

## Corporate Social Responsibility

For more than 10 years we have set the pace in our sector when it comes to applying the principles of sustainable development. We have consistently demonstrated that sustainable and responsible business practices help us to deliver our business objectives. Our ability to have a positive effect on the environment and on the communities in which we work is a key differentiator for Carillion, helping us to win orders, minimise our Social, Environmental and Ethical Risks, control costs and deliver better services to customers.

The following summary of the progress we have made towards becoming a more sustainable business is supported by a more detailed account in our 2005 Sustainability Report, which has been published on our website at [www.carillionplc.com/sustainability](http://www.carillionplc.com/sustainability).

In 2005, we continued to base our sustainability programme and objectives on the strategy model we first published in 2001. This model helps us understand how the delivery of our business objectives is supported by improving the effects we have on the environment and the communities in which we operate. Our 2005 sustainability objectives were based on nine specific and measurable Group targets against which our average, externally verified, score was 91 per cent. We have also continued to benchmark our performance through participating in Business in the Community's Corporate Social Responsibility Index: in the 2005 Index, Carillion was ranked first in its sector and in the top quartile of all participating companies, positions we have held since the inception of this Index in 2003.

### A new challenge

In March 2005, the UK Government set a new challenge for business when it published its Sustainable Development Strategy, Securing the Future. This strategy identifies four priority areas for sustainable development:

- ▲ Sustainable communities;
- ▲ Natural resource protection and environmental enhancement;
- ▲ Climate change and energy; and
- ▲ Sustainable consumption and production.

To strengthen our leadership in sustainable development we have realigned our own sustainability strategy and programme for 2006 with the Government's new strategy. To do this we consulted widely, both externally and internally, engaging all our people in the task, because becoming a more sustainable business ultimately depends on their understanding and commitment.

As a result, we have identified the business behaviours and activities that have most impact on the four priority areas of Securing the Future, as illustrated in the "Sun" diagram above. Our sustainability strategy model has been redefined to relate these behaviours and impacts to the Group's business objectives and we have also identified new ways of measuring the benefits of becoming a more sustainable business. In 2005, we also developed a "Tool Kit" specifically to help our marketing and work-winning teams demonstrate to customers the benefits of choosing sustainable solutions that meet their business needs.



Our new Sun diagram shows the business behaviours and activities that have most impact on the four priority areas of the UK Government's Sustainable Development Strategy, "Securing the Future".

### Managing Sustainability

Our commitment to sustainability continues to be driven by our Board, which is advised by a Sustainability Committee. Following the retirement in 2005 of Sir Neville Simms, this committee is now chaired by our chief executive, John McDonough and a number of managing directors of our business units have joined the committee to strengthen its links with the Group's operational activities. The committee also continues to benefit from expert guidance and advice provided by two external advisors – Jonathon Porritt, Chair of the UK Government's Sustainable Development Commission, and David Cowans, Chief Executive of Places for People Group, a major social housing association.



The new Toyota Prius – a hybrid petrol/electric car – is now available as an option for Carillion company car drivers. With excellent fuel economy and low CO<sub>2</sub> emissions, the Prius is kind to the pocket and to the environment.

## Health and Safety

Target Zero is the high-profile campaign we launched in October 2004 with the aim of reducing reportable injuries to zero by 2010.

Target Zero takes a structured approach to managing Health and Safety and to creating a safety focused culture. To do this we introduced a Health and Safety management model that enables us to develop plans to improve and measure our performance. This model, which is based on British Standard 8800 (Occupational health and safety management systems – Guide), has the four main principles or elements to which we aspire, namely:

- ▲ **Awareness** – all our people and stakeholders should have an awareness and understanding of Health and Safety hazards and risks that affect our business;
- ▲ **Competence** – all our people and stakeholders should have the competence to undertake their work with minimum risks to Health and Safety;
- ▲ **Compliance** – our work activities must comply with legislation, and our people are empowered to take action to minimise Health and Safety risks;
- ▲ **Excellence** – Carillion will become recognised for excellence in the way it manages Health and Safety.

