

# OUR GOALS AND METRICS

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**OUR BLUEPRINT FOR SUSTAINABLE BUSINESS**

CLIENT FOCUSED | LOCAL | EFFICIENT | INNOVATIVE | RESPONSIBLE | GROWING

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# FOREWORD

WELCOME TO THIS BLUEPRINT FOR  
SUSTAINABLE BUSINESS.

In developing this scorecard we have sought to create an authentic expression of sustainability for Balfour Beatty; one that captures the actions we need to take to ensure we remain viable in the long-term and is consistent with our value proposition. Our ambition is to position sustainability at the heart of what we do, and therefore the solutions we provide to our clients.

By focusing on the things that really matter to us we have also reduced the burden of data collection on our operating businesses and created a framework that all parts of the Group can embrace, whilst ensuring that we comply with our legal obligations.

I greatly appreciate your ongoing commitment to our sustainability journey. I hope that you will find this scorecard concise, focused and actionable.

**Dr Paul Toyne**  
Sustainability Director

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# PURPOSE

THIS SCORECARD SETS OUT THE ATTRIBUTES OF A WELL-RUN AND SUSTAINABLE BALFOUR BEATTY. ITS PURPOSE IS TO GUIDE THE PRIORITIES OF OUR OPERATING BUSINESSES AND TO CREATE A COMMON LANGUAGE AND SET OF MEASURES AS A USEFUL AND PRACTICAL BASIS FOR MONITORING PROGRESS AGAINST OUR GOALS.

It reflects a conviction that sustainability strategy should be central to how we run the business and articulates how we will prosper as a Group in the long-term.

This scorecard:

- Retains the three pillars of Profitable Markets, Healthy Communities and Environmental Limits
- Recognises that the sustainability priorities of our clients differ between geographies and therefore permits each operating business to set its own targets for the various measures, except to the extent that such targets are prescribed elsewhere, for example by law or in relation to Zero Harm and Ethics
- Is supported by clear guidance on metrics through a revised Enablon Handbook, which supersedes the original Enablon Handbook and the Roadmap User Guide.

