

# Providing sustainable solutions for the way we live



**sustainable solutions  
for the way we live**

## Welcome to our 2002 Sustainability Report

We have been reporting on our environmental performance since 1994 and have now produced our third annual Sustainability Report.

This document provides an overview of our activities and performance in 2002 and is supported by a 4-page extract within our Annual Report and Accounts and a 12 page Sustainability Review. The detailed report of our sustainability performance is available at [www.carillionplc.com/sustainability](http://www.carillionplc.com/sustainability) alongside our previous reports.

Our sun diagram overhaul is based upon the UK Government's four objectives for sustainable development, and demonstrates our key group sustainability issues. This report provides examples of how we address these.

We have also used the Government's four objectives for sustainable development to help us to provide a framework for our own vision and strategy; to our staff, clients and suppliers the real business benefit of delivering a sustainable project. To enable this, we have further developed our strategy model. This model links our core business objectives and has allowed us to map and quantify the business benefit of implementing our sustainability strategy.

To assist with this, we are inviting input from our stakeholders, if you have any comments or questions about the focus or implementation of our sustainability strategy please contact us, using the contact details on the back page.



Sir Neville Simms, Chairman

*Sir Neville Simms*

Sir Neville Simms, Chairman



John McDonough

*John McDonough*

John McDonough, Chief Executive

- Maintenance of high and stable levels of economic growth and employment
- Social progress which recognises the needs of all people
- Prudent use of natural resources
- Effective protection of the environment

## Our business

As one of the largest Business and Construction Services companies in the UK, we provide a wide range of services. We report our financial results in three segments.

**Investments**  
Equity returns on our investments in Public Private Partnership projects.

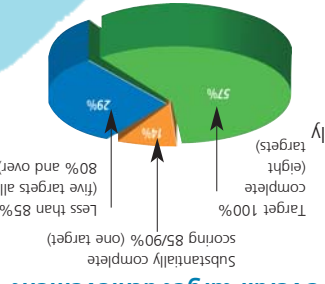
**Business Services**  
Rail and road infrastructure services, facilities management and support services including those relating to Public Private Partnerships.

**Construction Services**  
All contracting and related activities, including mechanical and electrical engineering, building and infrastructure both for traditional and Public Private Partnership projects.

In order to integrate the principles of sustainable development into our operations, we have a Sustainability Policy, which describes how we aim to deliver environmental and social improvements whilst achieving economic stability. This provides a basis for our Sustainability Strategy and targets.

Top-level accountability for sustainability issues is shared between Roger Robinson (Environment) and John McDonough (Community and Human Rights) with each business group also having a board member responsible for health, safety and the environment.

## 2002 Target Performance



**Overall target achievement**

During 2002 we set six corporate sustainability objectives, to be delivered by the achievement of fourteen sustainability targets. The implementation of our sustainability policy achieved 71% of our targets.

The chart opposite details the achievement of the targets, which have been independently assessed and verified.

The average 2002 score against all targets was 93%.

In addition to our corporate targets, each individual business group sets specific targets, thus ensuring that the principles of sustainable development are adopted at all levels within the group. Further examples of business group specific targets can be found in our web report ([www.carillionplc.com/sustainability](http://www.carillionplc.com/sustainability)). Some highlights of our 2002 performance are shown overleaf.

## The future, our focus

Our 2003 sustainability objectives and targets have been directly aligned to our core business objectives, through further development of our business strategy model. This will enable us to demonstrate the business benefits of sustainability. This alignment has led to the development of 13 strategic Key Performance Indicators (KPIs) and six sustainability objectives supported by 18 sustainability targets, all of which are directly linked to the delivery of our core business objectives. Key internal stakeholder groups were consulted before the final acceptance of the targets.

- Examples of the Group's sustainability targets include:
- Promote awareness and benefits of our sustainability performance through our corporate communications strategy
  - Reduce energy consumption in Head Office buildings measured in kWh/m<sup>2</sup>, by a further 5% over the baseline figure.
  - Investigate the feasibility of a biodiversity action plan for Carillion

Full details of our 2003 objectives and targets can be found in our web report.

Each business group also sets objectives and targets to focus on their own specific issues, as well as meeting the requirements of ISO 14001. Examples of these targets include:

- All new vehicles purchased for contract use to be investigated for "environmental" performance – *Carillion Services*
- Monitor paper consumption within Highway Maintenance with the aim to reduce by 10% - *Carillion Highway Maintenance*

**In summary, our sustainability programme in 2003 will focus on consolidating the activities, learning successes and innovations to date. We will develop systems to ensure that the innovations and successes are repeated throughout the business as part of our core activities. In addition, we shall seek to learn from the areas where we have been less successful and find pioneering ways to solve the sustainability issues that we encounter in our everyday activities.**

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# Our 2002 performance in delivering sustainable solutions



## Corporate highlights

- We participated in the Business in the Community's first Corporate Responsibility Index, coming first in our sector and gaining a top quintile place
- By implementing our Green Transport Plan, carbon dioxide generated by our car fleet was reduced by 20%
- Sustainability scorecards were developed for suppliers to help identify current sustainability performance and set sustainability targets
- Over 1% of our profits, in cash or kind, were donated to community and environmental initiatives
- In our three Head Office buildings, overall water consumption reduced by 13%
- We had no environmental prosecutions in 2002
- A further £25,000 was pledged to The Wildlife Trusts
- 2,327 formal training days were provided to staff



