continuously improve the energy performance of processes, buildings and the vehicle fleet by incorporating energy efficiency criteria at the facility design phase, encouraging the purchase of energy-efficient appliances and services, and implementing best practices for efficient and rational use of energy at existing facilities;
- › analyze significant energy consumption items (gas, fuel oil, electricity and fuel);
- › monitor improvements in energy performance through appropriate indicators and communicate them to all relevant levels of the organization to help achieve the objectives and targets set;
- › adapt energy use and consumption and maintain equipment and buildings so that they are always in compliance with legal and other relevant requirements;
- › involve all employees and external partners so that everyone is aware of their roles and responsibilities in the Group's overall energy performance.

The program is further strengthened by Elis's efforts to obtain ISO 50001 energy management system certification, which was awarded to 81 European sites in 2020.

The Group has a centralized purchasing department supplemented by local buyers in the key countries where it operates. It has also implemented appropriate processes to ensure that purchases in Europe are coordinated by the central department. The Purchasing Department actively monitors changes in energy costs and contracts with preferred suppliers. This allows it to plan for any potential changes and avoid fluctuations in its energy bills.

Fuels

Concerning fuel consumption, with the assistance of the Logistics Department nationally and internationally, are implementing route optimization plans. The Logistics Department makes sure that the most suitable delivery vehicles are used, manages logistical dashboards and produces strategic studies related to industrial strategy and site location.

Elis manages and reduces its fuel consumption by consolidating its delivery trips, promoting eco-driving, maximizing the fill rate of its trucks, and improving the performance of its vehicle fleet.

Lastly, the Group actively monitors future developments in alternative energy trucks in order to diversify its fleet.

Measures implemented

Climate change

In addition to the analysis of the sources of direct GHG emissions (scope 1) and indirect energy emissions (scope 2) that have been taken into account in the carbon footprint, Elis is now engaged in the analysis of other emissions (scope 3) that are linked to the entire value chain, such as the purchase of raw materials, other products and services, employee travel, inbound and outbound transportation of goods, management of waste generated by the organization's activities, use and end-of-life of products and services sold, capitalization of production goods and equipment, etc.

An initial scope 3 assessment was finalized for Sweden in 2019 and will be finalized for France in 2021.

Elis examines and continues to deploy the use of alternative energies:

- › in Sweden, several sites have already switched to low-carbon energies such as biogas and bio-oil;
- › use of biomass in South America (e.g. the Diadema site in Brazil in 2020);
- › use of solar panels at several sites in Europe;
- › acquisition of electric and hybrid vehicles to replace fossil fuel vehicles;
- › testing in 2021 of vehicles that run on biodiesel B100;
- › switching to electricity from renewable sources. Examples in 2020: 100% wind power in the Netherlands, 100% hydropower in Sweden.

Thermal and electrical energy

The Group continues its efforts to reduce the intensity of its energy consumption:

- › monitoring of low-temperature washing technologies
- › design of the new steam-free laundries with hot water tanks for washing (3 new plants since 2019)
- › in-depth studies of the settings on our most high-consumption equipment followed by Group recommendations sent to the sites (calenders, finishing tunnels, dryers)
- › replacement of spin-drying presses and drying/ironing equipment under energy performance conditions.
- › use of C2E (Certificat Économies d'Énergies - Energy Savings Certificate) information sheets to:
 - isolate the critical points of networks,
 - replace old burners with modern micro-modulating versions,
 - treat boiler water with an osmosis unit.

Fuels

In 2020, the Group pursued the following actions to reduce the intensity of its fuel consumption:

Management of fuel performance

In order to better manage energy performance related to fuel consumption, the Group has revised and optimized its logistics KPIs for closer monitoring of our performance and is reviewing its fleet management tool.

Best practices for eco-driving have been strengthened and action plans drawn up across the entire Group.

Maximizing the use and fill rates of delivery vehicles

To optimize travel while guaranteeing high service quality, the Group's Field Agents have one objective: "full vehicles in both directions." A delivery vehicle never returns empty, as the return journey to the processing center is an opportunity to transport soiled linen/clothing, mats, empty water cooler bottles, etc.

Since 2008, the Elis Group has been upgrading its vehicle fleet on a regular basis, thereby increasing the payload of its light utility vehicles and deploying heavy goods vehicles with increased transport capacities.

Use of tools to reduce distances traveled

The Logistics Department lends its expertise to all service centers to optimize routes using special software, and is the European leader in computer-assisted route planning. These operations aim to concentrate deliveries to a limited number of areas and assign customers to the nearest delivery centers.

Elis is also launching the GLAD (Global Logistics Assistant for Deliveries) project to assist operational staff in the field. Field Agents will have a PDA that shows them the best route in real time, while their managers will have software tools that help them adjust their routes.

