





## Welcome to our 2012 Sustainability Report

The Group's Roadmap for Sustainability encourages it to be forward looking and enhances its ability to identify emerging issues and legislation, and assess their potential impact on the Group.

### It's about Total Commitment to

---

A safe workplace

---

Developing talented employees

---

Reducing energy consumption and carbon emissions

---

Reducing waste

---

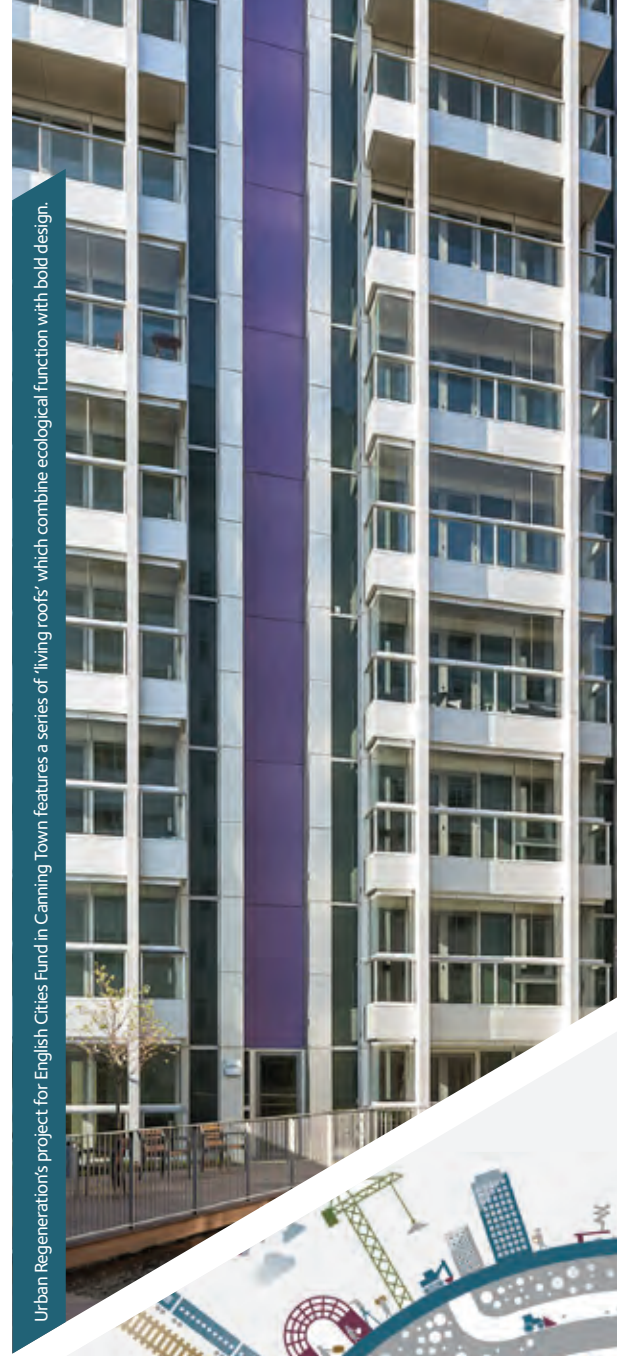
Improving sustainable procurement

---

Supporting local employment

---

Urban Regeneration's project for English Cities Fund in Canning Town features a series of 'living roofs' which combine ecological function with bold design.





## Overview

- 04 Group at a glance
- 05 2012 – a year of progress
- 06 Group financial highlights
- 07 Group sustainability highlights including KPIs
- 08 The Group's approach to sustainability
- 10 Sustainability risks
- 11 Leadership and governance
- 12 Stakeholder engagement

## Total Commitment

- 14 A safe workplace
- 18 Developing talented employees
- 22 Reducing energy consumption and carbon emissions
- 26 Reducing waste
- 30 Improving sustainable procurement
- 34 Supporting local employment

## Priority Objectives

- 38 Extending our commitment to sustainability



# Group at a glance

## MORGAN SINDALL GROUP

### Revenue

**£2,047m**

2011: £2,227m

### Profit before tax and amortisation

**£37.1m**

2011: £43.9m

Morgan Sindall Group is a leading UK construction and regeneration group employing circa 6,400 people. By focusing on delivery the Group is able to offer innovative and cost effective solutions to clients. Construction is offered through a network of offices to deliver projects of all sizes with skills to provide clients with a complete design, construction, refurbishment and maintenance service for their property and infrastructure assets. Working in long-term trusted partnerships, the Group's expertise in mixed-use and housing-led regeneration is creating large-scale economic and social renewal throughout the country.

### Construction and Infrastructure

Offers national design, construction and infrastructure services to private and public sector clients. The division works on projects and frameworks of all sizes across a broad range of markets including commercial, defence, education, energy, healthcare, industrial, leisure, retail, transport and water.

**MORGAN SINDALL**  
CONSTRUCTION  
INFRASTRUCTURE

### Revenue

**£1,168m**

2011: £1,268m

### Operating profit\*

**£19.7m**

2011: £21.1m

### Fit Out

Specialises in fit out and refurbishment projects in the commercial and government office, education, retail, technology and leisure markets. Overbury operates as a national fit out company through multiple procurement routes and Morgan Lovell specialises in the design and build of offices.



### Revenue

**£427m**

2011: £438m

### Operating profit\*

**£11.3m**

2011: £12.4m

### Affordable Housing

Specialises in the design and build, refurbishment and maintenance of homes and the regeneration of communities across the UK. The division operates a full mixed-tenure model creating homes for rent, shared ownership and open market sale.

**LOVELL**

### Revenue

**£386m**

2011: £462m

### Operating profit\*

**£11.5m**

2011: £18.5m

### Urban Regeneration

Works with landowners and public sector partners to unlock value from under-developed assets to bring about sustainable regeneration and urban renewal through the delivery of mixed-use projects. Typically creating commercial, retail, residential, leisure and public realm facilities.



### Revenue

**£62m**

2011: 57m

### Operating profit\*

**£2.7m**

2011: £3.9m

### Investments

Facilitates project development, primarily in the public sector, by providing flexible financing solutions and development expertise. The division covers a wide range of markets including urban regeneration, education, healthcare, housing, emergency services, defence and infrastructure.

**MORGAN SINDALL**  
INVESTMENTS

### Directors' portfolio valuation

**£32m**

2011: £49m

### Investments carrying value

**£18.2m**

2011: £23.2m

\*operating profit is profit from operations before amortisation of intangible assets and non-recurring items

# Group financial highlights

The Group has delivered a solid performance against a background of challenging market conditions. The Group's track record and integrated offer of design, construction, development and financing services has enabled it to win some of the UK's most significant construction and regeneration projects and long-term frameworks this year.

## Revenue £m

**£2,047m** ↓8%

12	2,047
11	2,227
10	2,102

## Comment

Revenue fell 8% as construction and affordable housing markets remained under pressure.

## Adjusted EPS pence\*

**79.3p** ↓9%

12	79.3
11	86.7
10	83.5

## Comment

The fall in adjusted EPS reflects the fall in absolute adjusted profit before tax offset by a decrease in the effective tax rate.

## Profit before tax and amortisation £m

**£37.1m** ↓15%

12	37.1
11	43.9
10	46.2

## Comment

Profit has fallen reflecting the challenging market conditions and their impact on margin, along with non-recurring items of £10m (2011: £1.4m).

## Basic EPS pence

**72.5p** ↓7%

12	72.5
11	77.5
10	70.5

## Profit before tax £m

**£34.2m** ↓15%

12	34.2
11	40.0
10	40.7

## Forward order book £bn

**£3.1bn** ↓9%

12	3.1
11	3.4
10	3.6

## Comment

Sound forward order book gives confidence despite caution over the short-term market outlook.

## Total dividend pence

**27.0p** ↓36%

12	27.0
11	42.0
10	42.0

## Comment

The dividend has been rebased to achieve a dividend cover of between 2.5 and 3.0 times, in line with the Group's long-term dividend policy.

## Regeneration pipeline £bn

**£2.1bn** ↑17%

12	2.1
11	1.8
10	1.4

## Comment

The pipeline shows the Group's share of forward development values. Further schemes secured in the year reflect the Group's growing investment in regeneration. There is a further £0.4bn (2011: £0.6bn) of opportunities at preferred developer stage.

\* Adjusted EPS is basic earnings per share adjusted for amortisation expense

# 2012 – a year of progress

During 2012, encouraging progress has been made in embedding sustainable best practice across the Group.

The Group's Total Commitment, which forms the basis of our Roadmap and is explained later in this report, has helped us to focus on key areas of importance. As a result, we are now better placed to measure, and therefore manage, the risks and opportunities that are part of being a responsible, sustainable business.

