

# STAKEHOLDERS

## SUMMARY STATEMENTS BY STAKEHOLDER PANEL CHAIRS

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### EXPERT STAKEHOLDER PANEL SUMMARY STATEMENT

The Balfour Beatty Expert Stakeholder Advisory Panel assembled for a sixth year included a diverse mix of leaders in sustainability from the business, investors, and the NGO community.

The goal of the stakeholder panel is to provide an independent perspective on Balfour Beatty's sustainability approach and reporting practices. In alignment with the objectives of the report, this panel evaluated the materiality, clarity, and transparency of the report information.

We hope that this feedback serves to help Balfour Beatty continuously improve its sustainability performance and the objectives identified in the new Blueprint for a Sustainable Business.

We recognize that it has been a challenging year for Balfour Beatty sustainability to respond to new leadership, organizational changes as well as a new sustainability Blueprint while also developing its first integrated report. This also made it a challenging year for this stakeholder panel to fully assess sustainability progress given more limited data on the ultimate structure of the report, the lack of specific metric targets for the new Blueprint, and difficulty translating progress from the 2013-2015 Roadmap to the current Blueprint structure.

Balfour Beatty's data would benefit from consistent contextualization including geographical scope (all regions versus just UK), progress over time, and progress in relation to industry benchmarks (i.e. average, good or leading). Also, a translation of metrics and results from the Roadmap to the Blueprint would be helpful to get a better sense of progress.

There has been good progress on case study development from last year, and on the 360 program to share best practices. Through the case studies, Balfour Beatty is articulating how it influences clients and suppliers to improve sustainability practices and outcomes. Given Balfour Beatty's increased collection of

case studies, we believe that if the best practices identified in the case studies could be packaged as a standard offering across all projects, it would be helpful to guide client projects, while also enhancing Balfour Beatty's brand. In selecting case studies to highlight, consideration should be given to diversity and including not only best practices, but also lessons learned.

We are pleased that Balfour Beatty recognizes the importance of good data and transparency, as evidenced by commissioning a rigorous assurance process, and internal audits. Significant improvement was made via the Enablon guidance and CO<sub>2</sub> reporting, particularly in the United States. A brief summary of on how OpCo CO<sub>2</sub> targets are developed and reported to the corporate group would be a helpful addition. Waste and water reporting was mandatory in previous years, but is optional this year. This seems inconsistent with sustainability and client focus. Additional information would be helpful on environmental incidents such as type and follow-up actions.

The launch of the Zero Harm Roadmap that charts the health and safety maturity and the Global Safety principles are a great step forward, and we hope to soon see a downturn in fatalities. It would be helpful to understand how Balfour Beatty compares to industry, and have more transparency and clarity on how it plans to ensure that this figure reaches zero as soon as possible.

Sustainability activities should not be dependent on one person/champion. A review of ways to institutionalize governance throughout Balfour Beatty Group is highly recommended and especially where processes are on hold due to staff resourcing issues. With blacklisting still in the news, we suggest including in the report a statement clarifying Balfour Beatty's policy and performance on blacklisting. Similarly, Balfour Beatty's policies with regard to the ethical treatment of children, the panel feels that this is a key missing factor to be addressed in its next report. It is to be noted this was raised the last two years.

While progress has been made on women in board and executive roles, we recommend continued work to create a more robust definition of diversity beyond the current gender focus. The aim to reflect local communities where Balfour Beatty operates, and the realities faced on the ground with workforce (e.g. gender/race/sexual orientation) would be a good direction.

We remain impressed with Balfour Beatty's desire to continuously improve its sustainability practices and reporting, by seeking stakeholder input. The expansion of the stakeholder panel to include a representative from Asia was a positive addition. The ambition to place sustainability at the heart of the company through a direct link with business objectives is an excellent aspiration, and we look forward to Balfour Beatty's continued progress. With the focus on integrating sustainability into the business, it would be helpful to understand how decision-making and reporting occurs within the organization and with the board (e.g. identifying risks and opportunities.) The definition of growth in the Blueprint is clear with regard to growth of clients, company, and employees, it should be made clear what sustainability leadership position Balfour Beatty aspires to take with regard to others in its industry.