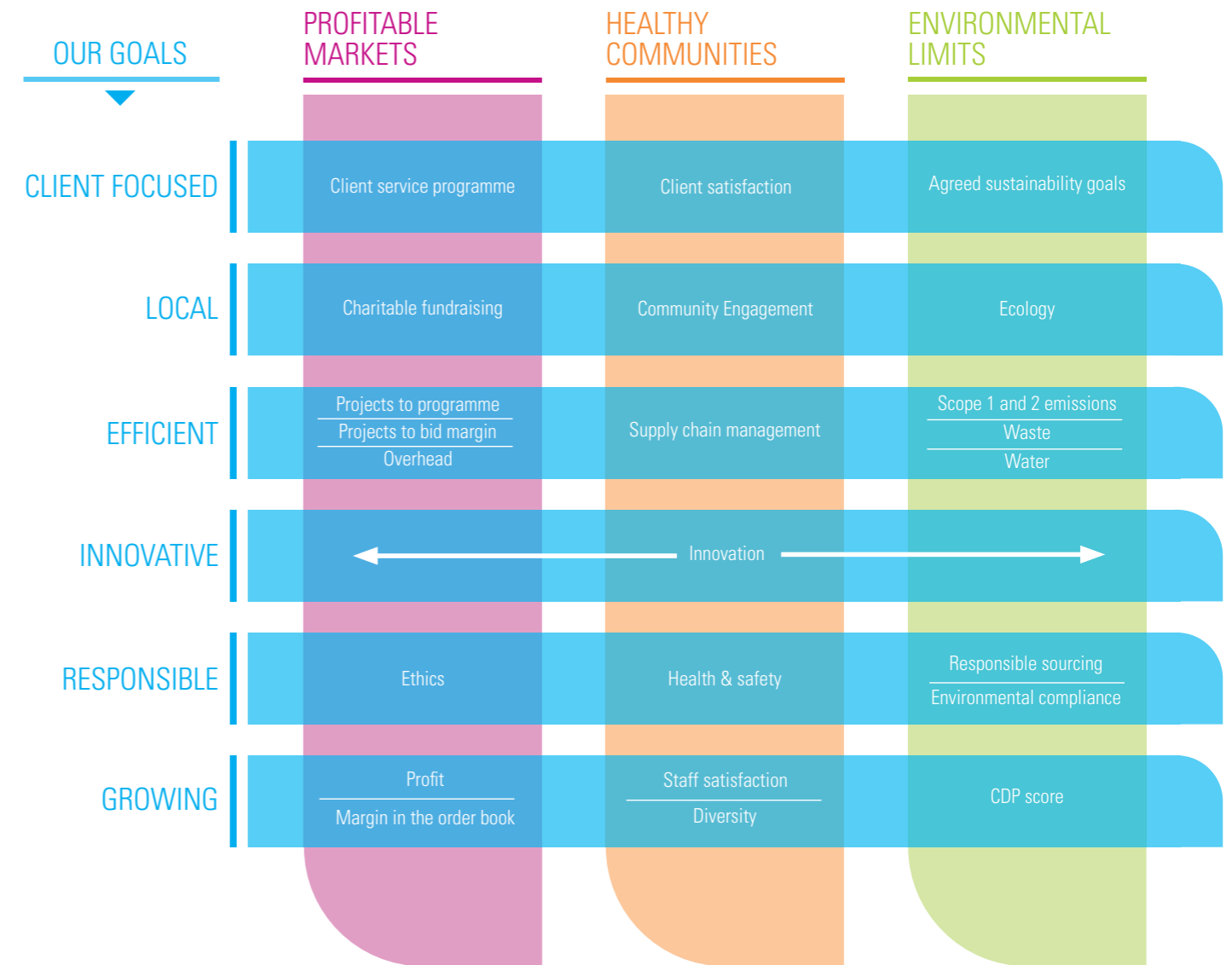
# OUR MODEL

3 PILLARS / 6 GOALS / 23 MEASURES

Our model is based on three pillars, which follow the classical three-dimensional sustainability model: economic, social and environmental. In our interpretation of this model they are named Profitable Markets, Healthy Communities and Environmental Limits.

The model also maps to six fundamental and strategic business goals: client focus, local presence, efficient operations, innovative thinking, responsible behaviour and growth. In this way our vision for sustainability links directly to our strategic business objectives and supports our vision of becoming a leading global infrastructure company.

Within this framework, we have identified 23 measures that characterise success.



## TARGET SETTING

Whilst the measures are prescribed by Group (see sections from page 12 onwards), the targets are set by the local operating businesses and should reflect their aspirations and those of their clients.

## WHY WE MEASURE WHAT WE MEASURE

In the following tables the key to the "Why" column is as follows:

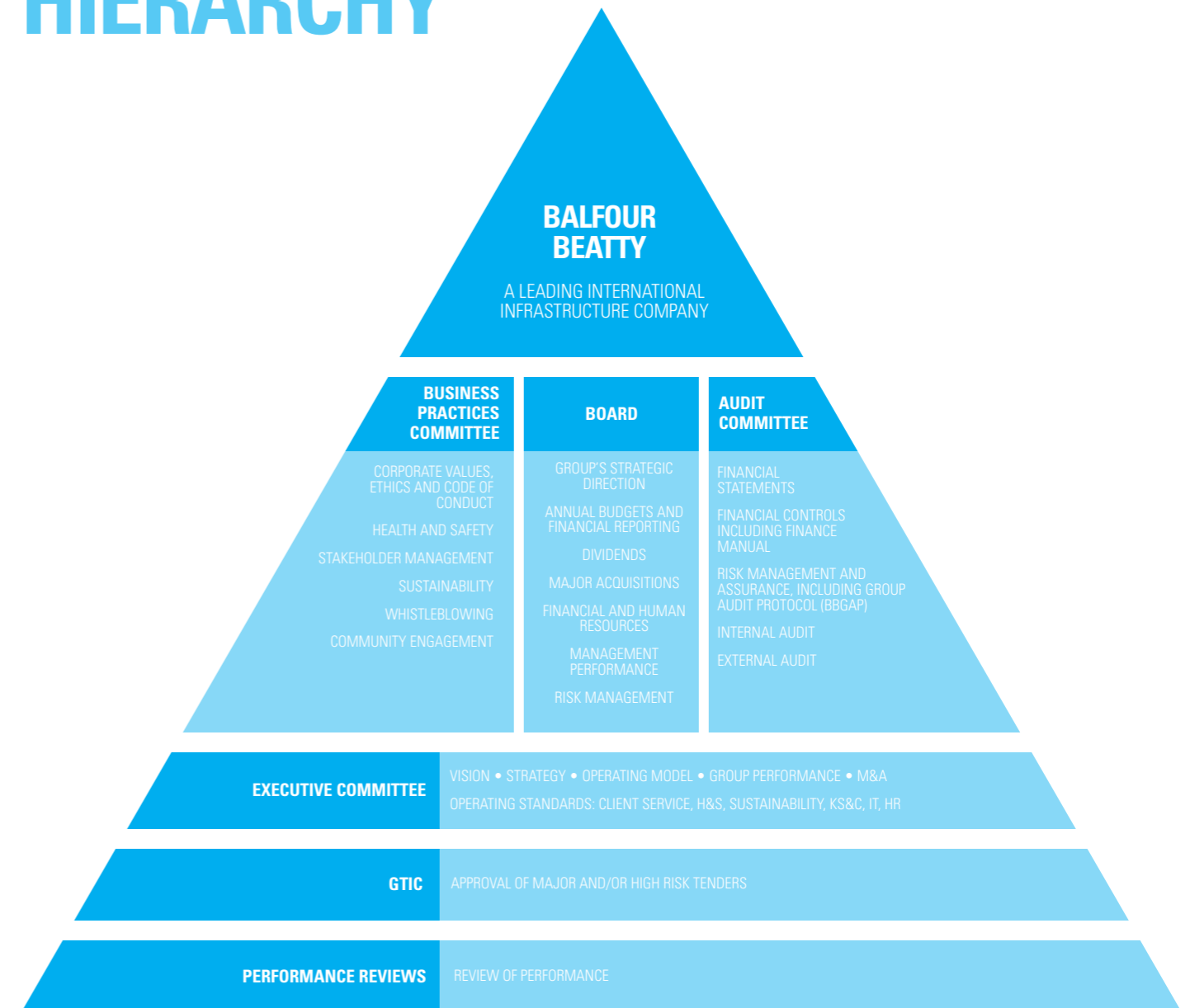
- B** The measure is business critical in all of the geographies in which we operate and should be established and reported by all operating businesses
- L** This is a legal requirement and should be adopted by all operating businesses
- O** Whilst this measure is important to us and our clients in certain geographies, it is not so in all, and it is therefore optional for operating businesses to adopt it

# GOVERNANCE

THE VARIOUS GROUP COMMITTEES RESPONSIBLE FOR THE DEVELOPMENT AND MANAGEMENT OF THE ELEMENTS THAT MAKE UP THIS SCORECARD ARE REPRESENTED OPPOSITE.

Responsibility for implementation has been delegated by the Business Practices Committee to the Sustainability Working Group.

## GOVERNANCE HIERARCHY



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# THE SCORECARD

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3 PILLARS  
6 GOALS  
23 MEASURES

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**GOAL**

**CLIENT FOCUSED**

Our goal is to achieve an in-depth understanding of what characterises success from the standpoint of our clients and to ensure that we deliver against that throughout the project lifecycle.

LOCAL  
EFFICIENT  
INNOVATIVE  
RESPONSIBLE  
GROWING

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
CLIENT SERVICE PROGRAMME	We actively listen to our clients so that we deliver what <i>they</i> characterise as 'success'	Proportion of our projects by value and number that operate a client service programme, such as The MAP	Client service programme Sustainability assessment	B
CLIENT SATISFACTION	Our clients consistently say that we do what we say we are going to do	Average client MAP (construction) or HALO (services) or similar rating	Client service programme Sustainability assessment	B
AGREED SUSTAINABILITY GOALS	To deliver the optimal social and environmental performance we establish the sustainability objectives for the project prior to contract signature	Proportion of our projects by value and number where we have agreed the sustainability objectives with the client prior to contract signature	Environmental management system Sustainability assessment	0



**GOAL**

CLIENT FOCUSED

**LOCAL**

Wherever we operate we aspire to be integrated within the neighbourhood, supporting the local community, local businesses and local workforce.

