Good governance supporting business change.

"I am delighted that our established governance framework has supported both the integration of our new Chief Executive Officer and the development of our new strategy."

Iain Ferguson
Chairman

Included in this report:

If you would like to discuss any aspect of our group's governance with me, please feel free to email me at **chairman@berendsen.eu**

What good governance means to us

2015 has been a year of significant change for Berendsen at board level. This was the result of both the appointment of James Drummond, as our new Chief Executive Officer to replace Peter Ventress, and the ongoing review of our strategy which led to the announcement of our new strategic approach in November. Our ability to deal with change of this magnitude is due in no small part to the governance structures which have been developed over the years to support the effective operation of the board and the business as a whole.

I have previously reported to you that corporate governance at Berendsen is treated as a core and vital discipline complementing our desire to continually improve upon the success of the group on behalf of our shareholders. This remains the case. The governance framework described in this report is well established, and our Executive Board continues to ensure that our approach is effectively implemented across the whole business. I am pleased to report that James shares the board's long-held view of the importance of strong governance systems, and the board as a whole continues to believe that effective governance is achieved through leadership and collaboration, resulting in consistently focused and sensible business decisions.

Our goal is to be at the forefront of best practice in corporate governance and we consistently challenge ourselves to achieve this. Our governance framework allows for the continued monitoring, review, development and implementation of the policies, procedures and culture that support our high governance standards.

Board achievements in 2015

Strategic review

I reported last year that the board had commenced a strategy refresh process and that this would continue during 2015. The timetable was obviously impacted by the change of our Chief Executive Officer, and the process was placed on hold until James took up the role of Chief Executive Officer. We were delighted to be able to conclude a thorough review of our strategy during the year, the result of which was presented to investors at a Capital Markets Day held on 19 November 2015.

I was particularly pleased with the board's input into the strategy review process, with all directors bringing ideas and suggestions based on their backgrounds and experience, and providing challenge to management suggestions where appropriate.

Having agreed the new strategic approach, described in detail in the Strategic report on pages 1 to 15, the board now has a key leadership role in supporting its successful implementation in 2016 and beyond, to ensure that we continue to deliver exceptional standards to customers, and long-term sustainable value to shareholders.

Change of Chief Executive Officer

We were of course sad to say goodbye to Peter Ventress following his decision to retire as Chief Executive Officer. Peter has made a significant contribution to the success of our business, and provided excellent leadership over the six years of his tenure. After Peter had informed me of his decision, we commenced a comprehensive search to identify his successor, led by the nomination committee. The search process is described in detail in the nomination committee's report on page 68.

We are delighted that James, who we identified as the strongest candidate for the role, agreed to join Berendsen on 1 July to receive a comprehensive handover from Peter before taking on the role of Chief Executive Officer from 1 August.

This handover period formed part of the induction process that I designed for James with the assistance of our Company Secretary and the nomination committee, and which is described in detail on page 55.

In our announcement to the market of James' appointment, I highlighted my belief that James has the right skills and experience to lead Berendsen in the next phase of its development, and we are already seeing this borne out in his significant input into our new strategic approach. I am confident that James will continue the tradition of strong executive leadership at Berendsen. I am delighted that the strong working relationship between Chairman and Chief Executive Officer has continued since James took on the role, with James and I already working closely together due to both the handover from Peter and the ongoing strategy review process.

Board effectiveness

I am extremely conscious of my role in ensuring that our non-executive directors are provided with the information, culture and environment in which they are able to both support and offer constructive challenge, to the executive management team. I am delighted that our programme of non-executive director site visits has continued in 2015, and the feedback I have received from both the non-executive directors and the teams on site is that these visits are viewed positively by all parties.

I have continued the approach of holding a number of board dinners during the year, usually ahead of a scheduled board meeting. We have found that the dinners provide a more relaxed forum than the formal meetings in which additional debate between directors on complex matters can be conducted. As a result, I find that the debate at the following formal meeting is usually more focused, with well-formulated constructive views espoused by the non-executive directors.

On 18 December, I held my annual scheduled meeting with the non-executive directors without the executive management present. We had a full discussion looking back at the board's activities in 2015 and forward to our priorities in 2016. In particular, we discussed the appointment and induction of James Drummond, the performance evaluation process, and the implementation of the new strategy. Although the non-executive directors did not raise anything that had not previously been considered in meetings of the whole board, we all found the session to be useful and agree that it is important for the independent directors to discuss their views in a more private environment.

Our goal is to be at the forefront of best practice in corporate governance and we consistently challenge ourselves to achieve this.

Performance evaluation

Our externally facilitated performance evaluation conducted in the latter part of 2014 and early part of 2015 confirmed that the board and its committees operate effectively with all directors contributing to the overall success of the group. In line with our three-year evaluation cycle, the performance evaluation process in 2015 was led by me with assistance from the Company Secretary.

I felt that the positive nature of the external evaluation from the previous year allowed us to conduct a more focused evaluation this year, and I was particularly keen to establish the board's view on the appointment and induction process adopted for James. I also wanted to understand whether the non-executive directors agreed with my view that our strong governance culture has continued following James' appointment.

The performance evaluation process is described in detail on page 63, and I'm delighted to confirm that no significant issues were raised and that the general consensus of the board is that the governance structure, the board and its committees continue to operate effectively, and the positive culture on the board has been maintained.

Remuneration policy

You will note from the UK Corporate Governance Code compliance statement on page 55 that our remuneration committee has conducted a full review of our remuneration policy during the course of 2015. The remuneration committee was keen to await the finalisation of the strategy review so that any amendments to the policy could be matched to our strategy. Now that this is complete, I am pleased that our revised policy will be put to shareholders for approval at the AGM in 2016, and I would like to thank members of the remuneration committee for their efforts in developing these proposals.

Meeting our major shareholders

We have continued to operate a comprehensive investor relations programme during the year with our executive directors meeting investors and analysts regularly, being supported where appropriate by both myself and David Lowden as Senior Independent Director. In addition to the regular programme of investor and analyst updates and presentations described on page 66, David and I also hosted a shareholder dinner on 26 November which was attended by five of our major shareholders. We again received positive feedback and see the dinner as a valuable opportunity to understand the views of, and develop constructive relationships with, our major shareholders.

Iain Ferguson
Chairman

Board priorities in 2016

- → Support the implementation of the new strategy
- → Continue to develop and maintain best practice standards in corporate governance
- → Support the further development of talent and succession planning
- → Participate and assist with the review of the group's advisers

CEO induction

All new directors joining the Berendsen board undertake a formal and personalised induction programme which covers: the operation and activities of the group (including site visits and meeting members of the senior management teams); the group's principal risks and uncertainties; the role of the board and the decision-making matters reserved to it; the responsibilities of the board committees; and the strategic challenges and opportunities facing the group.

James Drummond joined Berendsen on 1 July 2015 to begin his induction process, a significant part of which was a comprehensive handover from Peter Ventress.

Elements of the induction process designed for James, by the Chairman and the Company Secretary, who took into account feedback from Maarit Aarni-Sirviö on her own induction in 2014, included:

- → Meeting with major shareholders on 28 July 2015 and attending other shareholder/analyst events;
- → Meeting with members of the board, Executive Board and business line management teams;
- → Site visits to facilities in all of the countries in which Berendsen operates;
- → Meeting with the Group Director, Human Resources on the culture and diversity of the group including succession planning procedures;
- → Discussions with the Group Risk Manager on the principal risks facing the group, Head of Internal Audit and the Group Tax and Treasury Director;
- → Meeting key group advisers;
- → Reviewing investor feedback reports with the Chairman and Senior Independent Director to understand shareholder requirements;
- → Full briefing on our main international competitors by Peter Ventress and our advisers; and
- → Discussions with the Chairman, Peter Ventress and Company Secretary.

UK Corporate Governance Code compliance statement

A new version of the UK Corporate Governance Code (the 'Code') was introduced in September 2014, and the revised provisions apply to Berendsen for the first time in respect of the year ended 31 December 2015. We have complied with all of the principles and provisions of the Code throughout 2015, with the exception of provision D.1.1 which requires that performance-related remuneration schemes should include both malus and clawback provisions.

Following the completion of the strategy review, our remuneration committee conducted a review of our remuneration policy (which is described in detail on pages 78 to 80). Our revised policy, including amendments to our long-term incentive and bonus plans to introduce both malus and clawback provisions, is being proposed for shareholder approval at our 2016 AGM. Subject to such approval, we will be in full compliance with provision D.1.1, and therefore expect to be in full compliance with the Code, from 28 April 2016.

The corporate governance statement and the additional governance disclosures listed in the table below set out our approach to applying the Code.

+ See our business model, value generation and strategy in our Strategic report **Pages 01–15**

+ See our approach to risk management and internal control in our Risk report **Pages 24–31**

+ Key areas of uncertainty considered in the preparation of the financial statements **Page 72**

+ See our Directors' remuneration report **Pages 78–104**

+ See our Directors' report **Pages 105–108**

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

We are delighted that we have received several external accolades for our governance and remuneration reporting during the year.

- → Nominated for and won the ICSA Awards 2015: Best Annual Report in the FTSE 250
- → Nominated for ICSA Awards 2015: Best Strategic Report in the FTSE 250
- → Nominated for Building Public Trust Awards 2015: Executive Remuneration in the FTSE 250
- → Nominated for Building Public Trust Awards 2015: Corporate Governance Reporting in the FTSE 250

icsa AWARDS 2015 WINNER

Building Public Trust Awards 2015
Highly commended Corporate Governance Reporting in the FTSE 250

Building Public Trust Awards 2015
Highly commended Executive Remuneration Reporting in FTSE 250

A diverse and effective leadership team.

Each of our directors bring valuable skills and experience which contributes to the effectiveness of the board as a whole.

Diversity, independence and experience

100% with international businesses experience

100% with business-to-business experience

71% experienced CEOs

29% female directors

66% independent directors (excluding the Chairman)

Iain Ferguson CBE (60)
Non-executive Chairman

N Chairman R Member

Date appointed to board: March 2010

Independent: No

Key strengths:
- CEO experience with an international plc
- Strong international strategic skills and experience of B2B and B2C businesses
- Significant M&A experience in Europe, USA and Asia
- Broadly based NED experience across the private and public sectors
- Strong commercial skills

Current external commitments:
Chairman of Stobart Group Limited and a non-executive director of Balfour Beatty plc and Chairman of Wilton Park (Foreign Office Agency) .

Previous roles:
Non-executive director of Defra (Government Department) and Chief Executive of Tate and Lyle plc, having also worked for Unilever and held a number of senior positions including Chief Executive Officer of Birds Eye Walls.

James Drummond (53)
Chief Executive Officer

N Member E Member

Date appointed to board: August 2015

Independent: No

Key strengths:
- Developing people and teams to be successful
- Strategy development and execution experience
- Building and growing B2B contracting businesses, in both public and private sector in engineering services, rail, aviation and aerospace
- Experience of running businesses in varied business environments – Europe, the Commonwealth of Independent States (CIS), India, S E Asia, China, Australia, Latin America, USA

Current external commitments:
None.

Previous roles:
Chief Executive of Avincis Group, the leading provider of aerial services for mission critical operations. Avincis was bought by Babcock plc in 2014. Before Avincis, James was the Chief Executive of Invensys Rail, a major division of Invensys plc. Earlier roles include Director of Business Development, Acquisitions and Projects at Kidde plc. Director of Strategy for Honeywell Aerospace Services and Allied Signal Aerospace Services.

Maarit Aarni-Sirviö (62)
Non-executive director

A Member N Member R Member

Date appointed to board: March 2014

Independent: Yes

Key strengths:
- In-depth knowledge of Scandinavian markets
- Detailed operational expertise
- Proven experience of restructuring, acquisitions and integrations
- A strong track record of growing businesses
- Extensive international experience
- Experienced non-executive in several sectors

Current external commitments:
Non-executive director of Wärtsilä, Senior Adviser at Eera Oyj, Board Member of ecoDa and Secretary General of the Directors' Institute of Finland.

Previous roles:
VP of Borealis, non-executive director of Vattenfall Ab (in Sweden) and of Ponsse Oyj and Rautaruukki Oyj and President & CEO of Mint of Finland.

Lucy Dimes (49)
Non-executive director

A Member   N Member   R Member

Date appointed to board:	Independent:
June 2012	Yes

Key strengths:

- Extensive experience of B2B, outsourcing and complex managed services contracts
- Track record in international sales and customer relationship management
- Significant experience in alliances, ventures and partnerships
- Operational and complex contractual experience
- Strong marketing, portfolio development and commercial skills
- Well-developed leadership and global team management skills

Current external commitments:
Trustee for the Garden Bridge Trust.

Previous roles:
COO and Executive Director of Equiniti Group, CEO UK & Ireland of Alcatel-Lucent and has held various senior roles at BT Plc, including Managing Director of Group and Openreach Service Operations.

David Lowden (58)
Senior Independent Director

A Member   N Member   R Chairman   S

Date appointed to board:	Independent:
March 2010	Yes

Key strengths:

- Extensive experience in both general management and financial management
- Many years of operating within international businesses with cultural diversity
- Strong strategic understanding
- Knowledge of B2B service related industry requirements
- Proven ability for delivering shareholder value
- Strong financial, marketing and commercial skills

Current external commitments:
Non-executive Chairman of Michael Page International plc and non-executive director of William Hill PLC.

Previous roles:
Chief Executive of Taylor Nelson Sofres PLC, having also held the positions of Chief Operating Officer and Group Finance Director.

Kevin Quinn (55)
Chief Financial Officer

E Member

Date appointed to board:	Independent:
May 2005	No

Key strengths:

- Over ten years in the group with a detailed knowledge of operations
- Significant experience of financing and capital raising
- Extensive experience of international companies
- Experience of outsourcing and the support services sector
- A strong network
- Driver of our successful capital efficiency project to increase cash deliveries

Current external commitments:
None.

Previous roles:
Senior finance positions within Amersham plc and was with PricewaterhouseCoopers, latterly as a partner in its Prague office, having also worked in the USA and France.

Andrew Wood (64)
Non-executive director

A Chairman   N Member   R Member

Date appointed to board:	Independent:
March 2010	Yes

Key strengths:

- Previously CFO of FTSE 250 plcs for 15 years
- Strong strategic and commercial understanding
- Extensive experience of acquisition and disposal of businesses in international markets
- Detailed knowledge of risk assessment and management systems

Current external commitments:
Non-executive director of Lavendon Group plc, Air Partner plc and Stobart Group Limited.

Previous roles:
Group Finance Director of BBA Aviation plc and also Group Finance Director of Racal Electronics PLC.

David Lawler (52)
Company Secretary

E Member

Date appointed to board:	Independent:
May 2005	No

Key strengths:

- Detailed knowledge of the group
- Good understanding of international business having worked extensively outside the UK
- Extensive knowledge of corporate governance and risk management
- Strong financial skills
- Significant experience in the acquisition and disposal of businesses in both the UK and Europe

Current external commitments:
None.

Previous roles:
Senior finance positions with Thorn EMI plc and KPMG.

Key:
A Audit committee
N Nomination committee
R Remuneration committee
E Executive Board
S Senior Independent Director

Delivering the board's strategy

The Executive Board is collectively responsible for ensuring the successful implementation of our strategy and for embedding our governance culture.

The Executive Board

In November 2015, our strategy update to the market highlighted our desire to enhance business development and capability. Our Executive Board will be expanded during 2016, in response to the evolution of our strategic approach. We have already appointed three new members: Claude Sada, Niels Peter Hansen and Martin Amtoft-Christensen.

During 2015, our Executive Board formally met 11 times. To ensure full participation, some of these meetings were held by video conference. The members of our Executive Board also communicate regularly outside of the formal scheduled meetings.

1 **James Drummond**
Chief Executive Officer

+ Read biography **Page 56**

2 **Kevin Quinn**
Chief Financial Officer

+ Read biography **Page 57**

3 **David Lawler**
Company Secretary

+ Read biography **Page 57**

4 **Christian Ellegaard**
Managing Director, Facility

Christian joined the group in 1993 and was appointed Managing Director of the Nordic Region in 2007, having held a number of senior posts, including Managing Director in Denmark. Christian holds a BSc in Economics and Business Administration from the Copenhagen Business School and an MBA from Monterey Institute of International Studies. On 1 January 2012, he was appointed Managing Director, Facility.

5 **Niels Peter Hansen**
Managing Director, Hospitality

Niels Peter joined the group in 1997 and was appointed as Managing Director, Hospitality on 1 January 2016. Before his appointment, from 2009 to 2015, Niels Peter was Managing Director for German Healthcare and German Workwear. Prior to joining Berendsen, Niels Peter had a career in the Royal Danish Airforce followed by management consultancy at PwC and senior management roles in logistics. He holds a degree from the Royal Danish Airforce Officers Academy and from the Danish Defence Academy.

6 **Peter Havéus**
Managing Director, Workwear

Peter joined the group in 1985 and was appointed Managing Director for the Continent region in 2007. He has held a number of senior posts, including Managing Director Sweden, Managing Director Denmark and Chief Operating Officer, mainland Europe, having started his career in the textile rental industry in Sweden in 1983. Peter holds a degree in Economics. On 1 January 2012, he was appointed Managing Director, Workwear.

7 **Steve Finch**
Managing Director, UK Flat Linen

Steve joined the group in 1996 through the acquisition of Spring Grove Services. He was appointed Managing Director of the Sunlight Service Group in 2001. Prior to joining Spring Grove in 1995, Steve spent 25 years in the telecommunications industry. Steve holds an MBA from Bath University. On 1 January 2012, he was appointed Managing Director, UK Flat Linen. Steve will retire from Berendsen in December 2016. During 2016, we will be searching for Steve's successor who will be appointed as Managing Director, Healthcare.

8 **Martin Amtoft-Christensen**
Director of Shared Services

Martin joined the group in 2010 as Finance Director of the Nordic Region. From 2012 to 2015, Martin was Finance Director for the Facility business line and interim Managing Director of the Norwegian business. Martin holds a MSc in Economics from Aarhus University. From 1 March 2016, he will be appointed Director of Shared Services.

9 **Claude Sada**
Director, Berendsen Excellence

Claude joined the group in 2013 and was appointed as Director of Business Excellence on 1 January 2016. Claude has held a range of senior procurement and supply chain transformational roles across Europe. Claude is a trained Lean practitioner and a Six Sigma Black Belt. He holds a degree in International Trade and a Masters in Business Management, Procurement & Supply Chain Management.

10 **Chris Thrush**
Group Director, Human Resources

Chris was appointed Group Director, Human Resources in May 2011. He previously held HR Director roles with Corporate Express N.V., DePuy, Gestetner and the University of Lancaster in the UK. He has lived and worked extensively outside the UK in Europe, the USA and Asia. He holds an MBA and is a Fellow of the Chartered Institute of Personnel and Development. Chris will be retiring from Berendsen in June 2016. We are currently in the process of searching for Chris' successor who will be recruited in advance of Chris' retirement.

11 **TBC**
Director for Business Development

During 2016, we will appoint a Director for Business Development who will also become a member of our Executive Board.

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Maintaining governance standards

Our board continually monitors our governance framework to ensure its effectiveness.

Our board

Role and responsibilities

- Set strategy and deliver value to shareholders and stakeholders
- Monitor management activity and performance against targets
- Provide constructive challenge to management
- Set parameters for promoting and deepening the interest of shareholders

Find out more
Page 60

Matters reserved for the board's decision

- Group strategy, business objectives, long-range plans and annual budgets
- Annual and interim results
- Material acquisitions, disposals and contracts
- Major changes to internal controls, risk management or financial reporting policies and procedures
- Determining risk appetite
- Changes to capital, corporate or management structure
- Succession planning for the board and senior management
- Board composition and independence

Audit* committee

Role and responsibilities

- Monitor the financial and internal reporting processes including the integrity and clarity of the financial statements
- Monitor internal audit
- Agree the scope of the external audit and external auditor fees
- Conduct an annual review of external auditor independence and quality

Find out more
Pages 70–77

Remuneration* committee

Role and responsibilities

- Recommend to the board the overall executive remuneration policy
- Recommend Chairman's fees
- Review the terms of service and remuneration of the executive directors and other members of the Executive Board

Find out more
Pages 78–104

Nomination* committee

Role and responsibilities

- Regularly review board composition
- Lead the process for board and committee appointments
- Monitor succession planning and talent development

Find out more
Pages 67–69

Our board, supported by its committees, is responsible for embedding:

Vision, Mission and Values

Find out more
Page 04

Policies and procedures

Find out more in our Strategic report
Pages 01–51

Which are implemented by

Executive Board

Role and responsibilities

- Develop and implement strategy
- Prioritise investments and allocate resources

Read biographies
Page 58

* The terms of reference of the audit, remuneration and nomination committees are available on our website at www.berendsen.com/board-committees.