Hilary Davidson, Expert Stakeholder Panel Chair.

## NEXT GENERATION STAKEHOLDER PANEL SUMMARY STATEMENT

The panel recognises the continuing commitment to sustainability by Balfour Beatty from the second Next Generation Panel meeting. The transparency and clarity of Balfour Beatty is key to allowing the panel to make its review. As a panel, we hope that our next generation viewpoint provides a different perspective and sets goals for Balfour Beatty to achieve on its journey to become a sustainable business.

We would like to welcome Andrew McNaughton to the CEO role and hope his leadership and Blueprint bring a step change in sustainability so Balfour Beatty can become industry leaders. The integration of the sustainability report within the annual report shows how Sustainability is a vital function of how Balfour Beatty work and not merely a performance indicator. Furthermore, the full inclusion of Parsons Brinkerhoff shows Balfour Beatty is becoming integrated as one.

Our recommendations below have a running theme of communicating, learning and embedding best practices. The panel would also like to highlight that the increase in internal audits and continued external audit by KPMG ensure that the data is precise and actions are addressed by the group.

As a group representing the next generation of Balfour Beatty's stakeholders and associates, we recognise the importance of thoroughly evaluating the Group's performance and identifying realistic priorities to become a sustainable business. We hope this panel will continue to meet these expectations and contribute its best to the mutual effort of Balfour Beatty's sustainable future.

Thomas Whiting, Next Generation Panel Chair

## EXPERT STAKEHOLDER PANEL MEMBERSHIP

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Name	Job title	Organisation	Years on the panel
Hilary Davis (panel chair)	Director, Sustainability & Community Affairs	Duke Energy Corporation	4
Victoria Barron	Senior Associate	Hermes Equity Ownership Services	2
Samuel Kwong	Sustainability Manager	SWIRE	1
Chris Brown	Chris Brown, Business Development Manager	UNICEF	1
Kegan Lovely	Environmental Manager – Europe and CEEMEA	Bank of America Merrill Lynch	3
Anna Surgenor	Senior Technical Advisor	UK Green Building Council	1
Andy Spencer	Sustainability Director – UK operations	CEMEX	5
Dean Kerwick-Chrisp	Head of Sustainability, Equality & Diversity	Highways Agency	1
Mark Hopkinson	Head of New Business Team	UNICEF	3

## NEXT GENERATION STAKEHOLDER PANEL MEMBERSHIP

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Name	Job title	Organisation	Years on the panel
Thomas Whiting (panel chair)	Graduate	Balfour Beatty	2
Julia Ziemann	Student	University of Edinburgh	2
Laura Furlong	PGN Vice Chair 2013	Parsons Brinckerhoff	2
Chris Neal	Trustee	British Youth Council	2
George Savage	Student QS	Balfour Beatty	1
Ethan Vernon	Apprentice	National Apprenticeships Service	2
Kyle Ellis	A Level Student	Career Academies	1

# EXPERT STAKEHOLDER PANEL DETAILED STATEMENT

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The Balfour Beatty Expert Stakeholder Advisory Panel assembled for a sixth year included a diverse mix of leaders in sustainability from the business, investors, and the NGO community.

The goal of the stakeholder panel is to provide an independent perspective on Balfour Beatty's sustainability approach and reporting practices. In alignment with the objectives of the report, this panel evaluated the materiality, clarity, and transparency of the report information.

We hope that this feedback serves to help Balfour Beatty continuously improve its sustainability performance and the objectives identified in the new Blueprint for a Sustainable Business.

We recognize that it has been a challenging year for Balfour Beatty sustainability to respond to new leadership, organizational changes as well as a new sustainability blueprint while also developing their first integrated report.

This also made it a challenging year for this stakeholder panel to fully assess sustainability progress given more limited data on the ultimate structure of the report, the lack of specific metric targets for the new blueprint, and difficulty translating progress from the roadmap to the blueprint structure. To add value in future years, we suggest revisiting the role, timing and structure of the stakeholder panel to better align with the integrated reporting format, including the on-line content provided.