We are pleased to be able to report improvements in our Total Commitment. Average number of training days per employee has risen to 6.1 (2011: 5.8) and our Accident Incident Rate ('AIR') has reduced to 399 (2011: 472). The health and safety of our employees, and everyone who plays a part in each of our projects, remains our key priority. Whilst this year's results are extremely encouraging, we realise there is still more to do, to achieve the Group's ambition of no lost time accidents.

We have continued to reduce the amount of waste sent to landfill and waste diverted from landfill has increased to 92% in 2012 (2011: 86%). This represents a saving of approximately £3m in potential landfill tax. It is the Group's commitment to reducing energy consumption and carbon emissions which demonstrates our progress most clearly. Carbon emissions have been reduced by 26% in the period, which translates into significant energy savings across the Group. Our performance in the management and measurement of carbon was recognised externally in 2012 by the Carbon Disclosure Project. Morgan Sindall Group plc achieved a score of 86B, the highest of any UK construction company, which gained us a place in the Carbon Disclosure Leadership Index: the first non-FTSE350 company to achieve this standard.

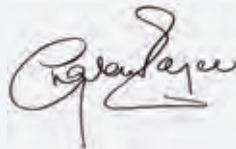
A new key performance indicator ('KPI'), to be reported publicly for the first time this year, was distance travelled by employees. Originally the Group had intended to measure performance on distance travelled to site or office by employees and subcontractors based on postcodes for two projects per division. On the basis of early experience in capturing this data, we realised a need to adjust the original KPI in order to provide a more meaningful and accurate measurement across all divisions. This will be undertaken in 2013.

The performance of, and co-operation with, our supply chain is vital to delivery of the Group's sustainability objectives. As a measure of performance we report the percentage of total spend covered by Group-wide agreements. The result for 2012 is a somewhat disappointing 65%, having fallen from 85% in 2011. Changes in workstreams, the diversity of our supply chain and the need to respond rapidly to changes in core markets are all contributing factors to this result. As a priority for 2013, we are working with new supply chain partners to ensure that vendor registration and conformance checks bring them within the scope of our Group-wide agreements. However, KPIs seldom tell the full story and there have been a number of successful procurement initiatives undertaken during 2012, which perhaps more accurately reflect the high level of progress that the Group has made in this area, see page 30 to 33 for further details.

The Group sustainability forum met regularly during 2012 to provide guidance on key issues and ensure that our Roadmap was applied consistently across the Group. The sustainability forum is supported by specialist forums for human resources, environment, health and safety and procurement. The importance of sustainability for the Group was further recognised by the creation of a new role, which I was pleased to accept, of director of group sustainability and procurement with effect from February 2013. A significant amount of Group expenditure is through the supply chain and closer alignment of the two functions will deliver further improvements in our sustainability performance.

In addition to our Total Commitment, we are reporting here for the first time on progress made in biodiversity, water, community and diversity. Looking ahead, we will be reviewing the Roadmap, introducing additional objectives and measures where appropriate. We are also developing our five-year plan for sustainability, which will be announced during 2013. This will enable us to set longer-term targets and report against these as appropriate in future.

Nothing is ever perfect, especially in the sustainability arena. I am well aware that each individual, division and the Group as a whole has their part to play in ensuring that we continue to deliver on our Total Commitment. The past 12 months have seen significant and encouraging progress, on which I am confident we can continue to build.



**Graham Edgell**  
Director of Group Sustainability and Procurement



# Group sustainability highlights

The Group has made considerable progress against its Total Commitment, notably in terms of energy and carbon and waste, but recognises it still has more work to do in some areas. The Group continuously reviews its Total Commitment to ensure it remains relevant to its overall strategy.

## A safe workplace

Number of RIDDOR\* incidents over three days

**95** ↓ 1%

12	95
11	96

### Comment

On 1 April 2012, the basis on which RIDDOR incidents are reported was changed from over three days to over seven days. For 2012, the KPI is reported based on the old definition to allow year on year comparison. Going forward, the Group will comply with this change and will report on incidents over seven days. Incorporating the change, the Group had 77 reportable incidents in 2012.

## Developing talented employees

Average number of training days per employee

**6.1** ↑ 5%

12	6.1
11	5.8

### Comment

In spite of the current economic climate, the Group has increased the average number of training days provided to employees.

## Reducing energy consumption and carbon emissions

Group carbon emissions tCO<sub>2</sub>e

**(est) 42,000** (est) ↓ 26%

12	(est) 42,000
11	56,812

### Comment

In the 2011 sustainability report, the Group's carbon emissions were estimated at 71,000 tCO<sub>2</sub>e. These were externally verified by Achilles in May 2012 at 56,812 tCO<sub>2</sub>e.

## Reducing waste

Waste diverted from landfill %

**92** ↑ 7%

12	92
11	86

### Comment

No overall change in the total volume of waste generated by the Group, but a significant reduction in the proportion of waste sent to landfill.

## Improving sustainable procurement

Group-wide agreements % spend

**65** ↓ 24%

12	65
11	85

### Comment

The Group's supply chain is diverse and dynamic and has to respond to changes in core markets, the expectations of the Group's clients and external changes in policy and technology. Therefore, a proportion of the Group's trading will always sit outside of its Group-wide trading agreements as it addresses specialist or niche client requirements or processes the application of new members.

## Supporting local employment

Distance travelled by workforce

Not reported

### Comment

Originally the Group had intended to measure performance on distance travelled to site or office by employees and subcontractors based on postcodes for two projects per division. On the basis of early experience in capturing this data, we realised a need to adjust the original KPI in order to provide a more meaningful and accurate measurement across all divisions.

\* The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 ('RIDDOR')

## Awards and recognition



17 RoSPA occupational health and safety awards



Score of 86B in Carbon Disclosure Project



39 Considerate Constructor Scheme national site awards



Committed to Equality Gold Standard for the Affordable Housing division



Two Ticks Positive accreditation for the Construction and Infrastructure division

# The Group's approach to sustainability

The Group's Roadmap for Sustainability consolidates its sustainability strategy. It is built around the **People, Planet, Profit** model of sustainability which has been used successfully across the Group for several years.



Participation in the Open Doors scheme helped raise the industry's public profile and increase all-round interest in construction careers.

## Why a roadmap?

### It provides the Group with:

a detailed action plan for progressing and embedding sustainable practices

a framework for measuring, communicating and reporting progress, both internally and externally

a platform to encourage forward thinking, enabling emerging issues to be identified and their potential impact assessed

a standard approach to sustainability across each division, whilst affording them a degree of freedom and flexibility to meet the challenges of their own market.

The Group's sustainability commitment is focused on six specific areas known as its Total Commitment. Two Total Commitments have been identified under each pillar of the People, Planet, Profit model that will drive improvement and support the Group's strategy in the short to medium term. The Roadmap was developed to make the Group more sustainable, and the six specific areas were selected because, from regular interactions with stakeholders, they were felt to be where the Group could make the greatest impact. In addition, a further series of priority objectives have been identified with appropriate targets and responsibilities. The Roadmap is reviewed regularly to ensure that it remains relevant and continues to match the priorities of the Group.



<b>Pillar</b>	<b>Total Commitment</b>
	Crucial in driving improvement, and reported in detail
<b>People</b>	<b>A safe workplace</b>
	<b>Developing talented employees</b>
<b>Planet</b>	<b>Reducing energy consumption and carbon emissions</b>
	<b>Reducing waste</b>
<b>Profit</b>	<b>Improving sustainable procurement</b>
	<b>Supporting local employment</b>

## Sustainability reporting

In 2011, the Group published its first dedicated sustainability report, which included a comprehensive set of measurements that provide the benchmark for its 2012 performance.

In 2012, the six specific areas were unchanged and remain the focus of reporting. A KPI is stated for each that demonstrates progress. In addition, and for the first time, progress on a further series of priority objectives is reported. The Group believes these are likely to become material to the Group in the foreseeable future.

# Sustainability risks

Overall responsibility for risk identification and management across the Group rests with the Board. A risk management framework has been put in place to identify risks to the Group achieving its goals and to document controls to manage and mitigate these risks.

Risk registers document these risks and controls at different levels within the organisation: Group, division and project. The Group and divisional risk registers are reviewed and updated at least every six months to ensure that risks are properly evaluated and that controls remain appropriate (further details can be found in the annual report and accounts).

The Group also recognises that several of these risks, if managed correctly, can become significant opportunities. As a construction and regeneration Group, the requirement to deliver new buildings and refurbish old building stock to be more resource efficient, low or zero carbon and adapted to the impacts of climate change, incorporating new sustainable technologies, all provide new business opportunities and markets. For example, the Group's Construction and Infrastructure division is already delivering new buildings and infrastructure that incorporates flood risk reduction measures, the Affordable Housing division is providing affordable low-carbon homes and the design business is ensuring that sustainable technologies are incorporated from the initial design stage.