Board composition and roles

Our board comprises the Chairman, two executive directors and four independent non-executive directors. Their key responsibilities are as set out below:

Key responsibilities

Chairman*
Iain Ferguson

- Responsible for the leadership of the board, ensuring its effectiveness by creating and managing a constructive relationship between the executive and non-executive directors
- Promotes a culture of challenge, debate, openness and support, ensuring that there is adequate time available for discussion
- Ensures ongoing and effective communication between the board and its key stakeholders
- Ensures that the board receives accurate and clear information in a timely manner in advance of board meetings
- Responsible for ensuring that all non-executive directors receive ongoing training and development so that they can appropriately perform their duties

Read biography **Page 56**

Chief Executive Officer*
James Drummond

- Responsible for leading and managing the business within the authorities delegated by the board
- Develops the group's objectives and strategy and, following board approval, the successful execution of strategy
- Ensures that a sound system of internal control is in place
- Manages the group's risk profile, including the maintenance of appropriate health, safety and environmental policies
- Responsible for the effective and ongoing communication with shareholders
- Ensures that the board is fully informed of all key matters

Read biography **Page 56**

Chief Financial Officer
Kevin Quinn

- Supports the CEO in developing and implementing strategy
- Oversees the financial delivery and performance of the group
- Establishes strong control processes in a complex business environment
- Leads the development of the finance organisation and related talent management in the group
- Leads treasury activities, ensuring that appropriate financing is in place to fund the company's strategic objectives
- Leads investor relations activities and communication to investors with the CEO

Read biography **Page 57**

Senior Independent Director
David Lowden

- An experienced and trusted sounding board for the Chairman and CEO
- Acts as conduit between Chairman, non-executives and shareholders
- Leads the annual evaluation of the Chairman with assistance from the non-executive directors
- Strengthens understanding of major shareholders' key interests by receiving reports from the company's brokers on investor relations
- Makes himself available to meet shareholders

Read biography **Page 57**

Independent non-executive directors
Maarit Aarni-Sirviö, Lucy Dimes, David Lowden, Andrew Wood

- Promote the highest standards of integrity, probity and corporate governance throughout the company and particularly at board level
- Constructively challenge and help develop proposals on strategy
- Scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance
- Review the integrity of financial information, and that financial controls and systems of risk management are robust and defensible
- Determine appropriate levels of remuneration for executive directors and have a prime role in appointing and, where necessary, removing executive directors
- Ensure no individual or group dominates the board's decision-making

Read biographies **Pages 56–57**

Company Secretary
David Lawler

- Secretary to board and committees
- Develops board and committee agendas, and collates and distributes papers
- Ensures compliance with board procedures
- Advises on regulatory compliance and corporate governance
- Facilitates induction programmes
- Responsible for the organisation of the Annual General Meeting (AGM)
- Makes himself available to all directors

Read biography **Page 57**

* The division of the Chairman and Chief Executive Officer's responsibilities is clearly established, set out in writing and regularly review by the board.

We believe that our board is diverse, with a good balance of skills, experience and independence as illustrated in the charts below:

Board attendance in 2015

Executive directors	Independent	Board meetings								Attendance*
		Feb†	Apr†	May	Jun†	Jul†	Sep	Oct†	Dec†	
James Drummond**	No						✓	✓	✓	100%
Peter Ventress***	No	✓	✓	✓	✓	✓				100%
Kevin Quinn	No	✓	✓	✓	✓	✓	✓	✓	✓	100%
Non-executive directors										
Lucy Dimes	Yes	✓	✓	✓	✓	✓	✓	✓	✓	100%
Iain Ferguson	No	✓	✓	✓	✓	✓	✓	✓	✓	100%
David Lowden	Yes	✓	✓	✓	✓	✓	✓	✓	✓	100%
Maarit Aarni-Sirviö	Yes	✓	✓	✓	✓	✓	✓	✓	✓	100%
Andrew Wood	Yes	✓	✓	✓	✓	✓	✓	✓	✓	100%

* % based on the meetings entitled to attend.
** James Drummond joined the board on 1 August 2015.
*** Peter Ventress attended all meetings until his resignation from the board on 31 July 2015.
† Meeting preceded by a board dinner during which presentations were given by advisers or other invited speakers. Topics discussed during 2015 included: a market update from stock brokers, the outcome of the 2015 external board performance evaluation and the importance of developing customer relationships via digital media.

Leadership

The governance framework illustrated in the chart on page 59 supports the development of good governance practices throughout our group. The Executive Board is responsible for ensuring that the policies and behaviours set at board level are effectively communicated and implemented across the group's business.

This is achieved through the use of the group intranet 'Berendsen Universe', our monthly corporate newsletter, presentations and meetings with management teams and effective policies and procedural guidelines. Regular updates are provided to the board and its committees by the Chief Executive Officer and Chief Financial Officer, and the board also meets with the Executive Board at least twice per year to establish how the business is progressing and, through discussion and debate at those meetings, ensures that good governance practices are fully embedded within the group.

Based on the feedback received from these meetings, the board is comfortable that the existing framework continues to ensure that the principles of good governance are rooted in the Berendsen culture and no changes to the framework have been required in the year.

During the year, all directors confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively. Directors are also required to notify the Chairman and the board of any alterations to their external commitments that arise during the year with an indication of the time commitment involved.

With effect from 31 December 2015, David Lowden became the non-executive Chairman of Michael Page International PLC. David notified our Chairman and board in advance of his appointment and the board has confirmed that it does not believe that this change in directorship will effect David's commitment to, or involvement with, the Berendsen board.

"Visiting the UK Cleanroom business was a great way for the board to see the operations in action, and to meet and talk to the local staff about their integration into the Berendsen family."

Lucy Dimes
Non-executive director

Read about the NED site visits and events
Page 62

What the board did in 2015

25%
Strategy

- Held strategy review discussions with the Executive Board in May and September
- Received presentations on the revised strategy in October
- Reviewed the presentation for the Capital Markets Day held on 19 November
- Received updated presentations from business lines on the implementation of the strategic opportunities agreed upon in 2014
- Held a separate meeting with the Chief Executive Officer to discuss key strategic issues and succession planning
- Approved the revised strategy for the group

Find out more
Page 01–15

15%
Governance and risk

- Reviewed reports on governance issues, including developments in EU audit legislation, succession planning and executive remuneration
- Considered the 'new' risks or changes in existing risks associated with the group's revised strategy
- Regularly and robustly reviewed principal risks
- Conducted a review of the company's viability over the next three year period
- Received internal audit reports and monitored implementation of recommendations
- Approved updated audit and nomination committee terms of reference

Find out more
Pages 24 and 74–76

20%
People, Vision and Values

- Approved the appointment of the new Chief Executive Officer
- Met with the Executive Board in May and September
- Met local management teams in Munich, Germany (May) and Newbury, UK (September)
- Carried out individual NED visits
- Received presentations and provided input into the revised 'Vision and Values' and mission statement

Find out more
Page 04 and 47

15%
Shareholder engagement

- Consulted with shareholders and proxy voting bodies on the revised remuneration policy
- Reviewed reports from brokers on shareholder feedback from the Capital Markets Day and meetings with the CEO and CFO
- Hosted an investor event to meet our new CEO in July and a dinner with institutional investors in November
- Reviewed the 2015 AGM proxy voting figures
- Received an update from stock brokers and PR advisers on the market perception of Berendsen

Find out more
Page 66

20%
Performance monitoring

- Reviewed monthly reports on performance against budget and forecast
- Reviewed reports on the financial position of the group including treasury management
- Reviewed regular reports from the chairmen of the audit, remuneration and nomination committees
- Approved the year-end and half-year results

Find out more
Page 32–35

5%
Other

- Approved the 2014 Annual Report and Accounts
- Received and reviewed monthly shareholders' analysis
- Approved the 2015 Notice of AGM

Non-executive director site visits and events

In order that our non-executive directors can meet local management teams and strengthen their knowledge and understanding of our local operations, issues and the culture of our group, we require that, at least once a year, they visit one of our sites or attend one of our group events. The sites and events attended by our non-executive directors in 2015 are set out below:

Non-executive	Site visited/event
Iain Ferguson	→ Management trainee dinner, London (UK) → UK Flat Linen management dinner, London (UK) → Facility management dinner, Copenhagen (Denmark)
Lucy Dimes	→ Management trainee dinner, London (UK) → "Women in Berendsen" workshop & dinner (UK)
David Lowden	→ Workwear management dinner, Dublin (Ireland)
Maarit Aarni-Sirviö	→ Workwear management dinner, Helsinki (Finland) → Facility management dinner, Copenhagen (Denmark) → "Women in Berendsen" workshop & dinner (UK)
Andrew Wood	→ Workwear management dinner, Dublin (Ireland) → Annual dinner with business line Finance Directors, London (UK)

In 2015, the board met with the management teams of the newly acquired UK Cleanroom business and German Workwear business. Following the board visit to Munich (Germany) in May, the board approved plans to build a new facility in the Munich area. The meetings in September included site visits to our new Cleanroom facilities in Newbury (UK), and gave board members detailed insights into the development of our UK Cleanroom operations.

In 2016, the board will meet with the management teams from all business lines to discuss the implementation of our strategy and, will visit our garment design facility, Berendsen Sourcing, in Gothenburg (Sweden).

Further details of the board's key achievements during the year are detailed in the Chairman's statement on pages 52–54.

Effectiveness

Performance evaluation

A comprehensive evaluation of the performance of the board, its committees and each of its directors is carried out annually, a process led by the Chairman and supported by the Company Secretary. The outcome of the performance evaluations are discussed in detail at board meetings and any key recommendations are considered board priorities for the following year. The annual evaluation process is an important mechanism for ensuring best practice is at the forefront of all board and committee actions.

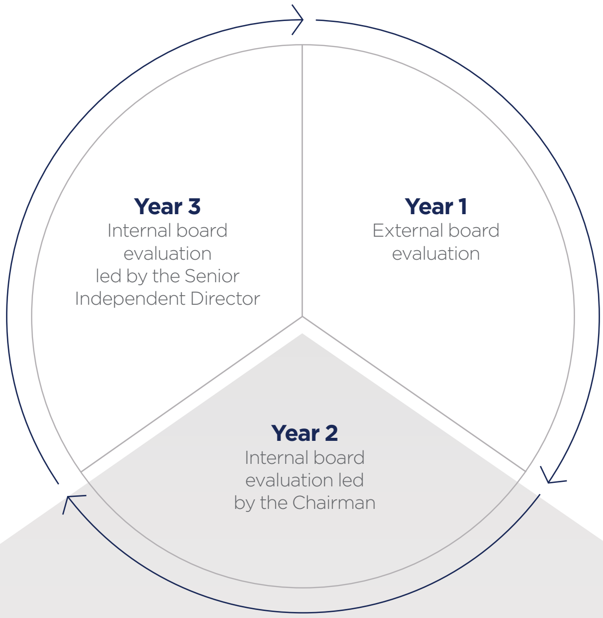
Our 2014 performance evaluation was externally facilitated by Dr Tracy Long of Boardroom Review and described in detail in our 2014 Annual Report. The results of the evaluation were presented and reviewed in April 2015 with key recommendations (and progress to date) detailed in the table on page 64.

The review of the Chairman's performance is led by David Lowden, our Senior Independent Director, who has confidential discussions with the non-executive directors whilst taking into account the views of executive directors. The executive directors are evaluated by reference to their executive duties through a separate process whereby the Chairman and the non-executive directors assess the Chief Executive Officer, and the Chief Executive Officer assesses the Chief Financial Officer and other members of the Executive Board.

In accordance with our three-year cycle, the board anticipates that the 2016 board evaluation will be conducted internally and led by our Senior Independent Director, with the next externally facilitated evaluation in 2017.

Berendsen three-year approach

The 2014/15 externally facilitated evaluation process represented year 1 of our three-year approach to board evaluation. The 2015 evaluation process (year 2) was an internal board evaluation led by the Chairman, and is summarised below:



Individual meetings

Our Chairman met with each director and held discussions focused on:

- → How the board defines its role and approaches its work
- → Balance of skills, diversity and experience on the board
- → Integration and induction of our new CEO
- → Knowledge about the group
- → Culture and dynamics of the board
- → Committee composition and effectiveness

Reporting

- → A report summarising the key outcomes was circulated to the board
- → Outcomes were initially discussed by the non-executive directors at their meeting on 17 December 2015
- → The board discussed the outcomes and agreed priorities at the February 2016 meeting
- → Key actions were agreed

2015 outcomes

- → Board and committees continue to operate effectively
- → Our new CEO has integrated well and the positive culture of the board continues
- → All directors continue to contribute effectively and demonstrate commitment to their roles

2016 actions

- → Support and monitor the CEO and senior management team in seamlessly executing our strategy and the implementation of our new organisation structure
- → Support the further development of talent and succession planning
- → Participate in the review of the group's advisers
- → Continue to develop and maintain best practice standards in corporate governance

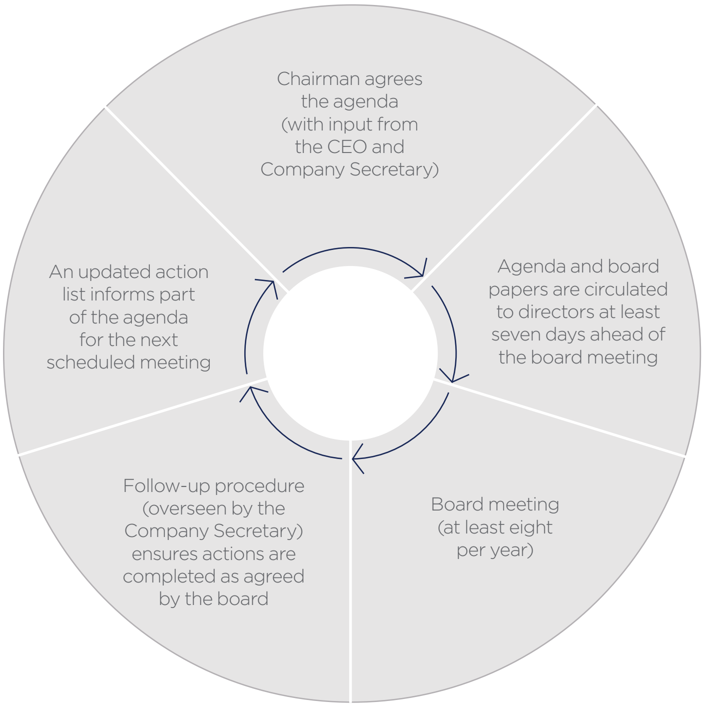
Information flow at board meetings

The board uses an electronic board paper system which provides quick, easy and secure access to board papers and materials (including a 'Resource Centre' which contains comprehensive reference materials). Briefing packs are also circulated via this system, at times when board meetings are not scheduled. The briefing packs ensure that the non-executive directors are kept informed of the latest issues affecting the group.

The directors indicated in their responses to the 2015 performance evaluation that the quality of information supplied to them remains of a high standard.

The information flow in advance of, and following, board meetings is described in the adjacent chart.

The Chief Executive Officer and the Chief Financial Officer ensure that the board is kept fully aware on a timely basis of business issues and prospects throughout the group. During 2015, they periodically attended individual business line board meetings, meeting the management teams of each operation, and bringing the key issues raised to the attention of the board.



Outcomes of our 2014 performance evaluation

Recommendation	Progress
Ensure a comprehensive and tailored induction programme for the new Chief Executive Officer (to include meetings with major shareholders).	A comprehensive induction programme was completed by James Drummond from 1 July 2015, with full details on page 55. James hosted an investor reception in July and met with shareholders representing 20% of our share capital. James also met with our major shareholders at our Capital Markets Day in November. James will attend the 2016 AGM where he will be available to meet with our private investors.
Review the skills and experience of the Executive Board following the outcome of the strategic review.	Following the completion of the strategic review, the board and James Drummond reviewed the composition of the Executive Board, which resulted in the creation of four new positions to support the new customer-led strategy. Full biographical details of the current and newly appointed members of the Executive Board can be found on page 58.

Capital Markets Day

Open communication with our investment community is a key priority. We organised a Capital Markets event on 19 November 2015, following the appointment of James Drummond as CEO, and this gave 45 of our shareholders, investors and advisers the opportunity to hear at first-hand our medium-term strategy development. James and Kevin Quinn (CFO) presented our operational and financial ambitions with break-out sessions facilitated by senior managers from each business line: Workwear, Facility, Hospitality and Healthcare. Management team representatives from across Europe shared information about market growth opportunities, new products and services and strategic priorities.

Induction

We seek to ensure that our induction programmes are designed to be as comprehensive as possible with a focus on the practical delivery of information rather than just the supply of reading material. Our induction programmes (whether for executive or non-executive director appointments) require significant time commitment from the newly appointed director, other members of the board and other key individuals across the business. This commitment is seen by all parties as a worthwhile investment of resources to ensure new appointees are engaged with the business at all levels, and was vital in ensuring the smooth handover of executive responsibility to James Drummond.

Information about James Drummond's induction process
Page 55

Training and development

The Chairman is responsible for ensuring that all non-executive directors receive ongoing training and development which is both informative and relevant to their role on the Berendsen board and its committees. Our non-executive directors engage fully in this ongoing development, which is discussed at the non-executive directors' meeting each year, and was delivered in 2015 in a number of ways including:

- All of our UK-based non-executive directors are active members of the Deloitte Academy and received a programme of briefings and update sessions in the year on relevant topics including accounting and auditing standards, corporate governance and the wider economy;
- Specific tailored training for our audit committee delivered by PricewaterhouseCoopers LLP, with key themes focused around developments in financial and narrative reporting, and accounting and auditing standards; and
- Regular updates on regulatory and legislative developments which are provided to the whole board by the Company Secretary.

Conflicts of interest

The board operates procedures to identify and manage situations where a director has a conflict of interest, and each director has confirmed that no conflicts of interest arose during 2015.

An element of the procedure, designed to safeguard the independence of our non-executive directors, restricts a director from voting on any matter in which they have a material personal interest unless the board unanimously decides otherwise. Where necessary, directors are required to absent themselves from a meeting of the board while such matters are being discussed, although as noted above no such situations arose in 2015.

The board also has agreed procedures by which directors can, for the purposes of discharging their duties, obtain independent professional advice at the company's expense. No director had reason to use this facility during 2015.

"The Capital Markets Day was an example of Berendsen at its most transparent, with senior management giving us a detailed insight into market dynamics and strategic developments."

Event attendee

Relations with shareholders

Shareholder engagement

Led by the Chairman, the board is committed to proactive and constructive engagement with shareholders and recognises the important and valuable role that shareholders play in safeguarding the group's governance. The board receives regular updates on the views of our shareholders through briefings and reports from our interaction with shareholders during the year and from our brokers.

Shareholder engagement activities during 2015 included:

CEO introduction
In July, we hosted a drinks reception for our major shareholders (representing a total of 20% of voting rights) to meet our new CEO. James Drummond will be available to meet with our private shareholders at our 2016 AGM.

Remuneration policy consultation
The consultation on proposed amendments to our remuneration policy was led by the remuneration committee chairman, and the details of the amendments are set out in the committee chairman's statement on pages 78–79. All shareholders holding 1.5% or more of our total voting rights, and together representing close to 60% of total voting rights, were consulted, and we were delighted to receive responses from 50% of those consulted. We also contacted three of the major proxy voting agencies and were grateful to receive feedback from two of them. The results of the consultation were discussed by the remuneration committee in October 2015, and the policy was updated to reflect the views of the respondents.

Major shareholder dinner with our Chairman and Senior Independent Director
Held on 26 November 2015, this dinner was an opportunity for shareholders to meet the Chairman and Senior Independent Director without the executive directors being present. The event was attended by five major shareholders and the topics discussed included the integration of James Drummond as our new CEO, the setting of performance targets, and the general economic and political outlook.

The feedback received by the Chairman was very positive, with invitees expressing their appreciation of the dinner which provided an excellent opportunity for open dialogue and the sincere hope that this event will be repeated. We are pleased to confirm that our next shareholder dinner will be held on 1 November 2016.

Analyst and investor meetings and presentations
Analyst and investor meetings and presentations are held following the release of our annual, half-year and interim results announcements, and are also streamed via a live webcast for those unable to attend in person. The presentations continue to be available on our website after broadcast.

Other shareholder meetings
Throughout the year, 128 separate meetings and conference calls were held with existing and potential shareholders. These meetings were attended by either the Chief Executive Officer or the Chief Financial Officer or sometimes both. The meetings focused primarily on the group's trading operations and the implementation of the group's strategy. Where significant views were expressed, either during or following the meeting via our brokers, these were recorded and circulated to all directors. The number of meetings held is driven by investor demand, which was higher in 2015 than in 2014 when 87 separate meetings were held.