The ambition to place sustainability at the heart of the company through a direct link with business objectives is an excellent aspiration, and we look forward to Balfour Beatty's continued progress. In addition to several general comments on materiality, clarity and transparency, we have organized our feedback below according to the business objectives outlined in the Blueprint.

Topic	Observation	Recommendation	Balfour Beatty Response
Materiality	<p>For new readers of this report, it would be helpful to have a statement about what topics are the most relevant/material to the company, and if appropriate, include them in the risk section of the annual report.</p> <p>A statement of which government policies and regulations are affecting business most (e.g. landfill tax, water extraction costs) would be helpful to better identify and understand risks.</p>	<ul style="list-style-type: none"> <li>See observation</li> </ul>	<ul style="list-style-type: none"> <li>We will make reference to materiality in the next report and include relevant items in the risk section.</li> <li>We will make reference to which government policies and regulations are affecting business most.</li> </ul>
Clarity	<p>Recognizing that integrating reporting is a challenge, we felt that the sustainability information was not fully integrated into this report.</p>	<ul style="list-style-type: none"> <li>We would like to see specific targets and results stated in alignment with the blueprint model.</li> <li>To better understand overall governance, it would be helpful to have a statement regarding reporting structure. In addition to the statement, we would like a diagram showing processes, accountabilities and structure.</li> <li>The data provided in the report would benefit from consistent contextualization including geographical scope (all regions versus just UK), progress over time, and progress in relation to industry benchmarks. Also, a translation of metrics and results from the Roadmap to the Blueprint would be helpful to get a better sense of progress.</li> </ul>	<ul style="list-style-type: none"> <li>We will produce an online annex this year with the individual blueprint targets from across our businesses.</li> <li>We will produce a statement regarding our reporting structure and develop a diagram showing processes, accountabilities and structures.</li> <li>We already provide context where we can in terms of geographies and progress over time. Where we can we benchmark ourselves against industry such as by participating in the CDP index. We will continue to review what other benchmarks are available and applicable. As a business we use the operational control approach to account for our sustainability indicators, whereas other businesses may use financial control or equity share approach, making any comparison meaningless. Similarly, we tend to operate many different markets and sectors making comparisons difficult. An explanation of previous roadmap metrics and our sustainability journey will be provided.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Transparency	<p>We remain impressed with Balfour Beatty's desire to continuously improve their sustainability practices and reporting, by seeking stakeholder input. The expansion of the stakeholder panel to include a representative from Asia was a positive addition.</p> <p>We are pleased that Balfour Beatty recognizes the importance of good data and transparency, as evidenced by commissioning a rigorous assurance process, and internal audits. Significant improvement was made via the Enablon guidance and CO<sub>2</sub> reporting, particularly in the United States.</p>	<ul style="list-style-type: none"> <li>The information in the report is too focused on the UK, and we suggest that future reports are more reflective of Balfour Beatty's work and challenges in all of the regions where they operate.</li> <li>While the use of greenhouse gas (GHG) reporting standards well done, it is limited in scope. Balfour Beatty should consider the use of a broader, international reporting standard, such as the Global Reporting Initiative (GRI).</li> <li>Delegating responsibility for implementation of sustainability to the OpCos is an excellent direction, and the outline of the governance hierarchy in the blueprint is helpful. Additional clarity on the board's role and a description of the reporting structure throughout the corporate center and OpCos would be helpful in future reports.</li> <li>Most of the case studies reflect positive stories, and the selective use of data (e.g. UK versus global results) raises questions about transparency.</li> <li>We are interested to see how these achievements provided a wider benefit on a national level. For example, when referring to the 85 graduates taken on, how is this benefitting the UK/US/Asia economy and is that a big proportion in comparison to the number of employees and graduates out of work.</li> </ul>	<ul style="list-style-type: none"> <li>Although we have tried to highlight case studies from across our international operations, we will actively promote the work and the challenges we face from across all of our regions where we operations.</li> <li>Balfour Beatty has taken the decision not to report against the GRI standard for the first time this year, given that its indicators provide little additional value and detract resource from delivering against our key sustainability objectives.</li> <li>We will incorporate this into the organisational structure (see above) and provide a description on how operating businesses are accountable to Balfour Beatty group.</li> <li>We have incorporated a wide range of case studies from across our operations. Approximately two thirds of our business is in America and UK which is why most of our case studies are from these regions.</li> <li>We do not currently have the tools or the resources to investigate the macro-economic benefits of employing graduates on an international scale. Most of our clients and stakeholders are interested in the economic impacts projects have on a local level which we have started to capture. This is one of the benefits of delegating responsibility and reporting to operating businesses where they have to demonstrate the benefits locally.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Client Focussed	Through the case studies, Balfour Beatty is articulating how they influence clients and suppliers to improve sustainability practices and outcomes.	<ul style="list-style-type: none"> <li>Given Balfour Beatty's increased collection of case studies, we believe that if the best practices identified in the case studies could be packaged as a standard offering, it would be helpful to guide client projects, while also enhancing Balfour Beatty's brand. In selecting case studies to highlight, consideration should be given to diversity and including not only best practices, but also lessons learned.</li> <li>Charitable fundraising and community engagement information are focused primarily in the UK, and should be expanded to reflect the geographies where Balfour Beatty operates.</li> </ul>	<ul style="list-style-type: none"> <li>We already use case studies as part of our standard offering. However, given that in the last two years alone we produced over 240 case studies, we only select those case studies that are relevant to our clients. All of our case studies have three sections entitled "challenge", "methodology" and "results". These are designed to focus on what obstacles had to be overcome, how these were overcome and what the results were. The purpose of this is to stimulate knowledge sharing and collaboration within the business and act as a starting point for more detailed discussions.</li> <li>We have provided information on some the other interventions we undertook in 2013 internationally on our web-based sustainability dashboard as part of our annual report. We will endeavour to report on our progress more comprehensively next year and are reviewing our community engagement plans as a result.</li> </ul>
Efficient	Excellent progress has been made in accounting and reducing CO <sub>2</sub> emissions, with the enhancement of Enablon guidance.	<ul style="list-style-type: none"> <li>A brief summary of on how OpCo CO<sub>2</sub> targets are developed and reported to corporate would be a helpful addition to the report.</li> <li>It is confusing to have sustainability appear as a subheading under environmental performance in the report.</li> <li>A brief summary of how the three KPIs were selected would be helpful, as there are other construction related metrics (such as noise and dust control) that were not included.</li> </ul>	<ul style="list-style-type: none"> <li>Each operating business sets its CO<sub>2</sub> targets independently. Even though some parts of our business have greater opportunities to reduce CO<sub>2</sub> emissions more than others almost all of our businesses have retained our original 2015 reduction target of 20% turnover for Scope 1 and 2 emissions intensity relative to a 2010 baseline.</li> <li>This was an error in the draft version of the report which has been subsequently rectified.</li> <li>Scope 1 &amp; 2 carbon emissions, waste and water are all environmental metrics that feature in our sustainability strategy known as the Blueprint. These metrics have been retained from our original strategy known as the Roadmap. When reviewing and refreshing the roadmap we consulted with over 200 stakeholders (internal and external) and arrived at these metrics. Dust and noise were deemed as impacts for which there were already a wide range of controls in place to meet statutory compliance requirements. For carbon, waste and water there are no specific requirements to reduce resource consumption. It was therefore deemed that we should ask operating businesses to set targets for these.</li> </ul>