Disclosure of non-financial performance

Environmental risks

This system, which is scheduled for roll-out in 2021, will also promote eco-driving, informing drivers in the event of excessive speed and monitoring sudden acceleration and braking.

Development of the clean vehicle fleet

Based on the results of tests, Elis has been expanding its fleet of alternative energy vehicles (electric, hybrid and NGV) since 2019, and is continuing to explore the use of bio-fuels (biodiesel, biogas). In 2020, 10 fully-electric light utility vehicles were purchased in France. In the Netherlands, five diesel vehicles were replaced by biogas-powered vehicles. In Sweden, Elis is already equipped with 27 logistics vehicles using low-carbon fuels (biodiesel, biogas) and 13 electric utility vehicles.

The Elis Group now has in its logistics fleet 87 hybrid vehicles, 24 electric vehicles, and 12 vehicles powered by natural gas, 6 biogas and 5 LPG vehicles. Commercial vehicles also include 73 hybrids, 35 electric vehicles, 14 LPG, and 2 biogas vehicles.



Key performance indicator (KPI) and outcomes



Climate change

Ratio of CO₂e discharged in kg per ton of linen delivered: 319

(Scope 1 and 2, transportation included.)

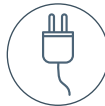
(The coverage rate was 100%)

12% reduction in CO₂ emissions intensity^{(a)(b)(c)} per kg of linen delivered since 2010

(a) GROUP SCOPE

(b) Laundries only. New facilities acquired in a given year are included in the ratio two years after the acquisition year.

(c) Scope 1 and 2 emissions.



Energy

Ratio of thermal energy consumption in kWh per kg of linen delivered: 1.38

(All sites, excluding fuel for vehicles)

(The coverage rate was 100%)

Thermal energy: 18.2% savings per kg of linen delivered since 2010

AREA: EUROPE*

* Laundries only. New facilities acquired in a given year are included in the ratio two years after the acquisition year.



Fuel

Kg delivered per liter⁽¹⁾: 34.0

New KPI defined in 2020, objectives being developed

(1) kg delivered, all items: textiles, hygiene and well-being and all types of vehicles, owned or leased.

The coverage rate was 71%.

2.3.4 Promoting the circular economy and protection of natural resources

Challenge

Elis offers its customers services based on a product-service business model, which is intrinsically virtuous since the Group remains the owner of the rented products, which are reused for as long as possible. Elis has every interest in prolonging their lifespan by selecting quality products that meet expectations in terms of use, comfort and aesthetics.

Elis has been implementing sustainable offerings for more than 10 years to meet growing demands around environmental issues. The resources used, eco-design, and the reuse of textiles at the end of their life cycle are a core concern for the Elis Group, both on a daily basis and when renewing our offerings.

Policy

At the beginning of 2020, Elis set a target of offering at least one sustainable collection for each product family by 2025. In addition, Elis has set a target of recycling 80% of its end-of-life textile items by 2025.

For each product group or product family in the Group's marketing classification: product line (flat linen), family (bath linen) and sub-family (bath mats), Elis will list a collection composed of sustainable materials by 2025 (e.g. the Bio's Fair collection in organic fair-trade cotton for bath linen).

The "preferred options" listed by Textile Exchange in its annual Preferred Fiber & Materials report list many sustainable textile fiber options for Elis.

However, the sustainability of materials must be considered at the product level as well as the service level. The choice of materials must allow excellent resistance to industrial maintenance processes to optimize the lifespan of the products as well as their reuse at the end of their life.

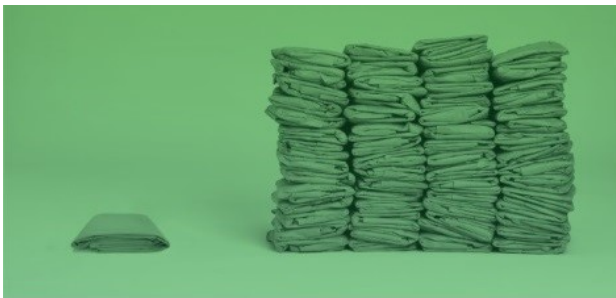
For this reason, the Group applies life cycle assessment (LCA) methodology. The LCA makes it possible to determine the most relevant actions to implement in the choice of materials to protect the environment—i.e. to create an eco-design strategy. In addition, the LCA also makes it possible to evaluate the overall impact of the Elis service offer compared with alternative offers on the market such as disposable products.

Measures implemented

Sustainable products and services

The sustainability of the Elis pyjamas rental, laundry and maintenance solution

In 2020, Elis finalized an LCA in partnership with strategic customers to compare the environmental impact of the Elis hospital scrub suits offering with competing single-use polypropylene products for France. This LCA was critically reviewed by a panel of experts.