If shareholders have any concerns, which the normal channels of communication to the Chief Executive Officer, the Chief Financial Officer or the Chairman have failed to resolve or for which contact is inappropriate, then the Senior Independent Director is available to address them.

To that end, both the Chairman and the Senior Independent Director make themselves available, when requested, for meetings with shareholders on issues relating to the group's governance and strategy. During the year, the Chairman of the board and the committee chairmen received correspondence from shareholders, institutional investors and proxy voting agencies which was then reviewed by the board and committees at their respective next meeting.

Annual General Meeting
The Annual General Meeting takes place in London. The 2016 meeting will be held on 28 April at the Royal Aeronautical Society, 4 Hamilton Place, London, W1J 7BQ, and details of the meeting and the resolutions to be proposed are set out in the Notice of AGM which is available to download on our website (www.berendsen.com) from 14 March 2016. The Annual General Meeting gives shareholders, in particular our private shareholders, an opportunity to hear about the general development of the business and to ask questions to the Chairman and, through him, the chairmen of the various committees as well as committee members.

Nomination committee report

Iain Ferguson
Chairman of the nomination committee

2015 Key achievements

- The successful recruitment of James Drummond as Chief Executive Officer
- Monitored the comprehensive handover and induction programme designed for James to ensure that it was effective and carefully tailored to requirements
- Ensured further development of the management succession and development plans for the Executive Board and senior executives
- Considered the extension of Andrew Wood's and David Lowden's appointment's for a further three-year term

Areas of focus in 2016

- Conduct a thorough board composition review following the completion of the strategy review
- Review the findings of the group's second employee engagement survey
- Continue to focus on succession planning and talent development

If you would like to discuss any aspect of the committee's activities with me, please feel free to email me at **chairman@berendsen.eu**

Dear shareholder

I am pleased to present to you the report of the work of the nomination committee during 2015.

2015 has been a busy year for the committee. Having been advised of Peter Ventress' intention to step down as Chief Executive Officer, we instigated and oversaw the process to identify his successor. We were delighted to welcome James Drummond to the board on 1 August. James has undergone a comprehensive induction programme which the nomination committee helped to design, and this has underpinned the seamless transfer of responsibility from Peter to James.

More information on James' recruitment
Page 68

A full description of James' induction
Page 55

Details of James' remuneration
Page 91

We have continued to focus on succession planning and talent development programmes, as reported last year. We have again been active in monitoring the succession planning processes in place across the group for the top 100 senior positions and also the continuing success of the 'Women in Berendsen' network. We believe that these initiatives will provide the foundation for a strong pipeline of talent in the years to come.

I am pleased with the ongoing success of the Berendsen talent development programmes. A particular highlight during the year was the internal appointment of three new members to the Executive Board. The programmes proved invaluable during this appointment process in providing internal candidates for our new positions: Managing Director of Hospitality, Director of Shared Services and Director of Berendsen Excellence. Biographical information of our new Executive Board members can be found on page 58. We intend to retain succession planning and talent development as regular focus areas and we will continue to monitor and develop our programmes in 2016.

Following the completion of the strategy review, the committee intends to conduct a detailed review of the composition of the board and Executive Board. The review will consider the knowledge and skill demands of the revised strategy and also diversity considerations.

Finally, the committee has reviewed the appointment's of Andrew Wood and David Lowden as their current term of office was due to expire. The committee is pleased to report that it is satisfied with the ongoing performance of both Andrew and David and has recommended that their appointments should be extended for another three years.

Iain Ferguson
Chairman of the nomination committee
25 February 2016

Membership and meetings

Membership and attendance in 2015

Committee members	Independent	Committee meetings Jan	Feb	Mar	May	Dec	Attendance*
Iain Ferguson	No	✓	✓	✓	✓	✓	100%
Maarit Aarni-Sirviö	Yes	✓	✓	✓	✓	✓	100%
Lucy Dimes	Yes	✓	✓	✓	✓	✓	100%
James Drummond**	No					✓	100%
David Lowden	Yes	✓	✓	✓	✓	✓	100%
Andrew Wood	Yes	✓	✓	✓	✓	✓	100%
Peter Ventress***	No	✓	✓	✓	✓		100%

* % based on the meetings entitled to attend.

** James Drummond joined the committee on 1 August 2015.

*** Peter Ventress attended all meetings until his resignation from the board on 31 July 2015.

At the request of the committee chairman, other individuals and external advisers may be invited to attend all or part of any meeting, as and when appropriate. The Chief Executive Officer's role on the committee is to provide a better understanding of the strategic issues facing the company and the current skills and experience of the Executive Board.

Induction and experience

Upon appointment to the committee, non-executive directors are provided with details about the current composition of the board, the company's succession planning procedures and how the board's and committees' annual performance reviews are conducted.

Induction to the committee includes detailed briefings with the Chairman and Chief Executive Officer in order to understand the issues being discussed at board and Executive Board level.

Appointment of James Drummond

Following Peter Ventress' decision to retire, the committee led the selection and appointment process for a new Chief Executive Officer, which is summarised in the following chart:

Select search consultants

The committee chairman conducted a review to identify appropriate consultants and proposed the Zygos Partnership* ('Zygos'), an experienced and reputable executive search firm which specialises in board level appointments. The committee approved Zygos' appointment.

Board composition review

The committee reviewed the skills, experience and diversity of the board to identify any particular gaps that should be covered by the new appointee.

Specification

Based on its review of board composition, and discussions with Zygos, a specification was produced. The specification was considered by the committee and recommended to the board for approval.

Interviews

A long list of candidates was provided by Zygos and interviews were conducted by the Chairman, Senior Independent Director and other members of the committee. Following this stage, a short list of three preferred candidates was identified.

Final interviews

The committee conducted final stage interviews with the three shortlisted candidates. James Drummond was identified as the preferred candidate.

Due diligence recommendation

A thorough due diligence and referencing process was conducted. Following satisfactory conclusion of this process, the committee recommended James' appointment to the board.

* Zygos is a signatory to the voluntary code of conduct on gender diversity for external search consultants. During 2015, Zygos provided no other services to the company.

Diversity

Berendsen has established a number of diversity programmes and initiatives across the group including the 'Women in Berendsen' network and the company-wide diversity policy. The committee is pleased with the level of awareness across the business and strongly supports and receives updates on all of the diversity initiatives. Both Lucy Dimes and Maarit Aarni-Sirviö attended the 'Women in Berendsen' workshop and dinner in January 2015, which aims to mentor and provide guidance and support to the development of female executive talent within our group.

Our gender diversity policy ensures that, where possible, each time a member of senior management or a director is recruited at Berendsen at least one of the shortlisted candidates is female. Although gender diversity is a key area of focus throughout the group, the board considers all diversity issues in the broadest sense including, but not limited to, nationality and ethnicity. As a multinational business, it is crucial that the board considers all diversity practices that could affect its efficiency and leadership, while ensuring that the strongest candidates on merit are considered for vacant positions.

The committee was disappointed that it was unable to shortlist a female candidate for the final stage of the appointment of the new Chief Executive Officer, although a number of female candidates were interviewed at an earlier stage in the process. This decision was based on the overall quality of the candidates considered, with the three very best on merit all happening to be male in this instance. The board continues to comprise 29% female directors, in excess of its stated minimum target of 25% female directors. We have noted the recommendation in Lord Davies' final report on women on boards that a target of 33% female board representation be achieved by FTSE 350 companies in the next five years, and will review our policy in light of this during 2016.

Independence and re-election to the board

The composition of our board is reviewed annually by the nomination committee to ensure that there is an effective balance of skills, experience and knowledge.

The committee conducted a specific review of the independence of Andrew Wood and David Lowden in the year as their three-year appointments were due to expire on 28 February 2016. Neither Andrew nor David were present during the committee's discussion which took into account the following considerations:

- Performance
- Length of tenure on the board
- Board composition
- Independence
- Other external commitments

Having conducted its review, the committee was satisfied that it was appropriate to recommended to the board that Andrew's and David's appointments should be extended for a further three years (subject to re-election by shareholders at the 2016 AGM).

In accordance with the Code, all directors wishing to continue will retire and offer themselves for re-election by shareholders at the 2016 Annual General Meeting. Further biographical information on each of our directors can be found on pages 56 and 57, which shows the breadth of strategic and financial management insight brought to our board table.

Succession planning

We have continued to develop and monitor extensive succession plans both at board and senior management level throughout the group. The committee's input and oversight into the succession planning process can be summarised as follows:

- In May 2015, Chris Thrush, Group Director, Human Resources presented to the committee details of the succession planning and development programmes throughout the group for senior management. Potential successors, including a mix of internal and external candidates have been identified for the top 100 senior management positions and the committee again reviewed the profiles of all of these positions during the year;
- The board and committee met with specifically targeted individuals identified as potential executive talent during their site visits in the year; and
- The committee regularly monitored the schedule on the length of tenure of the Chairman and non-executive directors, and reviewed potential departure dates assuming the relevant directors are not permitted to serve more than three three-year terms.

The committee continues to be satisfied that adequate succession planning is in place for the Executive Board and senior executives. Succession planning will remain a key ongoing focus of the committee in 2016 and beyond.

Audit committee report

Andrew Wood
Chairman of the audit committee

2015 Key achievements

- Reviewed the significant financial judgements made during the year and in the preparation of the Annual Report and Accounts
- At the request of the board, conducted a review of the 2015 Annual Report to confirm that it was fair, balanced and capable of being understood by shareholders
- Assisted with the design of the process by which the board assessed the ongoing viability of the company in support of the viability statement required under the 2014 UK Corporate Governance Code
- Approved improved risk management processes to ensure these are more responsive to any potential changes in activities or the business environment
- Ensured a comprehensive Internal Audit Programme and oversaw the recruitment and induction of a new Head of Internal Audit
- Assisted with the induction of the new external audit partner
- Conducted a review of the external auditor's work throughout the year and made a final recommendation to the board to reappoint PricewaterhouseCoopers LLP for the year ending 31 December 2016

If you would like to discuss any aspect of the committee's activities with me, please feel free to email me at **auditchairman@berendsen.eu**

Dear shareholder

I am pleased to present our audit committee report for 2015.

Throughout the year, we have continued our focus on the integrity of financial reporting and internal controls. We were again asked to advise the board whether the 2015 Annual Report and Accounts are fair, balanced and understandable (in accordance with UK Corporate Governance Code provision C.3.4). Having conducted a comprehensive review (described on page 77 of this report), the committee was satisfied that the 2015 Annual Report and Accounts are fair, balanced and capable of being understood by shareholders and that they include all the necessary information to allow our shareholders to assess Berendsen's performance, business model and strategy. We have advised the board of the outcome of our assessment.

As we noted in our 2014 report, we have monitored the implementation of procedures to address the revised requirements of the 2014 UK Corporate Governance Code around internal control and risk management. The principal risks facing the company, which are subject to robust assessment by the board, are set out on pages 26 to 31, and the ongoing monitoring, and effectiveness review of the group's risk management and internal control systems are described on page 74. We have also assisted the board in designing the process by which the directors have assessed the long-term viability of the company as required under the new Code provision C.2.2. (this process is described in full on page 75). Our viability statement is set out on page 27 and includes the explanation of how the assessment has been made and why the period covered by the statement is considered appropriate.

Our review of the significant financial judgements made during the year and any key financial reporting issues is described on page 72 of this report. During 2015, we routinely considered potential for fraud in revenue recognition and management override of controls. In addition, we considered three key reporting judgements:

- Goodwill impairment;
- A potential exposure to an environmental liability in Sweden and Holland; and
- Quality of earnings.

We have also received regular updates on the work of the internal auditors during the year. We were involved in the process for appointing Luke Walker as our new Head of Internal Audit, and are pleased to see that he has settled well into the role. The primary focus of the comprehensive internal audit programme for 2015 was to provide assurance on key internal control activities and the control and governance framework. Our procedure for ensuring that all of the recommendations made by internal audit are implemented in a timely manner continues to operate effectively, and the committee is satisfied with the relationship between the internal audit function and executive management.

The committee was actively involved in ensuring a smooth handover to Matthew Mullins, our new external PwC audit partner from 2015. This handover was considered as part of our comprehensive review of the external auditor's independence and effectiveness (described on page 72), following which the committee has made a recommendation to the board that the external auditor is reappointed for the year ending 31 December 2016.

Andrew Wood
Chairman of the audit committee
25 February 2016

Accountability

Membership and meetings

In addition to its members, other individuals and external advisers may attend each committee meeting at the request of the committee chairman. At least once a year, the committee meets with the external auditor and the Head of Internal Audit without executive management present. The committee chairman also regularly meets with the Head of Internal Audit and the external auditor, again without any other members of management being present.

Andrew Wood is a Chartered Management Accountant and has over 15 years' experience as a Group Finance Director (at two FTSE 250 listed companies). Andrew is also chairman of the audit committee at Air Partner plc, Lavendon Group plc and Stobart Group Limited, and is therefore considered by the board to have sufficient recent and relevant financial experience to discharge his duties as chairman of the committee.

The company provides an induction programme for new committee members and on at least an annual basis also provides ongoing training to enable the committee members to carry out their duties.

Areas of focus in 2016

- → Review the significant judgements applied in the preparation of the Annual Report and Accounts
- → Ensure that the key risks identified by the board are effectively managed during the implementation of the new strategy
- → Conduct a review of our policy on non-audit services during the first six months of 2016
- → Conduct a review of internal controls and risk management following the completion of the strategy review
- → Review the independence and effectiveness of the external auditor
- → Ensure that there is a comprehensive internal audit programme

Committee attendance in 2015

Committee members	Independent	Committee meetings			Attendance*
		Feb	Jul	Dec	
Andrew Wood	Yes	✓	✓	✓	100%
Maarit Aarni-Sirviö	Yes	✓	✓	✓	100%
Lucy Dimes	Yes	✓	✓	✓	100%
David Lowden	Yes	✓	✓	✓	100%

* % based on the meetings entitled to attend.

Audit committee activity in 2015

20%

Internal control and risk management systems

- → Undertook regular reviews of the schedule of key controls documenting how the most significant risks facing the group are managed
- → Reviewed a risk management update on the progress made throughout 2015 and how the group is managing cyber risk
- → Reviewed the group delegated authorities
- → Regularly monitored the risk management and internal control systems
- → Approved the Risk Management Plan for 2016

25%

External audit

- → Reviewed external auditor reports on year-end and half-year financial statements
- → Met PwC audit partner without management present
- → Discussed external auditor strategy, scope and fees for 2015
- → Reviewed reports from PwC on the 2015 year-end audit and agreed 2015 external audit fees
- → Assessed qualifications, expertise, resources and independence of PwC
- → Assessed effectiveness of external audit process

30%

Integrity of financial statements and announcements

- → Reviewed the key accounting judgements and significant issues of the 2014 and 2015 year-end accounts
- → Reviewed preliminary results announcement
- → Carried out a fair, balanced and understandable review of the 2015 Annual Report
- → Approved process for the assessment of the Company's longer-term viability
- → Reviewed going concern and viability statements
- → Reviewed key accounting judgements and significant issues associated with the 2015 half-year results
- → Reviewed half-year results announcement
- → Approved the process for the assessment of the company's longer-term viability

Find out more
Pages 72 and 75

20%

Internal audit function

- → Oversaw induction of new Head of Internal Audit
- → Received reports from Head of Internal Audit at each meeting
- → Met Head of Internal Audit without management present
- → Agreed 2016 internal audit plan

5%

Other

- → Reviewed the committee's performance over the year
- → Received a biannual update on the group whistleblowing system
- → Reviewed and recommended new audit committee terms of reference for board approval

External audit

Our terms of reference were amended during the year to reflect the increased responsibilities for audit committees introduced by The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the CMA Order). Under its increased responsibilities, the committee has not only managed the relationship with the external auditor (currently, PricewaterhouseCoopers LLP (PwC)) on behalf of the board, but was also solely responsible for negotiating the scope of the external audit and for agreeing the auditor's fee.

Effectiveness of the external audit process

Following the publication of the Annual Report, the committee reviews and considers the effectiveness of the external audit process. The 2015 review (in respect of the audit of our 2014 Annual Report) is summarised in the chart below and the committee's assessment was informed by senior management providing feedback on the external audit process and any comments provided by the Chief Financial Officer, the Head of Internal Audit and the Company Secretary.

Independence

An important aspect of managing the external auditor relationship, and of the annual effectiveness review, is ensuring there are adequate safeguards to protect auditor objectivity and independence. In conducting its annual assessment, the committee has considered:

- → Feedback from the Chief Financial Officer who monitors the independence of the external auditor;
- → Audit fee benchmarking against other comparable companies, both within and outside of the group's sector, to ensure ongoing objectivity in the audit process;
- → The level and nature of non-audit fees accruing to the external auditor;
- → The external auditor's formal letter of independence; and
- → The length of tenure of the external auditor and of the audit engagement partner.

Significant financial judgements in 2015

The key reporting judgements considered by the committee and discussed with the external auditor during the year are provided below:

Issues	Judgements
Goodwill impairment The committee assessed the carrying value of goodwill based on the future cash flow projections of the business.	The committee reviewed the level of headroom provided by the business cash flows and discount rate utilised and challenged the basis of these as appropriate. It concluded in the case of the German and Austrian CGU an impairment charge of £6.4m was required to fully write-off the associated goodwill. For all other CGU's it concluded that significant headroom exists and that the application of reasonable sensitivities to the cash flows would not impact the carrying value of goodwill.
Contingent liabilities The committee considered the likelihood of environmental liabilities crystallising and whether a provision should be recognised. In addition, the committee reviewed the strength of the claim on the warranties received for environmental damage when it acquired laundry sites in Sweden and Holland.	The committee reviewed the level of environmental provision and considered them sufficient in light of certain third party reports and management estimates. The claim on the warranties, which were given in a clear and unequivocal manner, was confirmed following a review by the company's lawyers.
Quality of earnings The committee reviewed the impact of any matters that might influence or distort the presentation of the accounts and ensured that these are appropriately disclosed.	The committee was presented with an analysis of a limited number of immaterial and unusual or non-trading items and concluded that the effect of these were not material to a fair and balanced understanding of the accounts. The committee concluded that costs related to the implementation of the strategy update and the goodwill impairment charge should be separately disclosed as an exceptional item.
Potential for fraud in revenue recognition and management override of controls The committee considered the presumed risks of fraud in revenue recognition and management override of controls as defined by auditing standards and the threat to risk.	The committee considered its risk processes and controls and confirmed that these risks are appropriately managed.

* In addition to the above, we discussed the judgements over the key balance sheet areas such as fixed assets, inventory and tax.

External auditor effectiveness review

The committee considered whether the external auditor had appropriate resources and expertise to conduct the audit.

The committee received comments from the CFO and management on the objectivity of the auditor.

Non-audit services provided by PwC were reviewed and, as described on page 73, are not considered to have affected the auditor's independence.

The committee considers the effectiveness and organisation of the planning process for the audit and post-audit evaluation.

The committee also reviewed the quality of reporting from the external auditor and their recommendations.

Following the effectiveness assessment, we are pleased to report that the committee is satisfied that PwC continues to be independent and capable of conducting the external audit objectively and professionally. Feedback arising from the evaluation process has been provided by the committee chairman to the audit partner, and a formal recommendation has been made to the board, for approval by shareholders, that the external auditor is reappointed and the committee be authorised to agree their remuneration for the 2016 audit.

Audit tender

We noted in our 2014 Annual Report and Accounts that PwC has effectively been the company's incumbent external auditor since 1980, and that, under the transitional provisions of the CMA Order, we are not required to conduct a mandatory competitive audit tender process until 2020 (taking into consideration the flexibility offered by the transitional provisions).

At a time of significant change for the group, including the recent internal changes to the group's structure and executive management and the ongoing strategy review, the committee does not believe it is in the best interest of shareholders to conduct a competitive tender process during 2016. The committee believes it would be most appropriate to do so during the financial year ending 2019 which is at the end of the current audit partner's five-year engagement and, this approach is in line with the transitional provisions of both the CMA Order, and the new EU audit reform legislation, which will come into force in June 2016. This position will, however, be kept under review. We intend to keep shareholders fully updated on our timetable for audit tender/rotation and will provide further updates when necessary.

There are no contractual restrictions in relation to the company's choice of external auditor.

Non-audit services

The group's pre-approval policy for the provision of non-audit services by the external auditor is described below. During 2015, other accounting firms were used for larger non-audit services, including taxation and consultancy advice. Details of services provided by the auditor and its associates are included in note 3 on page 136.

The focus of the policy is to ensure that the independence of the external auditor is not compromised, and where possible, other accounting firms are used. During 2015, the external auditor conducted £300,000 of non-audit services which were principally related to tax compliance and tax advisory services. The committee concluded that it was in the interest of the company to purchase these non-audit services from the external auditor, rather than another supplier, as it was best placed to provide these services due to its knowledge of the business.