EFFICIENT  
INNOVATIVE  
RESPONSIBLE  
GROWING

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
CHARITABLE FUNDRAISING	We support charities in line with operating business policy	Each business will set its own charitable fund-raising measures and targets	Operating business charitable fund-raising targets Sustainability assessment	0
COMMUNITY ENGAGEMENT	We make a positive contribution to the local community, including, as appropriate, apprenticeships, employment opportunities and volunteering	Proportion of our projects and/or offices by value and number that have a community engagement plan	Project community engagement plan Sustainability assessment	B
ECOLOGY	We improve the ecology in the vicinity of our projects	Case studies developed for those projects where we have enhanced the surrounding ecology beyond legal compliance	Environmental management system Sustainability assessment	0

**GOAL**

CLIENT FOCUSED  
LOCAL  
**EFFICIENT**

We seek to continually improve the value we deliver to clients through a relentless focus on resource efficiency and through best practice in supply chain management.

INNOVATIVE  
RESPONSIBLE  
GROWING

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
PROJECTS TO PROGRAMME	We deliver our projects on or ahead of the contract programme	Proportion of projects for which practical completion occurs on or before the expiry of the awarded extension of time	Project review meetings (PRMs) Monthly operating business report Internal audit	B
PROJECTS TO BID MARGIN	In delivering our projects we achieve the margin signed off at final bid stage	Proportion of projects that deliver the margin signed off at final bid stage or better	PRMs Monthly operating business report Internal audit	B
OVERHEAD	Our overhead is as lean as possible, taking due account of the circumstances in which we compete for and deliver projects	Operating business overhead as a proportion of sales, or similar as appropriate to the business	Group finance manual Group audit External audit Monthly operating business report	B
SUPPLY CHAIN MANAGEMENT	We take a considered approach to supply chain management with the objective of delivering best value to our clients	Each operating business will maintain a supply chain policy statement and a corresponding set of measures and targets, e.g. in the UK percentage of procurement via CSC	Group sustainable procurement policy Operating business supply chain policy Internal audit Sustainability assessment	B
SCOPE 1 AND 2 CARBON EMISSIONS	We innovate to ensure that we are as carbon efficient as practicable	Scope 1 and 2 carbon emissions per £m revenue	Environmental management system Internal audit DNV audit External audit	L
WASTE GENERATED	We apply the 'reduce – reuse – recycle' hierarchy on all of our projects	Tonnage of waste generated per £m revenue	Environmental management system Internal audit Sustainability assessment DNV audit	0 <sup>1</sup>
WASTE TO LANDFILL	Where we cannot reduce waste further we adopt strategies that ensure as much as practicable is diverted from landfill	Tonnage of waste sent to landfill per £m revenue	Environmental management system Internal audit Sustainability assessment DNV audit	0
WATER	We innovate to ensure that we are as efficient in our use of potable water as practicable	Potable water use per £m revenue	Environmental management system DNV audit	0

<sup>1</sup> UK Contractors Group members have committed to reporting waste data to WRAP

**GOAL**

CLIENT FOCUSED  
LOCAL  
EFFICIENT  
**INNOVATIVE**  
RESPONSIBLE  
GROWING

To us, innovation is primarily about solving our clients' problems. This involves actively reaching out to our clients, connecting the innovators in our business, and applying a consistent innovation pathway to identify, assess, implement and share ideas.

For us, new business models, commercial solutions and ways of engaging with our communities are as legitimate and potentially valuable as new technical developments.

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
INNOVATION	Balfour Beatty is a vibrant community of innovators, developing and implementing value creating ideas and sharing them with their colleagues	Number of innovation case studies shared via 360, our internal knowledge management portal, per annum	Data from 360, our internal knowledge management portal	B

**GOAL**

CLIENT FOCUSED

LOCAL

EFFICIENT

INNOVATIVE

**RESPONSIBLE**

We conduct our business responsibly in all our geographies. Our ethics, values and compliance programme is designed to help embed ethical behaviour and integrity across our business. Health and safety standards, our environmental performance and responsible sourcing are all manifestations of such integrity.

