

Profitable
Markets



SUSTAINABILITY

...a collective responsibility

Healthy
Communities



Environmental
Limits



our vision and roadmap for
a sustainable Balfour Beatty



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Introduction

In 2009, Balfour Beatty celebrated its centenary. On this basis alone, our business model has certainly proved to be sustainable. In order to continue our success towards our second centenary, we will have to respond to a definition of sustainability which includes a far wider set of criteria than we have seen to date.

This is not an option. It is important that we demonstrate our responsibility to society at large and respond to the new sustainability challenge. More than that, I believe it gives us another opportunity to demonstrate leadership and create real competitive advantage.



Whilst it is difficult to predict what the world will be like in a decade's time, we know that the impacts of climate change, resource depletion and the expectations of our customers, investors, employees and society will continue to intensify. These impacts will affect us all in our personal, as well as work, lives. I want to make sure that Balfour Beatty is a leader in sustainability and plays a significant role in helping our customers make sustainable choices.

That's why, in 2008, I appointed Mike Peasland to lead the development of a sustainability strategy covering our global operations. The diversity of our operating companies and devolved business model has served us well and is likely to do so in the future. The approach we have developed to create a sustainable Balfour Beatty by 2020 builds on these strengths and gives freedom to operate within an overarching framework. Key to its implementation are the principles of shared commitment, innovation, integrity and durability. We need to deploy now existing and proven sustainable technologies and approaches and bring new ones to market sooner.

I want to see our operating companies, customers, partners and communities thriving in a future which is environmentally and socially sustainable.

It can be done. In fact, I believe it is the only way businesses and communities will prosper in the long run. Just like Zero Harm, our Vision and Roadmap for a sustainable Balfour Beatty is ambitious. Our current practices are generally good, but we do not have all the answers and will need to learn and do things differently to achieve consistently sustainable outcomes. Central to our Vision is playing our part to align the interests of profitable markets with the needs of communities and to enable people to meet their needs within environmental limits.

2020 may sound like a long way off. Does this mean we can wait to get started? No, we cannot. We have set mandatory minimum expectations for 2012 on our journey towards a sustainable Balfour Beatty. The challenge ahead is significant and we need to act quickly. Across the Group, we already have examples of good practice to build on for our sustainability journey and have done a lot of thinking. We now need to press the accelerator on the sustainability agenda.

By 2020, no matter where we are operating in the world, I want sustainability to be embedded into everything we do. That means the entire business must be focused on this challenge: from marketing and bid teams; project management; design; service delivery and procurement; through to finance and human resources. Sustainability is too important to be left to the environmental or sustainability manager. Balfour Beatty has the scale and breadth of activities to make a very positive social, environmental and economic impact. All of us have a responsibility to make our Vision a reality.

A handwritten signature in black ink, appearing to read 'I. Tyler', written over a white background.

Ian Tyler
September 2009

Balfour Beatty 2020 Vision

Balfour Beatty will deliver, manage and own sustainable infrastructure that helps communities and individuals live within environmental limits. We will build on our heritage to lead the sector in providing our customers with a combination of innovative solutions and engineering excellence that lasts, all in accordance with our ethical framework.

Who we aspire to be by 2020...