The committee intends to conduct a review of the group's policy on non-audit services during 2016, to ensure that the group complies with the new restrictions on certain non-audit services as well as the proposed cap on non-audit services which will be introduced from 17 June 2016 by the EU Statutory Audit Regulation. Under the proposed rules, the new restrictions on services will need to be implemented by the group by 1 January 2017.

Policy on non-audit services

- The objective of maintaining a policy on non-audit services is to ensure that the provision of such services does not impair the external auditor's independence or objectivity
- The external auditor cannot be engaged to perform any assignment where the output is then subject to its review as external auditor
- All services provided by the external auditor (other than the audit itself) are regarded as non-audit services (no matter how directly related to or consequential upon the audit they may be)
- The approval of the committee or chairman of the committee (should an emergency situation occur and urgent advice be needed) is required in advance of any new engagement with the external auditor to provide non-audit services in excess of £50,000

Permitted non-audit services

- Advice and assurance on financial reporting, interpretation and implementation of accounting standards, tax and governance regulations
- Advice and assurance in respect of direct and indirect tax matters including tax compliance, certain areas of tax planning advice, tax consultancy services and employee tax services
- Project assurance and advice

Specifically prohibited non-audit services

- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Broker or dealer, investment adviser or investment banking services
- Bookkeeping services related to accounting records or financial statements
- Design and implementation of financial information systems
- Internal audit outsourcing services
- Legal and other services unrelated to the audit
- Management functions including human resources

Internal audit

Our group internal audit function, led by the Head of Internal Audit, is appropriately resourced with the skills and experience relevant to the operations of the group, and is supported by specialist resources where required. The Head of Internal Audit is accountable to the committee, has access to the committee members at any time, and meets independently with the committee chairman regularly during the year. Additional meetings between the committee chairman and the new Head of Internal Audit were held in 2015 to assist the successful handover to the new Head of Internal Audit.

A key focus of internal audit activity in 2015 has been on providing assurance on key internal control activities, along with providing assurance around the control and governance framework.

The committee receives a report on internal audit activity at each meeting, and monitors the status of internal audit recommendations and management's responsiveness to their implementation. The committee also reviews annually the adequacy, qualifications and experience of the group's internal audit resources and the nature and scope of internal audit activity in the context of the group's risk management system as set out on pages 24–25.

Internal control and risk management

Board assessment of the effectiveness of internal control systems

As Berendsen continues to grow and develop, it is a key responsibility of the board to ensure that we maintain effective internal control procedures and adequately manage the risks facing the group. The board is dedicated to ensuring that there is a strong and regularly monitored control environment, that aims to minimise financial risk and provide assurance that the group's strategic objectives will be achieved within the risk tolerance levels set by the board. The board, with the assistance of the audit committee, regularly monitors and reviews the policies and procedures making up the group's internal control and risk management system through the following:

Control policy/procedure	Monitoring
Minimum control framework for financial reporting	Core financial reviews conducted by internal audit and presented to the audit committee (see below)
IT minimum control framework (developed by IT steering committee)	IT general control reviews conducted by internal audit and presented to the audit committee
Incident reporting system identifying all issues in respect of health and safety, anti-bribery and corruption and all other corporate responsibility-related incidents	Issues reported to the audit committee and the board, both of which also receive biannual reports on: → Health and safety incidents and statistics; and → Corporate responsibility-related incidents and CO_2 emission statistics.
Group Risk Manager compliance review (confirming that all business are in compliance with group corporate responsibility and risk policies and procedures including (but not limited to): → Business continuity planning; → Health and safety policy; → Ethics and anti-bribery and corruption; → Incident reporting; → Environment and community; and → Whistleblowing.	Results from the annual anti-bribery and corruption risk assessments, completed by our businesses, are reported to the audit committee. The review is conducted biannually in March and September and where non-compliance is detected, actions are agreed and followed up until implementation. Outcomes of both reviews, and the follow-up on outstanding actions, are reported to the board.

To support ongoing monitoring activity, the board and audit committee requested, received and reviewed reports from senior management, advisers, group internal audit and our external auditor. At board level, discussions are held routinely on the effectiveness of our internal control mechanism and risk management. An area of particular focus at board meetings during 2015 was the management of risk in relation to the business model proposed by the strategic review, and our future performance, solvency and liquidity. The committee and board are satisfied that there are established procedures to identify and manage risks during the development and execution of the revised strategy. Further details of the principal risks and uncertainties facing the group and risk management processes can be found on pages 24 to 31 of the Risk report.

The board considers that the information that it receives is sufficient to enable it to review the effectiveness of the group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Using the ongoing processes outlined on page 25, we continuously identify areas where internal controls can be improved and devise action plans as appropriate. Progress towards completion of actions is regularly monitored by management and the board. The board considers that none of the areas for improvement identified constitute a significant failing or weakness.

Financial reporting

The group's minimum control framework for financial reporting includes clear policies and procedures for ensuring that the group's financial reporting processes and the preparation of its consolidated accounts comply with all relevant regulatory reporting requirements. These are comprehensively detailed in the Group Finance Manual, which is used by the businesses in the preparation of their results. Financial control requirements are also set out in the 'Group Finance Manual – Minimum Control Framework' which are:

- Subject to half-yearly and year-end confirmation of compliance as part of the interim and half-year and year-end reporting;
- Reviewed as part of the Group Balance Sheet Reviews; and
- Monitored via inclusion in Internal Audit Core Financial Reviews.

Detailed accounts for each reporting entity are prepared monthly, comprising an income statement, cash flow statement and balance sheet in a manner very similar to the year-end and half-yearly reporting processes. These are subject to management review and analysis in the financial review cycle.

Viability statement

The audit committee approved the process and advised management of the information that would be required for the board to sufficiently review the company's viability for the next three years. Detailed below is an overview of the process, approved by the committee, for the assessment of the company's viability. The full viability statement can be found in the Risk report on page 27.

Viability statement process

In order to consider the company's viability, risk identification and assessments were completed. This process was performed with assistance from our Group Risk Manager. The following factors were considered:

- Our current financial and operational position and the current economic outlook;
- The group's cash flows and other key financial ratios over the period;
- A robust assessment of the principal risks currently facing the group and the potential impact of them actually occurring;
- How the group's principal risks could threaten our business model, future performance, solvency or liquidity in severe scenarios;
- Risks other than those identified as principal risks; and
- The strength of our internal processes to handle a scenario where one or more of the principal risks occur.

Wider context of the group

As part of the review, the board also considered the wider context of the group, including our business model, strategy and risk appetite, and how this impacts on viability.

Risk identification

We considered the following:

- The principal risks to viability (that could impair solvency/liquidity);
- We excluded (for the purpose of viability assessment modelling) risks that were not sufficiently severe over the period of the assessment (i.e. the risk would be severe but only likely to occur after our three-year timeframe);
- We identified other risks on our risk register that, while not necessarily severe in themselves, could become severe in combination with other risks; and
- We considered risk combinations (i.e. are risks casually linked – in order that they are grouped together for modelling purposes).

Risk assessment

For each risk, we considered:

- Our risk appetite: the degree of risk the board is willing to take;
- Our risk tolerance: are we within our tolerance level for a particular risk or scenario;
- Our risk proximity: how far away in time it is likely to occur;
- Risk velocity: how fast could the impact be felt; and
- Quantum of risk.

Scenario modelling analysis

For those risks considered sufficiently severe so that viability and 'business as usual' would be at risk, we performed the following:

- Tested the impact of risks against financial modelling over the period of assessment (three years);
- Considered sensitivity analysis/headroom;
- Considered reverse stress-testing (i.e. how bad does a scenario have to be so that the business would not be viable); and
- Conducted a stress-testing exercise on our long range plans (LRP).

The scenarios tested are based on aspects of principal risks 3, 4 and 8 and included:

- A significant shortfall of sales growth in budget and LRP (three years);
- A significant devaluation of major currencies against Sterling; and
- A significant rise in interest rates.

The risk of the UK leaving the EU was also taken into account in the viability analysis.

The viability statement can be found in the Risk report on page 27.

IT and supply chain risk management

During 2015, the committee monitored the work undertaken by the risk management function to manage IT-related risks. An IT risk assessment for the group was completed and actions were identified to further strengthen the IT internal control environment across all businesses. The committee will be regularly updated on the progress made on action implementation throughout 2016. The committee also monitored the measures taken in 2015 to further reduce risks to corporate responsibility within the supply chain. The measures included the review and update of the Code of Conduct for suppliers as well as strengthening the supplier whistleblowing policy and system (it is now available in an additional 22 languages); both measures have been communicated to suppliers and have been published on Berendsen's corporate website.

Incident reporting

In 2015, the committee monitored the work undertaken by the risk management function to improve the incident reporting procedures. The procedure was updated in order to provide a more 'instant' aspect to the reporting process as well as to ensure that all possible significant failings or weaknesses were identified and that appropriate corrective actions are put in place. The new procedures also ensure that any lessons learnt are shared across businesses to further improve systems and processes across the entire group.

Whistleblowing

During 2015, the group's whistleblowing procedure was operated in 27 languages and 16 countries with systems in place to ensure that any concerns were addressed confidentially, promptly and thoroughly. Concerns were raised by employees on eight separate issues (2014: three separate issues), which were predominantly HR-related, low level in nature and did not reveal any significant internal control failure.

The audit committee receives a biannual report (February and July) from the Company Secretary which includes details of any new incidents as well as providing updates on the integrity of the whistleblowing procedures and the state of any ongoing investigations and the conclusions reached. Significant issues relating to potential fraud are escalated to the audit chairman immediately. An annual 'checking' process was conducted in July 2015 by the Company Secretary to ensure that all employees are aware of the whistleblowing system.

Strengthening IT governance

In 2015, we further strengthened our IT governance with special focus on IT security and resilience of IT infrastructure critical for business and service continuity. As part of this, we conducted third-party penetration tests in selected countries at the end of 2015 to determine the strength of our IT systems.

We also hired our first group specialist IT Internal Auditor in November 2015 who will be working alongside management teams to help identify improvements to IT processes and IT operations, as well as evaluating our resilience to cyber attacks.

During 2016, we intend to complete a thorough risk assessment of information security and have a continued focus on IT strategy. Our audit committee will receive regular updates on these assessments throughout the year.

Review of the 2015 Annual Report

At the request of the board, the committee was asked to consider whether the 2015 Annual Report is fair, balanced and capable of being understood by shareholders. In order to arrive at a position where the committee was satisfied with the overall fairness, balance and clarity of the Annual Report, a comprehensive review process was followed.

Reporting requirements
Dec. 2014 and Feb. 2015

The committee received detailed briefings on changes to reporting requirements (including the new requirement for a viability statement) and key areas to be considered when performing the review.

Agreed timetable
December 2015

Agreed an accounts production timetable allowing sufficient time for a comprehensive review of early drafts to enable input and involvement from the committee.

External auditor review
January 2016

Considered the external auditor's review of the Annual Report and Accounts and held discussions with management to provide feedback.

Audit committee review
19 February 2016

The committee conducted a thorough review of the final draft Annual Report to ensure that it is fair, balanced and understandable.

Finalised report
26 February 2016

The audit committee's comments are incorporated (and agreed) before the Annual Report is finalised.

During the course of the committee's review, the following questions were considered for debate:

Fairness and balance

- Is the Annual Report open and honest? Does it report on weaknesses, difficulties and challenges as well as successes?
- Is there consistency between different sections of the Annual Report, including between the narrative and the financial statements?
- Does the Annual Report explain our key performance indicators (KPIs) and their linkage to strategy?

Understandable

- Does the Annual Report contain simple explanations of business models, strategies and accounting policies, using precise and clear language?
- Is the Annual Report easy to read; for example, is the narrative broken up by quotes, tables, case studies and other graphics?
- Does the Annual Report have a consistent tone across all sections and provide clear signposting to where additional information can be found?

After careful review, the committee was satisfied that, taken as a whole, the Annual Report was fair, balanced and capable of being understood by shareholders, and advised the board accordingly.

This corporate governance statement, including the reports of the nomination and audit committees, was approved by the board on 25 February 2016.

By the order of the board,

David Lawler
Company Secretary
25 February 2016

Strategically aligned remuneration continues to deliver

"Our simplified and strategically aligned remuneration structure means that our executives remain completely focused on delivering shareholder value".

David Lowden
Chairman of the remuneration committee

This report is structured as follows:

If you would like to discuss any aspect of our remuneration strategy, please feel free to email me at **remcochairman@berendsen.eu**

Annual statement

Dear shareholder

As chairman of the remuneration committee and on behalf of the board, I am pleased to present our directors' remuneration report for 2015 comprising this statement, a remuneration policy report and the annual report on remuneration.

In 2015 we undertook a comprehensive review of our remuneration policy. This was conducted on the back of the business strategy review to ensure that our policy was effectively aligned to the company's evolving business needs. As highlighted last year, the committee also wanted to ensure that the policy was capable of satisfying increased investor preference for greater simplicity and transparency.

The key themes and changes to our policy are discussed in greater detail overleaf but are summarised below:

- **Remuneration linked to strategy:** Especially, greater emphasis on linking annual bonus payouts to improved earnings;
- **Simplified remuneration arrangements and reduction in quantum:** In particular, the removal of the Co-Investment Plan (CIP) resulting in a reduced long-term incentive maximum total pay opportunity; and
- **Shareholder alignment:** To further align the interests of management with shareholders, we are doubling the executive directors' share ownership requirements from 100% of salary to 200% of salary and introducing malus and clawback for variable remuneration.

Throughout this process we have engaged with our major shareholders and are pleased to report that our proposals were well received. I am confident that we now have a remuneration framework that is appropriately aligned both to our business and to the interests and current expectations of our shareholders. As such, we are asking shareholders to approve the new remuneration policy at our 2016 Annual General Meeting (AGM) including a renewal of the company's Performance Share Plan (PSP) and Sharesave Plan.

2016 onwards – changes to the remuneration policy

Remuneration linked to strategy

As our Chief Executive Officer outlined on pages 01 to 06, the main conclusions of the business strategy review were that we needed to be more customer and market focused, that we should continue to challenge ourselves to be operationally better organised and that we should remain disciplined about using capital effectively. In a remuneration context, this translates into rewarding performance which targets:

- Revenue growth ahead of GDP;
- EPS growth ahead of revenue;
- Strong underlying cash flow and cash conversion; and
- Superior post-tax ROIC, well ahead of the company's cost of capital.

Accordingly, the committee believes that three-year adjusted EPS growth and ROIC remain key strategic measures of the company's long-term performance and therefore remain appropriate measures for the PSP.

By removing the personal multiplier in the annual bonus plan, any payout will be based exclusively on financial results. To ensure these results are coupled with satisfactory progress in respect of the group's non-financial strategic priorities, the committee will have discretion to reduce any annual bonus payment to reflect performance against these additional priorities.

Simplified remuneration arrangements and reduction in quantum

Reflecting recent trends in the market and in response to specific feedback from shareholders, the committee proposes to remove the CIP from the remuneration policy and to continue with a single long-term incentive plan – the PSP. As the PSP will expire in April 2016, we are seeking shareholder approval to renew this plan at the AGM (along with the company's Sharesave Plan which is also due to expire).

The committee is proposing that the maximum annual award that may be granted under the PSP should increase to 200% of base salary in normal circumstances and to 240% of base salary in exceptional circumstances. Whilst this represents an increased award level under the PSP, the removal of the CIP award results in an overall decrease in the normal maximum total pay opportunity for the executive directors of circa 8.8%.

The committee is also proposing to remove the annual bonus personal performance multiplier. Whilst the maximum bonus opportunity will remain at 130%, the calculation of any bonus will now be completely linked to corporate measures (including an EPS underpin) thereby ensuring continued focus on financial performance. The requirement to defer 25% of any bonus into shares will remain.

Shareholder alignment

In light of evolving investor views, the committee has determined that in future, the executive directors will be required to build and retain a shareholding of at least two times base salary, an increase of 100% of base salary on the previous shareholding requirements.

In line with current market practice and to further strengthen the alignment with shareholders, the committee proposes to introduce malus and clawback provisions for the new PSP and the company's Annual Bonus Plan and Deferred Bonus Plan. Further details about malus and clawback are given on page 83.

Management changes

Peter Ventress resigned from his position as Chief Executive Officer with effect from 31 July 2015 and will retire from Berendsen on 28 April 2016. The committee discussed and approved his retirement arrangements, details of which can be found in full on page 91. In accordance with contractual terms, no compensation was paid for loss of office.

Following a comprehensive recruitment process, James Drummond joined us on 1 July 2015 and assumed the role of Chief Executive Officer on 1 August 2015. After careful consideration of all relevant market factors and the skills and experience that James brings to the role, an annual base salary of £525,000 was determined, being positioned slightly less than Peter's, for the year commencing 1 January 2015. Incentive arrangements for James are in line with our current policy and outlined on page 91.

Performance outcomes for 2015 and decisions made for 2016

As the Chief Financial Officer notes in his financial review on page 36, the company has continued its track record of strong performance in 2015. The group delivered £102.5m of free cash flow (cash conversion of 99% of adjusted profit after tax) and its ROIC was 10.3% (being our preferred measure for assessing how efficient the company has been at using shareholder money to generate returns). Adverse currency translation of over 7% on revenue meant that operating profits decreased by 3% and adjusted EPS decreased by 3% from 62.1 pence to 60.4 pence.

We have maintained our cash discipline to ensure positive cash flow which continues to enable us to invest in the future and to grow our dividend whenever prudent to do so. The interim dividend paid to shareholders on 9 October 2015 was 5% higher than the previous year and the proposed 2015 final dividend of 31.5 pence per share will be 5% higher than in 2014.

Incentive outcomes

Against this backdrop, the key decisions made in respect of performance in 2015 by the remuneration committee are as follows:

- Based upon financial performance, annual bonus outcomes for the executive directors resulted in payouts of 86.5% of salary, representing performance between target and stretch. Having considered achievement against individual non-financial targets, overall bonuses equal to between 108.1% and 112.5% of salary were paid; and
- Under the company's long-term incentive plans (PSP and CIP), awards that were granted in 2013 will vest at 47.5%. While target performance was achieved based on ROIC, currency translation meant that the EPS threshold target was only just achieved.

Annual bonus	
Adjusted EPS KPI	Between target and stretch: 86.5% of salary
Free cash flow KPI	
Revenue KPI	
Long-term incentives (PSP and CIP)	
Adjusted EPS KPI	Between threshold and target: 47.5% vesting
ROIC KPI	

Further information about the levels of executive remuneration earned in 2015, including performance against the relevant targets, are given on pages 90 and 95 to 97.

Pay review

As part of the remuneration review, the committee considered the salaries and fees paid to the executive directors, non-executive directors and the chairman of the board to be effective 1 January 2016. Having considered individual and financial performance, general economic conditions and average increases across the group it was decided that the base salary for the Chief Executive Officer and Chief Financial Officer would increase by 2.5% broadly in line with the average salary increase applied throughout the group.

Looking forward

I believe that the company's remuneration policy fully supports our corporate objectives and the remuneration received by the executive directors reflects the consistently strong performance of the company and management. I hope that you will also approve of the measures we have taken to reduce complexity and improve transparency in our remuneration policies and practices.

Ongoing and transparent dialogue with our shareholders on the issue of executive remuneration is very important to us and all feedback helps inform the committee's thinking on remuneration matters. We take an active interest in your views and hope to receive your support at the AGM where I will be available to respond to any questions shareholders may have on this report or in relation to any of the committee's activities.

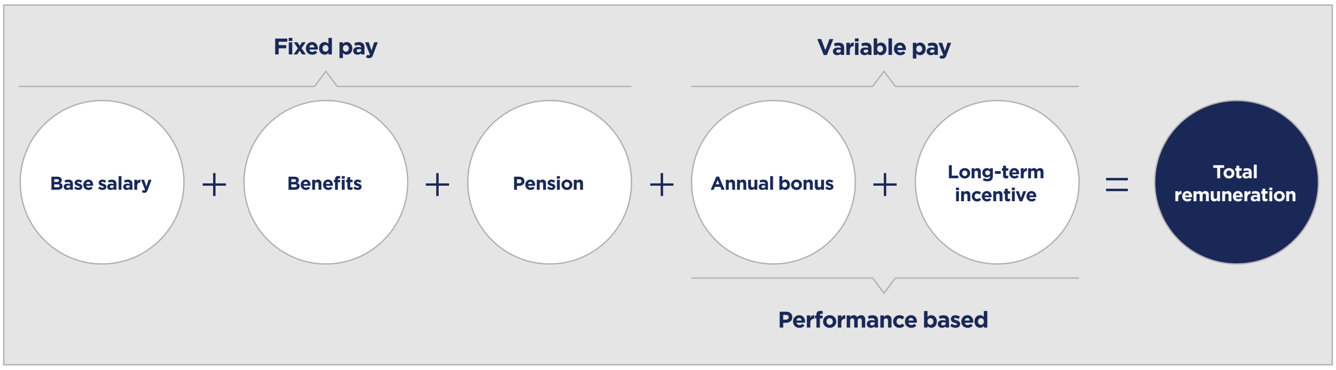
In the meantime, if you would like to discuss any aspect of our remuneration strategy, please feel free to email me at remcochairman@berendsen.eu.