# Leadership and governance

The way sustainability is managed reflects the decentralised divisional structure of the Group.

It is the role of the Group to coordinate, facilitate and review implementation of the Roadmap by ensuring that appropriate systems and procedures are in place. New policies and initiatives are also developed at Group level, where it is believed there is benefit in a standardised approach.



During 2012, the Group has been working towards merging its procurement and sustainability functions to create a new team headed by a director of Group sustainability and procurement, which will take effect from February 2013. The closer alignment of sustainability and procurement will enable the Group to drive further improvements in its sustainability performance as a significant level of its expenditure is on goods and services procured through its supply chain partners.

It is the role of the divisions, since they are organised and operate in different ways, to prioritise actions and contribute towards the Roadmap in a way that best suits their particular businesses. The Group requires that all divisions adopt and contribute to improving performance under the Total Commitment, reporting quarterly on progress, and to provide a representative for the Group sustainability forum.

## The Group's sustainability forum

The Group's sustainability forum is chaired by the director of Group sustainability and procurement and meets four times a year to review progress and agree future actions. The Forum includes sponsorship and representation from the Board, the head office team, the head of each division's own sustainability forum and the chair from each of the other Group forums; namely health and safety, environment, human resources and procurement. An external advisor, from sustainability consultancy IMS Consulting, also attends to provide independent advice and feedback.

The Group sustainability forum is ultimately responsible, on behalf of the Board, for the implementation and delivery of the Roadmap. It is also responsible for investigating the implications of emerging aspects of sustainability.

Divisional and task-specific forums all meet regularly to manage relevant issues and to provide a clear flow of information and knowledge transfer to and from the Group sustainability forum.

## Communicating sustainability

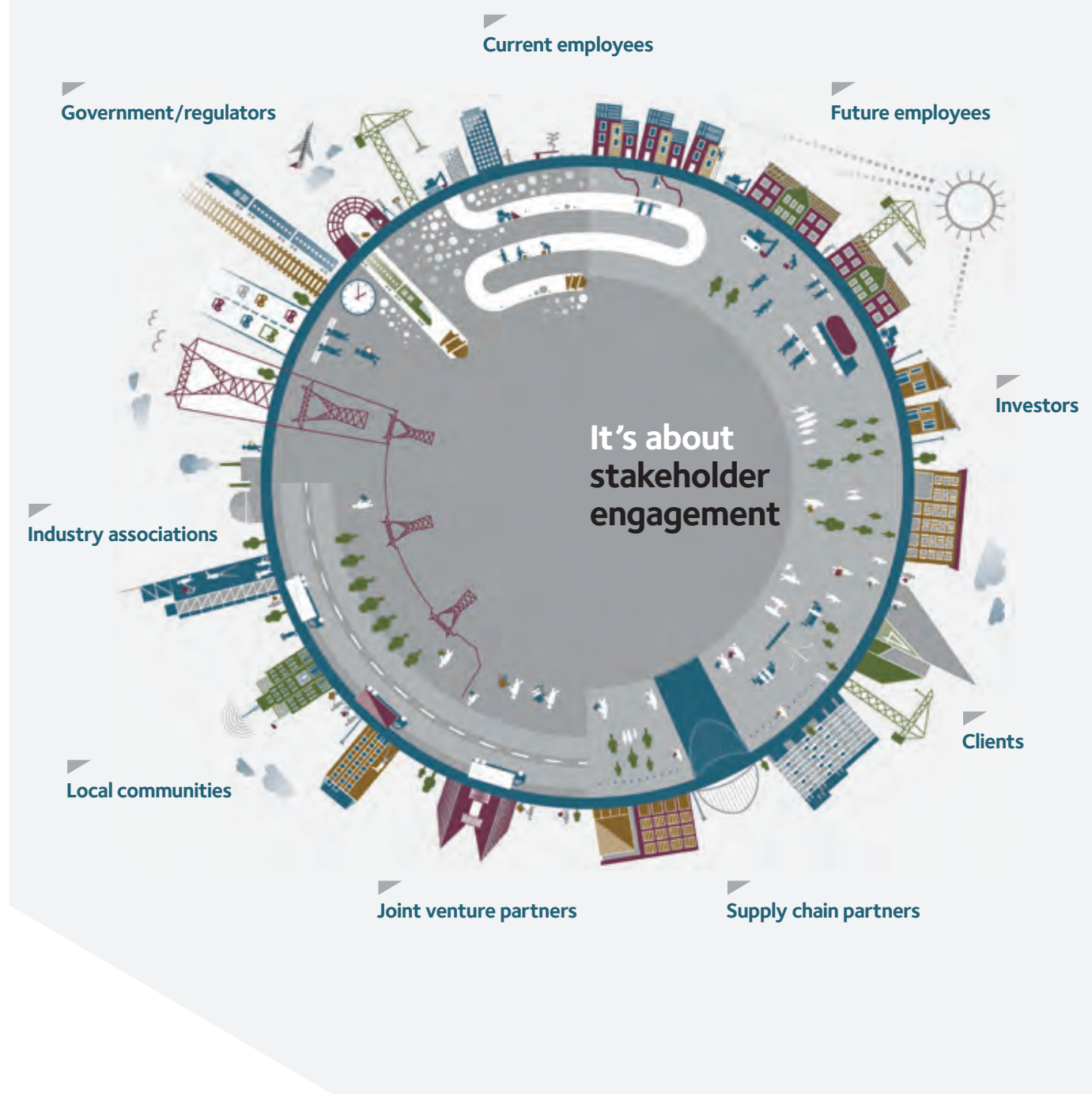
The Roadmap, decentralised business model and the structure of its forums all encourage and require discussion and engagement across the Group. Its sustainability section of the Group website, toolbox talks for subcontractors and internal communications with employees on issues related to sustainability all provide important channels of engagement.

To ensure that the Group communicates with its suppliers, supply chain, regulators and others in the industry, it actively participates in industry bodies and trade organisations including CIRIA, the UK Contractors Group ('UKCG') and the UK Green Building Council ('UK-GBC').



# Stakeholder engagement

There are many people and organisations that have an interest in the Group. It is therefore important that the Group engages with all of these stakeholders on a regular and ongoing basis so that it can maximise the value that it delivers to them. The sustainability section of the Group website provides all stakeholders with information on its activities and case studies.