The use of reusable hospital scrub suits results in a 32% reduction in climate change impact compared to disposable hospital scrub suits. This impact reduction can be as much as 62% depending on the level of over-consumption of disposable hospital scrub suits in a healthcare facility.

In the context of a shortage of disposable products during the Covid-19 crisis, Elis was able to guarantee continuity of service to its customers while offering them a more sustainable and local service solution. The relevance of this offering has enabled the Group to regain significant market share in this segment in France.

Elis, 10 years of fair trade

For 10 years, Elis has been a partner of the Fairtrade/Max Havelaar label and supports fair trade. The collaboration between Elis and the Fairtrade/Max Havelaar label started in 2009 through a partnership with the supplier Malongo. Malongo's 100% arabica fair trade Ethiopian Moka coffee is now part of our offering.

Currently, Elis uses fair trade organic cotton in 23 of its products (Bio's Fair collection: bath linens and workwear), and is committed via the Fairtrade/Max Havelaar label to pay development premiums to small cotton producers (an aggregate total of over €200,000 in development premiums paid to small producers since the beginning of our commitment).

97,000 Fairtrade/Max Havelaar-labeled clothing items were in circulation in the Elis network at the end of 2019.

560 hospitality customers have chosen organic and fair trade cotton for their bath linen and support this responsible approach.

A new sustainable fiber in our workwear offerings

The TENCEL™ brand Lyocell fiber made its appearance in 2020 in two collections of workwear: TRENDY and REGENCIA (50% Lyocell/50% polyester blend). Made from wood grown in sustainably managed and FSC-certified forests, this fiber is recognized for its environmental performance. It also provides a very good level of comfort and softness for wearers.

The Covid crisis, an opportunity for more sustainable solutions

In the Healthcare sector, Elis has deployed textile solutions in several countries as an alternative to single-use solutions to respond to risks of shortages and to guide its customers toward a return to reusable textile solutions:

- › Patient shirts in France;
- › isolation gowns in the UK, Spain and Brazil.

EU Ecolabel: a label chosen for various product families

Elis makes EU Ecolabel-certified textile products available to some of its domestic customers. This European label was created in 1992 by the European Commission to enable consumers to identify the most environmentally- and health-friendly products throughout their life cycle. It meets high levels of requirements in terms of limiting impacts (such as limitation of hazardous substances, reduction of air and water pollution during fiber production, etc.) while maintaining their level of performance.

Elis also provides its customers with Ecolabel-certified paper products for hand towel dispensers, as well as toilet paper dispensers for the Aqualine and Fusion collections. In 2020, the Elis Group ordered 2.6 million Ecolabel-certified products (1.8 million for paper towels and 0.8 million for toilet paper). Elis also provides its customers with Ecolabel liquid and foam hand soaps. In 2020, 97,000 consumables were delivered.

Disclosure of non-financial performance

Environmental risks

FSC: responsible management of our forests

The Forest Stewardship Council is an environmental label whose purpose is to ensure that the production of wood or a wood-based product complies with procedures that ensure the sustainable management of forests. Over 400,000 FSC-labeled paper towels were ordered by Elis sites in 2020.

GOOD: high-quality recycled paper

Elis offers its customers in Northern Europe a specific range of recycled paper towels and toilet papers.

This GOOD range of paper is made from recycled cellulose fibers found in food packaging cartons. These fibers are of equivalent quality to pure cellulose lining.

The cotton solution that respects the environment

Wiping your hands with cotton is an environmentally-friendly gesture. Indeed, a cotton reel can be washed up to 80 times before being recycled into rags. The production and use of cotton reels therefore has a limited impact on the environment compared to paper towels⁽¹⁾:

- › up to 29% fewer greenhouse gas emissions;
- › up to 48% less energy;
- › up to 95% less waste generated.

Eco-design

Two in one waterproof desinfectable duvets

In 2013, Elis collaborated with its largest domestic Healthcare customer to address a major issue of quality and extension of the lifespan of its duvet range in an environment where hygiene is the priority criterion and industrial maintenance significantly degrades quilted duvets. Two years of research and testing with laboratories such as IFTH and Institut Pasteur have led to the definition of a general concept of duvets that allow surface disinfection with (European standard) EN 1040 products, that are resistant to cleaning products, and that are water resistant according to standard EN 20811. The concept is based on the replacement of quilted duvets initially treated between each patient by a polyurethane-coated duvet wrapped in a duvet cover that is treated industrially each time a patient leaves.

As a result, over the last four years, the availability in Europe of nearly 17,000 desinfectable duvets in healthcare institutions has made it possible to replace the production, transportation, maintenance and logistics for nearly 50,000 quilted duvets (assumption of an average length of stay of 3 days observed in the sector).