David Lowden
Chairman of the remuneration committee
25 February 2016

Policy report

This Policy report describes the policies, principles and structures that guide the remuneration committee's decision-making process in the area of executive remuneration at Berendsen. If approved by shareholders at the 2016 AGM, it will replace the current Policy report (as approved by shareholders at the 2014 AGM) and will apply for a period of three years from the date of the 2016 AGM unless a revised Policy report is put to shareholders before then. Any existing remuneration commitments or contractual arrangements such as historical share awards, agreed prior to the approval and implementation of this Policy report, i.e. before 28 April 2016, will be honoured in accordance with their original terms.

Remuneration for executive directors will continue to comprise the following elements:



Summary of proposed changes

This Policy Report proposes a number of changes to the Policy report it is replacing, namely:

- → It recognises that the company's existing PSP, that is expiring in April 2016, will be replaced with a new PSP;
- → It simplifies the company's long-term incentive strategy by dropping the company's Co-Investment Plan;
- → It reduces remuneration 'at target' and the maximum total remuneration opportunity;
- → It removes the annual bonus multiplier and provides greater alignment to strategy with the remuneration committee having discretion to reduce any annual bonus for insufficient progress against the non-financial strategic objectives;
- → It increases the shareholding requirements; and
- → It introduces malus and clawback provisions.

Our strategic aim

Our remuneration strategy is to reward executives in line with underlying company performance and the achievement of its strategic goals and priorities. The aim is to encourage appropriate leadership behaviours whilst promoting challenging performance-based outcomes that are capable of incentivising genuine value creation for our shareholders.

Our principles

The company's remuneration principles ensure that the structure and levels of executive remuneration remain appropriate for Berendsen. This is achieved by having a remuneration policy that:

- → Provides an appropriate mix of rewards, incentives and benefits balanced between:
  - fixed and variable pay; and
  - short and long-term performance.
- → Is weighted towards long-term performance and sustained shareholder value creation; and
- → Recognises and rewards stretching performance and appropriate risk/reward behaviours.

Summary of remuneration elements for executive directors

Fixed pay

Base salary

Purpose and link to strategy
To provide a core reward for the role which is set at a level appropriate to attract and retain high calibre individuals needed to execute and deliver on the group's strategic objectives.

Operation
Base salaries are normally reviewed annually with effect from 1 January. Salary levels and increases take account of a variety of factors such as:
- the scope and responsibility of the role;
- the experience, qualifications and skills of the individual director;
- general economic and market conditions;
- salary levels for comparable roles at relevant comparators; and
- general increases across the group.

Maximum
There is no prescribed maximum increase.

In normal circumstances, increases will be broadly in line with those awarded to group employees taking into account performance and geography. In exceptional circumstances, such as a significant increase in the complexity/size of the group or the scope of an individual's position and/or role has changed or where base salary has been set at a level below the desired market level contingent on individual performance, the remuneration committee can exceed the 'normal' level of increase including exceeding it, over a phased period.

Performance framework
The performance of both the group and the individual are key considerations when determining salary increases.

Benefits

Purpose and link to strategy
To be market competitive for the purpose of attracting and retaining high calibre individuals.

Operation
Benefits may be provided as determined by the remuneration committee. Typically, this includes a company car (or cash allowance), life assurance/death in service, permanent health insurance and medical insurance.

Executive directors are also eligible to participate in all-employee share plans operated by the company on the same basis as other employees.

Where applicable, relocation costs may be provided in line with the company's relocation policy, which may include removal costs, accommodation assistance, a cost of living allowance, school fees and tax equalisation.

Maximum
There is no formal maximum limit as the cost of benefit provision can fluctuate depending on changes in provider cost and individual circumstances.

Participation in all-employee share plans is subject to statutory limits.

Performance framework
None.

Pension

Purpose and link to strategy
To provide a market competitive level of retirement benefit.

Operation
Pension contributions not exceeding a percentage of the individual's base salary can be made to an appropriate retirement funding vehicle (typically, the individual's personal pension scheme) or the contributions can be taken as a pension allowance cash supplement.

Maximum
The maximum pension contribution/cash supplement (in respect of a financial year) is 20% of base salary.

Performance framework
None.

Variable pay

Annual bonus

Purpose and link to strategy
To incentivise and recognise the achievement of specific annual financial and business objectives in support of the company's short to medium-term strategy.

The key changes proposed by the remuneration committee with regard to annual bonus are set out on pages 78 to 79.

Operation
Executive directors may be eligible to receive a discretionary annual cash bonus which is not pensionable.

At the start of each financial year, performance measures and weightings are determined and annual financial targets are set by the committee. Bonus outcomes are determined by the committee based on performance against those targets.

A quarter of any bonus that may be paid shall be compulsorily deferred into shares that vest after three years subject to continued employment. Deferred bonus shares are eligible for dividend equivalents over the period from the date the deferred award is granted, to the date of its satisfaction.

In future years, the committee retains the discretion to change the deferred amount and/or vary the deferral period provided that the change does not make the deferred amount any less or the deferral period any shorter, than as outlined in this Policy report.

The committee may apply judgement and shall have discretion to make appropriate adjustments to an individual's annual bonus, for example, to reduce any potential annual bonus if the committee believes that an individual has not made satisfactory progress in contributing to the group's non-financial strategic objectives.

Malus and/or clawback provisions apply to both the cash and the deferred element as described on page 83.

Maximum
The maximum annual bonus potential for executive directors is 130% of base salary. The threshold, target and maximum bonus levels are as follows:

Threshold as a % of bonus	Target as a % of bonus	Stretch as a % of bonus
20%	60%	100%

Performance framework
Current measures for financial performance are KPI adjusted earnings per share (EPS), KPI free cash flow and KPI revenue but outcomes will only be determined provided that the earnings per share threshold has first been achieved.

The committee retains discretion to annually adjust the performance measures/targets/weightings in future years to reflect the prevailing operational and strategic aims and objectives of the business. However, a minimum of 50% of the total will always be based on key financial measures.

Further details of the performance measures/target/weightings are set out in the Annual report on remuneration on page 95.

Variable pay

Long-term incentives

Purpose and link to strategy
To create, incentivise and recognise long-term shareholder value through the satisfaction of challenging and stretching performance measures/targets linked to the company's strategic objectives.

The key changes proposed by the remuneration committee with regard to long-term incentives are set out on page 78 and 79.

Operation
Long-term incentives will only comprise a Performance Share Plan (PSP) award.

Awards are normally granted annually with vesting on the third anniversary of the grant date dependent on the achievement of stretching performance measures/targets over a period of three financial years.

The performance measures/targets will be determined at the start of each performance period in line with the company's strategic objectives.

Malus and/or clawback provisions apply as described below .

Awards will be eligible for dividend equivalents over the period from the date the award is granted, to the date of its satisfaction.

Maximum
The maximum award limit in each financial year will be 200% of base salary. In exceptional circumstances, the committee may make awards of up to 240% of base salary.

Performance framework
There are two equally weighted performance measures:
- Adjusted earnings per share (EPS); and KPI
- Weighted average post-tax return on invested capital (ROIC). KPI

For threshold performance, 25% of the award will vest. For maximum performance, 100% will vest. Vesting will operate on a straight-line basis.

The committee retains discretion to include additional or alternative financial performance measures/targets and/or adjust the weightings in future years to reflect the prevailing operational and strategic aims and objectives of the business.

Further details of long-term incentive awards are contained in the Annual report on remuneration on pages 97 to 98.

Policy on share ownership

The remuneration committee has a policy of encouraging executive directors and senior management to acquire and retain a significant number of shares in the company with the objective of further aligning their long-term interests with those of other shareholders. The minimum share ownership requirement for the Chief Executive Officer and the Chief Financial Officer is 200% of base salary.

Shares that count towards these guidelines include shares owned outright by the executive director and their immediate family and deferred bonus shares and long-term incentive awards (after tax) that have vested.

There is no absolute requirement for non-executive directors to hold shares.

Directors' shareholdings are included in the Schedules to the annual report on page 101.

Malus and clawback

Awards made under the annual bonus scheme (including deferred bonuses) and the PSP will be subject to malus and clawback.

The remuneration committee has broad discretion to decide how (if at all) malus and clawback should be applied, including cancelling, reducing or imposing further conditions in relation to the payment of an annual bonus or the vesting of a deferred bonus or PSP award if it determines that:

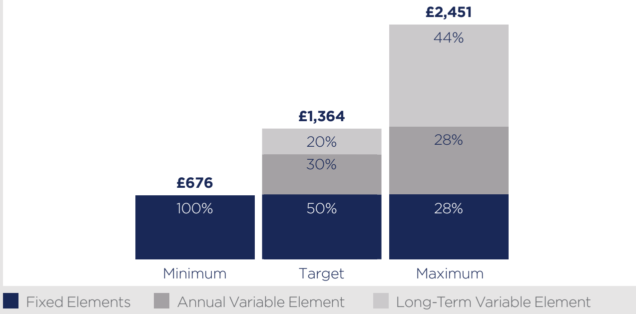
→ There has been a material misstatement of the company's financial results; or

→ An individual's actions amounted to gross misconduct resulting in the group suffering a financial loss or reputational damage.

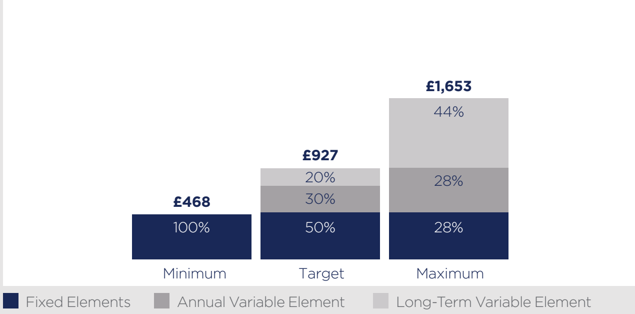
Furthermore, in such circumstances, the committee can decide at any time prior to the first anniversary of the payment of any cash bonus or the vesting of a deferred bonus or PSP award that an amount of value (in cash or shares) should be recovered (clawed back) from the individual and whether that amount will take into account any income tax and national insurance contributions paid by the relevant individual.

Illustrating the application of the remuneration policy

James Drummond (£000)



Kevin Quinn (£000)



The potential reward opportunities illustrated above were calculated using base salaries effective from 1 January 2016. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2016. It should be noted that any awards granted under the PSP do not normally vest until the third anniversary of the date of grant. The projected values of PSP awards exclude the impact of share price growth and dividend accrual. Illustrations are intended to provide further information to shareholders regarding the pay for performance relationship. However, actual pay delivered will be influenced by changes in share price and the vesting period of awards. The assumptions set out below have been made in compiling the above charts:

Assumptions	Minimum	Target	Maximum
Fixed pay	Base salary and pension provision effective 1 January 2016. Benefit levels are assumed to be the same as the last financial year.	Base salary and pension provision effective 1 January 2016. Benefit levels are assumed to be the same as the last financial year.	Base salary and pension provision effective 1 January 2016. Benefit levels are assumed to be the same as the last financial year.
Annual bonus	No annual bonus payable.	On target annual bonus of 60% of bonus potential.	Maximum annual bonus (100% of bonus potential).
PSP	Threshold not achieved (zero vesting).	Share award of 200% of base salary. Threshold vesting (25% of award).	Share award of 200% of base salary. Full vesting (100% of award).

* Pension contributions are 20% of base salary for James Drummond and Kevin Quinn. The Berendsen Sharesave Plan is excluded from the scenarios as the values are negligible.

Performance measures and target setting

The performance measures that apply to annual bonuses (adjusted EPS, free cash flow generation and revenue) were chosen because of the company's ongoing strategic objectives to deliver organic revenue growth ahead of GDP, strong underlying cash flow and cash conversion, and EPS growth ahead of revenue.

The performance measures that apply to the PSP (absolute EPS and ROIC) were chosen because the remuneration committee considers them to be the most accurate measures of long-term company performance, balancing growth and investor returns.

The reason for selecting each performance measure is as follows:

Remuneration performance measures and how these relate to our strategic objectives

Incentive plan	Performance measure	Reason for selection
Annual bonus/PSP	Adjusted EPS KPI	Captures long-term growth and improving financial returns by leveraging operational efficiency
Annual bonus	Free cash flow KPI	Encourages operational cash discipline and improving capital efficiency
Annual bonus	Revenue KPI	Delivers sustainable organic growth
PSP	ROIC KPI	Improves capital discipline and efficiency

See pages 05 and 32 for a summary of our main KPIs and strategic objectives.

In setting performance targets, the committee takes account of annual budgets set by the board, internal and external forecasts as well as the prevailing economic environment. Performance targets are meant to be stretching but achievable.

The committee will keep these performance measures and targets under periodic review and it retains the discretion to alter them or their respective weightings to ensure continued alignment with the company's prevailing strategy. As part of any review, the committee would consider the effect of that strategy on existing performance measures and targets.

Policy on appointment/recruitment

The company's approach to remuneration for newly appointed directors (both internal and external) is consistent with that for existing directors. It shall similarly apply if it is necessary for the Chairman of the board or any non-executive director to assume an executive function on a temporary basis. However, where the company is considering an internal promotion to the board, the remuneration committee may, at its discretion, decide that any remuneration commitment agreed or entered into prior to the promotion, will continue to be honoured even though that commitment may not be consistent with the prevailing policy.

Whilst new executive directors will participate in the company's incentive plans, the committee may, subject to the rules of the applicable plan, amend certain features if it determines that the circumstances surrounding the recruitment merit such changes. The committee will explain to shareholders the reasons for any such changes and an appropriate announcement of the appointment and the appointee's remuneration will be made to the London Stock Exchange and posted on the company's website.

It is not the company's policy to offer buy-out payments but where the committee considers it reasonable to do so in order to recruit a particular individual, it may offer compensation, on a like-for-like basis, for any amounts of variable remuneration being forfeited. In doing so, the committee will consider all relevant factors including: expected values, time horizons, delivery mechanism, the terms of the forfeited remuneration, any performance conditions attached to the compensation and the likelihood of the conditions being met. In order to facilitate such compensation, the committee may rely on any exemptions, procedures or provisions contained in the Listing Rules that permit awards to be granted in exceptional circumstances. To ensure alignment from the outset with shareholders, malus and clawback provisions may also apply where appropriate and the committee may require new directors to acquire company shares up to a pre-agreed level. Shareholders will be informed of any buy-out payments at the time of appointment.

The company may offer to pay reasonable relocation expenses for the new executive director in line with the policies described in this report.

In recruiting a new non-executive director, the committee will use the policy as set out below. In recruiting a new Chairman of the board, the fee offered would be inclusive of serving on any committee.

Summary of remuneration elements for non-executive directors and the Chairman

Purpose and link to strategy

To attract and retain non-executive directors with the appropriate and requisite degree of experience, independence, knowledge and skills and to attract and retain a Chairman capable of providing effective leadership of the board.

Operation

Fee levels are reviewed and determined annually by the board (other than fee levels for the Chairman which are reviewed and determined by the remuneration committee) under a policy that seeks to recognise the time commitment, responsibilities, the technical skills required to make a valuable contribution to the board, and by reference to comparators.

Additional fees may be paid in respect of service as chairman of a committee or for additional duties such as serving as the Senior Independent Director.

Participation is not permitted in any incentive or pension arrangement operated by the company and, other than fees, no additional or other remuneration is paid. Travel and subsistence for non-executive directors based outside of the UK for company-related business will be reimbursed by the company.

Maximum

Any fee increases are applied in line with the outcome of the annual review. The maximum aggregate annual fee for all non-executive directors, including the Chairman, as provided for in the company's Articles of Association, is £750,000.

Performance framework

None.

Service contracts and loss of office

The following table summarises the key terms of the current executive directors' service contracts. It also represents the committee's policy in this area. Service contracts for the executive directors and letters of appointment for the non-executive directors are available for inspection at the company's registered office.

Service contracts for executive directors

Provision	Terms
Notice period	12 months' notice terminable by either the company or the director.
Remuneration and other benefits	As described in the 'Summary of remuneration elements' table on page 82.
Expenses	Reimbursement of reasonably incurred costs in accordance with a director's duties.
Restrictive covenants	Non-compete and non-solicitation provisions.
Termination payments	As summarised in the 'Loss of office' table below. No additional compensation would be paid as a result of a change of control in the company.

Letters of appointment for the Chairman and non-executive directors

Notice period	Chairman: six months' notice terminable by either the company or the director. Other non-executives: one-month notice terminable by either the company or the director.
Remuneration and other benefits	As described on page 85.
Expenses	Reimbursement of reasonably incurred costs in accordance with a director's duties.
Termination payments	Non-executive directors are not entitled to any compensation for loss of office other than their notice period.

The table below summarises the key provisions from the relevant remuneration documents (such as service contracts and plan rules) as they relate to possible payments made for loss of office. It also represents the committee's policy in this area.

Loss of office

Element	Default position	Remuneration committee discretion
Salary and pension	In specified scenarios as set out in the director's service contract (e.g. incapacitation, insolvency, prohibition by law from being a director, serious misconduct or breach of obligations) no payments are due. Otherwise up to 12 months' salary and pension contributions subject to the duty of mitigation.	None
Other benefits	Non-cash benefits will continue to be provided during the notice period. The committee may take account of, and pay in respect of, accrued but unused holiday allowance.	The committee has discretion to approve contributions towards outplacement services and the legal fees for any departing director to the extent it considers appropriate.
Annual (and deferred) bonus	There is no absolute entitlement to payment of an annual bonus and any unvested deferred bonuses would normally lapse on cessation. If classed as a good leaver (death, ill health, redundancy, retirement etc.), the executive could be awarded a bonus or deferred bonus awards might vest.	To determine the extent to which good leaver status should apply in relation to bonuses (including the applicability of time pro rating) and unvested deferred bonus awards.
PSP awards	If the executive director is a good leaver (e.g. ill health, redundancy, retirement etc.) awards vest subject to performance at the normal vesting date (measured at the end of the performance period) subject to time pro rating. If an award takes the form of an option, a six-month exercise period will apply (subject to the overall term of the option). In the case of death, awards vest in full. In all other leaver situations, awards will lapse.	To determine the extent to which good leaver status applies. To permit vesting at the point of cessation, rather than at the normal vesting date. To determine the extent to which the performance conditions are satisfied and the applicability of time pro rating.
One-off awards linked to recruitment	No default position.	To determine the termination provisions prior to the award being made. If such an award were made, full details would be disclosed following the award being granted.
Fees and benefits for the Chairman and non-executive directors	No compensation payable in the event of early termination apart from the notice period.	None.

The committee reserves the right to make additional payments where such payments are made in good faith; in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment.

External appointments
It is a board policy to allow executive directors to accept directorships at other quoted companies and retain any fees linked to the appointment. Any such directorships must be formally approved by the Chairman of the board. None of the executive directors currently holds an external directorship.

Corporate events
In the event of a takeover or other major corporate event (but excluding an internal reorganisation of the company), all outstanding PSP awards would vest subject to the achievement of any performance conditions and any pro rata reduction to reflect the unexpired part of the vesting period. The remuneration committee has discretion to disapply time pro rating if it considers it appropriate to do so.

Awards granted under any all-employee share plan operated by the company would vest in accordance with the prescribed legislation. Payment of any bonuses will not be accelerated unless the committee determines otherwise, taking into account a variety of factors including the extent to which any performance conditions have been satisfied. Deferred bonus awards may vest in full.

Employee remuneration and engagement
When reviewing and setting executive remuneration, the remuneration committee takes into account the pay and employment conditions elsewhere in the group. Specifically, the level of any group pay review is a key determinant when setting the level of any salary increase for the executive directors and will be disclosed in the Annual report on remuneration each year.

The company's approach to reward and remuneration is broadly consistent across the group although, by necessity, executive remuneration is more heavily weighted towards those variable elements of remuneration which are conditional upon the executive directors achieving performance targets linked to the successful delivery of strategy.

All employees are set objectives at the beginning of each year which are linked to the execution of our strategic priorities. Annual bonuses payable to managers across the group depend on the satisfactory completion of these objectives as well as performance against local business unit targets which can be a mixture of financial or personal measures. Other employees may also participate in a performance-based annual bonus plan.