### Caribbean community spirit

During 2002, Carillion Caribbean continued to support the communities in which it works. Contributions were made to a range of community activities with contributions approximately \$80,000 in cash and in-kind. This included: ● the provision of a pair of 40 foot trucks for transporting band members and their equipment to the National Panorama Steel Band Competition ● sponsorship for 10 delegates to attend the National Youth Leaders conference ● two engineering bursaries

### Health & Safety

- We won the RoSPA President's Award, 4 RoSPA Gold Awards and 1 RoSPA Silver Award
- Our GCHQ project in Cheltenham won the British Safety Council Sword of Honour
- Over 1.1 million safe "man hours" were achieved on the Great Western Hospital project
- Our Accident Frequency Rate for 2002 was 0.45 per 100,000 man hours



### Low energy hospital

The Great Western Hospital, Swindon, has been designed to consume 30% less energy and emit 35% less carbon dioxide compared to a typical hospital.



### Working with The Wildlife Trusts at Black Rock

As part of the Carillion Natural Habitats Fund, Carillion Rail staff spent time coppicing and thinning trees to increase growth of vegetation and encourage dormice, bats and other species back into the area. "Today has made me think more about what is around us and what we can do to improve the environment in which we work" – Mal Bennett



### Reading between the lines

As well as improving the reading skills of children from the St Thomas Moor Primary School in Cheltenham, through a Business in the Community "paired reading" initiative, the pupils also had the chance to visit the Carillion Building Special Projects GCHQ site in Cheltenham for a lesson on site safety. "The children really enjoyed the reading sessions and being allowed to come here is bound to broaden their outlook on life" Sarah Whittick, Head Teacher



### Balancing out the water

Carillion Capital Projects as part of the consortium building the M6 Toll road created 35 new ponds adjacent to the new road. The ponds were used in part to prevent pollution during construction as well as providing new habitat. The scheme included: ● flood water balancing ponds with enhanced habitat ● wetland treatment areas ● ecological pond and wetland areas



### Living the Values

To recognise employees who go this "extra mile" in living our core values, which embrace the principles of sustainable development, a Values Award Scheme has been developed. During 2002, 317 staff were nominated by fellow employees for Value Awards.



### Helping clients to become more sustainable

"Carillion has worked closely with us at the Royal Parks to help implement sustainable development techniques in the work we undertake together. To help promote our partnering approach to sustainable development, Carillion held a workshop for staff from both organisations to communicate the sustainability issues that we could improve together. We are now using the output from the workshop to develop longer term targets for us to work on jointly."

Mike J Fitt, Director of Parks & Deputy Chief Executive The Royal Parks



### A business case for sustainable development

We will continue to use our strategy model to identify and develop ways in which we can enhance shareholder value by improving our social, environmental and economic performance. Demonstrating the business case for sustainable development is one of our key objectives.

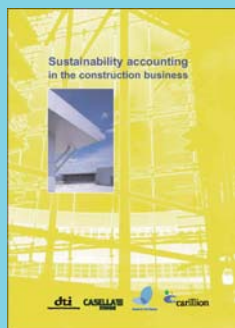
### Investing in a community

Carillion Building undertook demolition and resurfacing works for the restoration of a dilapidated car park at Coppice Close Community Centre in Wolverhampton. "Taking into account building materials, labour and professional input, the works would otherwise have cost the centre £20,000" – Lee Greatrex, Carillion Building Project Manager



### Sustainability accounting

Through involvement in a DTI funded project we have worked to demonstrate the business case for sustainable construction through: ● the development of a sustainability accounting system ● a case study on the Great Western Hospital, which demonstrated quantifiable savings of £1.8 million over the lifecycle of the hospital ● practical guidance notes to assist others in the development of sustainability accounting statements.



### Effective waste management

Carillion Services is helping the Queen Elizabeth and Queen Mother Hospital to manage its waste more effectively. The new renal unit of the hospital introduced a standard charge for each bin of clinical waste as opposed to a flat rate. This resulted in staff being more aware of the types of waste placed in clinical waste bins and has led to a 50% reduction in the number of bins sent for disposal, resulting in a cost saving for the Trust.



- Reduce waste of aluminium by 5%
- Reduce waste of sheet metal by 5%



- Recycle 100% of uplifted plant containers
- Reduce water consumption by 7%

### Greening our supply chain

A training day for suppliers was held to communicate our sustainability strategy and encourage our key suppliers to embrace the concept of sustainable development. Capital Projects at the Nottingham Express Transit site are using manhole chambers made from recycled plastic. This reduced the impacts from manufacturing and casting in-situ a tonne of reinforced concrete for each chamber. This also saved landfill space.



### Energy from waste

We have used our design knowledge to increase the generation and use of non fossil fuel energy. Crown House Engineering have designed and built 35.2 Mega Watts of Landfill Gas Power Generation Plant under the Non Fossil Fuel Agreement, 10% of the total electricity generated from landfill gas within the UK. We have plans under the Renewable Obligation 2002 to design and build further plants, which range from 2MW to 6MW capacity.