Topic	Observation	Recommendation	Balfour Beatty Response
		<ul style="list-style-type: none"> <li>Waste reporting was mandatory in previous years, but is optional this year. This seems inconsistent with sustainability and client focus. Consideration should be given to reporting material use and recycled in addition to waste to landfill.</li> <li>Additional information would be helpful on environmental incidents such as type and follow-up actions.</li> <li>Water reporting was mandatory in previous years, but is optional this year. This seems inconsistent with sustainability and client focus. Also, consideration should be given to extending reporting to wastewater management. Wastewater is generated during construction and it is usually not from the main supply or counted as water usage (e.g. groundwater, rainwater runoff, river water etc.)</li> <li>Consider high stress /risk water mapping.</li> <li>Not sure how the 7,000 hours volunteering work pop-up box is relevant to this section (the green circle in the middle of page 42).</li> </ul>	<ul style="list-style-type: none"> <li>Most of our operating businesses still report on waste and water. However, for our professional service business that often operates out of serviced offices, waste and waste water are not material impacts. Similarly, in our rail businesses we often have very little opportunity to reduce waste or waste water as the contracts are governed by strict homologation agreements, but we endeavour to work with our clients where we can to address use more efficient techniques.</li> <li>This is a question of materiality. Given the scope and scale of these incidents were relatively minor we believe they do not warrant detailed explanations. Our operating businesses regularly share environmental alerts on near misses and/or incidents to learn from these and take preventative action.</li> <li>See comment on waste above</li> <li>We will consider the use of high stress/risk water mapping for geographies where this data is available. In the past we have used this information to help clients make appropriate investment decisions.</li> <li>We will endeavour to ensure that facts used throughout the annual report in pop-up boxes link to the text.</li> </ul>
Innovative	Good progress on case study development from last year, and on the 360 program to share best practices.	NA	NA