GROWING

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
ETHICS AND COMPLIANCE	Balfour Beatty is known for its ethical behaviour in all the geographies within which it operates	<ol style="list-style-type: none"> <li>Number of 'Listen Up' cases</li> <li>Number of substantiated cases</li> <li>Proportion of our people that have completed both modules 1 and 2 of our e-learning programme in ethical business and compliance</li> </ol>	Code of Conduct Ethics and compliance training Supplier due diligence 'Adequate procedures' audit Implementation dashboard Internal audit	B
HEALTH & SAFETY	Zero Harm is a permanent reality within the Group and Balfour Beatty continues to be a sector leader in Health and Safety	<ol style="list-style-type: none"> <li>LTIR</li> <li>Fatalities</li> <li>Permanently disabling injuries</li> <li>Injuries to members of the public</li> <li>Long-term harm to health</li> </ol>	Zero Harm Roadmap Monthly SHE report Internal audit DNV audit	L
RESPONSIBLE SOURCING OF MAJOR MATERIALS	Where we control the specification we purchase major materials directly and through our supply chain from recognised responsible sourcing schemes	The proportion of major materials purchased directly and through our supply chain that emanate from recognised responsible sourcing schemes	Environmental management system Sustainability assessment DNV audit	O
ENVIRONMENTAL COMPLIANCE	We operate consistent with best practice in environmental protection	Environmental fines	Environmental management system DNV audit	L

# GOAL

CLIENT FOCUSED  
LOCAL  
EFFICIENT  
INNOVATIVE  
RESPONSIBLE  
**GROWING**

For us, 'success' means supporting the prosperity of our clients, our own financial growth, and ensuring that our people grow and enjoy challenging careers. It also means achieving a diverse workforce, providing the variety of perspectives and skills on which a twenty first century business depends.

MEASURE	OBJECTIVE	WHAT WE MEASURE	GOVERNANCE AND ASSURANCE	WHY
PROFIT	Our profit margins are equal to or better than that of our competitors in the markets in which we operate	Operating profit	Group finance manual Group audit External audit Monthly operating business report	B
MARGIN IN THE ORDER BOOK	Each of our operating businesses has a healthy pipeline of future work	Margin in the order book	Group finance manual Group audit External audit Monthly operating business report	B
STAFF SATISFACTION	Balfour Beatty is the employer of choice for its employees	Percentage of employees that confirm that they are 'satisfied' in the annual staff survey	Annual employee survey Sustainability assessment	B
DIVERSITY	The diversity of our people provides us with a diversity of perspectives and skills	Each business will set its own diversity and inclusion measures and targets	Operating business diversity measures and targets Sustainability assessment	B
CDP SCORE	We benchmark our carbon performance by reference to the industry leading benchmark	Our annual report to the Carbon Disclosure Project is completed by GHO Sustainability	Sustainability assessment	B

# MAKING IT HAPPEN

## ALLOCATING RESPONSIBILITY

The Chief Executive of the operating business should allocate responsibility for performance and for data collection respectively against each of the measures. However, this does not diminish the responsibility of each line manager for sustainability within his or her area and the responsibility of every employee to contribute to a business that is client focused, embedded in its community, efficient, innovative and responsible.

## ACTION PLANNING

This scorecard is a framework within which the operating businesses of the Group work.

Every operating business should prepare a Sustainability Action Plan that communicates their priorities, sets out their targets, and describes the arrangements they are putting in place in order to deliver on them. Every action should have a planned start and finish date.

As part of the action planning process, businesses should identify relevant sustainability legislation, e.g. on Greenhouse Gas Emissions, and commitments made via industry bodies, e.g. the UKCG.

The action plan should be updated each year.

The metrics reported by the operating businesses will be consolidated each year and featured in the Group's Annual Sustainability Report. Certain metrics will also appear in the Annual Report and Accounts.

**RISK ASSESSMENT**

In line with the Group’s risk framework, every operating business should identify, assess and manage the risks and opportunities associated with sustainability. These may include:

- the opportunity of enriching the dialogue we have with our clients by being able to discuss sustainability in an informed way
- the risk of obsolescence associated with inadequate horizon scanning
- the risk of loss of business through being inefficient
- the opportunity to gain business in new geographies as a consequence of our strong social performance record
- the opportunity to engage and enthuse our staff

**PLANNING AT PROJECT LEVEL**

Every business should ensure that it has appropriate arrangements in place to perform against this scorecard throughout its activities. This may be through a combination of an Environmental Management Plan and a Community Engagement Plan, an integrated Sustainability Management Plan or other documented means.



**TRAINING AND COMPETENCE**

Every operating business should ensure that its client facing teams are sufficiently knowledgeable to hold an informed discussion on sustainability with their peers within its client organisations.

Each operating business should develop a training programme to familiarise data collectors with the metrics and processes.