Approximately 110 senior managers are eligible to participate in the Berendsen Long-Term Incentive Plan which is similarly linked to the achievement of strategic priorities. Stretching performance targets that are business unit specific are set and managers receive regular performance updates to ensure they are informed about their progress toward the achievement of those targets, which are typically measured over two or three years.

All permanent UK employees are invited to participate in the Berendsen Sharesave Plan.

The company does not specifically consult with employees over the appropriateness and effectiveness of director remuneration, although it does comply with local regulations and practices regarding employee consultation more broadly. The Group Director, Human Resources ensures that the committee is made aware of any relevant employee feedback regarding the company's remuneration policy.

Further information about our engagement with employees across the group is provided in the 'Our people' section on page 47.

Consideration of shareholder views
The remuneration committee engages in regular dialogue with shareholders and arranges meetings with the company's largest investors to discuss and receive feedback on its remuneration strategy and wider governance matters. The chairman of the committee and the company secretary are available to meet with institutional shareholders to discuss any of the policy related disclosures or outcomes contained in this directors' remuneration report.

Administrative changes to the Policy Report
The Policy report is intended to take effect from 28 April 2016, being the date of the company's AGM. In addition to the various operational discretions that the remuneration committee has (as outlined in this Policy report and including those discretions set out in the company's incentive plans), the committee reserves the right to make non-significant changes to this Policy report, for example, for administrative, exchange control, regulatory or tax reasons, without obtaining shareholder approval for those changes.

The financial information in this part of the directors' remuneration report has been audited where indicated.

Annual report on remuneration

This part of the directors' remuneration report explains how we have implemented our remuneration policy during 2015. The policy in place for the year was approved by shareholders at the 2014 AGM. This annual report on remuneration will be subject to an advisory vote at the 2016 AGM.

Role and membership of the remuneration committee

The role of the committee is to determine and recommend to the board a fair and responsible remuneration framework for ensuring that the company's most senior executives are appropriately rewarded and incentivised for their contribution to company performance. The committee's primary purpose is to ensure that there is a clear link between reward and performance and that the policy, structure and levels of remuneration for both the executive directors and throughout the group:

- Reinforce the strategic aims and objectives of the business, whilst mitigating any risk factors;
- Are aligned to maximise shareholder value on a sustainable basis;
- Are capable of securing, retaining and motivating high calibre individuals to deliver results for shareholders, customers and employees alike;
- Are market competitive, rewarding individuals in line with genuine group performance; and
- Encourage and promote appropriate behaviours and outcomes consistent with the culture of the group.

The committee's composition, responsibilities and operation comply with the principles of good governance (as set out in the UK Corporate Governance Code), with the Listing Rules (of the Financial Conduct Authority) and with the Companies Act 2006. The revised terms of reference for the committee can be found on the company's website at www.berendsen.com.

Committee membership in 2015		Appointed to the Committee
Chairman	David Lowden	March 2010
Committee	Maarit Aarni-Sirviö	March 2014
	Lucy Dimes	June 2012
	Iain Ferguson	March 2010
	Andrew Wood	March 2010
Management attendees (by invitation)		
Chief Executive Officer (from 1 August)	James Drummond	
Chief Executive Officer (until 31 July)	Peter Ventress	
Group Director, Human Resources	Chris Thrush	
Company Secretary	David Lawler	

Committee attendance in 2015	Independent	Committee meetings						Attendance*
		Feb	Apr	Jul	Sep	Oct	Dec	
David Lowden	Yes	✓	✓	✓	✓	✓	✓	100%
Maarit Aarni-Sirviö	Yes	✓	✓	✓	✓	✓	✓	100%
Lucy Dimes	Yes	✓	✓	✓	✓	✓	✓	100%
Iain Ferguson	No	✓	✓	✓	✓	✓	✓	100%
Andrew Wood	Yes	✓	✓	✓	✓	✓	✓	100%

* % based on the meetings entitled to attend.

All members of the committee are considered independent non-executive directors and no member (or attendee) was present when their own remuneration was considered.

Committee activity during 2015

Committee meeting date	Regular items	Remuneration policy review
19 February	Approved and provided feedback on the 2014 directors' remuneration report	Appointed Towers Watson to perform a review of executive remuneration in advance of the PSP expiring in 2016
	Approved the 2015 grant of PSP, CIP and DBSP awards	
	Reviewed the achievement of performance targets for the year ending 31 December 2014 and approved the vesting of PSP, CIP and DBSP awards granted in 2012	
	Reviewed the achievement of performance and personal targets for the year ending 31 December 2014 and approved the payment of the 2014 annual bonuses to the Executive Board	
	Approved the 2015 personal targets set for the Executive Board	
	Reviewed the results of the 2014 committee evaluation, discussed the key topics that arose and established key priorities for 2015	
	Reviewed and approved the committee's terms of reference	
30 April		Received a report from Towers Watson on its executive directors' remuneration review
		Discussed the proposed changes to the executive directors' remuneration in relation to annual bonuses and LTIPs
29 July	Reviewed reports by Towers Watson on investor reactions to the 2015 AGM resolutions (for the FTSE 100 and 250) and market trends	Reviewed a paper on the results of benchmarking performance measures under the LTIPs and Annual Bonus Plan
	Reviewed briefing notes on executive remuneration and market best practice	Reviewed the draft shareholder consultation letter and recipient list
	Approved the grant of a PSP award to James Drummond in August 2015	Received an update on the Strategy Review
24 September		Agreed the proposed remuneration policy for executive directors to be provided to shareholders during the consultation process
		Approved the final version of the shareholder consultation letter and recipient list
		Discussed the potential changes to remuneration for the members of the Executive Board following the completion of the review of executive remuneration
30 October	Received a progress update in respect of the Executive Board's 2015 personal targets	Reviewed the responses from shareholders and proxy agents on our proposed remuneration policy
	Received an update on the Towers Watson and Willis merger and agreed to complete a review of Willis Towers Watson's independence during 2016	Agreed that a feedback letter should be sent to shareholders, thanking them for their input into the consultation and providing details of the final policy
	Reviewed and agreed the structure of the 2016 Executive Board annual bonus under the revised remuneration policy	Reviewed and approved the amended Rules of the Sharesave (SAYE) Plan which would be voted on by shareholders at the 2016 AGM
	Agreed the fees for the Chairman and non-executive directors effective from 1 January 2016	
18 December	Reviewed the financial targets for awards to be granted in 2016 under the PSP, in accordance with the revised remuneration policy	Reviewed and approved the final proposed remuneration policy for the executive directors which would be voted on by shareholders at the 2016 AGM
	Reviewed the 2016 annual bonus targets for the Executive Board and their base salaries effective from 1 January 2016	Reviewed and approved the amended Rules of the PSP which would be voted on by shareholders at the 2016 AGM
	Received a progress update in respect of the Executive Board's 2015 personal targets	Approved the remuneration packages proposed for the new Executive Board members
	Agreed salaries for the executive directors effective from 1 January 2016	Reviewed and approved the amended Rules of the DBP and Annual Bonus Plan

Total remuneration in 2015 – executive directors (audited)

					Executive directors
	James Drummond	Peter Ventress (i)		Kevin Quinn	
Fixed pay (£000)	2015 (ii)	2015	2014 (iii) (restated)	2015	2014 (iii) (restated)
Base salary	263	565	551	350	340
Taxable benefits	20	31	30	37	33
Pension contributions	53	141	138	70	68
Subtotal	336	737	719	457	441
Pay for performance (£000)					
Annual bonus (iv)	295	356	567	385	350
Performance LTIPs (v)	–	986	2,112	608	1,304
Subtotal	295	1,342	2,679	993	1,654
Other items in the nature of remuneration (£000)					
Dividend equivalents on DBSP (vi)	–	27	28	16	17
Non-performance LTIPs (vii)	–	–	4	–	5
Subtotal	–	27	32	16	22
Total remuneration (£000)	631	2,106	3,430	1,466	2,117

(i) Peter Ventress resigned as a director on 31 July 2015. In the table above, a proportion of Peter's fixed pay is related to payments made during his notice period (amounting to £235,417 of base salary, £12,810 in taxable benefits and £58,854 in pension contributions). The fixed pay related to Peter's remaining notice period (from 1 January 2016 to 28 April 2016), will be included in the Total remuneration table in the 2016 Annual Report, and will be no more than £250,000. These payments are subject to mitigation if Peter were to start a new executive role at another company. Further details of the payments made to Peter, can be found on page 91.

(ii) James Drummond joined Berendsen on 1 July 2015. His 2015 annual base salary was £525,000. His salary and annual bonus have been subject to a pro rata reduction from the date he joined. Further details of James' remuneration package upon appointment is included on page 91.

(iii) 2014: 'Performance LTIPs' have been restated using the actual share price on the day of vesting for awards under the PSP and CIP 2012 grants which vested in March and April 2015, respectively. In the 2014 annual report on remuneration these awards were valued using the average share price in the three months ending 31 December 2014 being 997 pence. The PSP 2012 awards have been restated using the actual share price on the day of vesting being 1112.4 pence (a difference in value of 115.4 pence per share – £103,409.94 and £63,851.97 for Peter Ventress and Kevin Quinn, respectively). The CIP 2012 awards have been restated using the actual share price on the day of vesting being 1138.3 pence (a difference in value of 141.3 pence per share – £188,771.15 and £116,559.78 for Peter Ventress and Kevin Quinn, respectively).

(iv) Including 25% of annual bonus which is deferred for three years under the DBSP. The annual bonus paid to James Drummond and Peter Ventress for 2015 has been pro rated. Peter's annual bonus will be paid in cash and he will not be granted a DBSP award in 2016. Full details can be found on page 95.

(v) 2015: Included within 'Performance LTIPs' are PSP 2013 and CIP 2013 awards including dividend equivalents, which will vest on 7 March 2016 and 11 April 2016, respectively. These awards have been valued using the average share price in the three months ending 31 December 2015 being 1038 pence and will be restated with the actual vesting values in the 2016 Annual Report.

(vi) 2015: Dividend equivalents arising from the vesting of 2012 DBSP awards on 9 March 2015.

(vii) 2015: Included within 'Non-performance LTIPs' are grants under the UK Sharesave Plan made on 23 October 2014. These have been calculated based on the market value on the date of grant being 990 pence, minus the value of the awards at the option price which is 792 pence. Further information on the UK Sharesave Plan can be found on page 103.

(viii) Written confirmation has been received from both directors that they have not received any other items in the nature of remuneration.

Advisers to the committee

The committee has authority to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination and currently retains Towers Watson (one of the leading remuneration consultancies) as its principal external remuneration adviser. Towers Watson, who provided no other services to the company (thereby, in the committee's opinion, validating its credentials for providing appropriate, objective and independent advice), received quarterly retainer fees of £8,000 which covered attendance at a set number of committee meetings, general advice, benchmarking exercises and updates on remuneration developments. Additional ad hoc work is carried out at an agreed hourly rate. The total fee invoiced by Towers Watson during the year ending 31 December 2015 was £70,730. In addition to its general responsibilities, Towers Watson assisted with the committee's remuneration policy review and shareholder consultation, for which it received fees of £38,730. The committee is aware of the merger between Towers Watson and the Willis Group (who act as our insurance brokers), leading to the creation of Willis Towers Watson with effect from 4 January 2016. The committee have agreed that they will conduct a review of the independence of Willis Towers Watson during 2016.

Shareholder voting and engagement

The following table shows the results of the advisory vote on the 2014 annual report on remuneration (comprised in the directors' remuneration report), broken down as follows:

Resolution	Votes for (m)	% For	Votes against (m)	% Against	Total votes cast (m)	Votes withheld (m)
2) Approval of the directors' remuneration report	139.7	98.4%	2.3	1.6%	143.5	1.4

The committee was extremely pleased with the level of shareholder support at the 2015 AGM, with a 98.4% vote in favour of the directors' remuneration report (2014 AGM: 98.7%).

The committee is committed to engaging with, and listening to, shareholders. During 2015, the committee consulted with circa 60% of our shareholders and three proxy voting agencies on our revised remuneration policy. The committee considered carefully all shareholder feedback and, where necessary, consulted further to better understand shareholders' views and concerns.

Payments to directors leaving the group (audited)

As announced on 30 April 2015, Peter Ventress resigned as Chief Executive Officer on 31 July and will retire from Berendsen on 28 April 2016. In accordance with our remuneration policy approved by shareholders at the 2014 AGM, Peter will be treated as a 'good leaver' by reason of retirement. A summary of the remuneration payable to Peter is provided below (full details can be found in the announcement on our website):

Salary and Benefits:	– No compensation for loss of office
	– Salary and benefits to be paid in accordance with Peter's current service agreement until 28 April 2016
	– Details of Peter's remuneration in 2015 are set out in the total remuneration table on page 90
Annual Bonus:	– Eligible to receive a pro rated bonus for the 2015 financial year only
Deferred Bonus Share Plan (DBSP):	– Awards granted in 2013 will vest in March 2016 and the number of shares will be calculated on the actual vesting date. The dividend equivalents arising from the vesting of the DBSP will be detailed in the 2016 total remuneration table in the 2016 Annual Report
	– Awards granted in 2014 and 2015 will vest on 28 April 2016 (Peter's retirement date), and the number of shares will be calculated on that date and published in our 2016 Annual Report
Co-Investment Plan (CIP) and the Performance Share Plan (PSP):	– Awards granted in 2013 will vest in March 2016 and the number of shares will be calculated on the actual vesting date. Estimated vesting values have been calculated on page 97 and included within the total remuneration table on page 90
	– Awards granted in 2014 will vest in March 2017 and will vest to the extent that the relevant performance conditions have been satisfied. Peter will be treated as a 'good leaver' by reason of retirement and any vested shares will be subject to a pro rata reduction to his retirement date
	– Awards granted in 2015 will be forfeited

Appointment of James Drummond

Following a comprehensive recruitment process, James Drummond joined Berendsen on 1 July 2015 and was appointed Chief Executive Officer with effect from 1 August 2015.

The committee considered a range of factors when setting James' base salary including market levels, James' experience, internal relativities and cost. The committee agreed that James' base salary for 2015 would be £525,000 per annum (subject to a pro rata reduction from 1 July 2015) and that he should be granted a 2015 award under the PSP equivalent to 100% of his base salary. This salary level was below that of his predecessor, Peter Ventress, who upon his retirement received an annual base salary of £565,000. No 'buy out' awards have been agreed or granted.

James will be eligible to receive an annual bonus for 2015 (subject to a pro rata reduction from 1 July 2015) based on the achievement of stretching financial and personal targets as set out on pages 95 and 96, with 25% of any bonus being deferred into shares under the DBSP.

Relative importance of spend on pay

In order to give shareholders an understanding of how: a) total expenditure on remuneration (for all employees) compares to certain core financial dispersals of the company; and b) the percentage change in remuneration for the CEO compares to the group's workforce, the tables below demonstrate the relative importance of the company's spend on employee and CEO pay for the period 2012 to 2015.

Expenditure	2015 £m	Percentage change	2014 £m	Percentage change	2013 £m	Percentage change	2012 £m
Total group employee costs (including directors)	390.1	-2%	399.5	–2%	408.1	+6%	383.7
Dividend payments (pence)	31.5	+5%	30.0	+7%	28.0	+10%	25.5
Relativities*							
Revenue KPI	1,006.0	-3%**	1,038.6	–2%	1,054.2	+7%	985.1
Free cash flow KPI	102.5	-16%	122.6	–12%	139.4	+11%	125.1
Adjusted earnings per share (EPS) KPI (pence)	60.4	-3%	62.1	+4%	59.8	+18%	50.7

* Revenue, free cash flow and adjusted EPS were chosen because they are considered to be key indicators of the stated strategic objectives. These numbers are as reported in the financial statements.

** +3% underlying – includes a negative currency transition impact of 7% on revenue.

When interpreting the table above, it should be noted that the negative changes in employee costs, revenue, EPS and free cash flow are a function of exchange rate movements. The underlying changes in all of these outcomes were positive during the year. Please find further details of Berendsen's underlying performance on page 36.

Change in CEO and employee pay

	2014–2015			2013–2014		
	Percentage change in salary	Percentage change in taxable benefits	Percentage change in annual bonus	Percentage change in salary	Percentage change in taxable benefits	Percentage change in annual bonus
CEO	+2.5%	+3%*	+5.2%	+1.1%	+11.1%*	–7.9%
All employees	+2.2%	No material change**	+4.6%	+2.0%	No material change**	–6.0%

* No change in the benefits received. Increase is due to the cost of providing life and permanent health insurance.

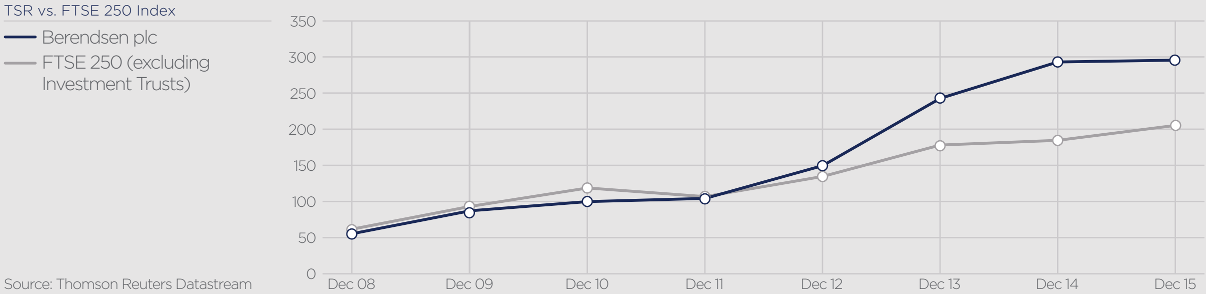
** There has been no material change to the benefit policy during 2015. Further details about employee remuneration and engagement are set out on page 87.

CEO pay for performance comparison

The graph below shows the total shareholder return (TSR) of the company compared with the index over the seven-year period to 31 December 2015. Since December 2008, the company's average TSR has outperformed the FTSE 250 (excluding investment trusts). The committee believes that, due to the size of the company, the FTSE Mid 250 Index (excluding Investment Trusts) is the most appropriate index against which to compare the historic TSR of the company.

Share price graph – total shareholder return

TSR vs. FTSE 250 Index



Source: Thomson Reuters Datastream

Financial year ending		31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014 (restated)		31/12/2015 (pro rata)
CEO	Roger Dye	Peter Ventress	Peter Ventress	Peter Ventress	Peter Ventress	Peter Ventress	Peter Ventress	Peter Ventress	James Drummond
Total remuneration (single figure) (£000)	1,261	1,277	1,297	1,299	2,638	3,152	3,430	2,106	631
Annual variable pay (% of maximum)	80.0%	100.0%	84.0%	70.7%	90.8%	87.0%	79.1%	83.2%	86.5%
Long-term variable pay (% of maximum)									
CIP (non-performance awards)	–	–	100.0%	100.0%	100.0%	–	–	–	–
CIP (performance awards)	–	–	–	–	62.5%	77.5%	79.4%	47.5%	–
PSP awards	64.1%	–	–	–	62.5%	77.5%	79.4%	47.5%	–
Recruitment award	–	100.0%	–	–	–	–	–	–	–

Notes:

(i) The 2014 total remuneration figure has been restated using the actual share price on the day of vesting for awards under the PSP and CIP 2012 grants which vested in March and April 2015, respectively. Further information can be found in the total remuneration table on page 90.

(ii) The CIP guaranteed match (25% of the granted award) is not performance-related and therefore all guaranteed matching awards are achieved at 100% of the potential maximum. The CIP awards granted in 2010, 2011 and 2012 all contained a guaranteed matching element. The 2013, 2014 and 2015 CIP awards did not contain a guaranteed match and all awards are performance-related.

(iii) Peter Ventress joined Berendsen on 1 November 2009 and was appointed to the board as Chief Executive on 1 January 2010. Peter was awarded a share award pursuant to Listing Rule 9.4.2(2) of 130,446 shares (non-performance) which were exercised on 8 April 2013 (share price upon vesting was 782.8 pence). Upon joining Berendsen, Peter was awarded a cash bonus of £200,000 which was paid in March 2010 on the condition that he acquired company shares worth at least £200,000.

(iv) On 5 March 2012, Roger Dye received 53,385 awards (including dividend equivalents) under the PSP 2009 grant. The market price on the day of vesting was 512 pence. There are no further outstanding LTIP awards due to Roger Dye.

Fixed pay in 2015 (audited)

Base salary

The committee took into account the company's financial results, the satisfaction of challenging personal objectives and the overall economic environment when setting base salaries for 2015.

Executive director	2015 base salary (£000)	2014 base salary (£000)	% Change
James Drummond	525	–	–
Peter Ventress	565	551	2.5
Kevin Quinn	350	340	3.0

(i) James Drummond joined Berendsen on 1 July 2015. His annual base salary for 2015 is £525,000 and was pro rated from 1 July 2015.