Topic	Observation	Recommendation	Balfour Beatty Response
Ethics & Compliance	<p>Sustainability activities should not be dependent on one person/champion (e.g. HR/Ethics policies are on hold pending new management.)</p> <p>The 2009 Consulting Association story appears a bit outdated and the section is in general too UK focused.</p> <p>The report does not address Balfour Beatty's policies with regard to the ethical treatment of children. The panel feels that this is a key missing factor to be addressed in their next report. It is to be noted this was raised the last two years.</p>	<ul style="list-style-type: none"> <li>● A review of ways to institutionalize governance is recommended.</li> <li>● With blacklisting still in the news, we suggest including in the report a statement clarifying Balfour Beatty's policy and performance on blacklisting.</li> <li>● It is important that children's rights are respected in all BB operations and secondly that by strengthening this policy area there are positive advantages for BB and their own brand equity and social license to operate. UNICEF appreciates that for many businesses this is a complicated area and in some instances there can be confusion on how to take the appropriate steps to rectify a lack of understanding for updating policy detail. UNICEF has alongside the UN Global Compact and Save the Children – created the Child Rights and Business Principles and we would be very happy to help guide BB through the process in order to make an assessment of risks and advise on the right steps to take to ensure there is a robust policy in place.</li> </ul>	<ul style="list-style-type: none"> <li>● Part of the UK construction business underwent significant organisational change in 2013 which is why the review some of our policies were on hold. All of our operating businesses are required to identify relevant board directors to champion the implementation of specific Blueprint metrics. These are clearly identified in the sustainability action plans that operating businesses have to submit.</li> <li>● We will review this for our 2014 annual report</li> <li>● We have highlighted this to our Chief Corporate Office and our Head of Ethics and we will be discussed within the business.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Health & Safety	<p>The launch of the Zero Harm Roadmap that charts the health and safety maturity and the Global Safety principles are a great step forward, and we hope to see a downturn in fatalities (which has not decreased over the last several years.)</p> <p>It is great to see that the fatality metrics extend to sub-contractors and injuries to the public, but additional clarity would be helpful.</p> <p>The safety KPIs (AFR, major injuries, workplace injuries etc.) usually have different meanings in different jurisdictions.</p>	<ul style="list-style-type: none"> <li>It would be helpful to understand how Balfour Beatty compares to industry, and more transparency and clarity on how it intends to get to zero.</li> <li>Does workplace injury cover sub-contractor? Balfour Beatty should consider disclosing sub-contractor injury or injuries within the construction sites in the future and adding near misses and no-time-loss incident reporting/monitoring in the future.</li> <li>It is suggested to provide the definitions for reference.</li> </ul>	<ul style="list-style-type: none"> <li>We often compare ourselves to other UK contractors via the UK Contractors Group; other European contractors via ENCORD (European Network of Construction Companies) and other industries in the UK using HSE published figures. We report on these comparisons internally and will look to publish externally in the future. We have compared our lost day figures with data collated and prepared by ENCORD in the Annual Report. Details of our Zero Harm program and Roadmap can be found on our website.</li> <li>Workplace injury does cover sub-contractors and injuries to sub-contractors are included in our statistics. We monitor and report our near misses and incidents without lost time internally.</li> <li>The definitions of safety KPIs used are included on the website.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Growing	<p>The definition of growth in the blueprint is clear with regard to growth of clients, company, and employees, but it is not clear what leadership position Balfour Beatty aspires to take with regard to others in their industry. Top decile? quartile? The best?</p> <p>With the focus on integrating sustainability into the business, it would be helpful to understand how sustainability issues feed into the board risk committee, the risk register, and the overall board role with regard to sustainability. A summary statement by the CEO and Chairman about governance and accountability, material risk, and how risk is managed would be helpful as well.</p> <p>While progress has been made on women in board and executive roles, we recommend continued work to create a more robust definition of diversity beyond the current gender focus. The aim to reflect local communities where Balfour Beatty operates, and the realities faced on the ground with workforce (e.g. gender/race/sex), along with more diverse representation in the case studies would be a good direction.</p>	<p>See observation</p>	<ul style="list-style-type: none"> <li>In reference to our CDP score we have set ourselves a target to achieve a disclosure score of 90 points and be in the top five highest scoring businesses within our sector.</li> <li>We will ask for the CEO and Chairman to issue a statement for our next annual report. The annual report already makes reference to how sustainability risks are fed into the board.</li> <li>Balfour Beatty will review how diversity targets are set to ensure that its workforce as diverse and representative of the communities it operates in.</li> </ul>