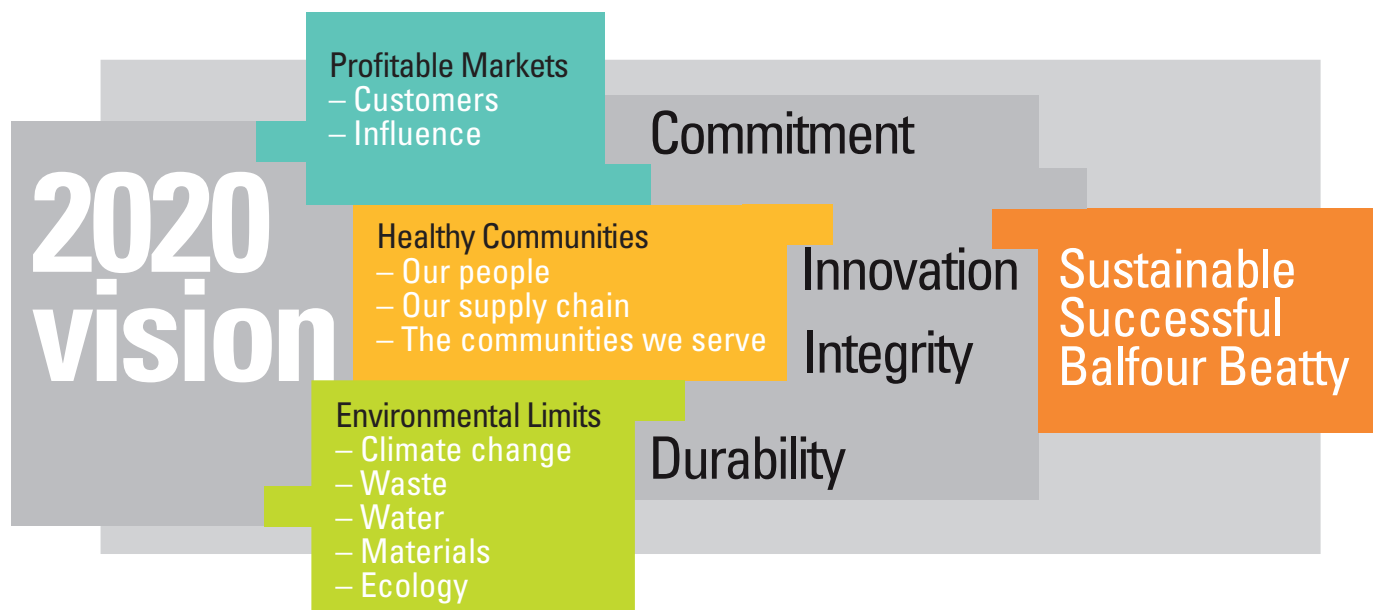
We believe that profitable markets, healthy communities and environmental limits are not competing interests; they are shared outcomes that closely align with one another. In order to be a successful and profitable company, we need to realise that alignment.

Over time, our leadership will result in sustainable infrastructure consistently being the best option. We will add value for our stakeholders by:

- Helping our customers reach their own sustainability goals
- Increasing returns for our shareholders
- Creating a better place for our employees to develop and prosper
- Providing infrastructure which benefits the wider community and the environment.

We will achieve this Vision by consistently applying four key qualities to our work and decisions:

- Commitment through collective responsibility to the delivery of enduring infrastructure
- Innovation in the design, construction and management of assets. We will strive to go beyond customer expectations to help them exceed their goals
- Integrity in how we work. We will embed sustainability across the whole Group as part of what we do. We will apply and build on our core values to ensure all our decisions, practices and behaviours demonstrate integrity and follow our ethical framework
- Durability of both our engineering solutions and business decisions. We will take a long-term perspective across our business operations and the assets we provide, own and manage, including the challenge of adapting to climate change.



Global Sustainability Roadmap

Turning our Vision into Reality

We have developed a detailed Roadmap which sets out how our operating companies will help turn our 2020 Vision into reality. The Roadmap defines where we want to be by 2020 for 10 focus areas covering:



31 key issues have been identified within the 10 focus areas. For each issue, the Roadmap identifies three levels of progress:

- **Minimum expectations by 2012** (mandatory first steps for all Balfour Beatty operating companies);
- **Excellence for 2012** (designed for those Balfour Beatty operating companies wishing to pursue best practice for a given issue); and
- **The aspirational goal for 2020** – showing where we are ultimately heading and allowing operating companies to start aligning their thinking and practices in this direction.

We consulted and acted upon the feedback provided by stakeholders on our Vision and Roadmap in terms of operating company management, Group, customers, investors and Non-Governmental Organisations (NGOs). In order to achieve and maintain a leadership position on sustainability, we will periodically review and update the Vision and Roadmap, including minimum expectations for post 2012, to ensure we stay ahead of the curve on regulatory requirements and customer expectations.

Each operating company will retain flexibility in approach on how these requirements will be applied to their business.

1. Profitable Markets

1.1 Customers – Objective: working with customers to achieve their sustainability aspirations

2012 Expectations

Winning Work

Include sustainability analyses in project risk and opportunity reviews.

Meeting Customers' Sustainability Goals

Formally confirm the sustainability objectives for all projects.

Identify relevant sustainable solutions achievable within project budgets.

Agree project-specific sustainability deliverables with all customers.

1.2 Influence – Objective: helping to create markets in which sustainability is consistently the best option

Influencing the Market Environment

Ensure representation on relevant industry and sustainability bodies.

Marketing

Incorporate sustainability in marketing plans.

Influencing Customer Perceptions

Promote customer appreciation of our sustainability capabilities and credentials.

Striving for Leadership

Select, measure and report key sustainability performance indicators on a monthly basis to operating company management.

Ensure that stakeholders understand and appreciate our 2020 Sustainability Vision.

Include perception analysis of our sustainability performance in annual stakeholder surveys.



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2012 Excellence

2020 Vision

Produce annual market sector review and sustainability analysis and participate in Group-wide review.