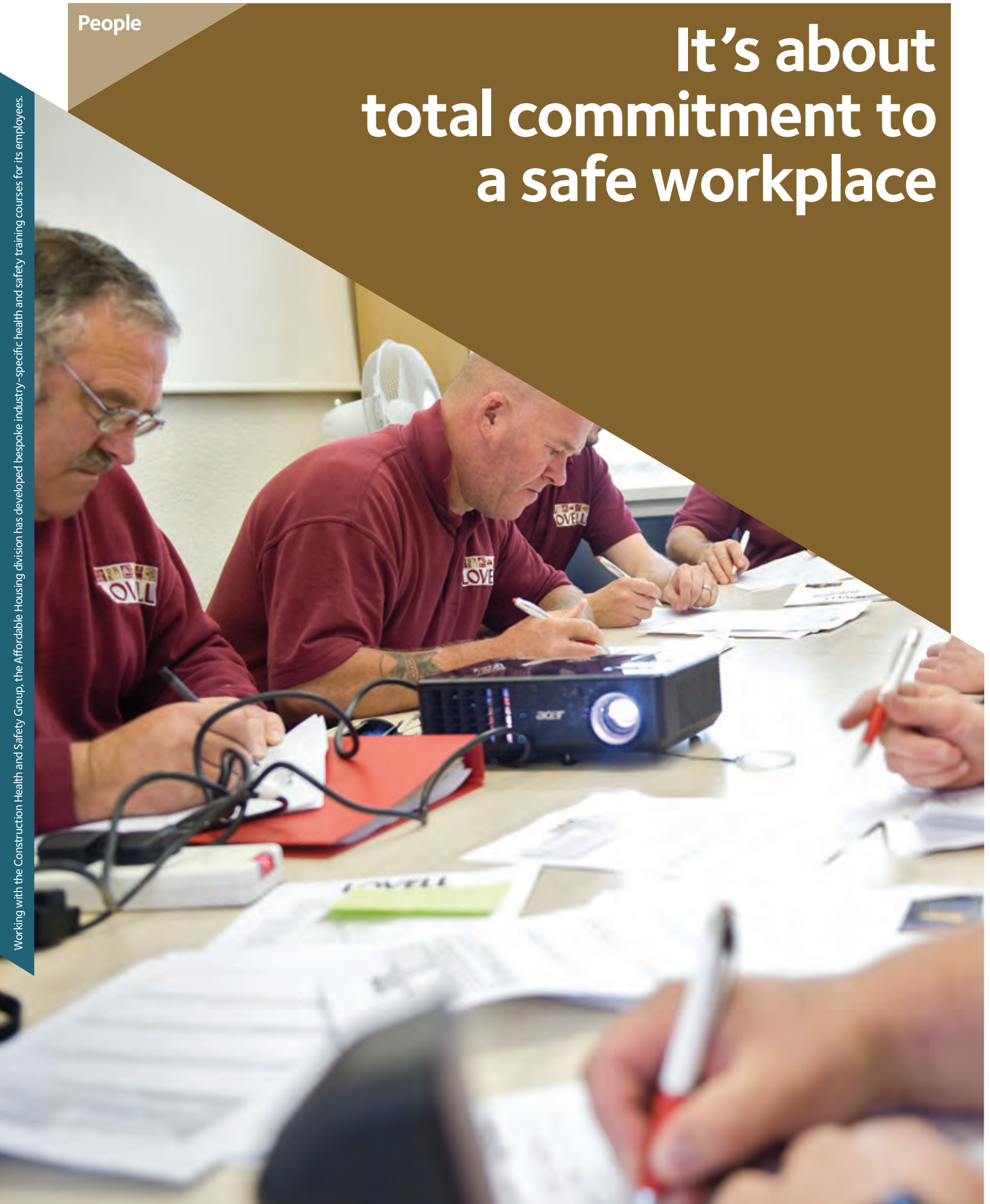


Stakeholder group	How the Group engages with this group
Current employees	<ul style="list-style-type: none"> <li>■ e-newsletter giving progress on the People pillar of sustainability sent to all employees</li> <li>■ Sustainability Week within the Construction and Infrastructure division</li> <li>■ Bi-annual employee surveys</li> </ul>
Future employees	<ul style="list-style-type: none"> <li>■ UK Construction Board ('UKCB') Open Doors Event</li> <li>■ Work with various external partners to promote and create job opportunities in the construction industry such as Opportunity Now, Remploy, STEMNET</li> <li>■ Project-specific engagement with local communities</li> <li>■ School talks</li> <li>■ Undergraduate sponsorship</li> <li>■ Apprenticeship schemes</li> </ul>
Investors	<ul style="list-style-type: none"> <li>■ Communication of financial and shareholder information, including the Group's annual report and accounts</li> <li>■ CDP</li> <li>■ Sustainability reports</li> <li>■ Presentations to analysts</li> <li>■ Site visits for analysts</li> <li>■ Discussions with large investors</li> </ul>
Clients	<ul style="list-style-type: none"> <li>■ Project-specific engagement</li> <li>■ Case studies</li> </ul>
Supply chain partners	<ul style="list-style-type: none"> <li>■ Supply Chain Sustainability School</li> <li>■ Group agreement with Community Wood Recycling project</li> <li>■ Project-specific engagement</li> <li>■ Bid/service requirements</li> <li>■ Seminars/workshops</li> <li>■ Sustainability and innovation conference</li> </ul>
Joint venture partners	<ul style="list-style-type: none"> <li>■ Joint venture project-specific engagement</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>■ Project-specific community engagement</li> <li>■ Dedicated community liaison staff</li> <li>■ Schools talks</li> <li>■ Charitable community projects</li> <li>■ Local apprenticeship/employment schemes</li> </ul>
Industry associations	<ul style="list-style-type: none"> <li>■ Gold-leaf member of UK Green Building Council ('UK-GBC') and sponsored Green Building Guidance Task Group</li> <li>■ Letters/newsletter drops</li> <li>■ Face to face visits</li> <li>■ Project-specific microsites</li> <li>■ Member of UKCG and active participant in sub-groups</li> <li>■ The Group's chief executive is a member of the Confederation of British Industry ('CBI') Construction Council</li> </ul>
Government/regulators	<ul style="list-style-type: none"> <li>■ Carbon Reduction Commitment Energy Efficiency Scheme ('CRC')</li> <li>■ RIDDOR reporting</li> <li>■ Input to legislation consultations both directly and via UK-GBC</li> </ul>

People

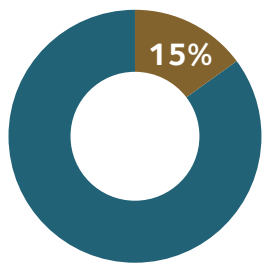
# It's about total commitment to a safe workplace

Working with the Construction Health and Safety Group, the Affordable Housing division has developed bespoke industry-specific health and safety training courses for its employees.





Providing a safe working environment for employees, subcontractors and suppliers is vital to the continued success of the Group, and is a key priority. Of paramount importance is keeping people safe and reducing the number of accidents on sites, in offices and on their journeys to and from work. The Group also has a wider responsibility in ensuring the health and safety of subcontractors, suppliers and the general public who have any contact with its projects. The Group's safety performance is important for its reputation (both as a contractor and an employer), for delivering projects on time and on budget (by reducing time lost due to accidents) and for reducing operating costs, through lower insurance premiums and reduced claims for example.



**15% reduction in  
Accident Incident  
Rate ('AIR')**

**77**

**Total number of  
RIDDOR incidents**

## The Group's performance in 2012

There were 179 over one day incidents (2011: 177).

Changes in the way that injuries, diseases and dangerous occurrences are reported to the Health and Safety Executive ('HSE') came into effect during 2012. Under the new reporting requirements, there were 77 RIDDOR incidents during 2012.

For the third consecutive year the Group has achieved less than 100 reportable accidents per year.

There were no fatalities in 2012, fewer major incidents than in 2011 (2012: 29; 2011: 32) and the overall AIR fell by 15% (2012: 399; 2011: 472). This means the AIR is back below 2010 levels and significantly below the construction sector average of 589.

89% of the Construction and Infrastructure division's projects in 2012 achieved no lost time incidents and 93% of its Construction (design and management) projects were completed RIDDOR free.

17 Royal Society for the Prevention of Accidents ('RoSPA') Occupational Health and Safety Awards were achieved across the Group in 2012, comprising one sector award (for the Scotland business within the Construction and Infrastructure division), eight Gold medals and eight Gold awards.

“Over the last 12 months, there are three achievements that I want to highlight in particular: the Group-wide health and safety DVD was launched and has received some excellent feedback from suppliers and subcontractors as well as our own employees; we have shared our health and safety intelligence more effectively across the Group; and we have made significant steps forward in terms of our occupational health provision. Looking ahead, we need to build on the good work we have done already and to not lose momentum. We are also exploring what new and emerging risks the construction industry is likely to face in the future – and how they might be best managed.”

**Martin Worthington**  
Chair of the Group's Health and Safety Forum

”

**People**

# a safe workplace

## What is the Group doing well?

The Group launched its 'Time is Money - The Flip Side' health and safety DVD, making it available to its staff, subcontractors and the wider industry.

It undertook a major review of the Group's health and safety policy framework.

Health and safety intelligence is being shared across the Group in a more effective way, so that all divisions can learn from each other's experiences. For example, the Group undertook an analysis of minor accident data (slips, trips and falls) allowing it to identify common issues and areas for improvement.

The Group undertook occupational health initiatives to help protect the health and wellbeing of its employees including screening programmes, medicals, education and training.

The Construction and Infrastructure division organised a series of health and wellbeing campaigns, based on the needs of its workforce, using toolbox talks, workplace assessments and leaflet and poster displays. A different 'hot topic' was highlighted each month including healthy eating, disability in the workplace and skin cancers. Feedback following health promotion campaigns has been very positive and is used to ensure continuous improvement for future campaigns.

The annual site CSCS card audit was carried out across the Group using the UKCG's new process of gathering information.

The Group launched and ran various health and safety initiatives, including the Affordable Housing division's 'safety always slips, trips and low falls' campaign and the Construction and Infrastructure division's 'safe by action' day. The Fit Out division will be introducing health clinics in 2013.

## What challenges remain?

Whilst the Group's overall AIR decreased, there is still a need to improve its baseline figures to try and achieve the Group's stated aim of reducing RIDDOR incidents to an average of less than one per week.

The construction industry recognises the need to improve occupational health provision, and it is increasingly an expectation of the Group's clients. To achieve this, the Group ran several ambitious occupational health and wellbeing campaigns during 2012, involving more employees than previously, but recognises that further improvements should continue to be made.

There are ongoing changes in the health and safety data that the UKCG is requesting from its members, and a new data capture website is being developed by them to simplify the process of data provision. The Group needs to ensure that data capture and reporting procedures are aligned with these changes.

Using Building Information Modelling ('BIM') to improve safety on site, for example through using predictive modelling techniques to identify potential high risk areas on sites. This represents part of a larger move towards a 'safe by design' approach where risks are designed out and avoided at source.