Fusion Collection

Fusion is an elegant range of hygiene appliances available in 10 colors that combines hygiene and style and meets Cradle to Cradle certificate standards.

The Cradle to Cradle certificate promotes the design of products with a positive impact. It certifies the maintenance of raw materials throughout the multiple life cycles of the product and its components. Since the launch of the Fusion range, 7,000 Cradle to Cradle appliances have been installed at our customers' sites.

Project

Elis is working on the implementation of eco-design tools, especially for napkins, for which an LCA has identified the key levers for improving environmental performance. This tool will make it possible to test different configurations (size, weight, material, composition) and offer optimized products to its customers.

Water fountain

Elis has a service that specializes in the refurbishment of some of our water coolers. In this way, Elis is extending the lifespan of its devices and limiting waste.

The coolers offered are 100% recyclable. The charcoal in the filters is also recyclable. Elis selects various sources to limit the transportation distances of water to the distribution sites.

The water cooler bottles are also recycled at the end of their life.

Recovery of textiles at the end-of-life

Worn out flat linen from its laundries is taken back and reused in the form of rags, as well as in the form of textile articles such as bags.

Workwear is a complex, technical type of textile, which makes it difficult to recycle. For this reason, this topic is being studied at the Group level.

More specifically, Elis is working in two areas of research:

- › production of materials from our textile waste (such as thermal and acoustic insulation);
- › production of recycled textiles.

Finally, Elis participates in trials with other manufacturers.

Key performance indicators (KPIs) and outcomes

Number of product families with at least one collection composed of sustainable materials⁽¹⁾: 33%

(1) In relation to the total number of product families.

Share of used textiles recycled: 65%

(recovery via reuse or material recycling for the manufacturing of new textiles or other materials)

(1) Source: ETSA, from a sample of 10,000 hand dryings.

2.4 SUSTAINABLE PURCHASING

Challenge

Unethical practices of Elis's suppliers in their business (labor, environmental) could result in a significant operational, financial and reputational impact. Therefore, the standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety, and environmental protection are set out in a Sustainable and Ethical Purchasing Charter. Standards like this Charter, other guiding documents and the measures derived from those enable us to decrease the likelihood of an unethical event to occur.

The Purchasing and Procurement Department plays an important role in selecting suppliers, products and services throughout the world. At Elis, item quality is a constant priority. As such, purchases of textile products and HWB (health and well-being) appliances are a key concern.

Therefore, it naturally gravitates toward genuine partnerships, fostered by recurrent collections and stable production cycles. Most of the Company's suppliers have built and continue to build strong relationships with Elis, some of them going back more than 20 years. These relationships are essential to the Company's long-term success and the satisfaction of its customers.

Policy

Since 2006, the Group's commitment has been detailed in its Sustainable and Ethical Purchasing Charter, also known as the Supplier Code of Conduct, which describes Elis's relationships with suppliers beyond the mere purchase of goods and services.

The Charter, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing Department. This system is used to support the deployment of the Charter among all tier 1 suppliers (that is suppliers with whom Elis has a direct business relationship) as well as tier 2 suppliers (but only in situations where Elis imposes the choice of weaver on the manufacturer).

Elis also encourages OEKO-TEX certification for the textiles delivered, in accordance with its Supplier Code of Conduct. This standard is a worldwide testing and certification system involving tests for harmful substances, including prohibited and regulated substances, chemicals that are known to pose health risks, and precautionary parameters relating to healthcare.

Elis procures its supplies from Europe, Asia and Africa. For example, Elis's coffee supplier, Malongo, and its paper and soap suppliers are based in Europe. Furthermore, to ensure the sustainability of the French supply chain, Elis guarantees constant volumes to its European partners, helping them remain competitive and safeguarding local jobs.

Lastly, Elis has established a risk assessment matrix for its suppliers related to corporate social responsibility, so that it can conduct periodic CSR assessments of all suppliers of linens and hygiene and well-being products. Any new supplier of items for any Elis service or product must have a satisfactory CSR assessment in order to be listed. The Elis Supplier CSR management policy and the Elis Supplier Management Process policy describe this selection procedure. This procedure can be summarized in the following general steps:

General Elis requirements

Elis supplier requirements are formalized in its Supplier Code of Conduct, also known as the Ethical and Responsible Purchasing Charter. This document is based on the UNGC, ILO core conventions, UKBA (UK) or Sapin II law (France) and covers human rights, labor, the environment and anti-corruption regulations. Responsible suppliers are selected based on risk evaluation, risk assessment and risk mitigation approaches.

Step 1 - Evaluation: country risk assessment

The first step is to evaluate the risk associated with a given geographical area. Risk is defined based on data from international organizations (for example UN, ILO, World Bank, etc.) and is expressed as a global indicator, with countries classified as low, medium or high risk.