Win work, demonstrably, by providing long-lasting solutions and whole life costing approaches.

Apply a protocol to all projects to facilitate early involvement of customers, supply chain and other relevant stakeholders to confirm sustainability targets.

Share knowledge and best practice within the Group in identifying and applying sustainable solutions to customer projects.

Offer customers options which exceed their own sustainability goals, with feasibility and funding studies.

We deliver an appropriate range of products and services that respond to the needs and aspirations of all customers and a sustainable society.

We work in partnership with customers to help them align their sustainability goals to societal expectations and environmental limits.

Achieve recognition as a key reference point for expertise in delivering and operating infrastructure sustainably.

Take the lead on sector sustainability initiatives.

Become first point of contact for media in respect of sustainability in key sectors.

Ensure marketing materials consistently reflect our approach to sustainability as a differentiator.

Obtain structured feedback from customers and users on sustainability performance across the business.

Measure and report on year-on-year performance trends.

Achieve recognition in relevant surveys, indices and awards.

Measure perceptions of our sustainability performance in specific customer and supply chain surveys.

Authorities and regulators consult Balfour Beatty ahead of other organisations in respect of significant policy decisions on infrastructure development.

Balfour Beatty methods of working are adopted as national standards.

Balfour Beatty brands are perceived as leaders in delivering sustainable solutions.

Customers perceive Balfour Beatty as leading best practice in sustainable infrastructure.

Customers and investors choose Balfour Beatty because it contributes to their long-term profitability through adopting and promoting sustainable solutions.

2. Healthy Communities

2.1 Our People – Objective: engaging our people in sustainability

2012 Expectations

<p>Clarifying Roles and Responsibilities</p>	<p>Achieve universal understanding amongst employees of what is expected of them in their role including their contribution to sustainability.</p>
<p>Innovating</p>	<p>Collect, respond to and recognise new ideas for improving sustainability in our projects and workplaces.</p>
<p>Keeping People Safe</p>	<p>Achieve Zero Harm targets.</p>
<p>Promoting Healthier Lifestyles</p>	<p>Implement communication programmes promoting healthy lifestyles.</p>
<p>Increasing Employee Satisfaction and Engagement</p>	<p>Carry out employee satisfaction/feedback surveys and act on results.</p> <p>Measure retention and sickness absence.</p> <p>Involve at least 90% of staff employees in the appraisal process.</p> <p>Conduct exit interviews for at least 90% of leavers.</p>
<p>Valuing Diversity</p>	<p>Measure, benchmark and review diversity performance.</p>
<p>Developing Leaders</p>	<p>Include 'leading sustainability' element in leadership courses.</p> <p>Include skills and knowledge in sustainability in leadership models.</p>
<p>Attracting and Developing People of High Potential</p>	<p>Identify people of high potential and integrate their development into succession planning.</p> <p>Embed best practice in graduate recruitment and development.</p>



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2012 Excellence

2020 Vision

Include individual sustainability objectives in appraisals for all managers.

Appropriate performance in sustainability is a key area for career development and recruitment.

Resource innovation effectively with employees given time and creative space to develop ideas.

Balfour Beatty is recognised as a leading innovative organisation.

Share our experience and help others to replicate our success with Zero Harm.

Zero Harm is a permanent reality and Balfour Beatty continues to be a leader in health and safety.

Offer healthy lifestyle advice and options in our facilities, including benefits available to employees.

The wellbeing of all our people is formally planned and addressed.

Work-life balance issues explicitly part of appraisals.

Balfour Beatty is known as the employer of choice in all our sectors.

Make year-on-year improvement on measured satisfaction scores, sickness absence and retention statistics.

Involve 100% of employees in the appraisal process, which includes a review of individual training and development needs.

Conduct exit interviews with 100% of leavers.

Develop action plan for identified diversity issues and measure outcomes.

Balfour Beatty is recognised for the value it has obtained from its diversity policies.

Demonstrate that leaders are coaching and developing their teams on sustainability through employee satisfaction surveys.

A passion for sustainability is embedded as a vital, necessary criterion for a successful leader.

Demonstrate that teams respond positively to the challenges and opportunities of sustainability.

Avoid individuals with high potential leaving because of lack of opportunity to develop and progress.

Balfour Beatty's top management is recognised as the best in its sector.

Achieve leadership in national surveys on Graduate 3 – 5 year retention.

2. Healthy Communities

2.2 Our Supply Chain – Objective: partnering with our supply chain to deliver sustainable solutions

2012 Expectations

Optimising Supplier Relationships

Carry out sustainability reviews within supplier assessment processes and act on risks and opportunities.