# 17

## RoSPA awards



### ‘Time is Money – The Flip Side’

The Group’s new health and safety training DVD, ‘Time is Money – The Flip Side’, aims to encourage construction personnel to consider the consequences of their actions or inactions from different viewpoints, so they can improve their future behaviours.

It can be used as an integral part of a health and safety training course, as a stand alone behavioural programme or as four individual topic briefings (working at height, manual handling, trips and slips and checking of equipment and use of PPE). The DVD has been shared with subcontractors and positive feedback has been received.

Access to the DVD has been extended to the wider industry by making it available for sale through Construction Industry Publications. 50% of each sale is being donated to The Lighthouse Club, the construction industry charity that helps support construction workers and their families in times of hardship, often caused as a result of injuries or bereavement.

“ This DVD has been developed as a result of a workshop with employees representing all parts of the Group which helped us to understand the challenges faced daily on sites and from which came the strapline: ‘See it, Say it, Sort it’. We decided to offer this DVD externally as we felt it could be of benefit to the wider construction industry. The contribution to a relevant charity is a gesture to assist the industry that we are all part of.

**John Scott**  
Safety Manager, Fit Out division



### Aims for 2013

To review the Group’s health and safety policy framework against UKCG’s published Health Charter and Training Standards.

To identify new and emerging health and safety risks for the construction industry, such as those associated with modular construction techniques, so that they can be built into the Group’s future planning.

To expand the health and safety data collected at Group level to reflect the new Fees for Intervention approach being enforced by the HSE.

To sign up to one of the Public Health Responsibility Deal pledges.



The Affordable Housing division was rewarded for its housing development and regeneration work at the London Regional Safety Awards.



People

It's about  
total commitment to  
developing talented  
employees



The Group is focused on attracting and retaining talented people from diverse backgrounds to successfully deliver its strategy and projects for clients. The Group is addressing the risk of skill shortages in the construction industry by ensuring that it employs the right people, through encouraging inclusion from the widest sector of the population and offering a variety of training and career development opportunities. There are also real benefits to the Group in ensuring its employees have the skills and ability to anticipate future market demands and incorporate new and emerging technologies. Developing talented employees therefore remains a key focus area.

**6.1**

average number  
of training days  
per employee

**252**

apprentices offered  
opportunities with  
the Group

## The Group's performance in 2012

The average number of training days increased to 6.1 days per employee (2011: 5.8).

At the end of 2012, 195 employees were working under NVQ training schemes, 308 employees pursuing Charterships under professional training schemes and 406 employees had attended management development programmes, all of which are an increase on 2011. 37 graduates were also recruited during 2012, compared with 47 in 2011.

130 apprentices were employed in 2012 with a further 122 apprentices offered opportunities on Group projects through the supply chain.

65% of staff received an annual appraisal or equivalent during 2012 (2011: 22%), although the Group would like to increase this figure further.

“ Finding the right people, providing training to constantly improve their skill-set and retaining those who add value and expertise to our workforce is a challenge in this industry. It's a challenge we relish though, because our training and development programmes are designed to bring out the best in people. Improving inclusion and diversity across all areas of employment is also a really important focus for us and significant progress has been made during the past 12 months.

**Pauline Speight**  
Chair of the Group's HR Forum

”

**People**

# developing talented employees

## What is the Group doing well?

The UK-GBC Sustainable Training and Education ('STEP') training programme will be provided to 200 of the Group's employees. This training is also completed by all new professional employees in its Urban Regeneration division.

The Group has engaged with a variety of external partners in order to help attract new recruits to the construction industry. For example, the Construction and Infrastructure division has actively collaborated with JobCentre Plus to offer a programme of work experience placements to young long-term unemployed people (18-24 years old). It has also partnered with STEMNET to inspire young people in science, technology, engineering and mathematics, to demonstrate the breadth of careers available in the construction industry, develop its employees' skills, and give something back to the communities in which it works. In addition strong links have been formed with the Career Transition Partnership to offer employment opportunities to those who are leaving the Armed Forces.

The Construction and Infrastructure division, in partnership with the Institute of Leadership and Management ('ILM') and CITB-ConstructionSkills, has developed a new training framework for its on-site supervisors. It is an area that the division identified as a priority following the HSE Routes to Competence report that criticised the lack of supervisory 'competency based' qualifications in the sector. The innovative programme is run over a 14-month period, during which time each delegate works towards a series of nationally recognised qualifications that make up the full 'Advanced Apprenticeship in Management' framework. These include the ILM Level 3 Qualification in Leadership and Management, two Level 3 Supervisory QCF/NVQ qualifications, and functional skills development in mathematics, english and ICT.

The Affordable Housing division continued its support of the Inspire Scholarship Programme, a three-year bursary jointly funded with CITB-ConstructionSkills, that supports talented young people as they start a career in the construction industry. For example, in 2012 three graduates in South Wales had their degrees sponsored, work placements arranged and training organised through the programme.

## What challenges remain?

The construction sector is central to delivering a sustainable built environment, including delivery of planned high-profile infrastructure projects like Crossrail and HS2. However, an ageing workforce coupled with challenges recruiting and training young people could lead to skills shortages in the near future. The Construction Skills Network has forecast the industry will need to recruit an average of 46,000 people per year between now and 2016 to meet the sector's skills needs. The Group is committed to continuing its investment in employees to secure the Group's position as a preferred employer and to motivate employees and to provide clients with a quality service delivery.

The Group wants to ensure that clear career development programmes are in place for all of its employees and this needs to be reconciled with the divisions developing appraisal and training programmes to meet their specific needs.





The Construction and Infrastructure division's apprentices, part of the BBMV joint venture team, working on Crossrail's C510 Whitechapel and Liverpool Street Station Tunnels project.

## UK Green Building Council STEP training programme

The Group has signed up to provide access to the UK-GBC STEP training programme for 200 of its employees. It is intended that all members of the Group sustainability forum who have not previously received formal sustainability training will complete the course.

This move follows the successful completion of the course in 2011 by all development surveyors and project managers in the Urban Regeneration division. Participating employees performed above the industry average, with a pass rate of over 91% and in several individual cases achieved a score of 100%.

“ The appetite for this significant learning opportunity has been welcomed across the Group. It is expected that this proven training course will assist in embedding a common language, whilst improving sustainability knowledge and therefore contributing positively to meeting the objectives of our corporate objectives outlined under the Total Commitment. The added benefit being that the flexibility of the online modules allows employees to learn at, work or whilst on the go!

**Paul Whitmore**  
Group Commercial Director

”

## Aims for 2013

Workstream scanning procedure developed to identify future skills shortages and employee requirements.

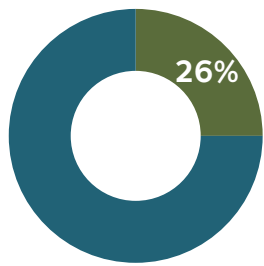
Clear development programmes in place for all employees.

Planet

It's about  
total commitment to  
reducing energy  
consumption  
and carbon  
emissions

The new biomass energy centre was designed and built by the Construction and Infrastructure division helping Heathrow Airport achieve its targeted 34% reduction in CO<sub>2</sub> from buildings and infrastructure by 2020.

Carbon emissions and climate change are one of the biggest challenges facing the construction industry. Large construction firms are already subject to the Carbon Reduction Commitment, a mandatory emissions trading scheme, and there is a risk that companies will become susceptible to future 'green taxes' on energy and fuel. Climate change itself also presents the Group with risks, including impacts on its own operations and reducing the market value of developments that are not resilient to the future climate. These risks are managed through more efficient consumption of energy in the Group's permanent offices, transport fleet, on project sites, and by being transparent about its carbon emissions and targets through schemes such as the Certified Emissions Measurement And Reduction Scheme ('CEMARS') and the Carbon Disclosure Project (now known as CDP). As a leader in construction and regeneration, the Group also recognises the importance of designing and delivering buildings and infrastructure that are more energy efficient, incorporate new energy technologies and are adapted for climate change in the future.



**26% estimated reduction in carbon emissions compared to 2011**

**86B**

**scored in CDP, the top scoring construction company in the UK**

## The Group's performance in 2012

The 2012 CEMARS audit confirmed a 24% reduction in Group carbon emissions between 2010 and 2011 (2010: 74,515 tonnes CO<sub>2</sub>e, 2011: 56,812 tonnes CO<sub>2</sub>e). Provisional data for 2012 suggest that carbon emissions fell by a further 26% (2012: 42,000 tonnes CO<sub>2</sub>e (estimated)).

Emissions have fallen by an estimated 18% when adjusted to take into account changes in revenue (2012: 20.5 tonnes CO<sub>2</sub>e per £m revenue (estimated); 2011: 25.1 tonnes CO<sub>2</sub>e per £m revenue).