Step 2 - Evaluation: supplier risk validation

Suppliers operating in medium or high-risk areas must complete a questionnaire, providing detailed information on supplier positioning with respect to CSR international norms and standards. ISO 26000, SA 8000 or ISO 14001 certifications or validated Sedex/SMETA or BSCI audits are considered as positive statements. A CSR self-assessment may be considered as a positive statement, particularly if validated through a third-party audit.

Step 3 - Evaluation: prioritization of tasks

To leverage the controls and ensure maximum coverage, suppliers are assessed against the volume and criticality of the goods or services provided to Elis.

Step 4 - Mitigation: supplier control and audits

Suppliers that are not directly validated through a CSR assessment are further prioritized in terms of criticality. On the basis of this prioritization, audits are performed at suppliers by an external and independent third party. Elis subsequently monitors the implementation of action plans arising from these audits.

Measures implemented

Our Supplier Code of Conduct applies to all our suppliers, whether new or existing. Each supplier must sign the Supplier Code of Conduct when entering into or renewing a contract. In 2020, Elis deployed a software tool called the "Supplier On-boarding & Claim system". Documents such as proof of the OEKO-TEX certification, a signed Supplier Code of Conduct, REACH commitments and more will be uploaded in this tool. The used of the system will first be required for all direct preferred suppliers and notifies them when documents are about to expire. This document management campaign will begin in 2021.

Elis is gradually rolling out the CSR assessment to the entire supplier base, which has grown in size since the integration of the Berendsen Group and the other companies acquired in 2018. The Purchasing Department prioritizes this action for strategic suppliers, as defined in the Group's purchasing strategy. In 2019, the focus

was on selecting suppliers that fit the new scope and size of the Elis group. In 2020, the Group worked to maintain the CSR assessment levels of its suppliers despite the global health crisis.

Key performance indicator (KPI) and outcomes

The percentage of direct purchases covered by a supplier CSR assessment is calculated based on revenue from the previous year.

**Percentage of direct purchases* covered
by a supplier's CSR assessment: 92%**

In 2020, Elis commissioned 12 CSR audits (in 2019 it was 16).

2.5 SUMMARY OF ENVIRONMENTAL AND SOCIAL INFORMATION

2.5.1 Summary of environmental information

	Unit	Group 2020	Group 2019
Scope			
Gross revenue of sites within the scope	Millions of euros	2,646.4	3,200.7
Number of sites included in the scope	Number of sites	425	419
General environmental policy			
ISO 14001 certified sites	Number of sites	143	139
ISO 50001 certified sites	Number of sites	81	81
Amount of compliance costs	Millions of euros	5.6	7.5
Amount of environmental provisions and guarantees	Millions of euros	72.1	70.7
Amount of compensation paid for environmental litigation	Millions of euros	0	0.03
Pollution prevention and waste management			
Total amount of waste generated	Tons	35,733	34,794
Amount of hazardous waste generated	Tons	6,958	6,367
Proportion of hazardous waste recovered	as a %	56	67
Amount of non-hazardous waste generated	Tons	28,775	28,428
Proportion of non-hazardous waste recovered	as a %	63	65
Amount spent on waste treatment	Millions of euros	7.1	6.6
Amount generated through waste recovery	Millions of euros	0.7	1.20
Sustainable use of resources			
Total volume of water consumed	Millions of m ³	13.0	15.6
Proportion of public water	as a %	48.5	46
Proportion of groundwater	as a %	50.5	52
Proportion of surface water	as a %	1	2
Amount spent on water consumption	Millions of euros	10.5	12.2
Volume of industrial wastewater discharged	Millions of m ³	10.8	13.7
Volume of industrial wastewater treated	Millions of m ³	10.8	13.7
Proportion of industrial wastewater treated in municipal wastewater treatment facilities	as a %	92	90
Proportion of industrial wastewater treated in-house before discharge into natural environment	as a %	8	10
Total energy consumption (excl. vehicles)	MWh (HHV)	2,196,145	2,696,704
Electricity consumption	MWh	289,827	324,787
Consumption of renewable energy	MWh (HHV)	435,649	454,655
Consumption of natural gas/propane/butane	MWh (HHV)	1,390,895	1,810,510
Consumption of fuel oil (excluding fuel for vehicles)	MWh (HHV)	50,658	64,276
Consumption of other energy sources	MWh (HHV)	29,116	42,477
Amount spent on energy consumption	Millions of euros	88.4	109.4
Total fuel consumption for vehicles (deliveries and services)	Thousands of liters	39,674.3	43,992.4
Gasoline consumption	Thousands of liters	594.3	773.6
Diesel consumption	Thousands of liters	38,749.4	43,068.1
Amount spent on fuel consumption	Millions of euros	35.6	50.6
Fight against climate change			
Direct GHG emissions – Scope 1	Kt CO ₂ eq.	381.2	474.8
Indirect GHG emissions – Scope 2	Kt CO ₂ eq.	58.6	71.1
Total GHG emissions	Kt CO ₂ eq.	439.8	545.9

