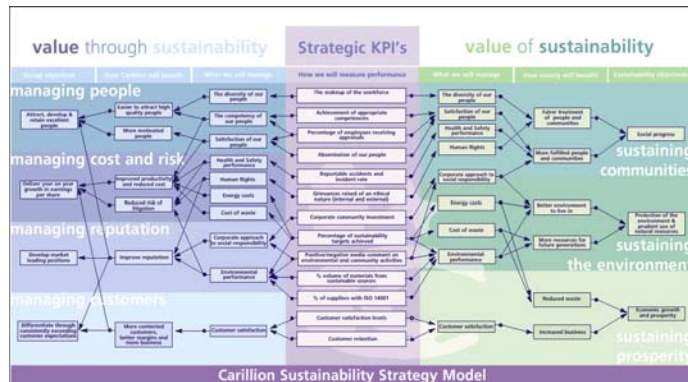


Driving Business Strategy through developing Key Performance Indicators



“Sun Diagram” linking Carillion’s sustainability policy and business impacts to the Government’s Sustainable Development objectives



Carillion KPI Strategy Model

Carillion have recognised the need for an overall sustainability policy that would help create and develop business benefit; demonstrate leadership and commitment both internally and externally and provide a framework for action. Key Performance Indicators (KPI's) are a part of the process, used to build and drive a sustainable business strategy.

Date 2001
Location Carillion plc

Carillion has moved from a reactive to proactive stance, greatly increasing awareness and understanding of environmental issues and sustainable development.

Business Benefits

- **Improve customer and community relationships**
- **Identify social and environmental impacts**
- **Achieve greater employee motivation and encouraged innovation through being more sustainable**
- **Recognising links between sustainability and business objectives**
- **Using KPI's to deliver business and sustainability benefits**

Most UK business sectors are in the early stages of implementing sustainable policies, but progress in the construction sector has been particularly slow. For this reason Carillion joined the Impact on Society project launched by Business in the Community, which is aimed at helping companies develop key performance indicators for sustainable development. Joining the project has helped Carillion to understand better how other business sectors are addressing the issues. Partners in the group include major banks, insurance companies, retail companies and food producers.

Joining the group was the catalyst that encouraged the company to review its key performance indicators and understand how they could be best built into, and drive, business strategy. Early in 2001 the company's sustainability operations group reviewed and updated its key performance indicators. They were taken from a number of sources including the company's internal indicators, the

Construction Industry Research and Information Association, the Global Reporting Initiative and Impact on Society.

Later in the year a strategy model was developed to help the company understand how the indicators could be used to improve environmental and sustainability performance and demonstrate how they support the delivery of business objectives. To focus on the business benefits to be gained from measuring sustainability performance, a review was undertaken to identify what business issues could be better managed by using key performance indicators. A number of indicators were identified as strategic to the business while others helped to deliver business improvement in parts of the group. A third set of indicators, which the company will continue to report as a matter of good practice, are important as part of good corporate social responsibility performance and will continue to demonstrate that corporate sustainability addressed by the indicators are met.