Our success in the 2012 CDP is a huge achievement for the Group and, ahead of our CEMARS audit in May 2013, we are anticipating another significant reduction in the Group's annual carbon emissions. Obtaining and collating data across such a large and diverse Group is challenging, but we continue to get better at data capture, which is in turn removing uncertainty and estimation from our carbon emissions reporting.

**Brian Handcock**  
Chair of the Group's Environmental Forum





## Planet

# reducing energy consumption and carbon emissions

## What is the Group doing well?

The CEMARS audit was passed in May 2012, which includes external verification of the Group's 2011 CO<sub>2</sub>e emissions. As a result its carbon data capture and reporting processes are much improved. The next audit is in May 2013.

All of the Construction and Infrastructure division's permanent offices now have 100% renewably sourced energy and it is working on extending this to its temporary offices and sites.

During 2012 significant improvements were made in the development and implementation of a Group vehicle policy. Although not yet Group-wide, the policy has been trialled by the Construction and Infrastructure division and vehicle tracking and manufacturer specifications are being monitored. The same division has installed trackers in its company cars to improve data collection on employee business travel and has implemented a company car policy, which includes a financial incentive for its staff to move to greener vehicles.

The Affordable Housing division has begun replacing its response and maintenance vans with low carbon vehicles and extending use of speed restrictors to improve driving efficiency. Trackers are also being installed in all commercial vehicles leased for over 12 months by the Construction and Infrastructure division. Currently over 300 vehicles have been fitted.

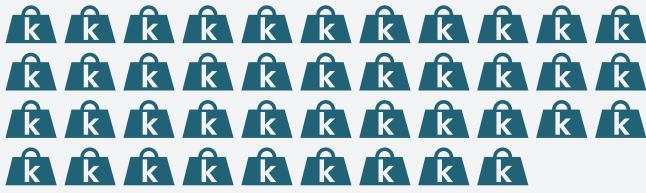
As part of Sustainability Week, the Construction and Infrastructure division had a 'big switch off' day to raise awareness of energy efficiency at its offices and sites, and a 'green transport' day to encourage employees to consider alternative forms of transport for their daily commute.

## What challenges remain?

The UK Government is making the reporting of greenhouse gas emissions in annual reports mandatory for all FTSE listed companies from 2014, which will include the Group. Although its existing CEMARS and CDP reporting means the Group is well placed to respond to these changes, it may be required to report additional data for emissions of specific greenhouse gases, this is likely to have implications on the timing of the Group's annual CEMARS audit.

Continuing to reduce Group carbon emissions at the same rate will be a challenge. Emissions sources that are harder to manage and control will need to be addressed in future.





**42,000 tonnes (estimated) Group carbon emissions**

## Carbon Disclosure Project

The Group achieved the highest score for any construction company in the 2012 CDP in the UK. It achieved a disclosure score of 86 and a performance grade B, which secured a place for the Group in the Carbon Disclosure Leadership Index, the first company from outside the FTSE350 to be included on this list.

The CDP is an independent not for profit organisation which works with thousands of companies to drive the reduction of greenhouse gas emissions and sustainable water use. Providing a global system for companies and cities to measure, disclose and share environmental information, CDP allows market forces to be a major cause of change in striving towards a more sustainable future.

“ Measuring and reporting our carbon emissions underpins our Total Commitment and in particular, our objective of reducing our energy consumption and carbon emissions. We are delighted to have achieved a ranking of 86B, putting us in the top 10% of businesses disclosing emissions through the CDP. It is a real testament to the effort we are putting into identifying, reporting and managing our carbon impact.

**John Morgan**  
Group Chief Executive



## Aims for 2013

Reduce Group carbon emissions by 5% year on year.

Maintain certification against CEMARS and seek to improve performance in the CDP.

Extend the reporting of energy consumption with increased breakdown of data allowing direct comparison of office and project consumption.

Continue to investigate and implement automatic meter reading on projects, where appropriate.

Continue reviewing the extension of green energy across the Group's offices.

Focus on energy efficiency and use of generators for power supply on projects.

Implement a Group-wide vehicle policy.

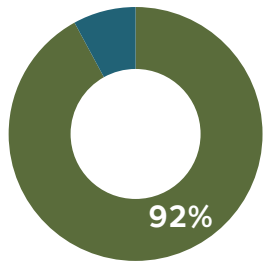
Planet

# It's about total commitment to reducing waste



For its Scarborough project, part of the AMP 5 Yorkshire Water Framework, the Construction and Infrastructure division in JV with Grontmij have recycled nearly 32,000 tonnes of aggregate and rock.

According to the UKCG, the construction sector sends 12m tonnes of waste to landfill each year. There are opportunities to save money by sending less waste to landfill and to better utilise new and emerging recovery and recycling processes which make the reuse of raw materials more practical. This makes reducing the volume of construction waste produced by the Group a priority. By focussing on resource efficiency it is better placed to meet waste regulations, industry targets and client demands.



**92% waste diverted from landfill**

**£3.0m**

**saved by diverting waste from landfill**

## The Group's performance in 2012

Overall 92% of waste was diverted from landfill, an increase of 7% year on year (2011: 86%).

The total quantity of waste produced by the Group in 2012 was comparable to that of 2011 (2012: 1.3m tonnes; 2011: 1.3m tonnes). However, the increased proportion of waste diverted means that 44% less waste was sent to landfill in 2012 than in the previous year (2012: 104,158 tonnes; 2011: 184,765 tonnes).

Assuming all waste is charged at standard landfill tax rate of £2.50 per tonne, the Group's waste management produced a saving of circa £3.0m in potential tax cost. In reality, the saving is even larger as some waste would have attracted the full levy of £56 per tonne.

The majority of the Group's waste comes from its excavation activities (2012: 84%; 2011: 87%) which, through following appropriate codes and protocols is being diverted from landfill.

“ The headline figure of 92% waste diverted from landfill is a really positive story for the Group and reflects the progress that we have made in recent years. It confirms that we are using the Waste & Resources Action Programme ('WRAP') quality protocols and the Contaminated Land: Applications In Real Environments ('CL:AIRE') code of practice effectively and that the idea of diverting waste from landfill is becoming truly embedded across the Group in everything we do.

**Brian Handcock**  
Chair of the Group's Environmental Forum

”



## Planet

# reducing waste

## What is the Group doing well?

The Group has become a member of CL:AIRE, an independent, not for profit organisation that provides guidance and advice on contaminated land and waste issues. The CL:AIRE register allows potential waste generators to enter their surplus materials onto a national database for others to see. For example, the Construction and Infrastructure division successfully used the register at its Reading University project to source 1,800m<sup>3</sup> of top soil that would have otherwise been landfilled, saving £18,000.

The Construction and Infrastructure division has reduced the amount of excavation waste it generates through the use of an innovative trench reinstatement system. Developed and tested in partnership with Tarmac, the method reuses 100% of the material that comes from excavating a trench, avoiding the need to send this to landfill or to bring in new infill material.

The Fit Out division has developed a web portal where local charities can create an online shopping list which can be matched against unwanted office furniture and materials on its sites.

The Construction and Infrastructure division has continued its support of the National Community Wood Recycling Project ('NCWRP'), which rescues and reuses waste timber from its sites that would otherwise be landfilled or cut into woodchip.

A trial is currently taking place in the Affordable Housing and Construction and Infrastructure divisions with a national waste broker, for managing construction waste. Working closely with the broker, the divisions aim to ensure compliance and maximise recycling opportunities.

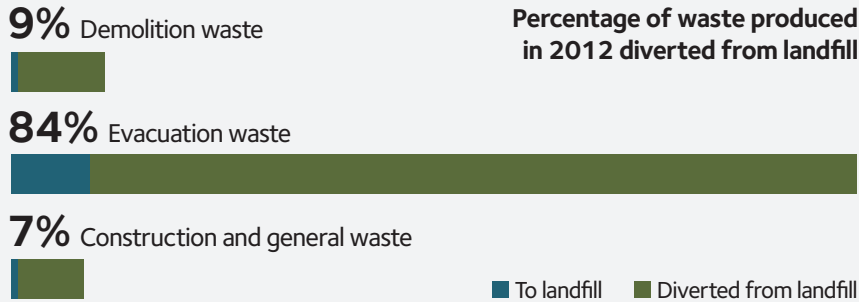
## What challenges remain?

WRAP's industrywide 'halving waste to landfill' commitment ended in 2012. The Group anticipates that the industry will adopt the ambition of zero waste, which would have a significant impact on its activities, as it may not always be possible to reuse waste products on its sites. To respond to a requirement for zero waste, the Group would need to work with its supply chain to develop innovative solutions for reusing and recovering waste materials.