2.5.2 Summary of social information

	Unit	Group 2020	Group 2019
Total workforce	Number of employees	44,496	48,173
Permanent workforce		40,171	41,701
Permanent female workforce		21,297	22,073
Permanent male workforce		18,874	19,628
Permanent managers		3,209	3,147
Permanent female managers		1,082	1,027
Non-permanent workforce		4,325	6,472
Total workforce – France		11,575	13,235
Total workforce – Europe (excluding France)		21,611	23,652
Total workforce – Latin America		11,310	11,286
Permanent workforce aged 17 or under as at December 31		11	4
Permanent workforce aged 18-29 as at December 31			
<i>Change in tranches in 2020 to be GRI-compliant</i>			
<i>* In 2019: Permanent workforce aged 18-26 as at December 31</i>		6,406	4,502
Permanent workforce aged 30-49 as at December 31			
<i>Change in tranches in 2020 to be GRI-compliant</i>			
<i>* In 2019, permanent workforce aged 27-49 as at December 31</i>		20,505	23,949
Permanent workforce aged 50 and over as at December 31		13,249	13,246
<i>Based on the social reporting scope</i>			
Number of new permanent hires		7,955	9,969
Hiring rate in the permanent workforce			
<i>New permanent hires as a proportion of workforce as at December 31</i>	as a %	17.9	20.6
New permanent female hires	Number of employees	3,732	4,410
New permanent male hires	Number of employees	4,223	5,559
New permanent hires aged 17 or under as at December 31	Number of employees	13	28
New permanent hires aged 18-29 as at December 31			
<i>Change in tranches in 2020 to be GRI-compliant</i>			
<i>* In 2019: New hires aged 18-26 as at December 31</i>	Number of employees	3,262	2,906
New permanent hires aged 30-49 as at December 31			
<i>Change in tranches in 2020 to be GRI-compliant</i>			
<i>* In 2019: New hires aged 27-49 as at December 31</i>	Number of employees	3,811	5,687
New permanent hires aged 50 and over as at December 31	Number of employees	869	1,261
New permanent hires in France	Number of employees	1,052	1,494
New permanent hires in Europe (excl. France)	Number of employees	2,294	4,230
New permanent hires in Latin America	Number of employees	4,609	4,245
Number of departures in the permanent workforce			
<i>Permanent employees who leave the organization voluntarily</i>	Number of employees	4,136	4,765
Turnover rate in the permanent workforce in France			
<i>Hires and departures in the permanent workforce as a proportion of the workforce as at December 31</i>	as a %	6.9	8.8
Turnover rate in the permanent workforce in Europe (excluding France)			
<i>Hires and departures in the permanent workforce as a proportion of the workforce as at December 31</i>	as a %	9.6	14
Turnover rate in the permanent workforce in Latin America			
<i>Hires and departures in the permanent workforce as a proportion of the workforce as at December 31</i>	as a %	28.1	25.6
Departures in the permanent workforce in France	Number of employees	548	838
Departures in the permanent workforce in Europe	Number of employees	1,841	2,395
Departures in the permanent workforce in Latin America	Number of employees	1,747	1,532
Departure rate			
<i>Departures of employees who leave voluntarily as a proportion of the workforce as at December 31</i>		9.30	11.43
Compensation	Euros		

	Unit	Group 2020	Group 2019
Fixed and variable compensation, collective and individual		861,799,365	978,436,212
Of which bonuses, collective compensation and discretionary profit sharing		14,523,813	17,343,534 86
Organization of work	as a %		
Proportion of full-time permanent workforce		94.20	93.8
Proportion of part-time permanent workforce		5.80	6.2
Absenteeism rate		6.64	6.37
Number of absences shorter than seven days (paid or unpaid)	Number	78,518	48,246
Average number of training hours per employee			
<i>Number of training hours in proportion to the permanent and non-permanent workforce</i>	Number	4.38	5.8
Workplace accidents			
Permanent and non-permanent workforce	Number		
Number of fatal accidents		0	0
Number of accidents with lost time		1,140	1,529
Frequency rate			
<i>[Number of lost time accidents (excluding commuting accidents) relative to the number of worked hours during the year] x 1,000,000</i>		14.31	16.90
Frequency rate in Europe (including France)		15.98	18.66
Frequency rate in Latin America		9.71	11.15
Severity rate			
<i>[Number of calendar days off related to lost time accidents with more than 1 day off (excluding commuting accidents) relative to the number of worked hours during the year] x 1,000</i>		0.70	0.66
Severity rate in Europe (including France)		0.87	0.77
Severity rate in Latin America		0.23	0.29