Benefits

Executive directors are entitled to a fully expensed car (or cash allowance), life assurance, permanent health and medical insurance. Further details of the taxable benefits paid in 2015 can be found in the table below.

Executive director	Car allowance (£000)	Life assurance (£000)	Permanent health insurance (£000)	Medical insurance (£000)	Total 2015 taxable benefits (£000)	Total 2014 taxable benefits (£000)
James Drummond	10	2	8	<1	20	–
Peter Ventress	16	4	10	1	31	30
Kevin Quinn	26	2	8	1	37	33

(i) Included within their car allowance, Peter Ventress and Kevin Quinn received a cash benefit of £3,800 (2014: £3,800) in respect of their fuel allowance.

Pension

During 2015, pension contributions were 25% of base salary for Peter Ventress. For James Drummond and Kevin Quinn, they were 20% of base salary.

Executive director	2015 base salary (£000)	%	2015 pension contributions (£000)	2014 pension contributions (£000)
James Drummond	525	20%	53	–
Peter Ventress	565	25%	141	138
Kevin Quinn	350	20%	70	68

(i) James Drummond joined Berendsen on 1 July 2015. His annual base salary and pension contributions for 2015 were subject to a pro rata reduction from his date of joining being 1 July 2015.

Pay for performance

Annual bonus outcomes for 2015

As can be seen from the table below, the annual bonus payment (core award plus performance multiplier) for executive directors for 2015 was between 108.1% and 112.5% of salary (2014: 102.9%) and was determined by reference to the following financial performance metrics: (a) EPS KPI; (b) the generation of free cash flow (FCF) KPI and (c) revenue KPI, with any bonus payment being conditional upon the threshold EPS target having first been achieved. For executive directors in 2015, 25% of any bonus earned was paid in the form of deferred shares under the company's Deferred Bonus Share Plan.

Despite a still challenging external environment in continental Europe, management delivered a good performance for the year under review, strengthening our market footprint, delivering £102.5 million of free cash flow (cash conversion of 99% of adjusted profit after tax). Group adjusted EPS decreased by 3% due to negative currency translation impact of over 7% on revenue. As a result, we continue to be a strong business as evidenced by delivering a 5% increase in the final dividend.

% of base salary

(audited)	Threshold		Target		Maximum					
Achievement of annual bonus targets in 2015	% of bonus	Required performance	% of bonus	Required performance	% of bonus	Required performance	Actual achieved	James Drummond (pro rata)	Peter Ventress (pro rata)	Kevin Quinn
EPS KPI	10	59.5p	30	62.5p	50	65.5p	64.4p	42.7	42.7	42.7
FCF KPI	5	£90m	15	£95m	25	£105m	£110.4m	25.0	25.0	25.0
Revenue KPI	5	£1,035m	15	£1,050m	25	£1,075m	£1,059.5m	18.8	18.8	18.8
Subtotal	20		60		100			86.5	86.5	86.5
Effect of personal performance multiplier					+/–30%			+26.0%	+21.6%	+23.3%
Total								112.5%	108.1%	109.9%
Total bonus paid (£000s)								295.2	356.4	384.7
Bonus paid in cash (£000s)								221.4	356.4	288.6
Bonus paid in shares (£000s)								73.8	–	96.1

(i) James Drummond's annual bonus has been subject to a pro rata reduction from 1 July 2015.

(ii) Peter Ventress' annual bonus has been subject to a pro rata reduction until 31 July 2015 being his resignation date. Peter's annual bonus will be paid in cash and he will not be granted a DBSP award in 2016.

The targets above have been calculated and assessed on the exchange rates set in the 2015 budget. In comparison to the figures disclosed in our strategic report, the effect of exchange rates on the figures above are: 4.0 pence on EPS, £7.9 million on free cash flow and £53.5 million on revenue.

The performance multiplier operated to increase the core award for James Drummond, Peter Ventress and Kevin Quinn by 26.0%, 21.6% and 23.3%, respectively, as a result of the achievement of various strategic and personal performance criteria. Each executive director has three strategic performance measures linked to areas that the committee has identified for the year. The committee reviews the progress in each area and then makes an assessment as to whether the executive has delivered relative to expectations.

James Drummond

Performance measure	Actual performance	Outcome: Below expectations	Outcome: Met expectations	Outcome: Exceed expectations
Prepare for the Strategy Review with the market in autumn 2015	The Strategy Review has been completed and presented to our shareholders at the Capital Markets Day on 19 November 2015			
Review the organisation structure (including sales function) and make appropriate recommendations to the board	A part of our new strategy, is a revised organisation structure which was presented to, and approved by, our board. Details of the changes to our organisation structure were included in the Capital Markets Day presentations and on page 5			
Manage the group's capital allocation, including investment in new facilities on the basis of agreed priorities	The 2016 budget has been agreed by our board, which includes an increased investment and capability spend in line with our new strategy			

Peter Ventress

Performance measure	Actual performance	Outcome: Below expectations	Outcome: Met expectations	Outcome: Exceed expectations
Implement the actions agreed by the board in regards to the interim Strategy Review	Agreed a phasing plan with the board for the implementation of business cases. Ensured the business cases were implemented in accordance with the agreed time plan			
Increase the group's resources, capabilities and effectiveness in respect of marketing	Completed a review of the Group Sales and Marketing function. Ensured best practice in marketing was captured and shared throughout the group			
Ensure that the group effectively utilises its capital in regards to the implementation of agreed business cases	Investment priorities were agreed with appropriate targeting of returns			

Kevin Quinn

Performance measure	Actual performance	Outcome: Below expectations	Outcome: Met expectations	Outcome: Exceed expectations
Successfully complete the refinancing of the RCF in the first half of 2015	A new Revolving Credit Facility (RCF) was signed in March 2015			
Develop the Strategy Review and the presentation of it to the market to enable a 'launch' of the updated strategy to the market in Q4 2015	The Strategy Review has been completed and presented to our shareholders at the Capital Markets Day on 19 November 2015			
Ensure that the group effectively utilises its capital in regards to the implementation of agreed business cases	Investment priorities were agreed with appropriate targeting of returns			

LTIPs: outcomes in 2015

Performance targets for the PSP and CIP (performance awards)

As shown in the table below, performance-related awards granted in 2013 will vest at 47.5%. During the three-year period under review, EPS has increased by 19.2% and ROIC by 180 bps.

Achievement of performance targets	Performance period	Weighting	Threshold (25%)	Stretch (100%)	Achieved	% of award
Final year EPS KPI	3 years ending 31/12/15	50%	60 pence	66 pence	60.4 pence	15.0%
Final year ROIC KPI	3 years ending 31/12/15	50%	9.5%	11%	10.3%	32.5%
Total						47.5%

Summary of LTIP outcomes

			2015 (i)			2014 (ii) (restated)
(£000)	PSP 2013	CIP 2013	Total performance LTIPs	PSP 2012	CIP 2012	Total performance LTIPs
Peter Ventress	411	575	986	997	1,115	2,112
Kevin Quinn	253	355	608	616	688	1,304

(i) The total performance LTIPs are shown in the total remuneration table on page 90.

(ii) The 2014 'Performance LTIPs' have been restated using the actual share price on the day of vesting for awards under the PSP and CIP 2012 grants which vested in March and April 2015, respectively. Further information can be found in the total remuneration table on page 90.

Performance Share Plan – outcomes

PSP awards granted on 7 March 2013 will vest on 7 March 2016 and are dependent upon the achievement of performance targets set for the three years ending 31 December 2015. The performance targets, weightings and actual results achieved are detailed in the table above.

Executive directors	Awards granted	Dividend equivalent	Maximum available awards	Vesting awards (47.5%)	Share price (pence)	Value of awards (£000)
Peter Ventress	76,509	6,802	83,311	39,573	1038	411
Kevin Quinn	47,168	4,193	51,361	24,396	1038	253

Peter Ventress and Kevin Quinn will therefore receive 39,573 and 24,396 shares, respectively (both inclusive of dividend equivalents in the form of shares). These awards have been valued in the table above, using the average share price in the three months ending 31 December 2015 being 1038 pence. These awards will be restated in the 2016 Annual report on remuneration using the share price upon vesting. Further details of awards granted and vested are detailed on page 102.

Co-Investment Plan – outcomes

CIP awards granted on 9 April 2013 will vest on 11 April 2016 and are dependent upon the achievement of performance targets set for the three years ending 31 December 2015. The performance targets, weightings and actual results achieved are detailed in the table above.

Executive directors	Awards granted	Dividend equivalent	Maximum available awards	Vesting awards (47.5%)	Share price (pence)	Value of awards (£000)
Peter Ventress	107,112	9,525	116,637	55,402	1038	575
Kevin Quinn	66,036	5,871	71,907	34,155	1038	355

Peter Ventress and Kevin Quinn will therefore receive 55,402 and 34,155 shares, respectively (both inclusive of dividend equivalents in the form of shares). These awards have been valued in the table above, using the average share price in the three months ending 31 December 2015 being 1038 pence. These awards will be restated in the 2016 Annual report on remuneration using the share price upon vesting. Further details of awards granted and vested are detailed on page 102.

LTIPs: target setting in 2015

Performance conditions for the PSP and CIP

EPS KPI performance targets to be satisfied in 2017	Awards vesting
Less than 72 pence	0% of award vests
72 pence	25% of award vests
82 pence	100% of award vests
Between 72 pence and 82 pence	Straight-line basis
Weighted average ROIC KPI for the 12-month period to 31 December 2017	
Less than 10%	0% of award vests
10%	25% of award vests
11%	100% of award vests
Between 10% and 11%	Straight-line basis

The 2014 performance (being the base year performance for these grants) was 62.1 pence for adjusted EPS and 9.9% for ROIC. The EPS targets above (72 pence to 82 pence) maximise with a growth of 32% over the three-year period and equates to annual growth of approximately 5 to 11%.

Details of 2015 grant

The PSP remains the primary long-term incentive plan for senior executives and under the revised remuneration policy will become our sole long-term incentive plan. Awards were granted to executive directors equal to 100% of base salary which equals 50,700 awards (£524,998) for James Drummond, 50,900 awards (£564,990) for Peter Ventress and 31,549 awards (£350,193) for Kevin Quinn. Peter's 2015 awards lapsed on 29 April 2015. James' 2015 award was granted following his appointment on 6 August 2015. Vesting of these awards is subject to two performance conditions that operate independently of each other. Half of an award was based upon a performance condition relating to adjusted EPS and the other half was based upon weighted average post-tax ROIC. Both performance conditions are measured over a three-year performance period. To the extent that awards vest, the directors would receive the benefit of any dividends paid over the vesting period in the form of share-based dividend equivalents.

In return for 'investment shares' (which can be worth up to a maximum of 35% of base salary per annum) being invested into the CIP, the director was granted a 'matching' award over company shares that matches the number of investment shares on a 2:1 pre-tax basis. Matching awards were subject to the same performance conditions and with the same right to receive a dividend equivalent, as PSP awards. Peter Ventress and Kevin Quinn invested shares amounting to 35% of base salary and were granted 71,260 and 44,168 matching awards respectively. Peter's 2015 awards lapsed on 29 April 2015. Under the revised remuneration policy, there will be no further grants under the CIP.

Outside appointments for executive directors

Subject to board approval, the company encourages its executive directors to hold one non-executive position outside of the group, thereby broadening their experience and knowledge. Any fees may be retained by the director. Peter Ventress is a non-executive director of Premier Farnell plc (since 1 October 2013) and was appointed as non-executive Deputy Chairman of Galliford Try Plc with effect from 30 April 2015. Prior to his resignation from the Berendsen board on 31 July 2015, Peter received fees of £29,990 and £17,511 respectively, for these external positions.

Total remuneration in 2015 – Chairman and non-executive directors

	Policy fees effective 1 January 2015			Actual fees paid in 2015	
Non-executive director	Base fee (£000)	Chairman of committee (£000)	Senior Independent Director (£000)	Total fee 2015 (£000)	Total fee 2014 (£000)
Iain Ferguson	175	–	–	175	155
Maarit Aarni-Sirviö*	52	–	–	52	39*
Lucy Dimes	52	–	–	52	47
David Lowden	52	11	6	69	63
Andrew Wood	52	11	–	63	58
Total remuneration (£000)				411	362

* Maarit Aarni-Sirviö joined the board from 1 March 2014.

The maximum authority for directors' fees (in aggregate), as outlined in our Articles of Association, is £500,000 a year. To ensure sufficient headroom for the duration of our revised remuneration policy, we propose to increase the maximum authority for non-executive directors' fees to £750,000 (in aggregate) at our 2016 AGM.

Implementation of policy in 2016

Our revised remuneration policy is set out in the Policy report on pages 81 to 87. Below we detail how this policy will apply in 2016, subject to shareholder approval at our 2016 AGM.

Base salary and fees

Effective from 1 January 2016, the base salary of executive directors will be £538,000 for James Drummond and £359,000 for Kevin Quinn (increased by approximately 2.5%). These increases are broadly consistent with the average salary increases across the broader employee population. Non-executive directors' base fees were increased by 4.8%. These increases reflect the significantly increased workloads in recent years and are also designed to bring them into line with levels paid at similar-sized companies. Further details of the fees effective from 1 January 2016 are detailed below:

Changes to policy effective 1 January 2016

Non-executive Chairman fee	Base fee	Chairman of committee	Senior Independent Director
£190,000	£54,500	£11,250	£6,300

Annual bonus: target setting for 2016

In accordance with our revised remuneration policy, the maximum annual bonus potential for executive directors is 130% of base salary. The personal target multiplier has been removed and 100% of the performance targets will be based on financial metrics. However, the bonus outcome may be reduced if, at the committee's discretion, progress toward the group's non-financial strategic priorities has not been satisfactory. In addition, bonus outcomes will only be determined provided that the earnings per share threshold has first been achieved.

The annual bonus targets for 2016 will be set in accordance with our remuneration policy and will remain aligned to our current strategic goals, namely:

Strategic goals	Link to strategic objectives
– Adjusted earnings per share KPI (50%)	– Captures long-term growth and improving financial returns by leveraging operational efficiency
– The generation of free cash flow KPI (25%)	– Encourages operational cash discipline and improving capital efficiency
– Revenue KPI (25%)	– Delivers sustainable organic growth

+ Summary of our main KPIs **Page 32**

+ Strategic objectives **Page 05**

The committee will set calibrated targets for each of these three measures and intends to disclose these targets retrospectively in next year's directors' remuneration report. The actual targets are therefore not being disclosed now as this is considered by the committee to be commercially sensitive information because the majority of our competitors are in the private, unquoted sector and so are not required to publicly disclose the same level of information as Berendsen.

LTIP: target setting for 2016

In accordance with our proposed new remuneration policy and subject to shareholder approval of the new PSP at the 2016 AGM, long-term incentives will only comprise a PSP award with a maximum award limit of 200% of base salary. For awards granted under the PSP during 2016, the committee has approved the following targets:

EPS KPI performance targets to be satisfied in 2018	Awards vesting
Less than 72 pence	0% of award vests
72 pence	25% of award vests
85 pence	100% of award vests
Between 72 pence and 85 pence	Straight-line basis
Weighted average ROIC KPI to be satisfied for the 12-month period to 31 December 2018	
Less than 10%	0% of award vests
10%	25% of award vests
11%	100% of award vests
Between 10% and 11%	Straight-line basis

These targets are based on actual 2015 performance (performance for the financial year ending immediately prior to the date of grant) being 60.4 pence for adjusted EPS and 10.3% for ROIC. The EPS targets above (72 pence to 85 pence) maximise with a growth of approximately 41% over the three-year period and equates to annual growth of approximately 6% to 14%.

Aligning long-term awards with strategic objectives

Both EPS and ROIC measures are main group KPIs and link to two of our strategic objectives, improving financial returns by leveraging operational efficiency and improving capital efficiency, respectively.

+ Summary of our main KPIs **Page 32**

+ Strategic objectives **Page 05**

Schedules to the annual report (unaudited unless otherwise indicated)

Directors' interests (audited)

The interests (all being beneficial) of the directors and their families in the share capital of the company are shown below:

	Number at 31 December 2015						Number at 31 December 2014					
	30 pence ordinary shares	Share awards	Deferred shares	Share options	Sharesave scheme	Total	30 pence ordinary shares	Share awards	Deferred awards	Share options	Sharesave scheme	Total
James Drummond (note ii)	10,000	50,700	–	–	–	60,700	–	–	–	–	–	–
Kevin Quinn (note iii)	205,473	267,763	30,223	–	2,272	505,731	202,880	343,088	36,078	–	4,865	586,911
Iain Ferguson	110,000	–	–	–	–	110,000	110,000	–	–	–	–	110,000
Maarit Aarni-Sirviö (note iv)	1,400	–	–	–	–	1,400	–	–	–	–	–	–
Lucy Dimes	10,000	–	–	–	–	10,000	10,000	–	–	–	–	10,000
David Lowden	32,500	–	–	–	–	32,500	32,500	–	–	–	–	32,500
Andrew Wood	25,000	–	–	–	–	25,000	25,000	–	–	–	–	25,000
Previous executive directors												
Peter Ventress (note v)	167,804	311,389	49,511	–	6,234	534,938	167,804	556,003	59,568	–	6,234	789,609

There have been no other changes to the above interests between 31 December 2015 and 25 February 2016.

Notes

(i) As potential beneficiaries under the company's employee benefit trust, James Drummond and Kevin Quinn are deemed to have an interest in the company's ordinary shares held by the trust. As at 31 December 2015, the trust held 1,715,142 shares.

(ii) James Drummond was appointed to the board on 1 August 2015. On 19 November 2015, James acquired 10,000 shares at an average price of 1045 pence per share.

(iii) On 5 January 2015, Kevin Quinn exercised his sharesave option to acquire 2,593 shares, the deemed gain on the exercise of this option was £19,590. The share price at the time of exercise was 1092.5 pence and the option price was 347 pence. Kevin acquired and immediately sold 55,331 shares (inclusive of dividend equivalents in the form of 5,361 shares) from the PSP 2012 grant which vested on 9 March 2015. These shares were sold at an average price of 1112.4 pence per share. Under the DBSP 2012 grant, Kevin Quinn acquired and immediately sold 15,210 shares (inclusive of dividend equivalents in the form of 1,472 shares) on 9 March 2015. These shares were sold at an average price of 1112.4 pence per share. Following the vesting of the CIP 2012 grant on 10 April 2015, Kevin Quinn acquired and immediately sold 82,491 shares (inclusive of dividend equivalents in the form of 7,996 shares). These shares were sold at an average price of 1138.3 pence per share.

(iv) Maarit Aarni-Sirviö acquired 1,400 shares on 1 June 2015 at an average share price of 1024.5 pence per share.

(v) Peter Ventress resigned from the board on 31 July 2015. The remuneration Committee has classified Peter as a 'good leaver' and his share awards and sharesave options will be dealt with in accordance with our remuneration policy, as described on page 86. Peter's sharesave options will become exercisable on his retirement date being 28 April 2016. During the year under review, Peter acquired and immediately sold 89,610 shares (inclusive of dividend equivalents in the form of 8,684 shares) from the PSP 2012 grant which vested on 9 March 2015. These shares were sold at an average price of 1112.4 pence per share. Peter Ventress acquired and immediately sold 25,270 shares (inclusive of dividend equivalents in the form of 2,447 shares) from the DBSP 2012 grant which vested on 9 March 2015. These shares were sold at an average price of 1112.4 pence per share. Following the vesting of the CIP 2012 grant on 10 April 2015, Peter Ventress acquired and immediately sold 133,596 shares (inclusive of dividend equivalents in the form of 12,950 shares). These shares were sold at an average price of 1138.3 pence per share.

The table below provides further analysis of the interests of executive directors and their families in the issued shares of the company and rights under the company's share-based remuneration plans on 31 December 2015:

		Total number of shares/options			
		Owned outright	Subject to deferral	Subject to performance	Total
James Drummond	Shares	10,000	–	–	
	Nil cost options	–	–	50,700	
	Market value options	–	–	–	
		10,000	–	50,700	60,700
Kevin Quinn	Shares	205,473	30,223	–	
	Nil cost options	–	–	267,763	
	Market value options	–	2,272	–	
		205,473	32,495	267,763	505,731

(i) There are no awards subject to deferral or performance conditions for the Chairman or non-executive directors.

Policy on share ownership

The committee recognises the importance and value of having executive directors and other senior employees working towards holding shares. Under the revised remuneration policy being proposed to shareholders at our 2016 AGM, our executive directors will be required to work towards holding shares with a value equivalent to 200% of their base salary. To achieve this, senior management are not permitted to sell any vested shares under the PSP or the CIP (other than to satisfy tax liabilities) until these guidelines are satisfied. The current shareholdings as a percentage of base salary, for James Drummond and Kevin Quinn are 20% and 633% respectively, based on the closing mid-market share price of 1079 pence on 31 December 2015. As at 31 July 2015, being his resignation date from the board, Peter Ventress held 303% of his base salary in shares based on the closing mid-market share price of 1023 pence.