There is still scope to improve the Group's overall recycling rate from 92%, with leaders in the construction industry achieving levels of around 95% diversion from landfill. The Group is implementing a drive towards '100% recovered', meaning that all wastes are subject to the waste hierarchy, and reused, recycled or recovered ahead of disposal.







## Trench flowable structural material for reinstatement (FSMR)

The Construction and Infrastructure division partnered with Tarmac to develop an innovative system that reuses 100% of utility trench spoil. The Trench FSMR technology creates a material that is suitable for refilling excavated utility trenches.

Produced in accordance with the WRAP quality protocol, the system avoids utility trench spoil being sent to landfill, eliminating the need to purchase new infill material. A three-month trial by the West Midlands Gas Alliance, a partnership between the Construction and Infrastructure division and National Grid, successfully reduced the amount of excavation waste sent to landfill.

The system has other benefits. It reduces carbon emissions by reducing the need to manufacture and transport new reinstatement materials from off-site. Only two workers are required to operate the on-site recycling process, reducing employee costs. The material is self compacting so there is no need to use mechanical compacters, removing the potential for hand arm vibration syndrome and reducing noise disruption to the local community. The reinstatement technology can also be used to support Civil Engineering Environmental Quality Assessment and Award Scheme ('CEEQUAL') project accreditation.

“ We started working with Tarmac to develop this project over 12 months ago. To have it now in production is a bonus and demonstrates how we can work with our supply chain to find innovative solutions. Not only do we have a product that is 100% recycled, the trials have shown that its use will be fundamental in reducing defects in both highways and footpaths, thus eliminating the cost of rework and disruption to the public.

**Les Turner**

Head of Supply Chain Utility Services,  
Construction and Infrastructure division



## Aims for 2013

Reduce the absolute volume of waste sent to landfill by 10% year on year.

Apply the WRAP quality protocols and the CL:AIRE code of practice at all relevant project sites.

Build relationships with the supply chain in order to develop and test new waste recovery methods.



Profit

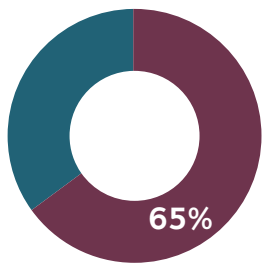
# It's about total commitment to improving sustainable procurement

The Construction and Infrastructure division's first tunnelling contract for UK Power Networks will help strengthen London's electricity supplies.



The Group requires a high level of quality and competitiveness from its suppliers and subcontractors, as well as evidence of their own commitment to sustainability. Maintaining the balance between responsible sourcing, competitive tendering and quality of delivery requires continual effort.

The introduction of responsible sourcing standards, for key construction products, provides the Group with an opportunity to exert a significant positive influence in terms of suppliers' sustainability performance. Minimum standards of supply can be established, through Group-wide procurement arrangements, which include important responsible sourcing criteria, the percentage of recycled material and other applicable sector driven requirements.

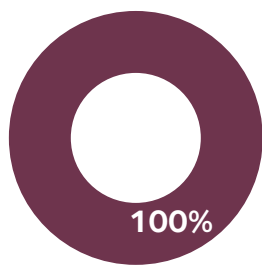


**65% of total spend covered by Group-wide Agreements**

## The Group's performance in 2012

There has been a reduction in the proportion of total spend that is covered by Group-wide agreements, which include minimum sustainability criteria (2012: 65%; 2011: 85%) as the Group introduced new suppliers and service providers. The Group is currently completing registration and conformance checks before admitting new suppliers into its Group-wide trading agreements.

All aggregates and concrete products used are BES 6001 compliant and, direct timber procurement is 100% compliant with responsible sourcing standards.



**100% of aggregates and concrete products used are BES 6001 compliant**



84% of what we spend is through our supply chain, so influencing our suppliers is critical. Our current mix of projects and the prevailing economic situation means that the amount of spend covered by Group-wide agreements fell during 2012. However we are confident we have the right tools in place to correct this. The Supply Chain Sustainability School is just one example of how we are moving our sustainability agenda forwards, by driving improvement from suppliers. Ultimately, everyone across the Group should be a supply chain and sustainability manager.

**Paul Whitmore**  
Group Commercial Director



**Profit**

# improving sustainable procurement

## What is the Group doing well?

A new Group sustainable procurement policy has been agreed and the Construction and Infrastructure division has implemented minimum standards for aggregates, cement and concrete materials, labour agencies, consultants and designers, waste contractors, timber, steel, ICT procurement and site accommodation.

The Group has helped its subcontractor and supplier base through its leadership in establishing, and continued involvement with, the Supply Chain Sustainability School. The Group's own supply chain has the second highest industry participation across the school.

All divisions will join the Construction and Infrastructure division's sustainable procurement forum in 2013. This creates a single platform that will better reflect the interests of the Group as a whole and allow the divisions to learn from each other.

The divisional Pre Qualification Questionnaire ('PQQ') for the supply chain has been amended to include sustainability criteria for the first time.

A sustainable procurement policy has been put in place by the Construction and Infrastructure division. It also is in the process of establishing a supply chain forum, comprising representatives from some of its key suppliers, to discuss how it can minimise the environmental and social impact of the materials it uses.

The Affordable Housing division is reviewing procurement criteria for its top ten commodities and suppliers by value.

The Fit Out division has launched a joint programme with the Institute of Sustainability to encourage the use of local suppliers.

## What challenges remain?

One of the Group's biggest procurement challenges is that construction and regeneration activities span a wide range of markets. This makes it difficult to put in place a consistent set of procurement processes and procedures to ensure that sustainability is treated in the same way on all projects across the Group.

84% of the Group's total procurement spend is through its subcontractors and suppliers. In order to drive further improvements in sustainable procurement, the Group needs to work with its supply chain to increase their understanding of sustainability and help them identify opportunities for improvement.

Reliable measurement of the proportion of products used in projects that are from recognised responsible sourcing schemes has proved difficult. Although there is compliance with schemes for particular projects, such as Crossrail, no formal measurement for the Group as a whole has been commenced. Considerable additional resources will be required to evaluate data, verify schemes and audit supplier compliance. In the interim, all buyers have been instructed to ensure that only mainstream suppliers are being used, whilst seeking assurances prior to signing contracts to ensure this risk is being managed.

Whilst the Group can provide Chain of Custody certification for all timber that it purchases directly, the new EU timber regulations mean that the Group must also ensure that all subcontractors are also compliant.





## Supply Chain Sustainability School

In 2012 the Group was a founding member of the Supply Chain Sustainability School, which is actively supported by many of the UK's leading contractors and the CITB. This virtual learning environment aims to help construction suppliers and subcontractors develop their sustainability knowledge and competence. It has been designed to address the challenges faced by the industry and help the supply chain benefit from the many opportunities that are emerging through sustainable business.

The Group also hosted events in Southampton and Bristol, where suppliers and subcontractors learned more about the school and how it can increase the sustainability skills and competence of the construction industry.

The project has been backed by funding from the CITB-ConstructionSkills' growth fund. It is hoped that it will become the industry standard learning environment, for suppliers who want to develop their sustainability competence.

**“** I am personally very proud to see this idea come to fruition and to witness true collaboration between a diverse range of contractors. By working together we have created a tool that has a truly positive effect, not just on the suppliers and subcontractors who participate but also on the industry as a whole. Operating sustainably is critical for our industry and contractors can only achieve this if our entire supply chain assists us in increasing our sustainability credentials.

**Graham Edgell**

Director of Group Sustainability and Procurement

**”**

## Aims for 2013

To halt and reverse the decline in the proportion of spend that is covered by Group-wide agreements, by centralising purchasing within the Affordable Housing and Construction and Infrastructure divisions.

To put minimum standards in place for three further procurement sectors (vehicles and fuel, waste and muck away and drainage materials).

To launch a Group-wide external stakeholder engagement programme consisting of a selection of its key suppliers. Participants for the external advisory board have been identified and the formal commencement of this board is anticipated for late 2013.

To hold a Sustainable Procurement and Innovation Conference for the Group's supply chain.

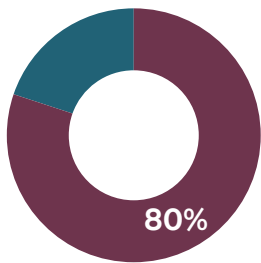
The Group has developed an iPortal that enables its supply chain free access to register with the Group as a supply chain partner. During 2013 it will enable the supply chain to have access to 360 degree performance records and increase levels of communication via a collaborative platform. This transparency will enable both parties to accelerate information exchanges and allow continuation of the sustainable education agenda already underway via the Sustainability School.