2.6 CROSS-REFERENCE WITH THE UNITED NATIONS GLOBAL COMPACT

Category	Principles of the United Nation Global Compact		Sections
Human Rights	1	Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	2.1 2.4
	2	Businesses should make sure that they are not complicit in human rights abuses.	2.1 2.4 3
Labor rights	3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	2.1 2.4
	4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	2.1 2.4
	5	Businesses should uphold the effective abolition of child labor.	2.1 2.4
	6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	2.1 2.4
Environment	7	Business should support a precautionary approach to environmental challenges.	2.1 2.3 2.4
	8	Businesses should undertake initiatives to promote greater environmental responsibility.	2.1 2.3 2.4
	9	Business should encourage the development and diffusion of environmentally friendly technologies	2.1 2.3 2.4
Fight against corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.	2.1 2.4 3

2.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED DISCLOSURE OF NON-FINANCIAL PERFORMANCE PRESENTED IN THE GROUP'S MANAGEMENT REPORT

Financial year ended December 31, 2020

To the Elis Shareholders,

In our capacity as the Statutory Auditor of Elis (the "Company"), appointed as an independent third party and accredited by Cofrac (Cofrac Inspection accreditation no. 3-1060, the scope of which is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial performance statement for the financial year ended December 31, 2020 (the "Statement") presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Management Board to prepare a Statement in accordance with the legal and regulatory provisions in effect that includes a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to those risks, and the results of those policies, including key performance indicators.

The Statement was prepared by applying the Company's procedures (the "Reporting Framework"), the material elements of which are available upon request from the Company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors. We have also implemented a quality control system that includes documented policies and procedures for ensuring compliance with the Code of Ethics, professional guidelines and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor appointed as independent third party

It is our role, based on our work, to formulate a reasoned opinion expressing a limited assurance conclusion that:

- › the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code;
- › the disclosures made pursuant to Article R. 225-105(I)(3) and (II) of the French Commercial Code, namely the policy outcomes, including the key performance indicators, and actions in relation to the main risks (the "Disclosures") are fairly presented.

It is not, however, our responsibility to comment on:

- › the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the vigilance plan and the fight against corruption and tax evasion;
- › the compliance of products and services with the applicable regulations.

Nature and scope of our work

Our work, which is described below, was carried out in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code setting out the conditions under which

the independent third party is to conduct its review, the professional guidelines issued by the French Association of Statutory Auditors (Compagnie nationale des commissaires aux comptes) with respect to this engagement, and international standard ISAE 3000 (Assurance engagements other than audits or reviews on historical financial information).

Our work enabled us to assess the Statement's compliance with the regulations in force and the fair presentation of the Disclosures:

- › we learned about the business of each of the companies included within the scope of consolidation, the major social and environmental risks affecting that business, and their impact on respect for human rights and the fight against corruption and tax evasion, as well as the resulting policies and their outcomes;
- › we assessed the suitability of the Reporting Framework in terms of its relevance, completeness, reliability, objectivity and clarity, taking into account industry best practices, where appropriate;
- › we verified that the Statement covers each category of social and environmental information provided for in Article L. 225-102-1(III), as well as the information provided for in the 2nd paragraph of Article L. 22-10-36 concerning respect for human rights and the fight against corruption and tax evasion;
- › we verified that the Statement includes an explanation of the reasons for not including the information required by the 2nd paragraph of Article L. 225-102-1(III);
- › we confirmed that the Statement describes the business model and the main business risks affecting all of the entities included in the scope of consolidation, including, where relevant and proportionate, the risks arising from their business relationships, products and services, as well as policies, actions and outcomes, including key performance indicators;
- › we checked that the Statement contains the information required under Article R. 225-105(II), where relevant in view of the main risks or policies presented;
- › we assessed the selection and validation process for the main risks;
- › we inquired about the existence of internal control and risk management procedures put in place by the Company;
- › we examined the coherence of the key performance indicators selected and outcomes in view of the main risks and policies presented;
- › we verified that the Statement includes a clear and reasoned explanation of the reasons justifying the absence of a policy on one or more of these risks;
- › we verified whether the Statement covers the entire scope of consolidation, i.e. all of the companies included in the scope of consolidation in accordance with Article L. 233-16, subject to the limits set out in the Statement;
- › we evaluated the data-gathering process put in place by the Company to ensure that the Disclosures are fair and complete;
- › we conducted the following for the key performance indicators and other quantitative results we considered material, as listed in the appendix:
 - analytical procedures to check that the data gathered had been consolidated correctly and that trends in the data were consistent;

Disclosure of non-financial performance

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated disclosure of non-financial performance presented in the Group's management report

- a thorough examination on a test basis to verify the correct application of the definitions and procedures and reconcile the data with the supporting documents. The audit was carried out on a selection of contributing entities (Elis Netherlands and Elis France). It covers between 28% and 26% of the consolidated KPI data and results selected for these tests;
- › we checked the sources of the documentation provided and conducted interviews to corroborate the qualitative information (actions and outcomes) that we considered material, as listed in the appendix;
- › we assessed the overall consistency of the Statement with our knowledge of all of the companies included in the scope of consolidation.