Ensure that key suppliers are conversant with our 2020 Sustainability Vision.

Achieving Continuous Improvement

Operate a process to encourage suppliers to innovate and propose new sustainable solutions.

2.3 The Communities We Serve – Objective: improving the quality of life for communities and individuals

Behaving Responsibly

Undertake community liaison and satisfaction surveys; review and develop appropriate responses.

Employing Locally

Have a clear process to optimise use of local labour force and suppliers.

Engaging with Communities

Receive, understand and act on local stakeholder views and aspirations for projects.



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2012 Excellence

Include agreement on mutual sustainability aspirations in preferred supplier selection criteria.

Work with preferred suppliers to understand and manage sustainability risks and opportunities through full supply chains.

Adopt recognised accreditation schemes for sustainable procurement.

Obtain feedback from suppliers on performance in sustainability.

Effectively share innovative solutions across Balfour Beatty and the supply chain.

2020 Vision

Customers and suppliers are our equal partners in achieving sustainability objectives.

We regularly introduce sustainable products and services to the market, in partnership with our supply chain.

Achieve external recognition for responsible behaviour in the community.

Encourage all employees to participate in community-based projects.

Provide training and skills to support the development of, and build capacity in, the local community and provide lasting employment opportunities.

Each project team actively involves the community and communicates the sustainability aspects of all projects effectively.

We lead the sector in community engagement and enhancement.

We provide clearly defined volunteering opportunities for all employees.

We are widely recognised as a sector leader in community inclusion, through local employment and skill development.

We enhance project legacy by making lasting positive impacts on relevant communities.

3. Environmental Limits

3.1 Climate Change – Objective: reducing our emissions of greenhouse gases, adapting to the impacts of climate change and providing low carbon solutions for our customers

2012 Expectations

Reducing Scope 1 and 2 Greenhouse Gas Emissions

Facilities/sites in our estate and under our control undertake quarterly monitoring of direct and indirect greenhouse gas emissions.

Achieve a 10% reduction in normalised direct and indirect greenhouse gas emissions against a 2010 (or earlier) baseline.

Reducing Scope 3 Greenhouse Gas Emissions

Establish an understanding of Scope 3 greenhouse gas emissions relevant to our activities.

Achieving Green Building Certification

New or upgraded facilities/sites in our estate and under our control achieve recognised and relevant green building certification that goes beyond legal compliance.

Building in Adaptation

Consider climate change risks and opportunities for adaptation measures at the design stage for new projects to increase their resilience to the adverse impacts of climate change.

Undertake an options analysis and appraisal to ensure that our new assets are designed, built and operated to mitigate the risks arising from climate change.



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2012 Excellence

2020 Vision

Facilities/sites in our estate and project sites under our control undertake monthly monitoring of direct and indirect greenhouse gas emissions.

Achieve a target of greater than 10% reduction in normalised direct and indirect greenhouse gas emissions against a 2010 (or earlier) baseline year across facilities/sites in our estate and projects under our control.

Identify the most significant Scope 3 greenhouse gas emissions relevant to our activities. Develop a strategy and action plan to deliver reductions in these significant emissions.

Set project-specific targets to reduce embodied carbon in materials purchased (or other significant Scope 3 activities) to reduce indirect greenhouse gas emissions.

New or upgraded facilities/sites in our estate and under our control achieve the highest levels of sustainability performance under recognised and relevant green building certification schemes.

Consider and appraise the most effective options for reducing greenhouse gas emissions for the buildings we design, build and refurbish.

Implement adaptation measures across new projects to ensure their resilience to the future impacts of climate change.

Consider adaptation measures for existing assets to improve their resilience to the future impacts of climate change.

We achieve a 50% normalised reduction in direct and indirect greenhouse gas emissions against a 2010 (or earlier) baseline, through efficiency measures and alternative technologies.

We seek to significantly reduce embodied carbon impacts (materials and other significant Scope 3 activities) at all stages of our projects.

We achieve the highest levels of sustainability performance under recognised green building certification schemes for the buildings we design, build and refurbish.

We achieve net zero carbon direct emissions (defined as the energy consumption in the use phase of the asset).

We design, build and operate assets to deliver adaptation solutions to ensure resilience to the future impacts of climate change over their design lifetimes.

3. Environmental Limits

3.2 Waste – Objective: reducing the waste we generate and managing waste as a resource

2012 Expectations

Reducing Waste to Landfill

Monitor waste quarterly across our facilities/sites and projects under our control.

Provide recycling arrangements for all our sites and facilities.

Achieve a normalised 50% reduction of waste to landfill against a 2010 (or earlier) baseline.