Profit

# It's about total commitment to supporting local employment



Construction is a relatively localised activity, so the provision of jobs and training can benefit a local community significantly. The Group has identified that through its commitment to supporting local employment, that there are great opportunities to deliver on all areas of sustainability. Environmentally, shorter travel distances will reduce the carbon footprint of a project. Socially, the benefits to the individuals and the local community of improved quality of life will be significant. Economic benefits will also follow, including using local subcontractors and suppliers wherever possible, which leads to greater retention of wealth locally to the project.



**80% of staff in the Affordable Housing division live within 25 miles of where they work**

## The Group's performance in 2012

A KPI of distance travelled to work was established in the Roadmap to help measure and report on the Group's Total Commitment to local employment. Early experience of capturing this data revealed the need to review the original KPI in order to provide a more meaningful and accurate measurement across all divisions. However, measurement has been trialled by some divisions and on some projects.

80% of employees in the Affordable Housing division live within 25 miles of where they work (2011: 75%).

The Construction and Infrastructure division has started to record commuting distances for office based employees and for some projects. 59% of its employees who completed a transport survey commute less than 25 miles each day. At its Botanic House project in Cambridge, 35% of journeys to work were under 10 miles, 31% were between 11 and 40 miles and 34% were over 40 miles.

Investment's Hull Building Schools for the Future programme has a target of 200 local apprentices over the lifetime of the project - 179 apprentices have been created so far.





## Profit

# supporting local employment

## What is the Group doing well?

The Construction and Infrastructure and Affordable Housing divisions participated in the Open Doors event, organised by a partnership between the UK Contractors Group, CITB-ConstructionSkills, Considerate Constructors Scheme and Chartered Institute of Building. The initiative aimed to raise the industry's public profile and increase all round interest in construction careers. Participation in the scheme was considered an excellent opportunity to contribute towards the Group's commitment to support local employment. Affordable Housing held an event at its major housing construction site in Hyde Park, Doncaster. Over 200 people from the local community and wider area attended, and the division intends to follow up with possible work opportunities in the locality. Construction and Infrastructure provided access to five of its working sites, with the Lee Tunnel construction site, in particular, proving to be a popular showcase.

The Affordable Housing division took on its 500th apprentice in February 2012, to coincide with National Apprenticeship Week. Its nationwide apprenticeship scheme sees an average of 60 crafts people graduate each year with recognised trade qualifications.

The Investments division has created 179 local apprenticeships at its Hull Building Schools for the Future project, from an initial target of 210. It is expected that its new Slough regeneration project will give rise to the creation of 47 direct local employment opportunities, 80 local apprenticeships and 160 local work experience placements.

## What challenges remain?

The Group is committed to supporting local employment and local communities in general. The existing KPI is being reviewed to ensure that it is recording data that is meaningful and will drive improvement.

Decisions about local employment targets tend to be customer driven and therefore highly variable between different projects. Often local authorities will specify that apprentices have to be recruited from within their own postcode boundaries to the exclusion of others. In such cases, the Group will participate in a pooled apprenticeship scheme to offer individuals the opportunity to acquire skills on its projects in that area.



During the Wythenshawe housing project in Manchester, Affordable Housing recruited people from the local talent pool through its relationship with Parkway Green Housing Trust and Manchester College.



## The National Builders Waste Wood Collection Scheme

The Construction and Infrastructure division has continued its support of the NCWRP, which rescues and reuses waste timber that would otherwise be sent to landfill or cut into woodchip. Through its network of social enterprises, the project creates sustainable jobs, training and volunteering opportunities for local people, especially those who are disadvantaged and find it difficult to get back to employment.

The division has chosen to use the scheme over conventional wood collection programmes since it was founded in 2003, and was the first national account set up with NCWRP. With the division's support, the NCWRP established the National Builders Waste Wood Collection Scheme in 2009 to specifically recover waste wood from construction sites. In 2012, collection fees from the Scheme reached £1m – equivalent to the creation of an estimated 50 permanent jobs in social enterprises – and it now provides the main source of funding for the NCWRP.

“ Providing communities local to our projects with practical help is an important part of the work we do. The wood recycling project is just one of many examples. Community support, encouraging local employment and promoting diversity of thought and ideas all help the Group to grow as a business, whilst also enabling us to provide a better service to customers. During 2012 we have increased our commitment to partnering with several employer organisations including JobcentrePlus, Remploy, STEMNET and the Ministry of Defence's Career Transition Partnership.

### Samantha French

Inclusion and Diversity Manager  
Construction and Infrastructure division

”

## Aims for 2013

Review this Total Commitment and KPI to ensure that it is aligned with the Group's aims and aspirations.

# Extending our commitment to sustainability

The Roadmap provides a framework for considering other issues that might impact the Group, either now or in the future. A further series of priority objectives have currently been identified which are believed to be important for delivering improvements across the Group. Progress on these issues is being reported for the first time.

## Diversity

**Objective:** To develop and extend the Group's existing diversity policy to ensure that it remains relevant and, where appropriate, develop action plans for diversity to meet future client requirements.

The Group is currently performing well in terms of diversity, compared to the industry norms, and is an active member of the UKCG diversity subgroup. However, there is still more that can be achieved. Creating an increasingly inclusive working environment will attract and retain a talented and diverse workforce. This is recognised as being critical to the long-term success of the Group. Diversity also brings in new ideas and ways of thinking that foster innovative practice, enabling the Group to provide better services to its clients. As a result, the strategic inclusion and community manager at the Construction and Infrastructure division has been invited to join the Group sustainability forum to share knowledge and help continue making progress in these areas.

At the end of 2012, 182 women were employed in management positions (defined by having a salary greater than £30,000 per year), which represents 10% of total managers employed. Of the Group's total employees, 82% are men and 18% are women, compared to a construction industry average of 13% (UKCG 2011 diversity survey). The appointment of Liz Peace to the Board in November 2012 means that a quarter of Board members are women. 516 people were employed from ethnic minorities at the end of 2012, representing 8% of total employees (2011: 7%) compared to an industry average of 5% (UKCG 2011 diversity survey).

All divisions have a diversity policy or statement and a structure in place to measure and report the diversity of their employees. Two of the divisions have received equality accreditation. The head office of the Affordable Housing division was reaccredited to Gold level of the Committed to Equality national equality standard. Meanwhile, the Construction and Infrastructure division was awarded Two Ticks Positive about Disabled People accreditation in 2012 and is a corporate member of Opportunity Now, the only membership organisation representing employers who want to transform the workplace by ensuring inclusiveness for women.

## Community

**Objective:** To be fully involved with the communities in which the Group operates.

The Group seeks to ensure that all its construction projects have a positive and lasting impact on local communities. In so doing, risks associated with reduced demand, or market value for developments which do not meet local communities' needs, are also mitigated.

Community involvement is typically carried out on a project by project basis, and the divisions have considerable experience engaging with local communities. The Group's divisions are members of the CCS, and in 2012 received 39 CCS national site awards (2011: 19). These included Gold awards for the Affordable Housing division's mixed-use development project at Arleston Lane in Telford, and the Construction and Infrastructure division's A1 Dishforth to Leeming improvement scheme joint venture.

The main challenge for the Group is to evaluate the positive impact of the community engagement work currently being carried out by the divisions and to be more proactive and consistent in how local communities are involved in all projects. Some progress has already been made on how information on non financial charitable donations is collected and reported.

## Water

**Objective:** To minimise use of potable water in all projects.

A significant amount of water is used on construction sites and it is important that the industry reduces water usage and eliminates water waste. Managing water use provides the Group with an opportunity to realise cost savings from lower water bills and mitigates the risk of not complying with clients' demands or future legislative changes. The issue of water was heightened with the drought control orders that were enforced in early 2012, as well as during flooding later in the year. Focussing on how water is used should also help mitigate the risk of operational constraints at times of water scarcity in the future.

The Group's environment forum has been involved in an industry wide initiative looking at water saving on projects. Once this has been completed, a report on potential issues for the Group related to water use will be produced. Ways in which information on water use across the Group is captured are also being reviewed.

## Biodiversity

**Objective:** To improve understanding of the impact of the Group's operations on biodiversity.

Construction activity can have a significant effect on biodiversity through the destruction or disturbance of habitats as well as a positive effect in the creation of new habitat or enhancement of that existing. Taking steps to consider biodiversity on and around the Group's construction sites can help ensure damage is minimised or offset. Working with planners and local community groups including nature conservation charities provides opportunities to realise financial and social, as well as environmental benefits.

A working group on biodiversity has been established and a Group biodiversity policy drafted to provide the basis for measuring and managing the Group's future impact on biodiversity. The intention is that at least 90% of projects will be compliant, for example by having a biodiversity plan in place.

# MORGAN SINDALL GROUP

---

## **Morgan Sindall Group plc**

Kent House  
14-17 Market Place  
London W1W 8AJ  
Company number: 00521970

Twitter: @morgansindall  
morgansindall.com

Written, designed and produced by IMS Consulting