We consider that the work carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our work called on the expertise of four people and took place between November 2020 and March 2021 over a total engagement period of approximately four weeks.

We were assisted in our work by our specialists in sustainability and corporate social responsibility. We conducted approximately 15 interviews with the persons responsible for preparing the Statement, mainly from the Legal, Environment and CSR Quality departments.

Conclusion

Based on our work, we have not identified any material misstatement that causes us to believe that the consolidated non-financial performance statement is not consistent with applicable regulations or that the Disclosures, considered as a whole, are not presented fairly in accordance with the Reporting Framework.

Comment

Without qualifying our conclusion, and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment:

- › The risks related to the prevention of corruption and those related to the prevention of tax evasion have not been selected among the main risks of this Statement; however, they are presented in chapter 4 of the Universal Registration Document.

Neuilly-sur-Seine, March 8, 2021

One of the Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Edouard Sattler
Partner

Pascal Baranger
Director, Sustainable Development Department

Appendix: List of CSR information that we considered to be the most material

Key performance indicators and other quantitative results:

- › % of short-term absences (up to seven days) out of all absences;
- › Number of employees with no recorded absences;
- › Number of fatal accidents, number of lost time accidents;
- › Frequency rate & Severity rate;
- › Number of new permanent hires in 2020, Hiring rate in the permanent workforce (New permanent hires in proportion to the permanent workforce on December 31);
- › Percentage of newly hired female managers;
- › Percentage of countries with a system for managing environmental permits;
- › Ratio of water consumed in liters per kg of linen delivered;
- › Percentage of wastewater treated before being discharged into the natural environment;
- › Ratio of CO₂ emissions intensity per kg of linen delivered since 2010;
- › Ratio of thermal energy consumption in kWh per kg of linen delivered;
- › Ratio of fuel per kg delivered per liter;
- › % of used textiles recovered;

- › Number of product families with at least one collection composed of sustainable materials;
- › Percentage of direct purchases covered by a CSR assessment.

Qualitative information (examples of reviewed actions):

- › Involvement of employee representatives in managing the crisis and the measures taken throughout 2020;
- › Bonuses for employees who have perfect or near-perfect attendance;
- › 10 golden rules of safety for the Group;
- › Partnerships targeted at universities and schools as well as year-long international exchange programs;
- › Rollout of TalentSoft in 2020 in several countries;
- › Since 2018, all Group countries have implemented a system to manage each site's environmental permits;
- › Optimization of washing processes by changing products or dosages at 124 sites in 2020;
- › Use of solar panels at several sites in Europe;
- › Rollout of a new "Supplier On-Boarding & Claim System" in 2020.

The fight against corruption and influence peddling

In order to comply with the obligations of French Law 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy (the "Sapin II" law) and as part of its risk management strategy, the Group has undertaken to set up a program to prevent and combat the risks of corruption and influence peddling that covers France and all the countries in which the Group operates.

During the 2020 financial year, based on the eight measures required under the Sapin II law, the Group continued rolling out the following initiatives:

- › the updating of the Group's corruption risk map and its breakdown by country;
- › whenever necessary, the adaptation to the specific local circumstances of its Group Code of Ethics, which includes the Code of Conduct referred to in the Sapin II law, to be disseminated in all Group countries;
- › the continued implementation of a single Group-wide whistleblowing mechanism and a procedure for handling alerts, as well as the regular monitoring of alerts and a biannual presentation to the Group Audit Committee;
- › the continuation of training for at-risk managers and staff, giving priority to the most susceptible regions;
- › the strengthening of its procedures when necessary;
- › the sharing of updated accounting control procedures via a dedicated intranet;
- › the continuation of a system for classifying third parties according to their risk level to introduce different levels of investigation.

The rollout of the program to prevent and combat the risks of corruption and influence peddling will continue throughout the current financial year.

This program complements the programs that had already been implemented in some Group countries, as well as the existing programs at Elis's northern European countries and its subsidiaries under UK anti-corruption regulations. The Company has incorporated these programs to prevent and combat corruption risks into its own program.



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French corporation (Société Anonyme), governed by a Management Board and a Supervisory Board with a share capital of €221,547,097
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