Long-term incentive plans (audited)

Performance Share Plan and Co-Investment Plan

	During the year									
	1 January 2015 Number	Granted Number	Vested Number	Lapsed Number	31 December 2015 Number	Market price at date of grant (pence)	Value vested £000	Performance conditions	Date of award	Exercise period/ Vesting date
Performance Share Plan										
James Drummond	–	50,700	–	–	50,700	1035.5		Note (iii)	06/08/15	06/08/18– 06/08/22
	–	50,700	–	–	50,700					
Peter Ventress	101,922	–	89,610	12,312	–	517.9	997	Note (ii)	07/03/12	07/03/15– 07/03/19
	76,509	–	–	–	76,509	712.3			07/03/13	07/03/16– 07/03/20
	53,236	–	–	–	53,236	1035.0			06/03/14	06/03/17– 06/03/21
	–	50,900	–	50,900	–	1110.0		Note (vi)	09/03/15	Lapsed
	231,667	50,900	89,610	63,212	129,745					
Kevin Quinn	62,934	–	55,331	7,603	–	517.9	616	Note (ii)	07/03/12	07/03/15– 07/03/19
	47,168	–	–	–	47,168	712.3			07/03/13	07/03/16– 07/03/20
	32,850		–	–	32,850	1035.0			06/03/14	06/03/17– 06/03/21
	–	31,549	–	–	31,549	1110.0		Note (iii)	09/03/15	09/03/18– 09/03/22
	142,952	31,549	55,331	7,603	111,567					
Co-Investment Plan										
Peter Ventress	142,692	–	133,596	9,096	–	520.0	1,521	Note (iv)	10/04/12	10/04/15– 10/04/19
	107,112	–	–	–	107,112	766.2			09/04/13	09/04/16– 09/04/20
	74,532		–	–	74,532	1119.8			07/04/14	07/04/17– 07/04/21
	–	71,260	–	71,260	–	1110.0		Note (vi)	07/04/15	Lapsed
	324,336	71,260	133,596	80,356	181,644					
Kevin Quinn	88,108	–	82,491	5,617	–	520.0	939	Note (iv)	10/04/12	10/04/15– 10/04/19
	66,036	–	–	–	66,036	766.2			09/04/13	09/04/16– 09/04/20
	45,992	–	–	–	45,992	1119.8			07/04/14	07/04/17– 07/04/21
	–	44,168	–	–	44,168	1110.0		Note (v)	07/04/15	07/04/18– 07/04/22
	200,136	44,168	82,491	5,617	156,196					
Total of awards vested in 2015			361,028				4,073			

Notes

(i) The closing mid-market price of the ordinary shares at 31 December 2015 was 1079 pence and during the year ranged from 969 pence to 1157 pence.

(ii) PSP awards granted on 7 March 2012 were subject to both EPS and post-tax ROIC performance targets. Following the vesting of awards on 9 March 2015 (which vested at a level of 79.4%), 89,610 and 55,331 shares were transferred to Peter Ventress and Kevin Quinn, respectively (inclusive of dividend equivalents in the form of shares). The market price on the day of vesting was 1,112.4 pence.

(iii) PSP awards granted on 9 March 2015 and 6 August 2015 are subject to both EPS and post-tax ROIC performance targets. The EPS target (applying to half of an award) requires EPS of 72 pence in 2017 for 25% to vest, rising to full vesting for EPS of 82 pence or higher. The ROIC target (applying to the other half of an award) requires average ROIC of 10% for the 12 months ending 31 December 2016 for 25% to vest, rising to full vesting for average ROIC of 11% or higher. These EPS targets have been set in accordance with the changes in IAS 19 'Employee Benefits' effective from 1 January 2013.

(iv) CIP matching awards granted on 10 April 2012 were subject to both EPS and post-tax ROIC performance targets. Following the vesting of awards on 10 April 2015 (which vested at a level of 84.55%), 133,596 and 82,491 shares were transferred to Peter Ventress and Kevin Quinn, respectively (inclusive of dividend equivalents in the form of shares). The market price on the day of vesting was 1,138.3 pence.

(v) CIP awards granted on 7 April 2015 are subject to the same performance conditions as the PSP 2015 awards (see note (iii)).

(vi) Peter Ventress was awarded 50,900 and 71,260 shares under the PSP and CIP in 2015, respectively. Upon his resignation from the board on 31 July 2015, these awards lapsed. Peter retains his awards granted in 2013 and 2014 and these will vest on the normal vesting date (dependent on the achievement of performance conditions) and are subject to a pro rata reduction to his retirement date being 28 April 2016. Further information on Peter's retirement can be found on page 91.

Deferred Bonus Share Plan

Awards over deferred shares are granted under the Deferred Bonus Share Plan. Awards relate to 25% of the annual bonus that is compulsorily deferred into shares and vest after three years.

	1 January 2015 Number	During the year Granted Number	Vested Number	Lapsed Number	31 December 2015 Number	Market price at date of grant (pence)	Value vested £000	Performance conditions	Date of award	Exercise period/ Vesting date
Peter Ventress	22,823	–	22,823	–	–	517.9	281	Note (i)	07/03/12	07/03/15
	21,865	–	–	–	21,865	712.3			07/03/13	07/03/16
	14,880	–	–	–	14,880	1035.0			06/03/14	28/04/16
	–	12,766	–	–	12,766	1110.0		Note (ii)	09/03/15	28/04/16
	59,568	12,766	22,823	–	49,511					
Kevin Quinn	13,738	–	13,738	–	–	517.9	169	Note (i)	07/03/12	07/03/15
	13,161	–	–	–	13,161	712.3			07/03/13	07/03/16
	9,179	–	–	–	9,179	1035.0			06/03/14	06/03/17
	–	7,883	–	–	7,883	1110.0		Note (ii)	09/03/15	09/03/18
	36,078	7,883	13,738	–	30,223					
Total of awards vested in 2015			36,561				450			

Notes

(i) DBSP awards granted in 2012 vested on 9 March 2015 with Peter Ventress and Kevin Quinn receiving 25,270 and 15,210 shares, respectively (inclusive of dividend equivalents in the form of shares). The market price on the day of vesting was 1,112.4 pence. Awards granted in 2013 will vest on 7 March 2016.

(ii) Peter Ventress was granted awards under the DBSP in 2013, 2014 and 2015. The 2013 awards will vest on 7 March 2016. Peter's remaining DBSP awards will vest on his retirement date being 28 April 2016. Peter will not be granted a DBSP award in 2016 prior to his retirement date.

UK Sharesave Plan

The UK Sharesave Plan is open to all eligible employees including the executive directors. As is the case with all savings-related shares option schemes, there are no performance conditions.

	1 January 2015 Number	During the year Granted Number	Exercised Number	Lapsed Number	31 December 2015 Number	Exercise price (pence)	Market price at date of grant (pence)	Value vested £000	Exercise period
Peter Ventress	4,322	–	–	–	4,322	347.0	433.2		01/12/16–31/05/17
	1,912	–	–	–	1,912	792.0	990.0		01/12/19–31/05/20
	6,234	–	–	–	6,234				
Kevin Quinn	2,593	–	2,593	–	–	347.0	433.2	28	01/12/14–31/05/15
	2,272	–	–	–	2,272	792.0	990.0		01/12/17–31/05/18
	4,865	–	2,593	–	2,272				

(i) Kevin Quinn exercised his option on 5 January 2015 to acquire 2,593 shares. The deemed gain on the exercise of this option was £19,590. The share price at the time of exercise was 1092.5 pence.

Managing shareholder dilution

The table below sets out the available dilution capacity for the company's employee share plans based on the limits set out in the rules of those plans that relate to issuing new shares.

	2015
Total issued share capital as at 31 December 2015	172.6m
ABI share limits (in any consecutive ten-year period):	
Current dilution for all share plans	2.3%
Headroom relative to 10% limit	7.7%
5% for executive plans – current dilution for discretionary (executive) plans	1.2%
Headroom relative to 5% limit	3.8%

Awards granted under share-based plans, including the UK Sharesave Plan, will be satisfied by shares purchased in the market and held in the company's Employee Benefit Trust.

Directors' service agreements

The table below provides details of the directors' service contracts and unexpired term, as at the date of the 2016 AGM.

Director	Date of last contract	Unexpired term as at 28 April 2016	Notice period (months)
James Drummond	24 February 2016	n/a	12
Kevin Quinn	24 February 2016	n/a	12
Iain Ferguson	18 December 2014	2 years	6
Lucy Dimes	30 April 2015	2 years, 1 month	1
David Lowden	18 December 2015	2 years, 10 months	1
Andrew Wood	18 December 2015	2 years, 10 months	1
Maarit Aarni-Sirviö	1 March 2014	10 months	1

The directors present their Annual Report and audited financial statements for the year ended 31 December 2015.

This Annual Report contains forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or developments expressed in, or implied from, the forward-looking statements. Each forward-looking statement speaks only as of the date of that particular statement.

The Directors' report of the group for the year ended 31 December 2015 is set out on pages 105 to 108 inclusive. Additional information which is incorporated by reference into this Directors' report, including information required in accordance with the Companies Act 2006 and the Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules, can be located as follows:

Disclosure	Location
Future business developments	Throughout the Strategic report (pages 01 to 51)
Employee involvement	Our people (page 47)
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 17 to the financial statements (pages 151 to 159)
Details of long-term incentive schemes	Note 21 to the financial statements (pages 163 to 169)
Directors' responsibilities statement	Page 109

Both the Directors' report and the Strategic report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Branches outside the UK

The group has branches in Finland.

Results and dividends

The financial statements set out the results of the group for the year ended 31 December 2015 and are shown on page 118. The directors recommend a final dividend of 21.5 pence per ordinary share which, together with the interim dividend of 10.0 pence per ordinary share paid in October 2015, makes a total dividend for the year of 31.5 pence (2014: 30 pence) per ordinary share. Subject to approval by shareholders of the recommended final dividend, the dividend award to shareholders for 2015 will total £53.8 million. If approved, the company will pay the final dividend on 6 May 2016 to shareholders on the register at 8 April 2016.

Changes in composition of the group

During the year, the group acquired a number of textile maintenance businesses. The total consideration including net financial liabilities assumed and deferred consideration payable for these acquisitions was £8.9 million.

Details of the fair value of net assets acquired and consideration paid are set out in note 25 to the financial statements.

Directors

The current directors of the company, including their biographical details, are set out on pages 56 and 57. Each served throughout the year ended 31 December 2015 except James Drummond who was appointed to the board on 1 August 2015 and Peter Ventress who resigned from the board on 31 July 2015.

In accordance with the UK Corporate Governance Code, the company is continuing to follow the recommendation that all directors seek their election or re-election, as relevant, at the AGM this year.

Copies of executive directors' service contracts are available to shareholders for inspection at the company's registered office and at the AGM. Details of the directors' remuneration and service contracts and their interests in the shares of the company are included in the Directors' remuneration report which is set out on pages 78 to 104.

Directors' indemnity

Article 133 of the company's Articles of Association (the "Articles") provides, among other things that, insofar as permitted by law, every director of the company or any associated company may be indemnified by the company against any liability.

Deed polls, which include the grant of indemnities constituting qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006), were updated during the year and were in force for each of the Chairman, executive and non-executive directors of the company and its wholly-owned subsidiaries.

In addition, the company has arranged appropriate insurance cover in respect of legal action against its directors and officers.

Share capital

As at 25 February 2016, the company's issued share capital consisted of £51,773,561 divided into 172,578,539 ordinary shares of 30 pence each (no shares are held in treasury).

During the 12 months to 31 December 2015, 12,695 ordinary shares of 30 pence each in the company were issued in satisfaction of the exercise of employee share options under the terms of the Berendsen Sharesave Plan 2006 for a total consideration of £57,650.

The share price on 31 December 2015 was 1,079 pence. Details of the movements in the year are set out in note 20 to the financial statements.

Rights and obligations attaching to shares

Subject to the Articles, the Companies Act 2006 and other shareholders' rights: (i) shares in the company may be issued with such rights and restrictions as the shareholders may by ordinary resolution decide or, if there is no such resolution or so far as it does not make specific provision, as the board may decide; and (ii) unissued shares in the company are at the disposal of the board.

Variation of rights

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Securities carrying special rights

No person holds securities in the company carrying special rights with regard to control of the company.

Restrictions on transfer of securities in the company

There are no restrictions on the transfer of securities in the company, except:

- that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain employees of the company require the approval of the company to deal in the company's ordinary shares.

The company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Voting

Every member and every duly appointed proxy present at a general meeting or class meeting has, upon a show of hands, one vote and every member present in person or by proxy has, upon a poll, one vote for every share held by him or her. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

Restrictions on voting

No member shall be entitled to vote at any general meeting or class meeting in respect of any share held by him or her if any call or other sum then payable by him or her in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles) after failure to provide the company with information concerning interests in those shares required to be provided under the Companies Act 2006.

The company is not aware of any agreements between holders of securities that may result in restrictions on voting rights.

Authority to allot new shares, disapply pre-emption rights and purchase own shares

At the AGM held on 30 April 2015, shareholders authorised the company to purchase in the market up to 10% of its issued share capital (17,256,784 ordinary shares) and, as at 31 December 2015, the full extent of this authority remained in force and unused. This authority is renewable annually, and a special resolution will be proposed at the 2016 AGM to renew it. The directors will only purchase the company's shares in the market if they believe it is in the best interests of shareholders generally.

The directors were also granted authority at the 2015 AGM to allot shares up to approximately two-thirds of the company's issued ordinary share capital (in accordance with guidelines issued by the ABI on 31 December 2012). The additional one-third authority, above the one-third authority which can be used for general purposes, may only be used for rights issues.

At 25 February 2016, the company had an unexpired authority to allot up to 115,045,226 shares with a nominal value of £34,513,568. The authority granted at the 2015 AGM will apply until the conclusion of the 2016 AGM, at which shareholders will be asked to grant the directors renewed authority to allot shares up to approximately two-thirds of the company's issued ordinary share capital. The renewed authority will apply until the conclusion of the 2017 AGM. The directors have no present intention to exercise this authority, and no issue will be made which would effectively alter the control of the company without the prior approval of shareholders in general meeting.

A special resolution will be proposed at the 2016 AGM to authorise the directors to allot ordinary shares (or sell any ordinary shares which the company elects to hold in treasury), representing up to 5% of the company's issued ordinary share capital, for cash on a non-pre-emptive basis. The directors confirm that, in any rolling three-year period, the company will not issue non-pre-emptively for cash equity securities that represent more than 7.5% of the company's issued ordinary share capital, in accordance with the Pre-Emption Group Statement of Principles. The directors have decided not to seek the authority to issue non-pre-emptively for cash equity securities representing an additional 5% of the company's issued share capital for use only in connection with an acquisition or a specified capital investment, in accordance with the Pre-Emption Group Statement of Principles, as updated in March 2015. The directors will keep this under review during 2016.

Substantial shareholdings

The table below shows the holdings in the company's issued share capital which had been notified to the company pursuant to the Financial Conduct Authority's Disclosure and Transparency Rules. The information below was correct at the date of notification; however, the date received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

	31 December 2015			25 February 2016*		
	Direct/ indirect	No. of shares (m)	%	Direct/ indirect	No. of shares (m)	%
Prudential plc	Direct	16.41	9.51	Direct	14.39	8.33
Fidelity Management & Research Company (FMR)	Direct	8.65	5.01	Direct	8.65	5.01
BlackRock, Inc	–	–	–	Direct	8.64	5.00

* Being the latest practicable date prior to publication of the Annual Report.
Notifications were also received from Silchester International Investors Limited and Sanderson Asset Management Limited during the year to disclose that they no longer held a notifiable interest.

Rights under the employee share scheme

As at 31 December 2015, Appleby Trust (Jersey) Limited, as trustee of the Berendsen Employee Benefit Trust, held 1,715,142 shares in trust for the benefit of the executive directors and employees of the group. A dividend waiver is in place in respect of Appleby's shareholding and Appleby currently abstains from voting the shares but it may, upon the recommendation of the company and having taken into account all relevant matters including the interests of beneficiaries, accept or reject any offer relating to the shares in any way it sees fit, without incurring any liability and without being required to give reasons for its decision.

Amendment of Articles of Association

Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the company's shareholders.

Appointment and replacement of directors

Directors may be appointed by the shareholders by ordinary resolution or by the board. A director appointed by the board holds office only until the following AGM of the company and is then eligible for election by the members. The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

At every AGM of the company, any of the directors who have been appointed by the board since the last AGM shall seek their re-election by the members. Notwithstanding provisions in the company's Articles in respect of the retirement by rotation of directors, the board has agreed, in accordance with the UK Corporate Governance Code, and in line with previous years, that all of the directors wishing to continue will offer themselves for re-election by the shareholders at the 2016 AGM.

The shareholders may, by special resolution, remove any director before the expiration of that director's period of office.

Powers of the directors

Subject to the Articles, the Companies Act 2006 and any directions given by the shareholders by special resolution, the business of the company will be managed by the board who may exercise all the powers of the company, whether relating to the management of the business of the company or not. In particular, the board may exercise all the powers of the company to borrow money, to mortgage or charge any of its undertakings, property, assets (present and future) and uncalled capital, to issue debentures and other securities and to give security for any debt, liability or obligation of the company or of any third party.

Significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the company, such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are deemed to be significant in terms of their potential impact on the business of the group as a whole, except for the following: US Private Placement Note Purchase Agreements US$200 million dated 25 May 2006, US$259 million and £25 million dated 24 November 2009, €80 million and DKK655 million dated 15 December 2014 and the €510 million Multicurrency Revolving Credit Facility dated 19 March 2015. These agreements contain change of control provisions which, if triggered, could limit future utilisations, require the repayment of existing utilisations or lead to a renegotiation of terms.

Employees

The board recognises the importance of attracting, developing and retaining the right people, as well as maintaining a safe working environment for our existing employees. Please refer to page 47 for further details about group policies and procedures on how employee's skills, communication and engagement are strengthened; and to pages 48 to 50 for health and safety policies and procedures.

In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees, irrespective of sex, race, colour, disability, sexual orientation, religious beliefs or marital status. We give full and fair consideration to applications for employment from applicants with disabilities where they have the appropriate skills and potential. Appropriate arrangements are made for the continued employment and training, career development and promotion of persons with disabilities employed by the group. If there were to be any instance of an employee becoming disabled during their employment with us, every effort would be made to make sure that their employment with us continues and that, where needed, appropriate retraining is arranged.

Greenhouse gas emissions

Disclosures concerning the group's greenhouse gas emissions are contained within the Corporate responsibility report, which forms part of the Strategic report, on page 51.

Political donations

There were no political donations during 2015 (2014: nil).

Auditors and disclosure of information to auditors

The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they may be reappointed will be proposed at the AGM.

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 1 to 51. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Director's review on pages 36 to 43. In addition, note 17 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives and policies; details of its financial instruments and hedging activities; and its exposures to price, credit, liquidity and cash flow risk.

The group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

Having assessed the principal risks, and other matters discussed in connection with the viability statement, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Annual General Meeting

The notice of the AGM to be held at 11.00 am on Thursday 28 April 2016 is being sent separately to shareholders with this report. The venue for the meeting is the Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ.

David Lawler
Company Secretary
25 February 2016

The directors are responsible for preparing the Annual Report and Accounts, the report on directors' remuneration and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements, the directors are required to:

→ select suitable accounting policies and then apply them consistently;

→ make judgements and accounting estimates that are reasonable and prudent;

→ state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

→ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps adequate accounting records which are sufficient to show and explain the company's and the group's transactions, disclose with reasonable accuracy, at any time, the financial position of the company and the group and enable them to ensure that the financial statements and the report on directors' remuneration comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and company and hence to prevent and detect fraud and other irregularities.

This statement, which should be read in conjunction with the auditors' report, is made with a view to distinguishing for members the respective responsibilities of the directors and the auditors in relation to the financial statements.

A copy of the Annual Report and the financial statements of the company are on the company's website at www.berendsen.com. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were placed on the website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with DTR 4.1.12, each of the directors confirms that, to the best of their knowledge:

i) The financial statements of the group and the company, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and

ii) The Strategic report and the Directors' report contained in this Annual Report, include a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties they face.

In accordance with the provisions of the UK Corporate Governance Code, the directors confirm that, to the best of their knowledge, the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy of the company and the group.

The current directors and their functions are listed on pages 56 and 57.

By order of the board,

David Lawler
Company Secretary
25 February 2016