# NEXT GENERATION STAKEHOLDER PANEL DETAILED STATEMENT

Topic	Observation	Recommendation	Balfour Beatty Response
Blueprint	We appreciate the direction and reason for moving from the Roadmap to the Blueprint. It will be interesting to see how the Operating Businesses set themselves targets and how stretching these targets are. The panel would like to see Balfour Beatty not just achieving the minimum, but pushing themselves to be the leaders in their operating fields.	<ul style="list-style-type: none"> <li>Benchmark Balfour Beatty's sustainability goals against similar companies and consider how these could be stretched against industry leaders.</li> </ul>	<ul style="list-style-type: none"> <li>Balfour Beatty already benchmarks itself against its competitors by participating in global indices such as the CDP. However, not all of our competitors participate in the same indices or awards, making comparisons difficult. It is also worth noting that the processes that our competitors use to capture data may vary. Balfour Beatty uses the operational control methodology for reporting on its sustainability metrics whereas other companies may use the equity share or financial control methodology. Given our operations and the geographies we operate making meaningful comparisons is not always possible.</li> </ul>
Talent	It is pleasing to see how the commitment to the next generation is being developed by signing up to the 5% Club. The panel feel strongly that Balfour Beatty should be working with school years 7-9, showing them what a career in construction is like to ensure that their education choices can support a career in the industry. The routes into the industry can also be explained (both apprentice and graduate) as well as encouraging a future balanced demographic (gender, race and sexual orientation).	<ul style="list-style-type: none"> <li>Consider working with local education providers around the world to encourage an ethnic and gender balance that relates to the local community.</li> <li>Talent is not just graduates and apprentices. Consider recognising the direct employee talent pool and supporting them in development.</li> <li>Consider attracting new talent outside traditional education routes.</li> <li>The 5% Club is just in the UK. Commit to supporting talent in other territories.</li> </ul>	<ul style="list-style-type: none"> <li>We will encourage our operating businesses to use local community engagement plans to engage with local education providers and NGOs to promote local employment opportunities and encourage diversity.</li> <li>Operating businesses are already tasked with identifying and retaining people with high potential within their business units and supporting their development as part of the annual organisation and people review process.</li> <li>Balfour Beatty has employed ex-offenders in the past and regularly works with charities and employment agencies on a case by case basis. Again this something that can be reinforced through our community engagement plans.</li> <li>Since the Annual Report was released Balfour Beatty has publically confirmed its commitment to supporting similar initiatives in other territories.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Health, Safety & Sustainability	The continued decrease in the accident frequency rate (AFR) is encouraging, but there are still too many deaths and permanently disabling injuries, the rate remains the same as in 2010.	<ul style="list-style-type: none"> <li>● Capture the output of the safety stand down days.</li> <li>● Capture the output of sustainability month.</li> <li>● Consider how the learning's of the above two items is communicated across the group, what effect is it having and how it is changing behaviours.</li> <li>● Review whether additional guidelines are required as a result of environmental incidents.</li> </ul>	<ul style="list-style-type: none"> <li>● The safety stands down days are specific to the operating businesses in which they are held allowing employees to raise items with senior management. Outputs are therefore captured at an operating business level.</li> <li>● The output of sustainability month was captured in a report and discussed by the Sustainability Working Group.</li> <li>● To ensure that safety stand down days have an impact we purposely do not try and run too many of them. We regularly review our key risks as a business which is why recently launched our 10 global safety principles which are designed to reinforce safe behaviours across the business. The leanings from sustainability month have been shared amongst our sustainability leads.</li> <li>● We believe that the controls we have in place are very good. Best practice is shared regularly across the business as are lessons learnt.</li> </ul>