Minimising Waste over the Life Cycle of Assets

Actively consider closed loop thinking for waste for buildings, infrastructure and material selection over the life cycle of assets, including recycling of structures.

Set project-specific targets to maximise the reuse and recycling of materials following decommissioning.

Minimising Waste by Using Recycled Materials

Achieve minimum of 25% recycled content of major materials (by value) within our new buildings and infrastructure where we specify the materials.

Actively engage the customer to consider recycled content where we do not control the specification.



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2012 Excellence

Monitor waste monthly across our facilities/sites and projects under our control.

Implement innovative solutions and industry-leading practices to minimise waste over the project life cycle.

Achieve a normalised 80% reduction of waste to landfill against a 2010 (or earlier) baseline.

Maximise material recovery and waste avoidance in all projects.

Set project-specific targets and demonstrate current industry best practice in maximising the reuse and recycling of materials following deconstruction.

Achieve sector leadership in maximising the use of recycled and secondary materials within our assets and projects.

Achieve at least 50% recycled content of major materials (by value) within our new buildings and infrastructure.

2020 Vision

We embed zero waste thinking in all aspects of our operations and our supply chain.

We generate zero waste to landfill from our projects.

We help customers and suppliers deliver and exceed their own waste reduction goals over the project life cycle.

We achieve 100% reuse or recycling of materials generated from our assets and projects following deconstruction.

We consistently support the innovation of new materials and techniques to apply closed loop thinking to reduce waste with our customers and supply chain.

We set industry standards for the recycled content of major materials used within our assets and projects.

3. Environmental Limits

3.3 Water – Objective: assessing and reducing our use of water

2012 Expectations

Reducing Direct Water Use

Monitor our direct water usage at facilities/sites in our estate and under our control quarterly.

Assess opportunities to reduce consumption and provide water efficiency measures at our sites.

Reduce use in potable water by a minimum of 10% relative to a 2010 (or earlier) baseline.

Reducing Indirect Water Use

Establish an understanding of indirect water footprinting relevant to our activities.



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2012 Excellence

Monitor our direct water usage at facilities/sites in our estate and under our control monthly.

Realise water saving opportunities over the project life cycle and introduce industry best practice to reduce consumption.

Reduce potable water use by a minimum of 25% relative to a 2010 (or earlier) baseline.

Undertake assessments of our indirect water footprint across our supply chain to identify the most significant areas of water embodied in the products and materials procured and used within outsourced services.

Reduce indirect water consumption over the project life cycle by using materials and products with low embodied water footprints and/or services with improved water efficiency rates.

Achieve a minimum 10% reduction in indirect water use against a 2010 baseline year.

2020 Vision

We exceed relevant industry benchmarks in the reduction of water use.

We work with our supply chain to lead and innovate in new technologies to reduce indirect water consumption over the project life cycle.

We achieve industry best practice in our indirect water use.

3. Environmental Limits

3.4 Materials – Objective: sourcing responsibly and selecting materials for lower environmental impacts

2012 Expectations

Managing the Materials Life Cycle

Assess and understand the high environmental impact materials that are used in our projects.

Put in place a plan to minimise these impacts over the project/product life cycle.

Sourcing Responsibly

Monitor the use of major materials quarterly to identify sources (mandatory for timber/timber products, ready mixed concrete, pre-cast concrete, steel and aggregates).

Procure at least 25% (by value) of major materials from recognised responsible sourcing schemes.

Procure 100% of timber/timber products (including paper and card) from recognised responsible sourcing schemes.

3.5 Ecology – Objective: protecting and enhancing ecological resources

Working with Protected Species and Habitats

Implement a programme to protect ecological resources and habitats across projects and sites (including mandatory ecological assessments, implementation of mitigation measures, project-specific targets, monitoring and checking effectiveness).



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2012 Excellence

Assess, measure and deliver quantifiable reductions in high environmental impact materials in projects.

Specify and use lower environmental impact alternatives over the project/product life cycle.

Procure at least 50% by value of major materials from recognised responsible sourcing (chain of custody) schemes.

Go beyond protecting existing local ecology to enhancing positively species and habitats in 50% of our projects and our sites.

Engage local communities fully in enhancements made to the local ecology.

2020 Vision

We use only low environmental impact materials (as defined over the project/product life cycle).

We collaborate with our supply chain to lead in the development and trial of low impact materials for our sector.

We procure all major materials from recognised responsible sourcing (chain of custody) schemes.

We procure all other materials and components from responsible sources.

We design, construct and maintain our projects and sites to enhance the ecology of the local environment, delivering a net ecological gain.




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forests, controlled sources and
recycled wood or fiber
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