Within each element of the model, we have identified a number of specific actions and targets. Having adopted the model within Carillion, we are now rolling it out to our supply chain, with suppliers having to demonstrate that they are achieving the standards we require.

The results of Target Zero have been significant. In 2005, we achieved our lowest ever Accident Frequency Rate of 0.24, which represents the number of injuries per 100,000 hours worked, as reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR), a 35 per cent reduction on 2004.

In 2005, we reported 255 injuries under RIDDOR, 162 involving Carillion employees and 93 involving subcontractors and others, an overall reduction of 27 per cent on 2004. Tragically there were five fatal injuries, including one Carillion employee and four employees of sub-contractors, and 62 other major injuries, involving 34 Carillion employees and 28 employees of sub-contractors. We therefore have some way to go to eradicate reportable injuries, but we are determined to do so and our commitment to Target Zero remains absolute.

## Environment

Our partnership with The Wildlife Trusts is now in its fifth year. The Carillion Natural Habitats Fund continues to go from strength to strength. In 2005, we worked on five new projects with Trusts local to Carillion's business activities. For example, we are working with The Wildlife Trust for Birmingham and the Black Country to produce an atlas of reptiles and amphibians in the area. To date, we have contributed £125,000 to the Wildlife Trusts, sponsoring 26 projects and providing opportunities for our people to work with a number of different Trusts.

Managing and reducing waste is an important aspect of environmental protection and we are working hard to minimise the waste we generate and send to landfill. On projects such as the new John Radcliffe hospital in Oxford, we are now re-using or recycling over 90 per cent of construction waste.

We have developed a biodiversity framework along with simple guidance for everyone working in locations where they need to consider plants, natural habitats and the behaviours of animals. For example, a highways maintenance team is working with local wildlife groups to encourage biodiversity along the M40 motorway, which Carillion maintains between its junction with the M25 and Warwick. This includes supporting and monitoring the kestrel population, an initiative featured on the BBC programme *British Isles: A Natural History*.

Carbon emissions are a significant measure of environmental performance. We have continued to reduce CO<sub>2</sub> emissions from Carillion buildings and CO<sub>2</sub> emissions per vehicle in our company car fleet, through awareness, energy management and Group-wide transport and car policies.

## Communities

Carillion continues to be a member of Business in the Community's (BitC) PerCent Club of companies that contribute over one per cent of their profits in cash or in kind to community activities. The new community engagement strategy we introduced in 2004 continues to provide practical guidance to our people on how we can be a force for good in the locations where we work. From on-site job centres and training, to involvement with local schools like St John's, in Caterham, Surrey, where we built an agility trail and quiet area in the school grounds. In another initiative, we supported the Lollipop Appeal at Darent Valley hospital, Carillion's first PPP hospital that opened in 2000, by arranging a five-a-side football competition to raise funds for a children's High Dependency Unit. In Wales, a team from Carillion Roads worked in partnership with the Construction Industry Training Board (CITB) and Ferndale School to trial the first pilot GCSE Construction course.

As one of the UK's leading providers of training for support services and construction skills, Carillion makes a major contribution to the development of individuals and communities. In 2005, around 3000 people attended courses at our 16 UK training centres and some 800 apprentices qualified with NVQs.

Further afield, in response to the Tsunami disaster on Boxing Day 2004, Carillion became a corporate sponsor of the charity RedR, which sources, trains and places people with the professional skills and resources required by the main aid agencies to provide disaster relief and recovery. In addition to donating cash, our support included seconding one of our own water engineers to Oxfam to work in Sri Lanka for six months immediately after the Tsunami struck.

The year also saw our third successful Sustainability Week, which was arranged to coincide with World Environmental Day in June. Over 150 events took place across the Group, demonstrating that corporate social responsibility and a culture of sustainability are embedded more firmly than ever at the heart of our organisation. Success in creating a successful and sustainable business depends primarily on the quality and commitment of our people. In 2005, 518 Carillion employees won Values awards in recognition of their efforts in "going the extra mile" to exceed the expectations of our customers. They showed that by living our values we can make a real, tangible difference to the quality of the services we provide and to the performance of our business.