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Greenhouse Gases	Now Balfour Beatty are in line with the new law of reporting Scope 1 and 2 emissions it is pleasing to see how there has been a continuing decrease over the last three years. The increased use of WebEx and teleconference with a change in meeting culture should reduce travel.	<ul style="list-style-type: none"> <li>Balfour Beatty should consider how using cloud technology can avoid emailing large files and using server space, to help reduce Scope 3 emissions.</li> <li>The Panel would like to see Balfour Beatty achieve beyond government requirements and report on its Scope 3 emissions.</li> <li>Consider reporting on how successful Balfour Beatty has been in reducing its business travel.</li> <li>Report on how Balfour Beatty is reducing the amount of server usage across the business.</li> <li>Review whether the implementation of BIM causing a reduction in Scope 3 emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Using cloud technology still requires the use of servers to store the files. However, it may help reduce the number of copies of a file being saved on separate servers. Balfour Beatty already has its own dedicated FTP transfer system for large files. Most teams also have access to shared drives on our network. Most importantly though, we have developed a new intranet that also acts a repository for key documents and knowledge sharing which is now fully operational and can be easily accessed by our people within our Balfour Beatty companies.</li> <li>As laid out in our reporting guidance, the reporting of scope 3 emissions is voluntary. Many of our operating businesses capture scope 3 business travel such as for aeroplane or rail travel. Some of our operating businesses also capture embodied carbon in materials. However, most of the available Scope 3 carbon calculators are for the UK and USA. Obtaining emission factors for other geographies is very difficult. As part of our 2018 blueprint strategy we will review whether reporting on scope 3 emissions should be mandated.</li> <li>Balfour Beatty will attempt to report on its business travel in the next annual report.</li> <li>Very few of our locations still run servers. In most cases, our servers have been outsourced to a dedicated data centre provider that is able to operate the servers more efficiently than we are.</li> <li>As the use of BIM software becomes more sophisticated we will continue to capture Scope 3 data through case studies to demonstrate the business case.</li> </ul>