**DATA ASSURANCE**

The integrity of our data is fundamental to the success of our sustainability journey. We can only expect our people to take action if our strategy is meaningful, our data is reliable and we communicate effectively.

Each operating business must develop robust processes for data collection.

The collection process must be subject to one or more of the following checks:

- Audit by the internal audit department
- External assurance by a specialist sustainability auditor in the case of GHG emissions
- Internal sustainability assessment either led or coordinated by the Group sustainability function

**SELF ASSESSMENT**

Progress against the blueprint and action plan should be reviewed by the operating business’s senior management team at least annually.

The internal self-assessment against the action plan should be quantitative where possible, i.e. based on the observed metrics versus targets.

Assessment against the scorecard should be based on the five point evaluation scale incorporated within the Sustainability Implementation Dashboard.

**SHARING BEST PRACTICE**

All businesses should make available case studies of successful implementation on 360, our internal knowledge management portal. Where possible the monetary value to the client should be stated. Such case studies support work winning and the dissemination of more efficient and effective operational approaches.

**APPLICATION**

All wholly owned operating businesses are expected to implement this blueprint, with the exception of newly acquired businesses, which will be subject to assessment under this framework 12 months after the date on which they join the Group.

The scorecard will apply to all jointly owned operating businesses, with the agreement of our joint venture partners. These include Gammon Construction, BK Gulf, Dutco Balfour Beatty and Balfour Beatty Sakti.

For joint venture businesses application of the scorecard is as follows:

- Wholly owned subsidiaries – applies in full
- Ventures with ≥ 50% share – applies in full
- Ventures where the operating business has operational control – applies in full
- Ventures with ≤ 50% share and without operational control – does not apply

STAKEHOLDER ENGAGEMENT

The following table represents how we engage with our stakeholders.

WHO WE ENGAGE WITH	WHY WE ENGAGE	PRINCIPAL CHANNELS
STAKEHOLDERS GENERALLY	To obtain independent feedback on our sustainability journey	Two stakeholder panels comprised of clients, NGOs, investors and suppliers Discussion page on our website
CLIENTS	To understand our clients' evolving needs, develop enhanced value solutions, and receive feedback on our performance	Collaboration with clients to agree project-specific sustainability deliverables The MAP Bespoke client attitude and satisfaction surveys Sustainability dialogue with key accounts
SUPPLY CHAIN	To understand the needs of our suppliers and to work in partnership with them to innovate and add value	Supplier Code of Conduct Supply Chain Excellence Guide Programme of supplier sustainability workshops "Meet Balfour Beatty" days
COMMUNITIES	To make a lasting positive impact on the communities in which we operate	Communication with communities under the Considerate Contractor Scheme Local Employment initiatives, including Balfour Beatty Apprenticeships
EMPLOYEES	To keep our employees informed about the future direction of our business and to recruit their assistance in creating a safe and productive working environment	The Roadmap Employee Code of Conduct Annual Graduate Conference Employee briefings Newsletters, including quarterly sustainability newsletter Sustainable innovation brochure Training courses including sustainability e-learning Employee satisfaction surveys Work winning webinars promoting sustainability
MEDIA	We treat them as a separate stakeholder body because they are an important channel for communicating with our other stakeholder cohorts	Business, national, environmental, digital and trade press Social media, including LinkedIn, Facebook and Twitter
INDUSTRY	To positively influence our industry	Membership of professional bodies and industry associations, including IEMA, UKCG Environment Group and UK Green Building Council
NGOS	To deliver cost-effective social enterprise solutions and to improve our understanding of sustainability risks	Partnerships with NGOs such as Groundwork and Renaisi, with whom we secured the Queen Elizabeth Olympic Park legacy contract Stakeholder panels
GOVERNMENT AND REGULATORS	To understand the issues that may impact our business, particularly those that affect our clients and the communities in which we operate	Active public affairs engaging with the UK politicians and US Government Involvement in thought leadership programmes with the UKCG, UK Green Building Council and DEFRA
INVESTORS	To provide them with the information they need to make well-informed decisions	Meetings, investor days, roadshows and conferences

# FEEDBACK

We welcome feedback on all aspects of this scorecard from our clients, people and our other stakeholders. Please address your comments to [sustainability@balfourbeatty.com](mailto:sustainability@balfourbeatty.com).



**Balfour Beatty**

[www.balfourbeatty.com](http://www.balfourbeatty.com)

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