Topic	Observation	Recommendation	Balfour Beatty Response
Water	<p>The panel recognise the steps taken after last year's comments, but note that there is no change in the water consumption. Balfour Beatty is only looking at areas with water stress and should be looking across the business.</p>	<ul style="list-style-type: none"> <li>Consider how the knowledge gained in areas of water stress can be used in other areas to reduce water consumption.</li> <li>It is recommended that the innovation demonstrated in other areas of Balfour Beatty activity is translated into reducing water usage. The available technologies of water recycling should be looked into to be applied both at construction sites, but also as sustainable strategies for executed projects.</li> <li>Balfour Beatty should set a standard for all their offices in regards to water recycling (e.g. rainwater for toilet flushing).</li> </ul>	<ul style="list-style-type: none"> <li>We regularly produce case studies which are shared across all of our operating businesses internationally.</li> <li>We do share best practice and have implemented a wide range of water saving solutions on a number of projects. Innovations such as our eco cabins with waterless have proven very successful. However, installing rainwater harvesting systems or grey water recycling is not cost effective for temporary projects and would increase our operating costs substantially.</li> <li>Most of the offices we use are rented. Washrooms often fall outside of our control. In cases where are able to influence the landlord, have long term leases in place or own the buildings we have taken steps reduce water consumption by applying different water saving solutions.</li> </ul>
Waste	<p>The statistics show waste to landfill is increasing in both the UK and US showing measures are not going far enough in the right direction. Sharing excess material with local sites is an excellent way of reducing waste to landfill. If the waste was not needed on local sites Balfour Beatty should interact with local councils to donate to local projects that benefit youth and community projects. Stone for example could be used by farmers to improve their access. Landfill should be the last resort.</p>	<ul style="list-style-type: none"> <li>Consider using site waste to generate electricity on site.</li> <li>Investigate whether waste [materials] can be transferred to local community projects instead of being sent to landfill.</li> <li>Develop processes to govern waste re-use and recycling</li> </ul>	<ul style="list-style-type: none"> <li>We follow the waste hierarchy where we can. It is more sustainable to recycle the waste into new products – which can be done with a high percentage of our waste – than to burn it. Incinerating waste would mean compliance with emissions standards that would be beyond the reach of a small scale site-based system.</li> <li>We regularly donate unwanted materials to charities and have numerous case studies illustrate this.</li> <li>All of our businesses have waste management processes in place that promote the reuse and recycling of waste materials.</li> </ul>



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Diversity	The panel understands how the different territories should be set different goals to fit with local challenges. We support equal opportunities for all and would like to start to see a balanced Balfour Beatty.	<ul style="list-style-type: none"> <li>Review what can be done to stop the drop in female employees.</li> <li>Compare Balfour Beatty targets to territory averages and similar companies.</li> <li>Unconscious bias training should be rolled out to ensure that everyone is fit for the role.</li> <li>Review how is Balfour Beatty going to ensure its workforce is diverse in the community in which it operates and is an inclusive not exclusive employer.</li> </ul>	<ul style="list-style-type: none"> <li>We will review what measures can be taken to increase the numbers of female employees within our organisation.</li> <li>We will review different benchmarking approaches.</li> <li>All employees are required to follow our code of conduct training to abide by our core values which include integrity, teamwork, respect and excellence. The training covers diversity and requires employees to treat everyone equally and embrace differences. As part of our code of conduct employees are taught to encourage everyone to achieve their maximum potential.</li> <li>Our Group Head of HR has initiated a review of how diversity targets are set to ensure that its workforce is as diverse as and representative of the communities it operates in.</li> </ul>
Knowledge share & review process	The panel has noticed how North America has performed above the other areas for both Client and staff satisfaction. The panel would like to interrogate the key reasons for this and see if improvements can be implemented across the group. We would like to see how effective 360 (the internal intranet) is in communicating across the global Balfour Beatty and what has been achieved as a result.	<ul style="list-style-type: none"> <li>Consider producing a midyear update on how Balfour Beatty is performing in terms of Health and Safety and Sustainability.</li> <li>Review whether the communication of case studies has led to any uptake [of similar practices] elsewhere in the group.</li> <li>Establish how effective communication across the Group has been and what has been learnt.</li> </ul>	<ul style="list-style-type: none"> <li>Although most of our operating business collate their sustainability data on a monthly basis, producing a six monthly report would require significant additional resource, given the validation and verification processes that we have in place. Having said that, this is one of our mid-term goals.</li> <li>We do have several examples of how best practice is replicated and run monthly work winning workshops to facilitate the sharing of sustainability ideas.</li> <li>We track hits on our intranet and can how successful features like our internal newsletter are or how many times specific pages or websites have been accessed. However, tracking how effective a particular communication has been across a company with over 40,000 employees has been is inherently difficult.</li> </ul>